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Paper Title: A "resource mapping tool" for start-ups in the for-profit and not-for-profit sectors: an exploratory study

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A TOOL FOR MAPPING RESOURCES FOR START-UPS IN THE FOR-PROFIT AND NOT-FOR-PROFIT SECTORS: AN EXPLORATORY STUDY

ABSTRACT

Research has been carried out over many years to identify the resources that are needed for new for-profit venture start-ups and early stage businesses to be sustainable and successful, and this has resulted in the development of particular resource categories. There appears to be limited research into the resources required when starting up not-for-profit social enterprises. This case study exploratory research implemented an innovative resource mapping tool that was developed from the literature in this field, and had been used for some years to teach undergraduate and postgraduate entrepreneurship students. This tool was applied to three for-profit venture start-ups, and two not-for-profit social enterprise start-ups. This resource mapping tool was found to be was useful for both types of start-ups, but required some modifications, particularly for social enterprises. This research found that social entrepreneurs describe their enterprise's resources requirements in ways that did not appear in the for-profit venture, with a focus on social capital and community building. Finally, this research identified examples of bricolage across the categories of resources for both for-profit, and not-for-profit start-ups. These findings increase our understanding of the resourcing of start-ups, and enable improvements to a useful tool for exploring this important aspect of new ventures.

INTRODUCTION

There has been a great deal of interest in identifying the internal resources and assets needed for start-up enterprises to be sustainable and successful. Categories of resources have been proposed in the resource based literature (Barney 1991), as well as the field of entrepreneurship (Dollinger 1995, 2007). In particular, Greene, Brush and Brown (1997) drew on the literature to propose a framework comprising human, social, organisational, technological, financial, and physical resources to map the resource requirements of enterprises on their "pathways of development" (Brush, Greene & Hart 2001, p. 69). Further studies have examined the ways that enterprises reconfigure and recombine resources to create value and competitive advantage (Newbert, Gopalakrishnan & Kirchhoff 2008), and how enterprises make the most of the resources that are available to them through "bricolage" (Baker & Nelson 2005).

These approaches and analyses have been applied in the field of for-profit entrepreneurship. Gaps still exist, however, in relation to social enterprises, an emerging sector that is attracting increased interest from practitioners and academic researchers. "Resource mapping" or "asset mapping" in this sector is a term that is generally applied to a method for identifying resources in the external environment of the social enterprise, such as the skills and capabilities of individuals in a community, community organisations, and businesses and human service organisations in that locality (Griffin & Farris 2010), rather than to the internal resources and assets of the enterprise. The concept of "social bricolage" has been developed specifically for social enterprises (Di Domenico, Haugh & Tracey 2010), and the importance of identifying and mobilizing the appropriate resources at the stage of social enterprise creation has been investigated (Haugh 2007). The full spectrum, however, of the resources required by start-up social enterprises remains unclear.

It is important for entrepreneurs to have access to tools that allow them to critically assess the resources of the venture, and identify which resource combinations are needed to launch and develop the venture in order to ensure viability and sustainability, regardless of whether the start-up is a for-profit venture, or a not-for-profit social enterprise.

This research was implemented through a comparative exploratory study, and was carried out using a resource mapping tool that has been developed from the literature to assess the resource needs of for-profit start-ups. This tool was applied to two groups of very early stage new ventures; three different for-profit start-ups, and two nascent social enterprises. The aims of the research were to test whether this particular resource mapping tool can be applied equally to for-profit ventures, and not-for-profit social enterprises, to investigate if there was a difference in the way that resource analysis is approached by for-profit entrepreneurs, and by not-for-profit entrepreneurs, and to investigate whether both types of entrepreneurs could be identified as implementing bricolage.

THEORETICAL FOUNDATIONS

Resource requirements of new venture start-ups

A major area of research in the field of strategic management has been to identify and understand sources of sustained competitive advantage (Porter 1985). In developing the resource-based view of the firm, Barney (1991) proposed that firm resources underpinned competitive advantage and sustained competitive advantage. Barney defined these resources as comprising “assets, capabilities, organisational processes, firm attributes, information, knowledge, etc. controlled by a firm”, and suggested a classification of physical, human capital, and organisational firm resources (Barney 1991, p.101). Chandler and Hanks (1994) investigated the effect of firm resources on performance, using a slightly extended framework consisting of financial, physical, human, organisational, and technological resources.

