

AKADEMIE

für Politische Bildung
und demokratiefördernde Maßnahmen

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Change your mind // Citizen in Charge

Reader 05/2019

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Abstract

Dear workshop participants!

This workshop will help those who want to generate their own business idea, especially in the service sector. It is designed to give both theoretical and practical input. Primarily, this workshop is intended for people,

- who would like to become self-employed (full-time or part-time)
- who have a business idea but do not know how to approach it
- who do not know exactly what they could do with themselves and get creative ideas in the exchange of a group
- who want to get a simple theoretical approach to starting a business
- who want to work on their personal skills
- who want to improve their entrepreneurship skills
- who want to practice lateral thinking

We from the Akademie für Politische Bildung und demokratiefördernde Maßnahmen, Sarah Kerstin Breuer-Sirat and Petra Hauser, want to pass on our experience with the founding of companies and put in this workshop special attention to the creation of enterprises with little bound resources and in particular the use of communication channels, which can be downloaded for free and are used to take websites, blogs, advertising folders and other things into their own hands and thereby save costs.

We want to motivate everyone who visits our workshop to implement their ideas, to believe in themselves. But with all the inspiration we want, above all, that our participants plan ideas in such a way that they can grow and do not require a high level of leverage from the outset. Thus, the joy of self-employment is not a burden and opportunities can be used flexibly.

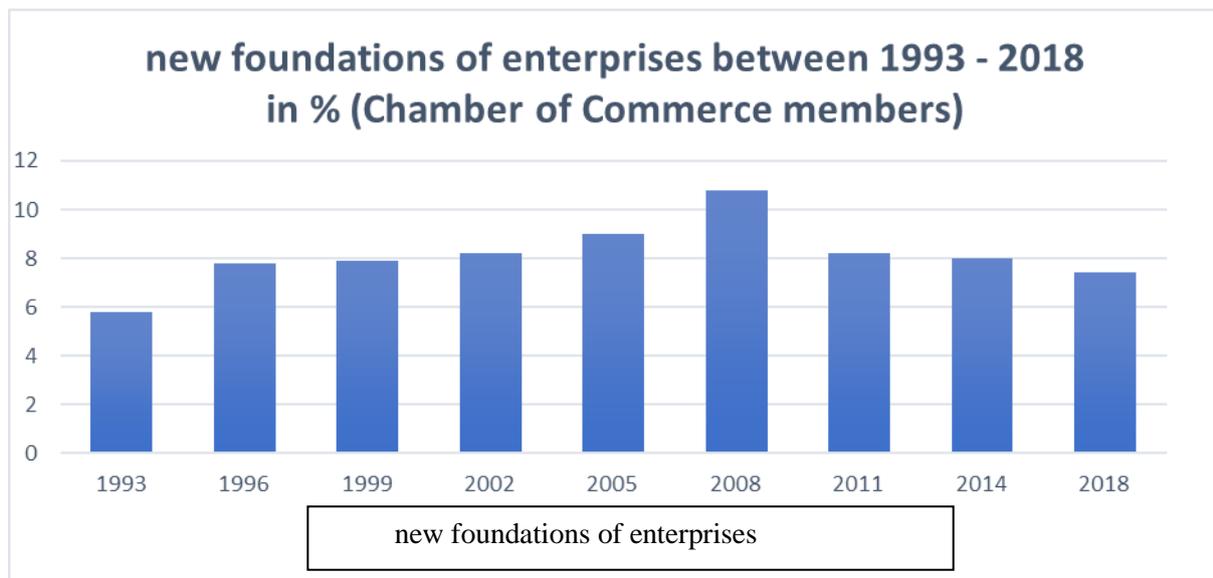
Good luck in founding!

Funded by:



