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Module title:

Competencies and Skills for Entrepreneurship in Digital Environment

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INDEX

CASE STUDY

At the end of this module you will be able to:

- Improve your skills and competences in the IT Business ecosystem

- Enhance your understanding of the main dynamics of digital markets

- Use project management tools such as the SWOT Analysis, Gantt Chart and Financial Plan

- Increase your leadership skills, self-awareness and learning agility

- Improve your ability to discern opportunities in the e-commerce world

Unit 1.1:
Business and Organisation in IT Ecosystem

1.1.1. Seeking and Exploiting Opportunities

Unit 1.1 Business and Organisation in IT Ecosystem

Seeking and Exploiting Opportunities

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Not every idea can turn into a business opportunity. In order to have a clear and defined action plan, entrepreneurs rely on in-depth market analysis.

The most reliables means are the following:

1. SWOT Analysis
2. Gantt Chart
3. Business Plan

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1.1.2. SWOT Analysis

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SWOT analysis stands for :

- **Strengths**: *What can we do better than competitors?*

- **Weaknesses**: *What we lack of?*

- **Opportunities**: *What can we exploit?*

- **Threats**: *What we should avoid?*

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SWOT Analysis

	Positive Aspect	**Negative aspect**
Internal Factors	**Strenghts**	**Weaknesses**
External Factors	**Opportunities**	**Threats**

Unit 1.1 Business and Organisation in IT Ecosystem

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SWOT Analysis in DE

Strenghts Brand identity, Cost advantage, Continous business improvement

Weaknesses Low profit margins, Seasonality

Opportunities Diversification, Expansion of local businesses, Strategic cooperation with affiliated industries

Threats Loss of profits due to low profit margins, E-commerce industry barriers, Cyber-security issues

1.1.3. Project Management: main Tools and Charts

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Project Management: main Tools and Charts

A **Gantt Chart** allows to:

- Graphically represent task planning

- Better coordinate and track project activities

- Display the progress of the planning

Unit 1.1 Business and Organisation in IT Ecosystem

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The Gantt Chart is built on a horizontal axis - which represents the total time span of the project, divided into incremental phases (e.g., days, weeks, months) - and a vertical axis - which represents the tasks or activities that make up the project.

PROJECT TIMETABLE

Project activity	2020						2021									
	M1 July	M2 Aug	M3 Sep	M4 Oct	M5 Nov	M6 Dec	M7 Jan	M8 Feb	M9 Mar	M10 Apr	M11 May	M12 June	M13 July	M14 Aug	M15 Sep	M16 Oct
Activity 1		■					■	■						■		■
Activity 2		■	■		■	■		■	■		■	■		■		
Activity 3	■			■			■			■			■			■
Activity 4	■	■	■	■	■	■	■	■	■							■
Activity 5										■						■

1.1.4. Financial Planning

Financial Planning

The financial planning is of paramount importance as it concerns the evaluation of the financial and economic potential of any business idea. The financial management requires a specific document, the Financial Plan (FP) which sets business objectives, development opportunities and marketing strategies.

The Financial Plan is structured as follow:

- **Balance Sheet**, in order to report Assets and Liabilities. Assets can be defined as the items your company owns that can provide future economic benefit. Liabilities indicate what you owe other parties.

- **Profit and Loss Account**, which shows income and expenses for a specific period of time. This could be monthly, quarterly, semi-annually, or annually.

- **Cash Flow Statement**, that provides aggregate data regarding all cash inflows a company receives from its ongoing operations and external investment sources. It also includes all cash outflows that pay for business activities and investments during a given period.