There has been particular interest in understanding the specific resources that are necessary for start-up ventures to be sustainable and successful. Greene, Brush and Brown (1997), in an exploratory study of 76 small firms proposed a framework of five distinct type of resources; human, social, organisational, physical, and financial, and found that physical and organisational resources were relatively more important than financial resources. This framework was further developed with a focus on entrepreneurial businesses to propose a “resource development pathway” to map the way in which start-up ventures attracted and combined their resources. In this framework, technological resources was added to the five resources identified in previous research, to form a set of six categories of resources that were proposed to be necessary for entrepreneurial ventures (Brush, Greene & Hart 2001). This was use to assess the resource requirements of businesses depending on their position in relation to business growth and innovation (Greene & Brown 1997). The Brush, Greene and Hart (2001) framework was used as the basis for empirical studies such as the relationship between resources and firm performance (Brush & Chaganti 1998), and resources and firm strategy (Edelman, Brush & Manalova 2002). Further studies have examined the ways that enterprises reconfigure and recombine resources to create value and competitive advantage (Newbert, Gopalakrishnan & Kirchhoff 2008), and how enterprises make the most of the resources that are available to them through “bricolage” (Baker & Nelson 2005).

Entrepreneurial bricolage

Bricolage has been demonstrated to be critically important for new firms, particularly as only a very small number of new firms are able to acquire the specific resources that are required, including human, financial, or other (Baker & Nelson 2005). Bricolage helps to understand how firms survive and even flourish despite operating under significant resource constraints as they “make do by applying combinations of the resources at hand to new problems and opportunities” (Baker & Nelson 2005, p.333). In their study of 29 resource-constrained firms, Baker and Nelson (2005, p.354) all found that firms “created something from nothing by using bricolage” in the domains of material, skills, labour, regulatory and institutional domain, and customers. Those that engaged in selective bricolage across only a few of these domains demonstrated higher firm growth than those that engaged in bricolage across multiple domains.

Social entrepreneurship and social enterprises, and their resourcing

Social entrepreneurship is an emerging area of research that has captured the interest of a growing number of scholars (Short, Moss & Lumpkin 2009). This is reflected in the number of recent studies of entrepreneurial activity in not-for-profit organizations (Haugh 2007; Balan-Vnuk & Metcalfe 2010; Di Domenico, Haugh & Tracey 2010; Soriano & Galindo 2012; Chalmers & Balan-Vnuk Forthcoming). Although social entrepreneurship is an important and growing phenomenon, a unifying definition is lacking (Short, Moss & Lumpkin 2009). Social entrepreneurship is described as “entrepreneurship that creates social value” (Acs, Boardman & McNeely 2011, p.7), and social enterprises that couple the creation of social value with the adoption of business models are regarded as an outcome of such social entrepreneurship activities (Mair & Marti 2006; Acs, Boardman & McNeely 2011).

Although social enterprises exist in a variety of organizational forms (Dees 1998), many operate as not-for-profit organisations (also known as nonprofit or NPOs), a form that has become popular globally for such entrepreneurial activity in the social sector (Slevin & Terjesen 2011). Social enterprises are also referred to as social ventures (Zahra et al. 2009), social businesses (Yunus, Moingeon & Lehmann-Ortega 2010), and social entrepreneurial organisations (SEOs) (Grimes 2010), among others. Whereas for-profit ventures aim to generate shareholder wealth (Weerawardena, McDonald & Mort 2010), social enterprises are different due to the importance of their social mission, their focus on social value creation, and the existence of multiple stakeholders (Austin, Stevenson & Wei-Skillern 2006; Mair & Marti 2006; Chell 2007). Social enterprises, the most commonly used term in the literature, are therefore generally understood to be organisations that undertake commercial activities in order to achieve social goals (Shaw & Carter 2007).

The importance of identifying and mobilizing the appropriate resources at the stage of social enterprise creation has been identified (Haugh 2007), The full spectrum, however, of the resources required by start-up social enterprises remains unclear, and research in this field has focused principally on describing resources in terms of financial (donations and government subsidies), people (secondment and volunteers), and equipment (generally donated), that have all been obtained from external organisations (Gardin 2006). Internal resources of the venture appear to have been so far addressed in the context of “social capital” (Evers 2001), and the generation of earned revenue from a range of sources.