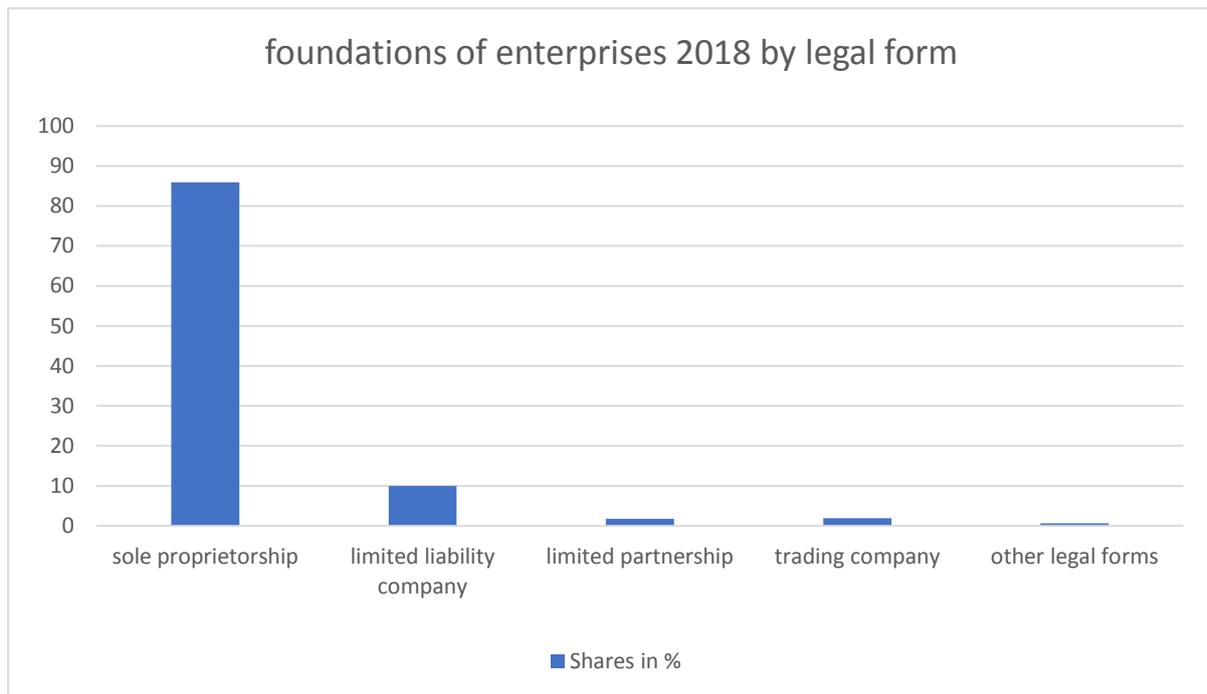
Data & Facts of foundations of enterprises and startups

According to the Austrian Federal Economic Chamber, approximately 763,400 enterprises were newly established between 1993 and 2018 in Austria. If it was around 14,000 in 1993, the number rose to 21,400 foundations of enterprises by the year 2000. In 2018, 36,700 enterprises were newly founded. While this represents a small decrease in foundation of enterprises, this still represents a considerable number of new foundations of enterprises.

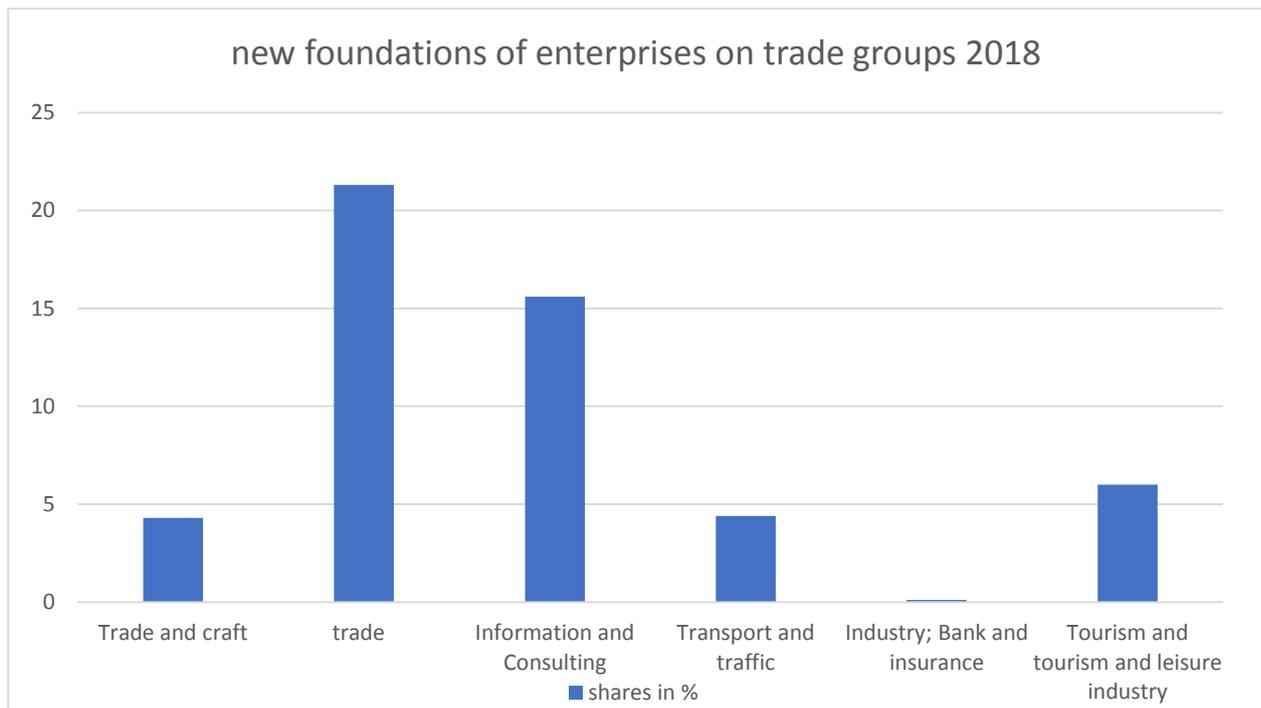


The increase in 2008 is related to regulation of the industrial code in the field of independent personal care.