Unit 1.1 Business and Organisation in IT Ecosystem

The **balance sheet** is a snapshot of what you have and what you owe at a given point in time. Unlike the income or cash flow statements, it is not a record of performance over a period of time, but simply a statement of where things stand at a certain moment.
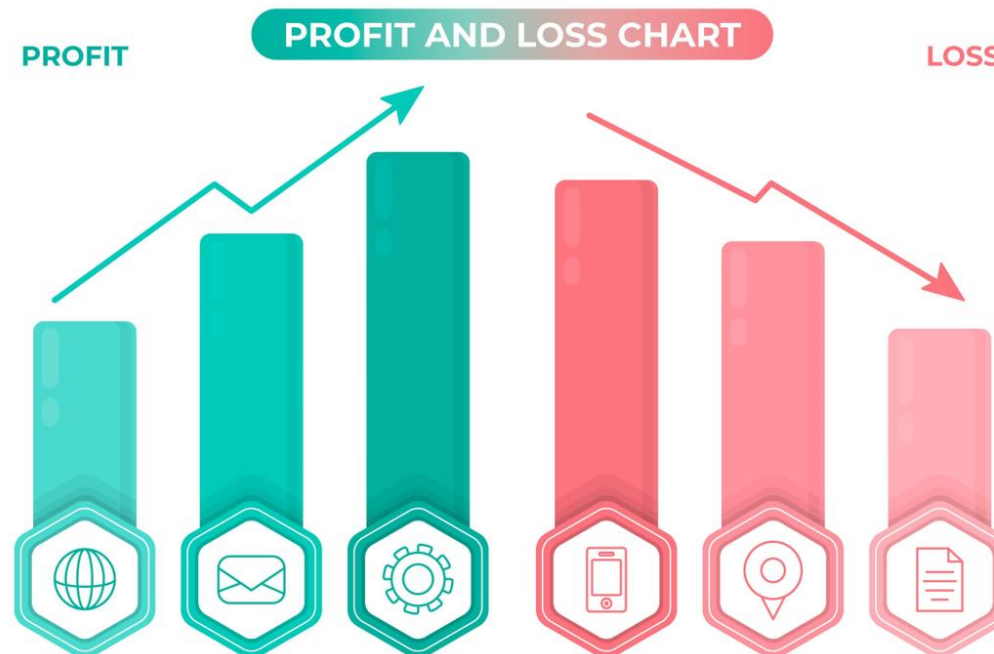
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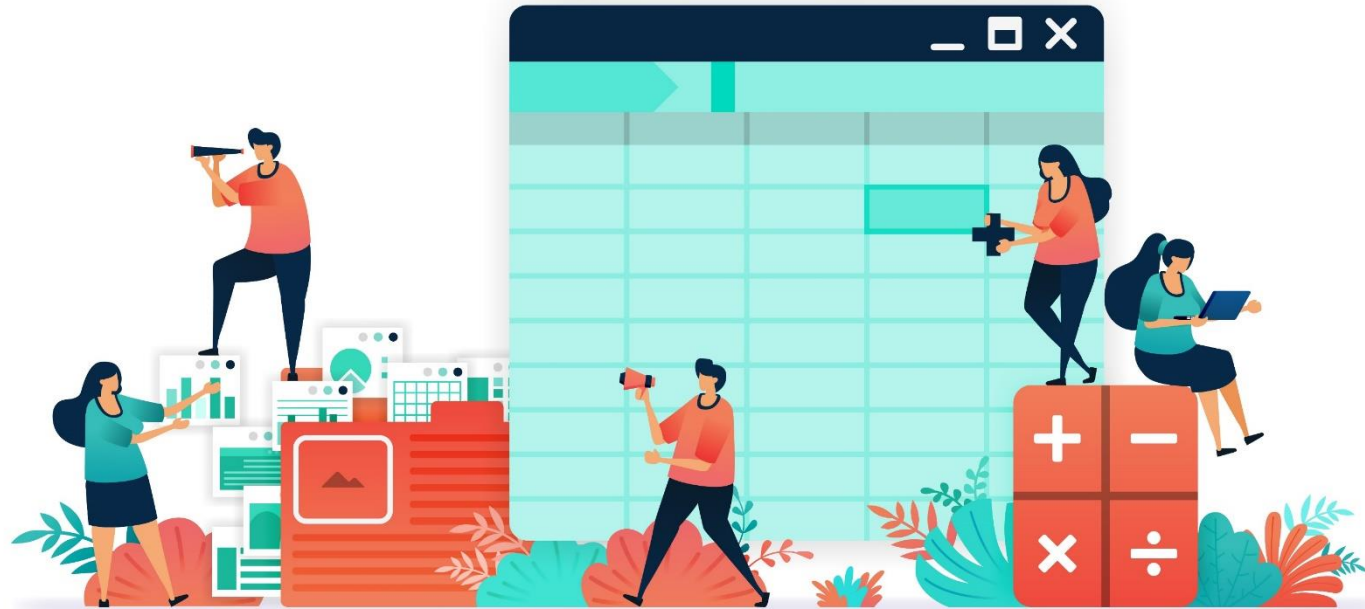
The balance sheet is a list of assets, debts or liabilities, and equity or net worth, with their values. In business, assets are resources that can be used to create income, while debt and equity are the capital that financed those assets. Thus, the value of the assets must equal the value of the debt and the equity. In other words, the value of the business's resources must equal the value of the capital it borrowed or bought in order to get those resources.

assets = liabilities + equity

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Profit and Loss Account is a financial statement that summarizes the revenues, costs, and expenses incurred during a specific period of time, usually a fiscal year or quarter. These records provide information about a company's ability (or lack thereof) to generate profit by increasing revenue, reducing costs, or both. It includes the "statement of profit and loss," the "statement of operations," the "statement of financial results," and the "income and expense statement."

