

JOÃO M. S. CARVALHO

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**HOMO SAPIENS
ENTREPRENEURENSIS**

The Base Business Creation Model

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JOÃO M. S. CARVALHO

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The Base Business Creation Model

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Homo Sapiens Entrepreneurensis

The Base Business Creation Model

João M. S. Carvalho

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Introduction

Today, what we need are entrepreneurs. They create wealth and jobs. In general, there are enough workers because of unemployment in most advanced societies. It is also known that about 50% of all start-ups fail in the first year, and on average, only 20% survive after three years. The main reasons for this situation are related to internal factors such as:

- Lack of competence to manage the business.
- Weak strategic vision.
- Insufficient initial capital.
- Inadequate business vision.
- Insufficiencies in the entrepreneur's skills.
- Product (goods, services, ideas, experiences, behaviours, information) shortcomings.
- Good opportunity to sell the business.
- New job opportunities for the entrepreneur.

But there are also external factors of business mortality like:

- Non-existent need for the product.
- Non-scalable business.
- Type of sector of activity.
- Lack of credit.
- Lack of purchasing power.
- Market evolution with strong competition.

Consequently, entrepreneurs should prepare their business projects better, but often they do not know how to do it. There are many books and models to help them, but frequently, they do not present sufficiently all the main caveats that one needs to know to survive in the short, medium and long run. To have a business idea is simple, but to create a successful product, a brand and a company is very hard. All the texts that try to show how easy it is to be an entrepreneur only contribute to failures and discredit what is known about entrepreneurship.

For decades, I worked with entrepreneurs, teachers, and students, which helped me develop an excellent approach to this subject. After many small steps, I created the

Base Business Creation Model (BBCM), which could be very helpful for any type of entrepreneur, including intrapreneurs and social entrepreneurs.

Previously, I wrote and published about a humanistic approach to innovation, entrepreneurship and sustainability [Carvalho, J.M.S. (2018). *The Ties of Business. A Humanistic Perspective of Entrepreneurship, Innovation and Sustainability*], among other books, book chapters and scientific articles. Now, my intent is to focus mainly on offering the reader a reliable manual to help them with their adventures related to one of the most essential human activities: how to create wealth. Since the Stone Age, entrepreneurship has existed; otherwise, we would not have developed our economies and societies. We have accumulated experience and knowledge about how to deal with new ventures throughout history. As such, this is my contribution to this research stream, aiming to be useful for anyone in the world, independent of their origin and purpose, to be capable of analysing a business idea to have the proper data to decide what to do. I hope the BBCM helps you avoid bankruptcy in the short term, promoting a culture of planning and work that allows for success in the long term.

Thus, in this book, in addition to this introduction, one presents three parts:

Part I – In the beginning...

Part II – Market Orientation Model

Part III – Base Business Creation Model

Part IV – Going for a complete business plan

In the end, we present a glossary of the scientific concepts used in this book.

Part I

In the beginning...

- What are the main entrepreneurial competencies?
- How can the entire entrepreneurial process be organized and systematized?



[...] if they [the entrepreneurs] have the context and resources adjusted to their entrepreneurial goals, their willpower will suffice for an entrepreneurial process to take place and positively impact society.

(Carvalho, 2022, p. 26).

Entrepreneurial competencies

Most start-ups fail because the owner is more of a technician than an entrepreneur and lacks entrepreneurial skills. To become a successful entrepreneur, one needs to have several qualities, skills, or competencies, which implies a set of capabilities, knowledge, and experience that, with the necessary effort, can result in a high level of performance.

We divide the set of competencies into seven groups:

1. **Politeness** includes sympathy, empathy, ethics, meeting deadlines and schedules, and being an example and guidance for serving others.
2. **Tolerance** implies an open mind, cognitive flexibility, listening to others, accepting differences, delegation, awareness of the different peoples' roles, and taking advantage of synergistic complementarities.
3. **Self-confidence** includes self-motivation, initiative, creativity, achieving goals, and time management.
4. **Courage** implies making decisions, equating problems, analytical thinking, risk tolerance, common sense, and toughness.
5. **Adaptability** includes emotional intelligence, learning from mistakes, lifelong learning, ability to change, humility, and attention to environmental trends.
6. **Commitment** implies involvement, teamwork, motivating others, leadership, persuasion, communication, and negotiation.

7. **Knowledge**, which includes industry and product technicalities, management, languages, and a sense of quality and excellence.

In previous work, we divided these competencies by following a different taxonomy, but, in the end, we should find a better way to talk about and teach those competencies. As such, one can talk about competencies of (1) thinking/analyzing, as the ability to carry out effective analysis, interpret complex information, and generate new ideas and strategic objectives; (2) self-management, as the ability to learn, develop and take control of any situation; (3) influencing, as the ability to gain the commitment of others while anticipating agreements; (4) objective achievement, as the desire and ability to get things done and reach a high standard of performance; (5) people and group management, as the ability to gain the commitment of others and develop their potential; and (6) technical competencies, as the knowledge in scientific fields of business sciences and languages.

Nevertheless, besides the entrepreneurs' characteristics, the availability of resources encourages them to emerge. Consequently, the economic, social, and business contexts and start-up incentives and support are crucial factors for successful entrepreneurs.