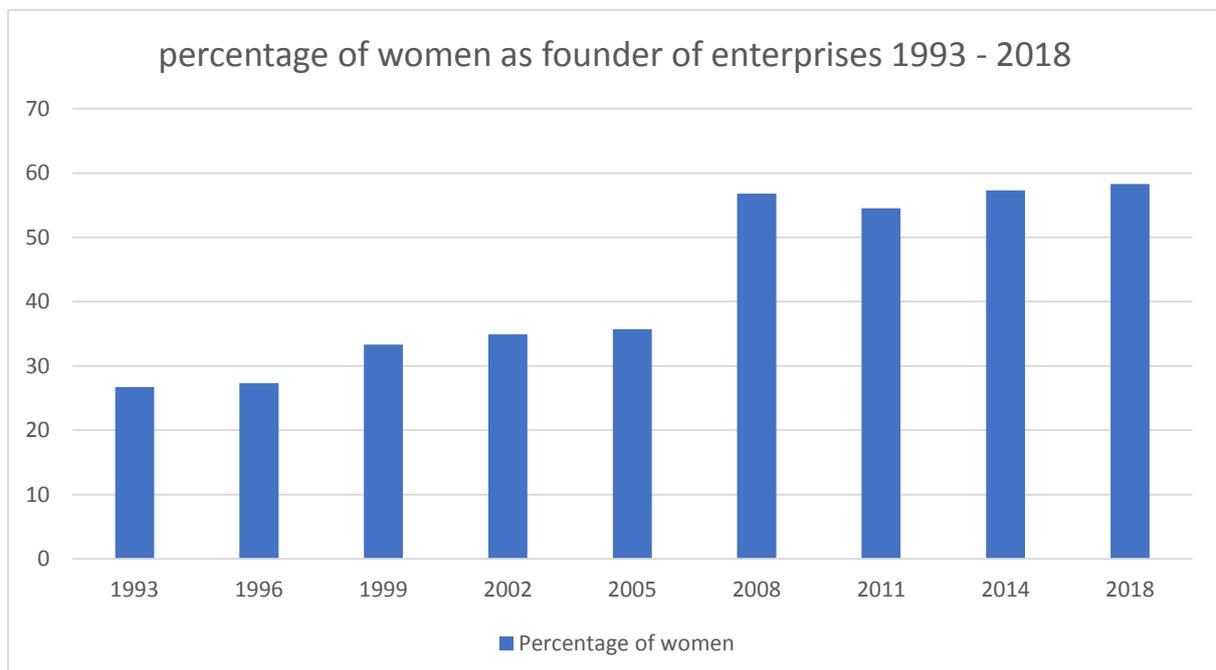
The highest number of foundations of enterprises was under the registered sole proprietorship (81.9%), followed by companies as a limited liability company (10%).



Approximately 53% of the new foundations of enterprises were implemented in the trade and craft industry. Trade accounted for about 21% of the new foundations of enterprises and 16% for the information and consulting industry. Most new foundations of enterprises fell on the trade group of personal counselling and personal assistance, life and social counselling, business consulting, accounting and information technology. Also like to establish provider of personal services such as consulting services, Human Energizers and advertising and market communications.