PROFIT AND LOSS CHART

PROFIT   LOSS

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The P&L account reveals the company's realized profits or losses for the specified period of time by comparing total revenues to the company's total costs and expenses. Over time it can show a company's ability to increase its profit, either by reducing costs and expenses or increasing sales. Companies publish P&L accounts annually, at the end of the company's fiscal year, and may also publish them on a quarterly basis. Accountants, analysts, and investors study a P&L account carefully, scrutinizing cash flow and debt financing capabilities.

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The statement of cash flows, or the **cash flow statement**, is a financial statement that summarizes the amount of cash and cash equivalents entering and leaving a company. The cash flow statement (CFS) measures how well a company manages its cash position, meaning how well the company generates cash to pay its debt obligations and fund its operating expenses.

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The main components of the cash flow statement are:

1. operating activities
2. investing activities
3. financing activities

CFS is distinct from the income statement and balance sheet because it does not include the amount of future incoming and outgoing cash that has been recorded on credit. Therefore, cash is not the same as net income, which on the income statement and balance sheet includes cash sales and sales made on credit.

Unit 1.2: Value Chain in Digital Markets

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1.2.1. Steps and Tasks to maximise the information gathered from online customers

1.2 Value Chain in Digital Markets

Although the digital market is proposed as an alternative to the offline one, there are many similarities between this two channels of commerce, as well as customer identification and profiling techniques.

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1.2 Value Chain in Digital Markets

For this reason it will be important to take into account some peculiarities of the offline market by identifying the preferences of the potential customers and intercept their needs in the online market too. Customer's profiling will be very useful to improve the quality of your products by understanding the market trends. Furthermore, this is a very effective way to identify merits and defects of your product and/or offer.

1.2 Value Chain in Digital Markets

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How to understand online customers preferences:

Set up a research on the main e-commerce channels in order to analyse how customers relate to the products you would like to sell	Put yourself in your customers' shoes and try to catch its perspective	Once your product/activities/services are presented, stimulate your customers to leave comments and feedbacks

1.2 Value Chain in Digital Markets

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Customer's identification moves on the basis of the following three fundamental questions:

Who are my customers ?	What are their main interests?	What do they buy online?
Age and gender of your customers/size of Organisation are decisive determinants to profile your target	A tailored made offer is always appreciated by customers. Being aware of main trends and interests will allow you to exploit the multifunctionalities of the online platforms.	A very detailed analysis of costumers' behaviour will help you to understand what do you need in order to be competitive and innovative

1.2.2. - Common Mistakes and Recommendations for Good Practices

1.2 Value Chain in Digital Markets

The Digital Transformation has multiplied the opportunities to reach potential customers by advertising, contents and techniques to let them maintaining a relationship with the brand. Users will always prefer to use web-store/platforms/applications that are more smart, agile and attractive; however, do not forget to keep in touch with the real market and real in-person customer relation keeping in mind what are the strengths of the offline market so that you can always offer a service that pushes the consumer to prefer buying online.

1.2 Value Chain in Digital Markets

Common Mistakes…

1. Lacking realistic digital marketing goals and goal tracking methods

2. Targeting the wrong audience

3. Neglecting your website design

4. Forgetting about search engine optimization (SEO)

5. Neglecting social media

6. Taking on too many strategies without proper resources

1.2 Value Chain in Digital Markets

… and Recommendations for Good Practices

1. Ensure that your objectives are Specific, Measurable, Achievable, Realistic and Time-sensitive

2. Create "Marketing Personas" based on your previous buyers

3. Ensure your website is user-friendly (mobile-responsive, quick to load, easy to navigate)

4. Follow SEO best practices like keywords search, delivering high quality/targeted content, optimizing site's load time and title tags

5. Explore Social Media advertising services

6. Rely on experts to handle your digital marketing strategy

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1.3 Basic Competencies and Skills for Leaders in DE

1.3.1. - Human Capital and People Management

1.3 Basic Competencies and Skills for Leaders in DE

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Human Capital and People Management

Digital leaders are recognisable by the following main traits:

- They dedicate financial resources to digital technologies to support their business

- They consider the digital transformation as a real breakthrough opportunity and not only as an alternative

- Invest resources on their team by strengthening their digital skills

- Take advantage of digital opportunities to redesign their business

In this context, the true digital leader is the one who understands how technologies can most effectively enhance the qualities of human capital. In this sense, technology is not an alternative to individuals, but a tool to convey their qualities.