(Social) intra/entrepreneurship process

In 2022, we developed the CROWAI (Context, Resources, Objectives, Will, Action, Impact) model to theorize the entrepreneurship process in any activity (Figure 1).

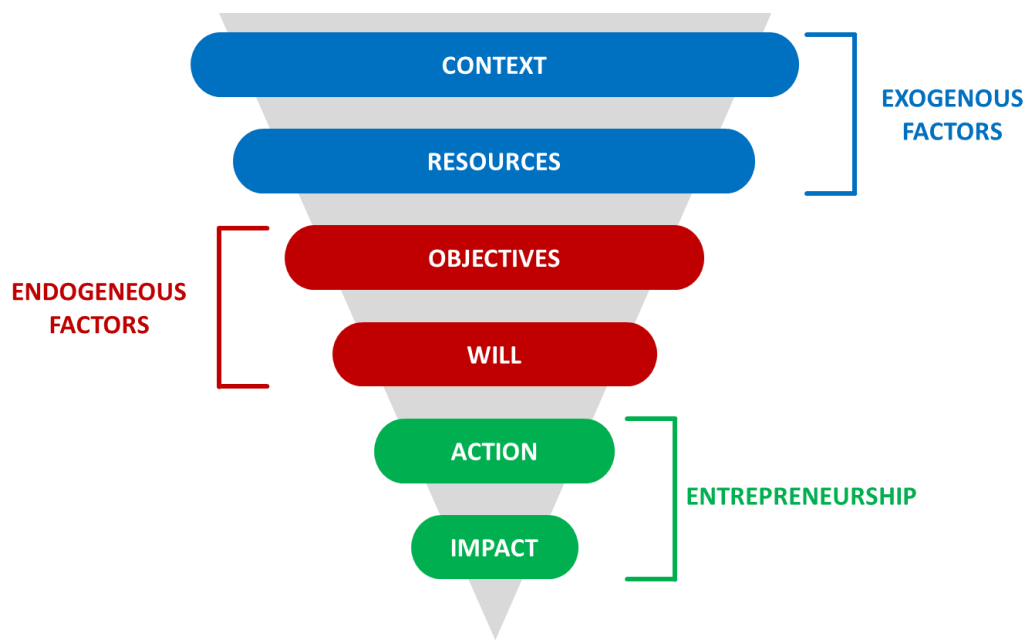


Figure 1. The CROWAI model

As an employee, an entrepreneurial person can develop new processes and/or products or strengthen the existing ones. This is called intrapreneurship, based on individual entrepreneurial thinking and organizational behaviour. We also concluded that it is essential to maintain the designation of social innovation and social entrepreneurship because there are differences between these concepts and similar ones related to business.

As one can see in the scoping systematic review, “*many theories explain why (social) intra/entrepreneurs are conditioned and stimulated by the **context**, as the social, organizational, institutional, educational, and personal networks that contribute to (social) intra/entrepreneur’s availability and willingness to create new products, projects, or organizations*” (Carvalho, 2022, p.16).

The **resources** construct is related to the ability of an entrepreneur to mobilize physical human, intellectual, and financial resources, which are the “*building blocks that allow entrepreneurs to develop their projects*” (Carvalho, 2022, p.17).

As an objective, entrepreneurship can be defined as the process of creating a product (good, service, idea, experience, behaviour, information) or a project, frequently through an organization, to serve and satisfy human wants and needs. Entrepreneurial objectives include exploiting business opportunities as an employee, creating new products, processes, or strategies, and enhancing organizational competitiveness. Moreover, social entrepreneurship exists and aims to enhance social and ecological welfare, look for solutions to neglected problems, stimulate social

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This book allows anyone to understand an entrepreneur's main characteristics and challenges and what is to be market-oriented. Why do we often complain about the providers of the products we need and the products themselves? Based on a theoretically sound background, the Base Business Creation Model is presented, which helps to test any business idea in all diverse contexts, private or public, for-profit or not-for-profit, even within a company, as a manifestation of intrapreneurship. This model includes the assessment of economic and financial viabilities, contributing to diminishing the probability of failure, which is relatively high among start-ups. Step-by-step, the entrepreneurs learn how to test their concepts of the product (good, service, idea, experience, behaviour, information), aiming at satisfy human and social needs, passing through the evaluation of the business opportunity, the design of a business model, and the assessment of its financial viability. Then, if the business concept has a reasonable probability of success, the entrepreneur can prepare a complete business plan using the Advanced Business Creation Model.



JOÃO M. S. CARVALHO

João M. S. Carvalho is an Associate Professor with Habilitation at the Prince Henry Portucalense University. He is Head of the Department of Economics and Management, Coordinator of the Master in Management, Research Coordinator at REMIT – Research in Economics, Management and Information Technologies (Portucalense University); and Researcher Collaborator at CEG – Global Centre Studies (Open University), and InED – Center for Research and Innovation in Education (Higher Education School of Porto Polytechnic University). He has a Degree in Business Management, a postgraduation in Social Gerontology, a Master's Degree in Economics, and a Doctorate and Habilitation in Business Sciences. He worked for 15 years in the pharmaceutical industry. He also supports the social sector as a researcher, consultant, and trainer. Nationally and internationally, he has published several books, book chapters, and articles in scientific journals.

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