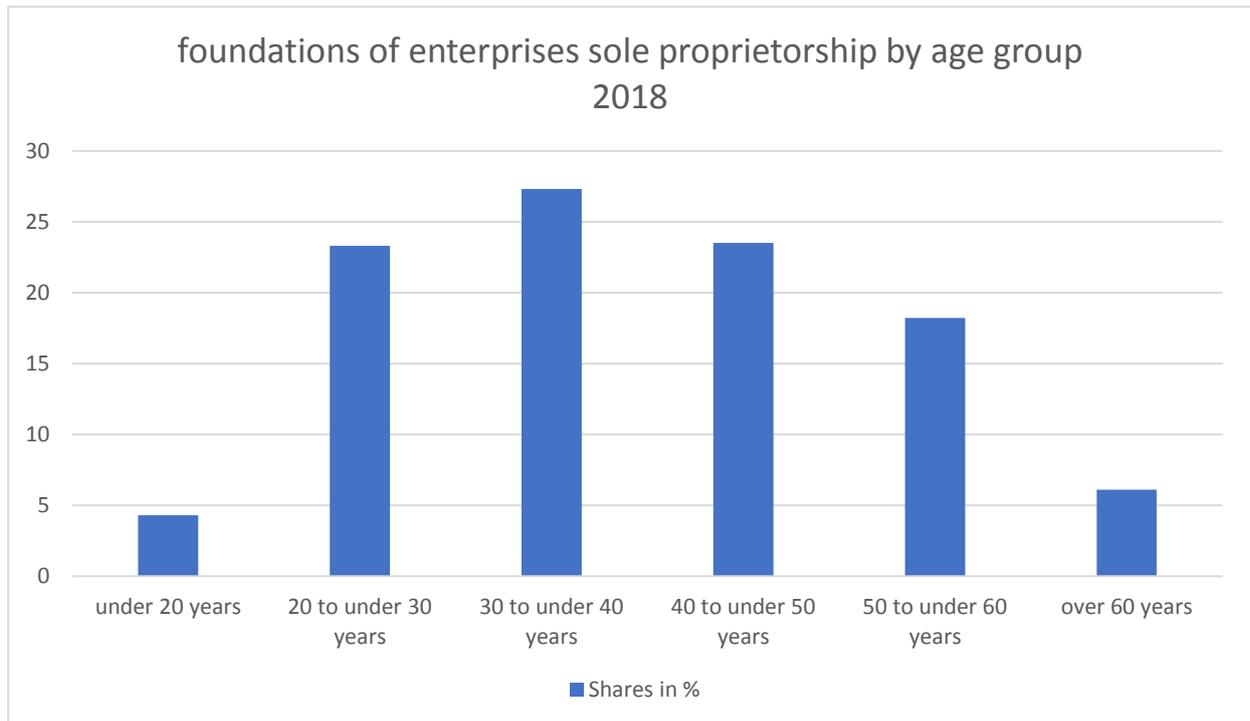


Particularly high is the percentage of women founding, which is very high at 58.3%. Women are mainly found in sectors such as personal counselling, personal care, beauticians, masseurs, fashion and clothing technology and personal service providers.



The increase in 2008 is linked to the regulation of the Industrial Code in the independent care of persons.

Most start-ups in 2018 were realized by persons aged between 30 and 40 years.



(Quelle: wko.at/statistik/ng/ng2018v-gesamt.pdf, WKO Wirtschaftskammer Österreich, WKO STATISTIK Österreich, Unternehmensgründungen 1993 – 2018, Vorläufige Ergebnisse, Stabsabteilung Statistik, Jänner 2019, Wien, zuletzt aufgerufen am 2. Mai 2019)

A survey carried out in Austria in 2016 showed that 47% of founders of enterprises come from a private sector employment relationship, 13% from the working class and 6% from founders have completed studies, a school or an apprenticeship. In Austria, consultations are offered by the Economic Chamber for future enterprise founders.

(Quelle: https://www.gruenderservice.at/site/gruenderservice/aktuelles/GS_Fact-Sheet_2017_einseiten_lowres.pdf, zuletzt aufgerufen am 10. April 2019.)

Although Austria is a country of founders, there are many factors that influence foundations of enterprises. These factors may be cultural or institutional.

Examples of cultural factors:

- In Austria the culture of failure is missing. Thus, the legal regulation is regulated so that it rather deters from rapid foundations of enterprises.
- In Austria, there is no pronounced entrepreneurship.

Examples of institutional factors:

- Frequent change from different employment relationships. In addition, in some occupations, the job is so well paid, so that a termination to become entrepreneurial activity is not attractive.
- Although there are many incentives for young entrepreneurs, it is very complicated to get these grants.

(Quelle: https://www.kmuforschung.ac.at/wp-content/uploads/2017/12/INNO_Endbericht_FT1-Gründungen.pdf, zuletzt aufgerufen am 1. April 2019)

Startups in Austria

„A startup describes a recently founded enterprise with an innovative business idea and high growth potential.“

(Quelle: <https://www.gruenderszene.de/lexikon/begriffe/startup>, zuletzt aufgerufen am 3. April 2019.)

Austrian startups:

- Bwin: Launched in 1997 with 12 employees, after 16 years - now merged with PartyGaming - the company has 3,100 employees worldwide, sales of \$ 760 million and is the largest online gaming provider in the world.
- Paysafecard: Starting in 2000, the paysafecard started from a group of former students, almost from the kitchen of one of the co-founders. This became the first online payment method approved in banking law in Europe, which, as the European market leader with hundreds of employees, offers its services in 33 countries.
- Runtastic: Started by four students at FH Hagenberg in 2009, after four years the company already has more than 85 employees, over 50 million app download apps and is considered the world leader in fitness apps for smartphones.

Runtastic - a story of success

Runtastic is a company from Linz, which is considered a parade example of a successful startup. Students team up to develop an app and become successful. Florian Gschwandtner, founder and managing director of the company, is leading the company steeply, which will be sold to the Adidas Group by 220 million in 2015 and announce its resignation in 2018.

Gschwandtner's success story can be read in his biography. "So läuft Startup!"

Since then, Gschwandtner has also invested in other startups and received numerous awards.

(Quelle: https://de.wikipedia.org/wiki/Florian_Gschwandtner, zuletzt abgerufen am 20. April 2019.)