1.3 Basic Competencies and Skills for Leaders in DE
Why People Management is Important

1. Unified approach to leadership within a company or team

2. Easier problem-solving approach through the implementation of negotiating and critical thinking

3. Open communication between managers and team members

4. Clear definition of roles and expectations for team members

1.3 Basic Competencies and Skills for Leaders in DE Effective Team Management

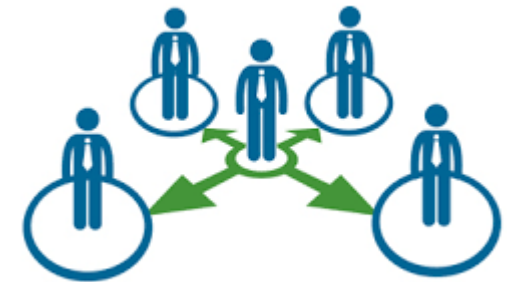Co-funded by the Erasmus+ Programme of the European Union

1.3 Basic Competencies and Skills for Leaders in DE Delegate

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Successful delegation starts with matching people and tasks:

1. Select the team members (Use the Skills Matrix)
2. Define which activities can be delegated
3. Match the right people to the right tasks
4. Set deadlines and monitoring milestones

1.3 Basic Competencies and Skills for Leaders in DE

Skills Matrix

Define/ choose team members framing activities / skills / experience

Task	Skills needed	Experience / Training
Online Marketing Campaign	Knowledge of digital marketing	Marketing degree; specialization on digital communication
Develop a Website for my online shop	Understanding of ICT systems; understanding of technical and operational aspects	Previous experience in web mastering; 3 year experience
Social Media definition and analysis	Knowledge on the main trends and fads	Social Media Management in other related field; experience in social media customization

1.3 Basic Competencies and Skills for Leaders in DE

Motivate

Different people have different needs.
Be chameleonic!

Understand how to manage different groups of people defining a common approach and objectives

Learn to understand the others' point of view

Find the most appropriate way to communicate and to let the team feel an important part of the project (emotional intelligence)

1.3 Basic Competencies and Skills for Leaders in DE Develop

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Giving and receiving **regular feedbacks** to/from your team members:

1. is the most effective solution for their development

2. will improve everyone's performance

If you can help team members to become better at what they do, you will be a manager who people aspire to work for

1.3 Basic Competencies and Skills for Leaders in DE

Communicate

- Agree with the team members a common approach for internal communication (weekly Skype call, Zoom Meeting)

- Set regular team meetings (plenary vs. one-to-one)

- Provide immediate feedback on performance

- Be ready to clarify roles and responsibilities when necessary

1.3.2. - Self-Awareness, Influence and Learning Agility

1.3 Basic Competencies and Skills for Leaders in DE

Self-Awareness, Influence and Learning Agility

According the Korn Ferry Lominger's Learning Agility Model, in team management, the real leader will be characterised by the following features:
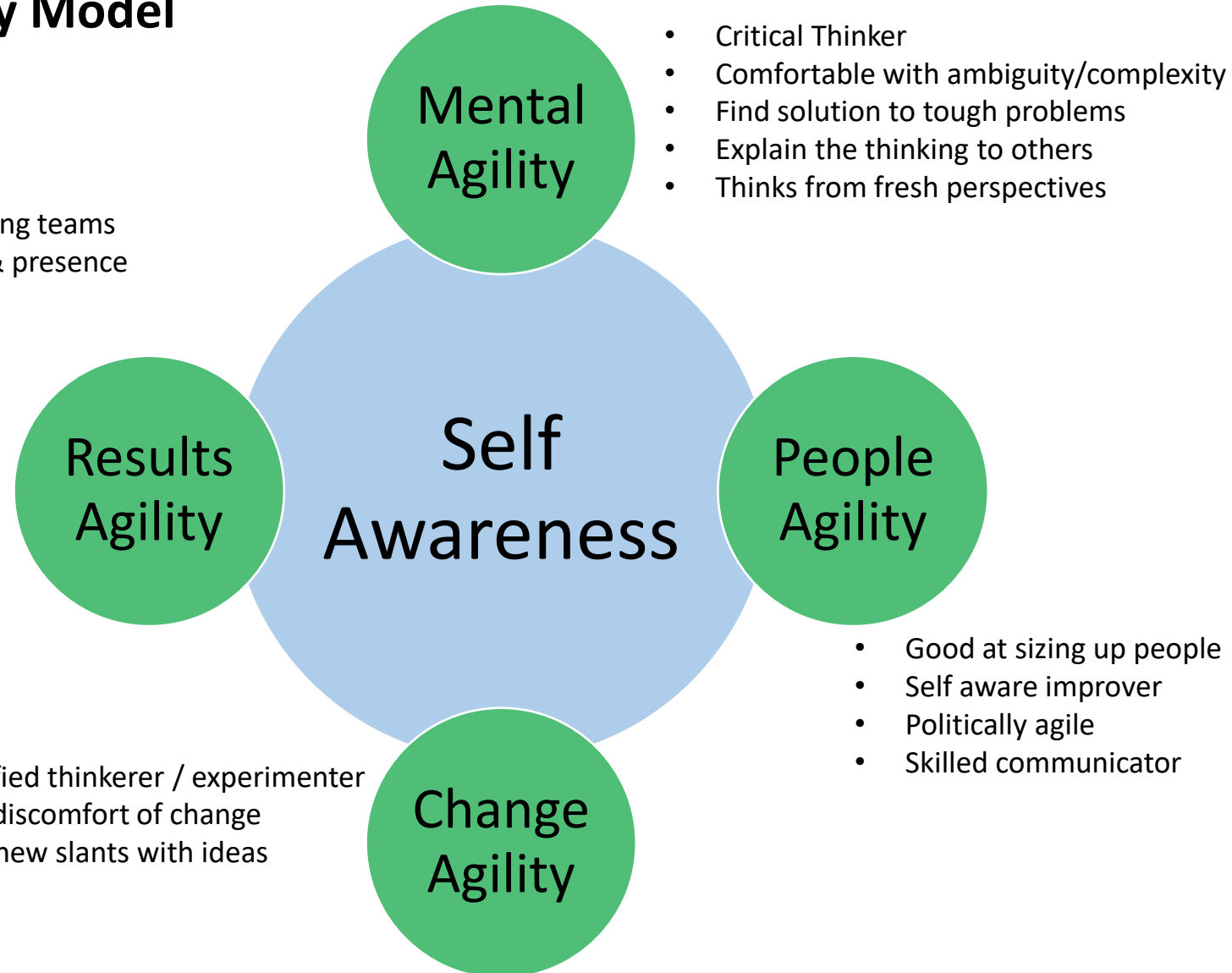
- **Mental Agility** – A critical thinker is able to find fast solutions to the everyday issues

