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ENT 624
Entrepreneurial Strategy

Lecture 07



Strategic Plan Outline

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“Fearlessness is not the absence of fear. It’s the mastery of fear. It’s about getting up one more time than we fall down.”

- *Arianna Huffington*

Entrepreneur Quotes to Inspire Your Own Success



20. "There's a silly notion that failure's not an option at NASA. Failure is an option here. If things are not failing, you are not innovating enough." - [Elon Musk](#)

21. "We think, mistakenly, that success is the result of the amount of time we put in at work, instead of the quality of time we put in." - [Arianna Huffington](#)

22. "I learned to always take on things I'd never done before. Growth and comfort do not coexist." - [Virginia Rometty, former chairman, president and CEO of IBM](#)



Learning Objectives

1. Use the strategic plan outline to develop organizational-level strategies, industry-market strategies, management team strategies, and financial strategies for the new venture
2. Conduct a TOWS analysis to consider the new venture's strategic position
3. Explore new approaches that shift the focus of the new venture's strategy from direct competition to the creation of new value.

The Strategic Plan Outline

The components of the plan **describe in detail how the new venture will carry out its vision**. The outline **contains the sections that should be covered in your team's strategic plan**. The plan should be tailored to your business needs, and your section headings do not have to be exactly as shown here.

The content of your plan should cover these areas:

1. Executive Summary

- **Overview of your concept** (business and its mission), **customers** (your market/markets), and **your capital requirements** (financial strategies)

3. Analysis of the External Environment: Industry and Market Strategies

- What are the **social and economic** (and other) **trends** of your business environment?
- Describe the current climate of your industry (recent trends and performance)
- Who are your **key competitors**?
- What market(s) do you serve (demographics, psychographics, etc.)? How will you **create awareness and sustain your customer base**?

4. Analysis of the Internal Environment: Management Team Strategies

- What are the strengths and experience of each team member?
- What are the knowledge, skills, and abilities you need for your business to perform?
- What do you have? What do you lack (and where can you find it)?
- How will the business be organized (structure and reporting relationships)?

5. Financial Strategies

- Estimate of **start-up costs** (investigate similar businesses).
- Investigate **financing alternatives** (debt/equity financing, listing of possible resources).
- **Develop one year minimum (three to five years recommended) of *pro forma* statements.** Financial statements include cash flow, income statements, and balance sheet.

6. Critical Risks and Exit Strategy

- The plan should contain an analysis of critical risks and **how the entrepreneur intends to reduce these risks, including financial, organizational, and psychological risks** related to the business, the entrepreneur, and the management team, as appropriate.
- Some entrepreneurs include an **exit strategy** for the business. This is optional, but **if you intend to seek external investors**, it is recommended to include these for consideration.

7. References

- Full **citations of all sources cited in your strategic plan must be listed here.**

8. Appendices (if appropriate)

- **Surveys, copies of supplementary research materials, maps, and so on.**

- **Strategies you develop for your business should build on your perceived strengths, exploit opportunities you identify, and avoid threats.**
- Later, you will learn how to conduct a TOWS analysis of your business to help you develop your strategies.
- You can include “**must do**” and “**should do**” strategies for the sections above to help you develop short-range and long-range goals for the business.

Strategic Positioning: From Swot to Tows

- In stable industries, the **Strengths Weaknesses Opportunities Threats (SWOT)** analysis remains one of the best ways to think about strategy and selecting a strategic position for the new venture.
- **The goal is to** find a sustainable strategic position in which the firm can use its strengths to take advantage of the opportunities available in its industry and markets—while defending itself from threats and masking or correcting its weaknesses.
- **The challenge in identifying weaknesses and developing ways to overcome them** can in itself become a strategy.
- **Turning the SWOT into TOWS** is about **doing the external analysis first—an important distinction when thinking about strategy**. When doing such an analysis, it's best to work from the outside in, to do a TOWS analysis.

TOWS analysis *(to consider the new venture's strategic position)*

- **Threats-Opportunities-Weaknesses-Strengths** analysis is an innovative approach to analyzing the external environment and applying the new venture's strengths and weaknesses in ways that capitalize on the opportunities and minimize the threats facing the new venture.

--Begin by defining markets in which your firm will sell, competition that you will face, and larger industry structure (power relations, business norms, etc.) in which firm will function.

-- For this portion of the analysis, you can use the data you collected in the Knowledge of Industry Checklist (KIC).