Entrepreneurship – a question of definition

„An entrepreneur in the classical sense is the founder and owner of an enterprise. He acts independently, responsibly and always strong in will. The entrepreneur takes on the greatest responsibility in a company and thus at the same time the highest risks. This means that entrepreneurs are characterized by a special attitude that helps them to deal exceptionally well with uncertainty and risks and to lead their business to success. ”

(Quelle: <https://www.gruenderszene.de/lexikon/begriffe/entrepreneur?interstitial>, zuletzt aufgerufen am 1. April 2019)

These definitions are complemented in recent research by a new idea, namely, that an entrepreneur is also recognizable by his behaviour, not just by being independent.

„Entrepreneurship refers to the exploitation of entrepreneurial opportunities as well as the creative and creative entrepreneurial process in an organization or a phase of entrepreneurial change, as well as to a scientific sub-discipline of business administration. Entrepreneurship research (also founding research) presents itself as an interdisciplinary field of research. In addition to business theories come in the context of research work. It also uses methodological approaches from economics, geography, sociology, psychology and law.“

(Quelle: <https://wirtschaftslexikon.gabler.de/definition/entrepreneurship-51931>, zuletzt aufgerufen am 1. April 2019)

Behaviour and properties are clearly separated here.

According to McClelland, five behavioural qualities are very important for developing to an entrepreneur:

- **Performance motivation (need for achievement)**

High self-responsibility

Higher performance motivation

- **risk taking propensity**

No big risk-taking

- **internal locus of control**

Increased feasibility, confidence in your own cause

- **Tolerance for ambiguity**

Good ability to act in difficult situations

High creativity

- **Striving for independence and assertiveness**

High autonomy aspiration

Will to self-development

Good assertiveness

In behaviour, however, one speaks in this context of the "behavioural approach". Organizational behaviour is in the foreground, ie doing and not functioning. This theory was probably founded by Howard H. Stevenson, first published in 1983 already. According to Stevenson is an entrepreneur, someone who seizes, regardless of its available resources, entrepreneurial opportunities. This does not necessarily have to go hand in hand with starting a business, but can also be realized in an employee relationship (for example: manager). Already Schumpeter describes this "Entrepreneur" as so-called pioneer entrepreneur. Action and behaviour are in the foreground of an entrepreneur. Stevenson calls the entrepreneur a promoter and the formal entrepreneur a trustee.

Stevenson describes six behavioural dimensions:

Behavioural dimensions	Promotor	Trustee
Strategic orientation	<ul style="list-style-type: none"> Recognizes opportunities 	<ul style="list-style-type: none"> Uses resources for a given purpose
Commitment (self-commitment and obligation)	<ul style="list-style-type: none"> Revolutionary business ideas are pursued at short notice 	<ul style="list-style-type: none"> Ties to a business item and maintains this bond in the long term
Commitment	<ul style="list-style-type: none"> Dynamic resource binding Minimum use of resources Corporate phase-dependent capital structure This provides an opportunity for more flexible systems so that emerging opportunities can be exploited Coming out with minimum resources Use of resources ad hoc 	<ul style="list-style-type: none"> Bind resources long term, bureaucratic planning process, Successes are measured in quarterly financial statements
Control over resources	<ul style="list-style-type: none"> Resources, little capital commitment 	<ul style="list-style-type: none"> Control of resources is an end in itself, it is seen as a determinant of internal responsibility, In the employment relationship, he seeks high resource commitment to expand his field of activity
management structure	<ul style="list-style-type: none"> Direct contact with relevant actors, develops individual network 	<ul style="list-style-type: none"> Prefers formalized structures to shape their relationships with other actors, using hierarchical system
compensation philosophy	<ul style="list-style-type: none"> Performance-based pay 	<ul style="list-style-type: none"> Remuneration system is safety-related, fixed salary component

According to Stevenson's thesis, entrepreneurship is equated with its own management behaviour.

(Quelle: https://sife.uni-wuppertal.de/fileadmin/volkman/PDFs/Lehre/Modul_I/G.-Planung_-mgt/Entrepreneurship-Definitionen.pdf von © Sean Patrick Saßmannshausen 2008, Bergische Uni Wuppertal)

HBDI model

The essence of a person and socialization and education, are the foundations of their own personality structure. This personality is basic for acting and thinking. To identify this personality structure, there are already many instruments. One of them is the HBDI model by Ned Herman. HBDI stands for **Herrmann Brain Dominance Instrument**. In theory, there are different types of thinking, which in turn explain different actions of people. In each brain, certain areas are responsible for the different ways of thinking. Lock worked with a division into the right and the left half of the brain. The theory of the left and right brain hemispheres and their different functional focuses are widely known. Ned Herrmann's HBDI model also added an upper and lower brain.