Social enterprises and bricolage

The concept of “social bricolage” has been developed for social enterprises with key constructs of: making do, refusal to be constrained by limitations, and improvisation (Di Domenico, Haugh & Tracey 2010). These correspond to the dimensions identified by Baker and Nelson (2005). Di Domenico et al. (2010) added three additional constructs applicable to social entrepreneurship: social value creation, stakeholder participation, and persuasion.

These last two constructs can be perceived as incorporating social behaviour. This is relevant because it has been demonstrated that social transactions and cooptation play an important role in the acquisition of resources for new ventures (Starr & Macmillan 1990). Cooptation has been identified as a flexible and easy mechanism for gaining access to resources as well as to establish legitimacy. Strategies for coopting resources include: "begging, borrowing, scavenging and amplifying" (Starr & Macmillan 1990, p.84), and these may be linked to bricolage activities undertaken by the new venture. Legitimacy is important to help new ventures overcome the "liabilities of newness" (Stinchcombe 1965) due to the lack of a track record. It has been found that new ventures can coopt legitimacy by association with, and endorsement by, external organisations with a good reputation (Starr & Macmillan 1990).

Changes in resource requirements due to industry context, and over time

Greene and Brown (1997) proposed that the resource needs of businesses depended (in terms of their importance) on the dynamics of their industry, depending on the rate of business innovation in the particular industry sector, and the rate of growth of the particular business. For example, they proposed that all categories of resources would have high importance for a business operating in an environment of high innovation, and with a high growth rate would have high, whereas a business with high growth rate, but in an environment where the rate of innovation was lower, would have only a moderate requirement for physical resources, in comparison with the other resource categories (Greene & Brown 1997, p.166). Studies have demonstrated that resource acquisition behaviour changes as the business develops and grows, indicating that some methods of financial bootstrapping are more relevant at the start-up phase, and other methods are activated as the business grows (Winborg & Landström 2001).

In summary, entrepreneurial behaviour in the not-for-profit sector is perceived as similar to that within the more thoroughly researched for-profit domain (Lumpkin et al. 2011; Slevin & Terjesen 2011), however it is unclear whether early stage for-profit and not-for-profit social enterprise perceive and acquire resources in similar or different ways. Gaps still exist, particularly in relation to social enterprises. "Resource mapping" or "asset mapping" in this sector is a term that is generally applied to a method for identifying resources in the external environment of the social enterprise, such as the skills and capabilities of individuals in a community, community organisations, and businesses and human service organisations in that locality (Toulmin 1964), rather than to the internal resources and assets of the enterprise.

The specific questions in this research study are: (1) is a resource assessment tool that has been developed for the for-profit sector, appropriate for the not-for-profit sector? (2) Do for-profit and not-for-profit entrepreneurs approach the evaluation of the internal venture resources in the same manner? (3) Do these entrepreneurs engage in resource "bricolage"?

RESEARCH METHOD

An innovative tool for helping students to understand key aspects of new-venture resourcing was developed by the lead author, and has been used in undergraduate and postgraduate foundation entrepreneurship courses at the University of South Australia since 2007. This tool is presented as worksheet (Appendix 1), and uses the framework of human, social, organisational, technological, financial, and physical resources, together with the details of resource categories in Brush, Greene and Hart (2001). It is used to help students plan the resources needed to start an enterprise for which they are writing a business case or business plan. It also helps students identify the relative importance of these resources to the proposed venture (and which one(s) might provide a competitive advantage), and which resources they could outsource. The last page of the worksheet provides a "resource map" for assessing the level of adequacy of the resources of the proposed venture, and in particular, to compare subjective assessments of venture resources with those of the major competitor in their designated market. The purpose is to encourage students to form an assessment of the level of resources that the venture would "need to survive" (in the sense that the venture would not lose money), "need to compete" (in order to have realistic prospects of growth), and "need to win" (and possibly become a market leader with a clear competitive advantage). This worksheet has been found to be very useful for stimulating classroom discussion about the practical requirements for starting a new venture, and for linking the resource-based theory of the firm (Barney 1991) to practical application. In particular, this worksheet has been found to help students without business experience to better understand the complexities of organising the resources needed to start a new venture, applying the Timmons (2011) model for entrepreneurship. This worksheet has also been useful in challenging students with business experience to appraise the resource requirements for businesses they have known, and to identify previously unthought-of possibilities for outsourcing.