- **People Agility** – Individuals with high people agility are skilled at sizing up people and the political landscape

- **Change Agility** – Leaders need to be comfortable and confident with change

- **Results Agility** – Results-agile leaders are driven and resourceful

- **Self-Awareness** – Is the sum of the agilities listed above

1.3 Basic Competencies and Skills for Leaders in DE

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Learning Agility Model

Mental Agility
- Critical Thinker
- Comfortable with ambiguity/complexity
- Find solution to tough problems
- Explain the thinking to others
- Thinks from fresh perspectives

- Adaptable
- Builds high performing teams
- Has personal drive & presence

Self Awareness

Results Agility

People Agility
- Good at sizing up people
- Self aware improver
- Politically agile
- Skilled communicator

- Never satisfied thinkerer / experimenter
- Deals with discomfort of change
- Introduces new slants with ideas

Change Agility

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1.3 Basic Competencies and Skills for Leaders in DE Common Mistakes to Avoid

1. Not providing feedback
2. Not finding time for your team
3. Failing in defining and validating goals
4. Not delegating
5. Misunderstanding roles and responsibilities

1.3 Basic Competencies and Skills for Leaders in DE Good Practices

1. Don't always assume you're right
2. Make transparency a priority
3. Encourage and nurture your team's growth
4. Focus on serving rather than managing
5. Be open to change

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Unit 1.4:
Managing your Digital Business: E-Commerce Opportunities

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1.4.1. - Pros of Online Sales

1.4 Managing your Digital Business E-Commerce Opportunities Pros of Online Sales

Millions of people buy online on e-commerce sites every day. The volume of business increases year after year especially because the online marketplace is seen as a space where you can find opportunities at any time of the day.

Online sales represent a very effective way to:

1. Increase your sales
2. Reduce your business operating costs
3. Increase profit margins for your business

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Furthermore, we can observe several advantages for selling online as follow:

Lower start-up costs	The advantage of selling online is also reflected in the reduction of start-up costs which would be a primary brake on the launch of your business
Reducing any geographical/time restrictions	Thanks to the e-commerce you can do business with customers from anywhere at any time of the day
Easier measurability of results	Easier traceability and measurability of sales and delivery results thanks to the many features of programs such as Google Analytics
Better Cashflow	You can increase your profit margin which will make even higher profits on every sold product

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1.4.2. – Snapshots of Digital Market

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1.4 Managing your Digital Business: E-Commerce Opportunities

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Snapshots of Digital Markets: Worldwide E-Commerce in 2019

FASHION & BEAUTY
$620.1 BILLION

ELECTRONICS & PHYSICAL MEDIA
$456.9 BILLION

FOOD & PERSONAL CARE
$168.8 BILLION

FURNITURE & APPLIANCES
$316.7 BILLION

TOYS, DIY & HOBBIES
$383.2 BILLION

TRAVEL (INCLUDING ACCOMMODATION)*
$1.19 TRILLION

DIGITAL MUSIC
$13.59 BILLION

VIDEO GAMES
$83.15 BILLION

Source: Statista

1.4 Managing your Digital Business: E-Commerce Opportunities

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E-commerce is very popular in the EU. The proportion of individuals aged 16-74 that shopped online is 63%. In particular, those aged 25-54 had the highest share of online shoppers among internet users up to 2016. In 2015, the youngest age group (16-24) overtook the EU average level, surpassing the level of the 25-54 years age group in 2019.