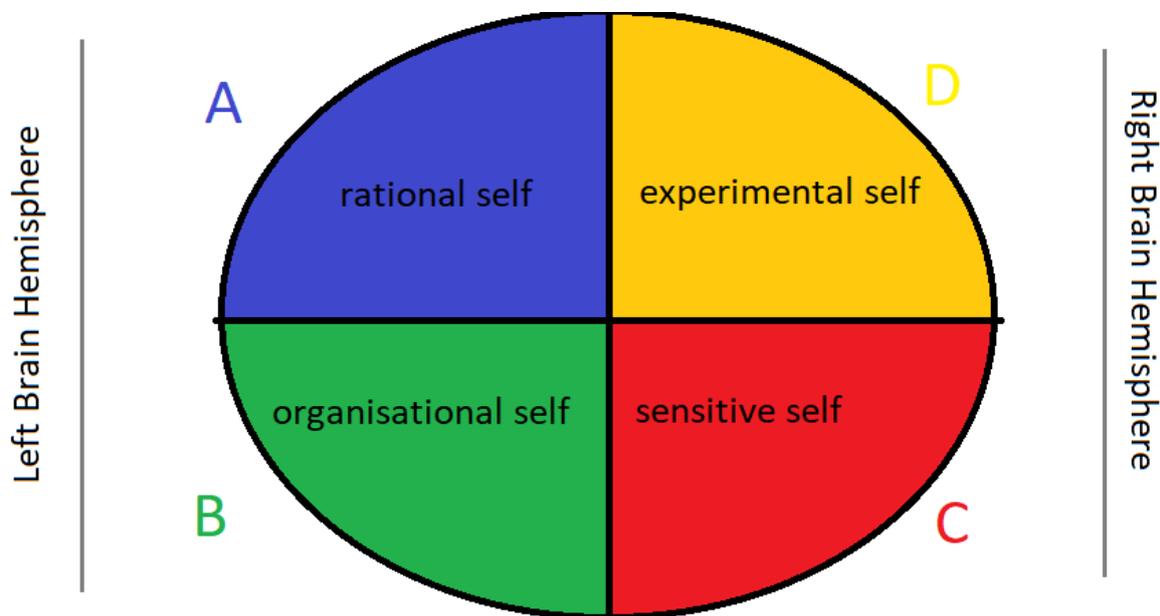


Abbildung 1: HBDI-Model

a. Quadrant A:

Herrmann describes the first area, which is also called Quadrant A, as the rational self. This area is characterized by logical and rational thinking. This includes things like a good understanding of numbers and the ability to make logical and critical decisions based on facts.

Characteristics of this type:

*Is logical,
is critical,
is realistic,
analyzes,
loves numbers,
is fact-oriented,
technically-oriented.*

These guys like to collect facts and analyze things. It's easy for them to devise theories. Problems are solved logically. These people have a technical understanding and enjoy working with statistics and data. They examine with minuteness and argue rationally. Less well, these people are dealing with indistinct communication. They do not like babblers and hate inaccurate, ambiguous instructions. If they feel they do not know the right answer, they feeling bad. Sharing emotions can be challenging.

b. Quadrant B

Quadrant B is about the organizational self. This part of the brain is responsible for structured and detailed thinking in terms of planning and organization. Again, it is more about a rational and analytical approach.

Characteristics of this type:

*Takes precautions,
achieves things,
is dependable,
is tidy,
is punctual,
organized,
structured,
plans.*

These types are steadfast and can solve problems practically. They read the fine print in contracts, can write financial reports correctly. These people can organize very well and keep data up to date. You can develop detailed plans and find quickly overlooked mistakes. These

guys need a clear leadership, they do not like a bad organization. Besides, they do not like unpredictability and when something is not finished. Unclear statements, a quick change of subject and too many ideas at once, this people does not like that.

c. Quadrant C

Quadrant C is called sensitive self. Everything is about feelings and emotions in this area. Anyone who brings a high level of expression here is very sensitive and can also engage very emotionally with other people.

Characteristics of this type:

*Is compassionate,
is emotional,
likes to instruct,
moves a lot,
is helpful,
is expressive,
talks a lot.*

These guys can teach and share very well. They can perceive non-verbal signals and feel interpersonal. They are very enthusiastic and empathic. It is easy to understand emotional elements and they respect different (cultural) values. People of this type do not like it when there is no eye contact. They hate impersonal communication and callous comments. They do not like it when everybody talks just about data. When feelings and personal exchange are not appreciated, people of this type also do not like. They cannot handle with criticism.

d. Quadrant D

The last quadrant D is about the experimental ego. Important things here are the creativity and the curiosity of a person. In addition, the topic of risk-taking plays a role.

Characteristics of this type:

*is creative,
speculates,
conceptual,
is intuitive,
is a risk-taker,
oversteps the rules,
likes surprises,
is inquisitive/likes to play.*

These people can see the "big picture" and perceive new possibilities. Dealing with ambiguity is easy. Ideas and concepts can be easily integrated. People of this type can generate

innovative problem solutions and prepare different things simultaneously. Unfortunately, for these people is hard to have slow and safe ways of working according to rules. They struggle with many numbers and do not like dry and boring topics. Repetitions and lack of pleasure are hard for these people. Structure and predictability is a foreign word.