This worksheet was used as the basis for this study. Participants included three for-profit entrepreneurs, and two social entrepreneurs, each in the process of establishing "new" start-ups. Each of the start-ups had the objective of generating trading income in the coming year. We adopt the definition of "new" venture as one that "has not yet reached a phase in its development where it could be considered a mature business" (Chrisman, Bauerschmidt & Hofer 1998, p.6). Using a case study approach, semi-structured in-depth interviews were carried out with each entrepreneur. The interviewer explained the general purpose of the worksheet, and the entrepreneur was asked to step through each of the sections of the worksheet. Each participant was asked to explain their interpretation of each of the resource categories listed on the worksheet, and to identify which categories were relevant to their particular venture, and which they found to be the most important. Finally, each entrepreneur was asked to show the degree to which their venture was endowed with the relevant resources, using the resource map on the last page of the worksheet (Appendix 1). Data was collected in the form of completed worksheets, and interview recordings.

RESULTS

The worksheet provided a very useful basis for exploring resources within these relatively new ventures, and generated wide-ranging discussions. The profiles of the five start-ups included in this study, are shown in Table 1.

	Venture A	**Venture B**	**Venture C**	**Enterprise D**	**Enterprise E**
	For-profit	**For-profit**	**For-profit**	**Not-for-profit**	**Not-for-profit**
Years of operation	4	5	2	1	1
Nature of product/service	Publishing and software	Electronic hardware	Software	Online media	Philanthropy packages
Number of full-time employees	2	1.5	0 (using contractors)	0 (2 part-time and 25 casual volunteers)	0 (2 full-time and 4 part-time volunteers)
Annual trading income	$300,000	$130,000	$0	$10,000	$0
Financing	Revenue	Revenue, self-financing	Federal and local government innovation grants, angel financing	Sponsors, fundraising events, rent from tenants, self-financing	Government grant, self-financing

Table 1: Profile of the ventures and enterprises included in this study

The relevance of the resource categories for the for-profit ventures

The for-profit entrepreneurs generally found the resource categories to be clear and self-evident, and could discuss their own resourcing quite concisely in relation to these categories. Nonetheless, some of the details of categories were not clearly differentiated. For example "equipment" (as an aspect of physical resources), was confused with "machinery" (as an aspect of technology resources. Overall, the general resource categories were seen to be relevant, except that the organisational resource category was seen by two of the for-profit participants to be related closely to the human resources category. For example, *"Organisational seems to be related closely to human - is there really a difference?" (Venture C)*

The relevance of the resource categories for the not-for-profit enterprises

The social entrepreneurs spent much more time discussing the resource items in greater detail (than the for-profit entrepreneurs), and this was probably due to the framework being less familiar to them, and not as clear. These participants appeared to look at their resource requirements in a more limited way. A key dimension was human, social and organisational combined (as they saw their social and other networks to be related to the details of the human resource dimension, as were the details of the organisational dimension). In particular, in relation to people: *"They need to have our own values and objectives" (Enterprise E)*. Reputation was also related to people: *"This is important because it's all about credibility, and we need this to foster good relationships. At the end of the day, the challenge is to get people on board to commit to something they believe in" (Enterprise E)*

In contrast, financial and physical resource categories were clearly understood and were differentiated. In addition, technology as a resource appeared to be understood as a component of physical equipment resources.

How participants mapped their positions

Figure 1 shows how the start-ups identified their current positions on the resource map. This activity generated great deal of discussion. Only one of the participants found it a straightforward exercise to identify their position on the map, and this was a person with the most experience in entrepreneurship. In other cases, the tables showing the detailed aspects of the resources on the preceding pages needed to be referred to so that the participant could position their activity on the resource map. This required the interviewer to keep the participant on track and keep reminding them of the meaning of the resource categories. This part of the exercise led to a couple of participants reviewing their assessments of the resources in terms of their own start-up. In several cases, the descriptors on the horizontal axis needed further discussion and elaboration. For example: *"survive, compete, win will mean something different for each company" (Enterprise E),* and, *"could I have a definition of compete?" (Venture A)*, and *"I'm trying to think what the vertical lines equate to - for me, to compete means $200,000 a year to be sustainable" (Enterprise D).* During the course of these discussions, the interviewer suggested that these descriptors could be equivalent to "not losing money/nose above water", "being up with the others in the business/industry", "to be way out in front of the others", respectively.