1.4 Managing your Digital Business: E-Commerce Opportunities

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Internet users who bought or ordered good or services for private use in the previous 12 months, 2014 and 2019
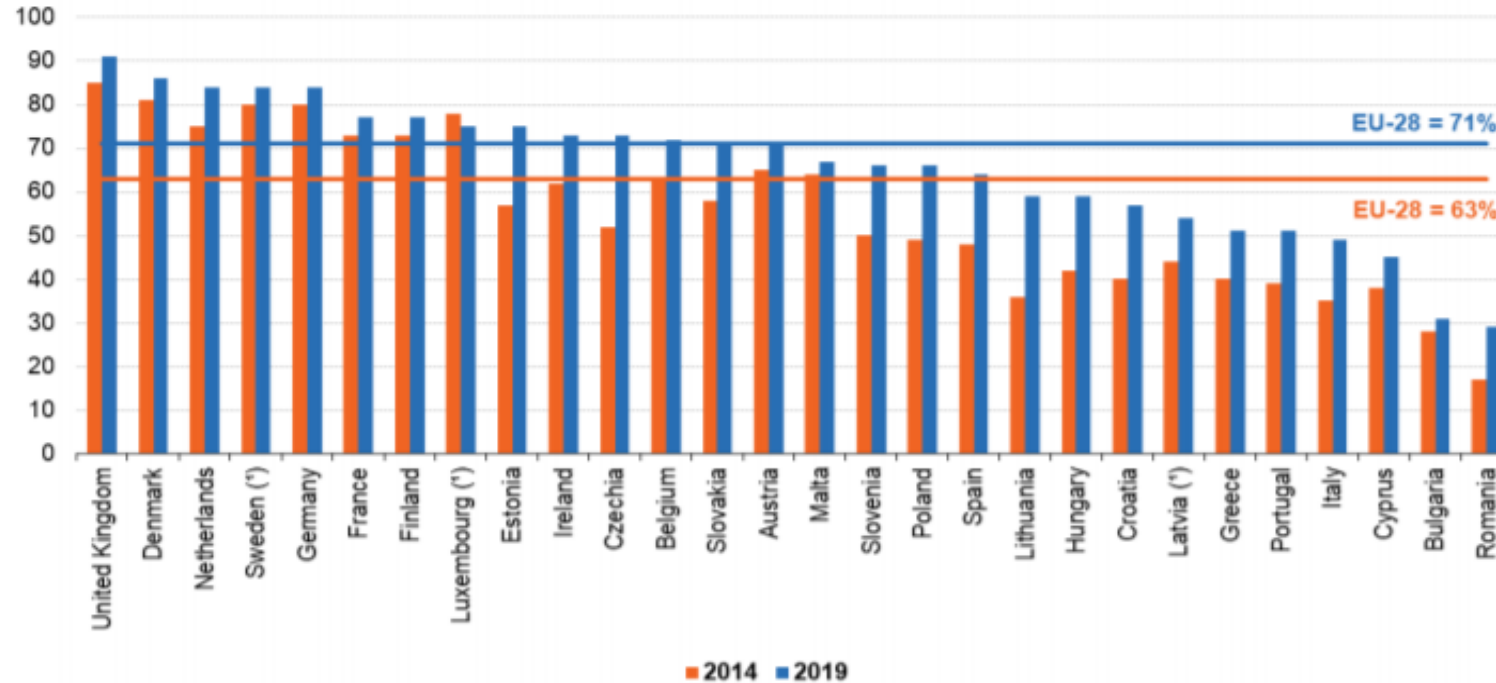
Source: Eurostat

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# 1.4 Managing your Digital Business: E-Commerce Opportunities

The European E-commerce market is experiencing a positive growth across all the most important countries, resulting in one of the most dynamic and fast growing industries. The share of e-commerce users in the European union has constantly increased, showing how companies are investing in their online presence and how users, or customers, are confirming their interest in online services.

In particular, E-commerce revenue in Europe is expected to grow to 502.9 billion U.S. dollars in 2024.