This model by Ned Herman is intended to illustrate that the personality makes a difference when starting a business. Depending on which personality I have, I have to take care of certain things. Especially when starting a business I have to be aware of my strengths and weaknesses.

Developing a business plan

Definition:

A business plan is a comprehensive summary of all the information that is important to develop a new business. This includes information about the product or service, information about the concept of marketing and management, information about the team and relevant analysis of the market. (Quelle: Lansky G, Pichler V, Prochaska S (2001) Tipps für die Unternehmensgründung. Orac kompakt. Orac, Wien

A business plan is created especially for the foundation of a new company. It can be also develop when a new product or service of an existing company is to be introduced. The aim of the business plan is to turn the idea that every business plan needs into reality. For this, the processes/"the story" have to describe and a financial plan should be create. In addition, it is necessary to obtain all the facts, figures and information of the existing market. The business plan is base for discussions with banks, investors, analysts, partners, etc. (Quelle: Herzberg U (2008) Mein Businessplan: Strategisch planen - Erfolge präsentieren, 4. Aufl. Erste Hilfe. Haufe, Freiburg, Br., Planegg/München). There are no guarantees that your business will succeed but a well-written and well-researched business plan plays an important role in a business's success.

Bricks of a business plan:

- Product/ Service

What is a good business idea? A good business idea has 3 characteristics: on the one hand, it brings a benefit to potential customers. On the other hand, your idea stands out from the competition. And most importantly, your idea can be explained easily in a few minutes. The idea is clearly formulated and thought through.

Tips: Keep in mind that it might make sense to offer different variants to address different target groups. But be careful do not offer too much in the beginning.

Check your business idea:

A good business idea should be attractive and realistic. Tell your friends and family about it and pay attention to their reactions. Listen to the industry, if such a thing already exists. But be rather cautious with the competition.

Describe your offer:

Strengths and weaknesses of your service?

What is the current state of development of the product/ service?

Do you need a license? Did you think about trademark protection?

What benefit do the product / service have for your customers?

What makes your offer unique?

- Market and competition

A market is an area of potential exchange, i.e., are potential buyers (customers), and who are willing to sell products or services. Prices are affected by the forces of demand and supply (by sellers).

Those who are still at the beginning should watch the market. It is important to check many different sources of information in order to gain an understanding of the market: Potential customers, suppliers, competitors, interest groups, market research companies, trade magazines, etc.

The three key questions are:

1. What is the market? How does he tick?
2. How big is your market and how will it develop?
3. Who is my target audience and who are my competitors?

Research on the internet. Determine parameters such as sales figures, purchasing power, etc. Define your target group. Make sure to keep your target audience small at the beginning and extend it later. Otherwise you will run the risk of getting bogged down at the beginning.

Describe the total market:

In which market would you like to offer your product?

Define the target group!

Which trends will come?

What share do you have in the total market?

Who is the competition? How many providers are currently available?

What sales strategy do your competitors have?

How will the competitors react to your market entry?

Is there a dependency on suppliers, customers and competitors?

Funded by:



Are there legal barriers?

- Marketing and Sales

Now it's time to make first impression and draw attention to your company. Your product or service needs marketing. But marketing is more than just advertising. Marketing includes what your company and your products/services look like. It includes also your pricing and how you communicate with customers.

Tips: A marketing mix of different options usually brings the biggest benefits.

Marketing mix:

Corporate Identity: logos, fonts, symbols, colors, etc. - give your company a special recognition value

Pricing: your price has its own significance

Sales: distribute directly or through retailers

Communication: advertising on the website, ads, TV, radio, letters, e-mail, mail, flyers, giveaways, open house, company signs, facade advertising, car lettering, etc.

PR (Public Relations): Publications in media, associations, sponsoring

Networking: establishing contacts with customers, opinion leaders, stakeholders

Describe your marketing:

Who is your ideal customer?

Where and how do you want to inform customers about your offer?

Which advertising media / communication channels do you want to use?

How should the product / service be sold (Online shop, shop, dealer, ...) ?

Which final price would you like to achieve?

How do you deal with customer complaints?

How much work you want involve to win customers?

- Profit plan and Budgeting

Profit plan and budgeting helps you to analyze your business idea for profitability. That is: Is your business profitable? First of all, it is important to know how much profit you should make on a monthly basis. In doing so, you simply put your actually net salaries in relation - an average of 45,000 DIN per month.

Fundamental terms of budgeting

Sales figures = how many units are sold (quantities, treatments, working hours, daily allowance, etc.)

Sales = how much money is spent on the sold service

Profit = what is left after expenses have been deducted from sales

Loss = if the expenses are higher than the profit

Break-even point =. This says how many units or services must be sold to cover costs.

Formula: fixed costs / (price per piece - variable costs per piece)

Liquidity = tells you if you still have cash in the cash register

Equity capital = funds owned by you or your affiliates (office furniture, computer, money, ..)