--Then turn your attention to the trends and shifts in the external environment: *Consider the following factors as you work through the TOWS Analysis.*

- **Economic factors:** The general state of the economy, including inflation, labor market conditions, interest rates, and so on.
- **Sociocultural factors:** Preferences, values, and shifts in consumer trends.
- **Technological factors:** New technologies, technical processes, and the rate of technological change.
- **Political-legal factors:** Regulatory environment, including laws, statutes, and changes in government policies that affect the business.

- These factors change frequently, so it is necessary to review this analysis at least annually, and more often as appropriate to your industry and the community in which the business resides.
- Finally, summarize your analysis in a list of opportunities and a list of threats. This is the context in which you must operate.
- Once you know what the external environment offers you (and the challenges it presents), look inside to inventory your strengths and weaknesses.
- What skill sets, resources, networks, and so on do you have at your disposal? What are you lacking? Summarize these into a list of strengths and a list of weaknesses. This is what you have to work with.

- Finally, map out your TO and WS in a matrix such as the one shown in [Table 1](#) and study it to develop a strategy that uses your strengths to take advantage of opportunities, reduce or avoid threats, and overcome weaknesses.
- It is also highly recommended that you develop a set of strategies and run each through the matrix in [Table 1](#), looking for flaws (e.g., lack of management skills in a particular area, low levels of financial resources).

Table 1 TOWS: The Strategic Audit

Internal Factors External Factors	Strengths (S)	Weaknesses (W)
	S1 List internal strengths S2 S3 S4 S5	W1 List internal weaknesses W2 W3 W4 W5
Opportunities O1 List external opportunities O2 O3 O4 O5	SO STRATEGIES How can you use your strengths to take advantage of the opportunities?	WO STRATEGIES How can you reduce your weaknesses to take advantage of the opportunities?
Threats T1 List external threats T2 T3 T4 T5	ST STRATEGIES How can you use your strengths to avoid threats?	WT STRATEGIES How can you reduce your weaknesses to avoid threats?

When you complete this analysis, you can consider some of the strategic positions for the new venture:

- The **low-cost** firm that churns out good enough services or products at the lowest possible cost .
- The **highly differentiated** firm that creates the highest-quality, best-designed, best-supported, most attractive products or services in its area.
- The **narrowly focused** firm that ties itself to a very specific market and serves its needs attentively, typically with segmented products and services or niche, often customized, products or services.
- The **broadly focused** firm that serves a wider market, either with a standardized product or through mass customization.

- The **firm that *elaborates*** a previously chosen position, by penetrating deeper, developing new markets or niches, developing new products, carving out space at the edge of a niche, or raising barriers to competitors wanting to do what your firm does.
- The **firm that *collaborates to learn***—by licensing your products or services to other, more established organizations in the industry, by outsourcing, or by entering into joint ventures as a way of gaining entry into the marketplace.

Shifting the Focus of Strategy: Creating New Markets versus Competing Directly

- Kim and Mauborgne (1999) spent 10 years researching organizations that have developed fundamentally new and superior value, creating new markets and recreating existing ones.
- The researchers found **six approaches** that enable companies to create new market space.
- Interestingly, those companies managed to do this by examining familiar information in a new light; **accomplishing their goal did not require unique vision or foresight** about the future.
- The research showed that **innovative companies break free from the competitive pack by staking out fundamentally new market space—that is, by creating products or services for which there are no direct competitors.**
- This path to value innovation requires a **different competitive mind-set and a systematic way of looking for opportunities.**

- Instead of looking within the conventional boundaries that define how an industry competes, managers can look methodically across them. By so doing, they can find unoccupied territory that represents real value innovation.
- Similar insights can be gleaned by looking across strategic groups within an industry; across buyer groups; across complementary product and service offerings, and across the functional-emotional orientation of an industry.
- The change in strategic thinking is described in this way: “Instead of looking within the accepted boundaries that define how we compete, managers can look systematically across them. By doing so, they can find unoccupied territory that represents a real breakthrough in value”.
- This carries valuable and transferable learning for entrepreneurs as they formulate strategy for their new ventures.
- Table 2 presents the six approaches entrepreneurs and managers can use to create new market space.