1.4 Managing your Digital Business: E-Commerce Opportunities

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E-Commerce industry in Europe (2017 – 2024)
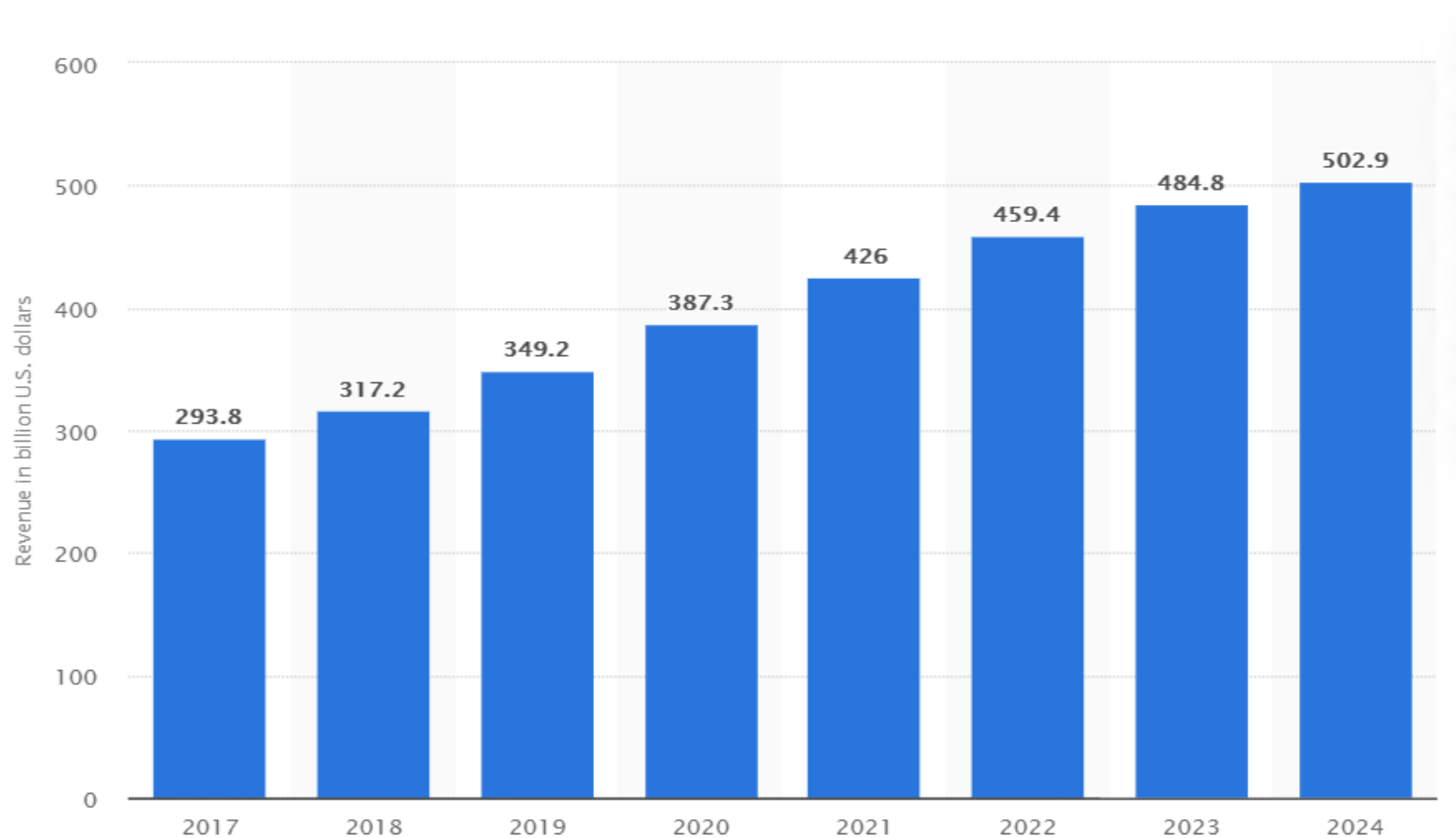
https://www.statista.com/topics/3792/e-commerce-in-europe/#dossierSummary__chapter1

1.4 Managing your Digital Business: E-Commerce Opportunities

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The COVID-19 crisis accelerated the expansion of e-commerce towards new firms, customers and types of products. It has provided customers with access to a significant variety of products from the convenience and safety of their homes, and has enabled firms to continue operation in spite of contact restrictions and other confinement measures.

Despite persistent cross-country differences, the COVID-19 crisis has enhanced dynamism in the e-commerce landscape across countries and has expanded the scope of e-commerce, including through new firms, consumer segments (e.g. elderly) and products (e.g. groceries).