Debt capital = borrowed funds (loans)

Sample calculation:

It is advisable to plan the first 3 months exactly, the rest of the year only roughly. Make sure that not every hour you work is profitable. Also, a detailed investment plan can also help you to achieve your goals.

Month	1	2	3	4
Working days	21	22	21	20
lead time in days (new client acquisition, administration, development, ...)	18	18	16	14
Sales-related days	3	4	5	6
Working hours per day	8	8	8	8
Hourly rate	700	700	700	700
Sales	16.800	22.400	28.000	33.600

Describe your financial plan:

What costs will you expect?

Which investment is necessary to achieve first sales? (EDP, machines, etc.)

What are the biggest investments? Are there any alternatives?

Do you have to make further investments in the next 3-5 years? If yes, which?

What do you buy from a third party?

What staffing requirements do you have? What personnel costs do you have?

With which use of goods do you expect?

What running costs do you pay?

What is your salary?

How will your costs develop over the next few years?

Which subsidies can you use? State funding?

- Implementation plan

Finally, it is important to create a realistic implementation plan. It should be noted what should be achieved in which time. This is necessary in order to get not lost and to keep the goal in mind.

Business Plan vs. Effectuation

Already 15 years ago, Sarasvathy, a cognitive scientist at the University of Virginia, explored how experienced business leaders applied the logic of exploratory action in hard-to-predict situations. These entrepreneurs pragmatically approached the solution to the problem and did not engage in forecasts or business plans. She called this type of action Effectuation - use experience.

The idea of effectuation is based on the fact that foundations of enterprises are related to and can use the interests, abilities and competences of entrepreneurs. Because business plans do not always follow the logic of predictable success.

Advantages of Effectuation:

- Experienced entrepreneurs do not take a big risk.
- It is better to rate the use of a foundation of enterprise so that one can live with failure.

- Successful entrepreneurs seek contact with others and talk about their plans.
- Successful entrepreneurs make open contributions.
- They do not demarcate
- Successful entrepreneurs use surprises as an opportunity

Based on these findings, effectuation is presented as the second method in counseling in many foundations of enterprises. The goal is not to replace the classic business plan, but to supplement meaningfully where planning does not work so well.

Michael Faschingbauer is a lecturer and organizational consultant and has written a book about effectuation - „Effectuation. Wie erfolgreiche Unternehmer denken, entscheiden und handeln“.. This book was awarded as a management book of the year.

(Quelle: Faschingbauer, Michael: Effectuation. Unternehmerisch Denken und Handeln kann jeder lernen. https://www.effectuation.at/wp-content/uploads/2016/05/2016_TW-IHK-Magazin_Effectuation.pdf, zuletzt abgerufen am 3. April 2019.)

Recommended bibliography:

Greene, Cynthia L.: Entrepreneurship. Ideas in Action. Mason 2009.

Hébert, Robert F, Link, Albert N.: A History of Entrepreneurship. Oxon 2009.

Price, Alison, Price, David: Be Your Own Boss. A Practical Guide to Entrepreneurship. o.O. 2013.

Schumpeter, Joseph A.: The Entrepreneur: Classic Texts by Joseph A. Schumpeter. Hg.: Becker, Markus C., Knudsen, Thorbion, Swedberg, Richard. Stanford 2011.

General Data Protection Regulation

With the Basic Data Protection Regulation, the European Union has implemented a standardization of rules for the processing of personal data, whether by private companies or public bodies. The protection of personal data within the European Union and the free movement of data within the European Single Market are regulated.

The General Data Protection Regulation has been in effect in all EU Member States since 25 May 2018.

Article 1 of the General Data Protection Regulation

"Object and goals

1. *This Regulation lays down rules for the protection of individuals with regard to the processing of personal data and the free movement of such data.*

2. *This Regulation protects the fundamental rights and freedoms of natural persons, and in particular their right to the protection of personal data.*

(3) *The free movement of personal data in the Union must not be restricted or prohibited for reasons of the protection of individuals with regard to the processing of personal data. "*

(Quelle: <https://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:32016R0679>, zuletzt aufgerufen am 1. April 2019.)

Bibliography recommendation for the neo-entrepreneur:

- Calder, Alan: EU GDPR. A pocket guide. Schools' editon. Ely, Cambridgeshire 2018.
- Voigt, Paul, Von dem Bussche, Axel: The EU General Data Protection (GDPR). A Practical Guide. Cham 2017.
- <https://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:32016R0679>, zuletzt aufgerufen am 1. April 2019.

Important links to design website, blog,

To design websit and blog or logo

<https://wordpress.org/download/>

<https://www.google.com/webdesigner/>

<https://wix.com>

<https://jimdo.com>

<https://websitex5.com>

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image editing

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<https://www.gimp.org/>

Snapseed-app

<https://vsco.co/>

Which colors match?

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