<i>The Conventional Boundaries of Competition</i>	<i>Head-to-Head Competition</i>	<i>Creating New Market Space</i>
Industry	focuses on rivals within its industry	looks across substitute industries
Strategic group	focuses on competitive position within strategic group	looks across strategic groups within its industry
Buyer group	focuses on better serving the buyer group	redefines the buyer group of the industry
Scope of product and service offerings	focuses on maximizing the value of product and service offerings within the bounds of its industry	looks across to complementary product and service offerings that go beyond the bounds of its industry
Functional-emotional orientation of an industry	focuses on improving price-performance in line with the functional-emotional orientation of its industry	rethinks the functional-emotional orientation of its industry
Time	focuses on adapting to external trends as they occur	participates in shaping external trends over time

Conventional *Boundaries of Competition* --> Head-to-Head Competition --> *Creating New Market Space.*

1. **Industry** --> focuses on rivals within its industry --> *looks across substitute industries.*
2. **Strategic group** --> **focuses on competitive position within strategic group** --> looks across strategic groups within its industry.
3. **Buyer group** --> focuses on better serving the buyer group --> *redefines the buyer group of the industry.*
4. **Scope of product and service offerings** --> focuses on maximizing the **value of product and service offerings within the bounds of its industry** --> looks across to complementary product and service offerings that go beyond the bounds of its industry.
5. **Functional-emotional orientation of an industry** --> **focuses on improving price- performance in line with the functional-emotional orientation of its industry** --> *rethinks the functional- emotional orientation of its industry.*
6. **Time** --> focuses on adapting to external trends as they occur --> *participates in shaping external trends over time.*

GreenWave Solutions - Strategic Planning for a Sustainable Energy Startup

Background

- GreenWave Solutions is **a startup founded in 2023 in Austin, Texas**, with a mission **to accelerate the adoption of renewable energy in small to medium-sized enterprises (SMEs)** by providing affordable, modular solar energy systems.
- The company aims to address the growing demand for sustainable energy solutions in the commercial sector, focusing on businesses that lack the capital or expertise to implement large-scale renewable energy projects.
- Led by founder and CEO, **Aisha Patel**, GreenWave Solutions has developed **a scalable model that combines solar panel installation, energy storage, and smart energy management software to optimize energy use for SMEs.**
- The entrepreneurial landscape in 2025 is highly competitive, with increasing regulatory support for renewable energy and a growing awareness of sustainability among businesses.
- However, challenges such as high initial costs, complex installation processes, and market competition from established energy providers pose significant hurdles.
- GreenWave Solutions seeks to carve out a niche by offering cost-effective, turnkey solutions tailored to the specific needs of SMEs in **the retail and hospitality sectors.**

Strategic Plan Development

- GreenWave Solutions **developed a comprehensive strategic plan to guide its growth and market entry**, following the principles outlined in the ENT 624 Entrepreneurial Strategy course at Midocean University.
- The plan was designed **to articulate the company's vision, analyze the external and internal environments, and establish a sustainable strategic position using a TOWS analysis.**

1. Executive Summary

- GreenWave Solutions' mission is to **empower SMEs to transition to renewable energy through affordable, modular solar systems and smart energy management.**
- The company **targets retail and hospitality businesses in the U.S. Southwest, with plans to expand nationally by 2028.**
- **Initial capital** requirements include **\$2 million** for product development, marketing, and initial installations, to **be funded through a combination of venture capital and government grants** for renewable energy initiatives.

2. Analysis of the External Environment

- The **renewable energy sector** is experiencing **rapid growth**, driven by **economic incentives**, such as federal tax credits, and sociocultural shifts toward sustainability.
- Recent trends indicate a 15% annual increase in solar adoption among SMEs, with a projected **market size of \$10 billion** by 2027.
- **Key competitors** include large-scale providers like **Tesla Energy and Sunrun**, which focus on residential and large commercial projects, and regional players offering customized solutions.
- GreenWave Solutions **serves SMEs** with annual revenues between \$1 million and \$10 million, **targeting owners who value cost savings and environmental impact**.
- **To create awareness**, the company plans to leverage digital marketing, partnerships with local business associations, and case studies showcasing successful installations.

3. Analysis of the Internal Environment

- The management team consists of **Aisha Patel** (CEO, with 10 years of experience in renewable energy startups), **Michael Chen** (CTO, an expert in solar technology), and **Sarah Lopez** (CFO, with expertise in financial strategy for startups).
- The **team's strengths** include **technical expertise** and **industry connections**, but they lack extensive marketing experience, which they plan to address **by hiring a marketing director in Year 2**.
- The **business is organized** as **a lean startup with a flat structure**, emphasizing agility and collaboration. GreenWave Solutions **requires skills in solar engineering, software development, and customer relationship management**, with plans to outsource installation to certified contractors to reduce overhead costs.