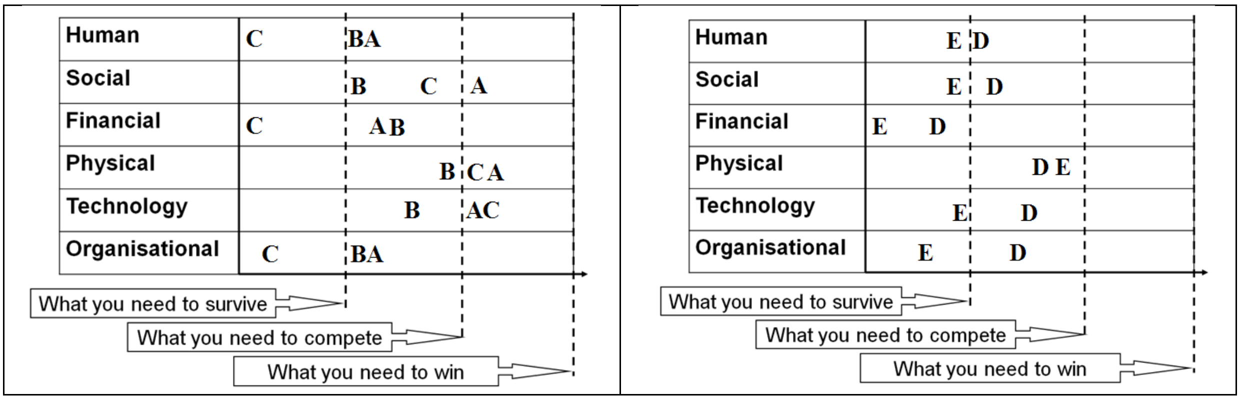


Figure 1: Current positions on the resource map: for-profit (left) and social enterprises (right)

In Figure 1, it can be noted that financial resources were generally rated as lower than "survival level" for the social enterprises, and that generally, that the participants considered that their physical and technology resources were adequate or more than adequate for their current situation.

Positioning competitors on the resource map

Some of the participants said that they could not identify direct competitors. Those that could were able to position their competitors reasonably easily on the map, and said that they found that to be a useful exercise. In particular, the social entrepreneurs did not identify any specific competitors, as they consider that they were providing a unique offering.

Resource development priorities

Participants were asked to identify the priority resource areas for their own business (Table 2):

	Venture A	**Venture B**	**Venture C**	**Enterprise D**	**Enterprise E**
	For-profit	**For-profit**	**For-profit**	**Not-for-profit**	**Not-for-profit**
Years of operation	4	5	2	1	1
Nature of product/service	Publishing and software	Electronic hardware	Software	Online media	Philanthropy packages
Priority resources categories	*"Financial is critical, and organisational to work out the best way to allocate our resources"*	*"Human and social and organisational"*	*"Human and then finance"*	*"Our priority is building our staff and management systems, and building the quality of our product"*	*"Organisational; we are still working out how to do things as a team"*

Table 2: Resource priorities for the ventures and enterprises included in this study

For these participants in both types of early-stage start-ups, organisational resources was seen to be generally the most important, as reflected by their comments. This reflects their view that organisational resources was highly relevant to their start-up. This outcome may also be a reflection of the early stage of their development, where all were in the stage of moving beyond an independent entrepreneur, and starting the process of building a team.

Discussion of the resource priorities led in most cases to discussion of the resources that the start-up needed for it to be successful. Figure 2 shows the map drawn by one participant to illustrate what their enterprise might need to reach each of the three levels on the horizontal axis. This social entrepreneur said that they found this a useful exercise to help them better understand where they should concentrate their efforts to build their business.

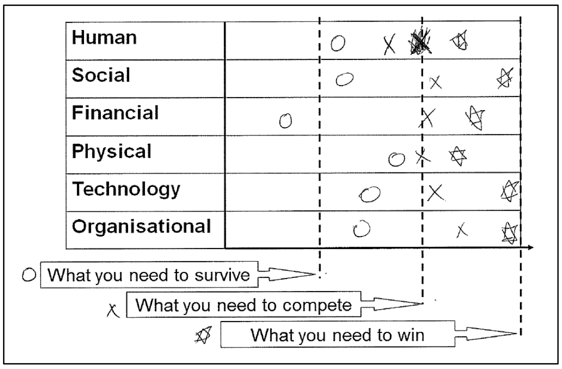


Figure 2: The resource map drawn by a social entrepreneur, distinguishing resource requirements at the current situation and planned stages of development

Participant comments relating to the usefulness of this process

The for-profit entrepreneurs found this a useful exercise. In particular, they found it a "quick and easy" way of obtaining a "snapshot" of their business that encourage them to focus on what they realised were the important aspects of their venture. They saw this as a useful tool for keeping track of the development of their business.