1.4 Managing your Digital Business: E-Commerce Opportunities

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Retail turnover, year-on-year change, EU-27 (July 2019-20)
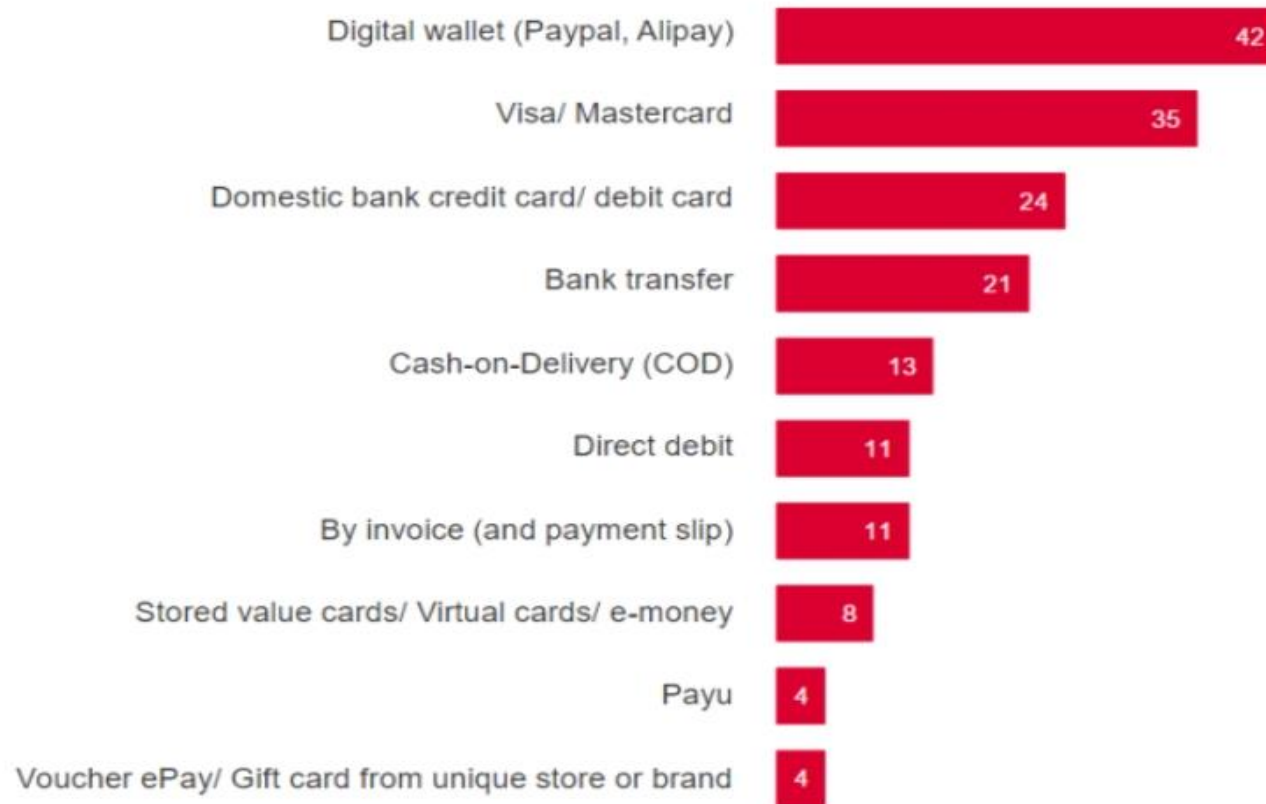

E-commerce transactions in many countries have partly shifted from luxury goods and services towards everyday necessities, relevant to a large number of individuals. Some of these changes in thee-commerce landscape will likely be of a long-term nature, in light of the possibility of new waves of the epidemic, the convenience of the new purchasing habits, learning costs and the incentive for firms to capitalise on investments in new sales channels

Source: OECD

1.4 Managing your Digital Business: E-Commerce Opportunities

Online payment methods in Europe

Method	Value
Digital wallet (Paypal, Alipay)	42
Visa/ Mastercard	35
Domestic bank credit card/ debit card	24
Bank transfer	21
Cash-on-Delivery (COD)	13
Direct debit	11
By invoice (and payment slip)	11
Stored value cards/ Virtual cards/ e-money	8
Payu	4
Voucher ePay/ Gift card from unique store or brand	4

Despite debit and credit cards remain the most common payment methods, many different alternatives are now available: in particular, e-payments methods allow entrepreneurs expand their operations into additional markets so they must familiarise with the payment mode preferred by local customers.

Source: E-Commerce News

Case Study

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The EU co-funded project IncuVET (2014-2016) aimed at creating an information hub with material, best practices, case studies and research on the role and potential of VET schools as local/regional hubs for entrepreneurship. IncuVET envisaged to support and promote an **innovative role for VET schools as local/regional hubs for entrepreneurship**, beyond the mere provision of start-up advice. The idea behind the project was that VET schools are in a position to stir a multi-stakeholder process where local authorities, employers, start-ups, teachers and students come together to shape the way entrepreneurship education is embedded in the curriculum and learn from each other in a collaborative way, with valuable impact on the schools, the students, the market and the community as a whole.

https://www.incuvet.eu/#page-top

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