4. Financial Strategies

- Start-up costs are estimated at \$1.5 million, covering equipment, software development, and initial marketing.
- GreenWave Solutions has **secured \$500,000 in seed funding** from angel investors and is seeking \$1 million in venture capital.
- The company is also applying for a \$250,000 grant from the U.S.
- Department of Energy. Pro forma financial statements project break-even by Year 3, with revenues of \$3 million and a net profit margin of 10% by Year 5.
- **Key financial strategies** include **leasing options** for customers to reduce upfront costs and **a subscription model** for energy management software to generate recurring revenue.

5. Critical Risks and Exit Strategy

- **Key risks** include **supply chain disruptions** for solar components, **regulatory changes**, and **competition** from larger firms.
- GreenWave Solutions plans to mitigate these risks by **diversifying suppliers**, **staying informed on policy changes**, and **focusing on a niche market less served by competitors**.
- An **exit strategy** includes a potential acquisition by a larger energy firm or an IPO by 2030, appealing to investors seeking sustainable energy opportunities.

6. TOWS Analysis

GreenWave Solutions conducted a TOWS analysis to develop strategies that leverage opportunities and mitigate threats:

- **Strengths-Opportunities (SO):** Use technical expertise to develop innovative, modular solar systems that capitalize on the growing SME demand for renewable energy. Partner with local business associations to expand market reach.
- **Strengths-Threats (ST):** Leverage industry connections to secure reliable suppliers, reducing the impact of supply chain disruptions.
- **Weaknesses-Opportunities (WO):** Address the lack of marketing expertise by hiring a director and utilizing government grants to fund promotional campaigns.
- **Weaknesses-Threats (WT):** Mitigate competitive pressure by focusing on a niche market and offering superior customer service to build loyalty.

The **TOWS analysis** informed GreenWave Solutions' strategic position as a ***narrowly focused firm***, targeting SMEs with customized, affordable solutions, differentiating through ease of adoption and exceptional customer support.

Strategic Positioning and Market Creation

- Drawing from Kim and Mauborgne's (1999) framework, GreenWave Solutions adopted a **blue ocean strategy** by **creating new market space rather than competing directly with established providers**.
- The company **redefined the buyer group** by **targeting SME owners** who are underserved by large-scale providers.
- It also **looked across complementary offerings**, integrating smart energy management software with solar installations to enhance value.
- By **rethinking the functional-emotional orientation**, GreenWave Solutions **emphasizes both cost savings (functional) and sustainability (emotional)**, appealing to environmentally conscious business owners.

Outcomes and Lessons Learned

- By mid-2025, GreenWave Solutions completed 50 installations, generating \$1.2 million in revenue and securing a second round of funding.
- The company's focus on a niche market and strategic partnerships with local associations drove early success.
- However, challenges in scaling installations highlighted the need for robust contractor training programs.
- The case demonstrates the importance of aligning internal strengths with external opportunities, using a TOWS analysis to guide strategy, and creating new market space through innovative offerings.

Discussion Questions

1. How does GreenWave Solutions' TOWS analysis inform its strategic positioning, and what alternative strategies could it consider?
2. Evaluate the effectiveness of GreenWave Solutions' blue ocean strategy in creating new market space.
3. What additional risks should GreenWave Solutions anticipate as it scales nationally, and how can it mitigate them?
4. How can GreenWave Solutions balance the need for rapid growth with maintaining its niche focus?

Recap

- Strategic plan outline
- Strategic vision
- TOWS analysis
- New venture's strategic positioning
- Six new approaches
- Case study

Summary of Lecture Objectives

1. Use the strategic plan outline to develop organizational-level strategies, industry-market strategies, management team strategies, and financial strategies for the new venture

- Organizational-level strategies articulate the mission and key values.
- Industry and market strategies explore the social and economic trends, the industry climate, key competitors, the markets the new venture serves, and the methods to create awareness by the customer base.
- Management team strategies explain how the new venture will capitalize on the strengths of its members and how it will compensate for what it lacks.
- Financial strategies define the start-up costs, explore financing alternatives and how they will be used, and present at least one year of projections.

Summary of Lecture Objectives

2. Conduct a TOWS analysis to consider the new venture's strategic position.

- The Threats-Opportunities-Weaknesses-Strengths analysis is an innovative approach to analyzing the external environment and applying the new venture's strengths and weaknesses in ways that capitalize on the opportunities and minimize the threats facing the new venture.

3. Explore new approaches that shift the focus of the new venture's strategy from direct competition to the creation of new value

- Research has shown that the most innovative organizations are moving from competing directly with others in their industry to creating new value that enables them to establish new market space.

See you next lecture 08

Thank You