- *"These are good "thought boxes" to make you think about what these headings mean" (Venture C)*
- *"It's a quick and easy method that gives a snapshot of the business and encourages focus on important things. This is a good exercise, because you can become too obsessed with technology, and don't think about the other aspects of the business" (Venture C)*
- *"It's a way of keeping track of your own development if you repeat the process" (Venture C)*
- *"When you start you are basically examining all the factors that make a successful business in one lump, and you are trying to get it all done together" (Venture A)*
- *"I think this exercise works quite well, particularly to think about what is easy and what is a challenge" (Venture A)*

In addition, one of the participants identified practical linkages and a dynamic between the resources: *"There is a dynamic that when you get the right people who have the right networks, that helps to get the money. That's a strategy for development" (Venture C).*

Suggested improvements to this exercise

Some participants considered that it was important to consider links between the resource categories, for example: *"the industry that you are in, or what you are doing, determines the links between the headings; like a link between human and technology" (Enterprise E)*

Both social entrepreneurs in this research mentioned community as a required resource, however, this is not included in the worksheet. In addition it was identified that sales-related capabilities should be included:

- *"For us community is very important; perhaps it could be included under customers. Perhaps you could include customer relationships" (Enterprise E)*
- *"There is nothing here specifically about sales. Selling capabilities should be included, whether it's a product or service. It almost seems social media should be included" (Venture B)*

Observations on bricolage

There were several observations that the researchers interpreted as bricolage, for both types of start-ups. There were general comments including:

- *"You just try to work things out depending on what you've got" (Enterprise E)*
- *"We were a bit naive when we started and just worked out things along the way. We are realising the importance of thinking about checklists now" (Enterprise E)*

Other comments related to particular resource categories:

- *"Market knowledge is very important, and quite easy to get; Google, Internet, etc. We can get information from people we meet" (Enterprise E)*
- *"We made some of the furniture ourselves from junk we found at the side of the road. My brother built this room. The grass outside was donated." (Enterprise D)*
- *"Used personal funds to set this up. People put in different amounts, some people didn't put in anything, it was a gentleman's agreement. We have been able to get a number of things done pro bono, like legal developments, copywriting. This was really critical for our start-up" (Enterprise E)*
- *"We need (Internet) exposure. We are using social linkages (Facebook, Twitter, blogs) for each of our volunteers to build our volume" (Enterprise D)*
- *"Premises is a huge cost to the start-up, so we leaned on friends to use free office space" (Venture A)*

DISCUSSION

Referring to the specific research questions, the resource assessment tool (Appendix 1) was found to be a good starting point for assessing the resources of both types of organisations, but requires changes to be useful for social enterprise start-ups. When asked about social resources, both social enterprises made it very clear that it was critical for them to build a community of supporters, generally using social media and other avenues. This suggests the inclusion of "community" is a type of social resource for these start-ups. Although legitimacy was not explicitly mentioned, the social entrepreneurs articulated that they had to be perceived to be doing the right thing, and that they were also accountable to their stakeholders and supporters. In addition, it has been suggested that new ventures, and possibly not-for-profits in particular, must deal with a variety of external political elements that may compromise their ability to survive, specifically the need to gain legitimacy (Hager, Galaskiewicz & Larson 2004). Social capital theory appears to be applicable here, as it argues that social networks, both at the individual and organisational level, enhance survival chances of ventures because it allows actors to access resources that would otherwise be unattainable (Burt 1992; Putnam 1995). These considerations need to be taken into account in resource assessment.

This exploratory study found differences in the ways that for-profit and not-for-profit entrepreneurs approach the evaluation of the internal resources of their start-ups. Even though all start-ups considered that human/organisational resources were the most relevant at their stage of development, there was a qualitative difference between the two groups, in that the social enterprises in our sample focused more strongly on the human/people aspect of their enterprise, particularly mentioning the importance of building a community of supporters and volunteer helpers. In addition both social enterprises mentioned that by operating as not-for-profit social enterprises, they had access to grants and sponsorship that they would likely not receive under a for-profit form. This was critical to their launching, as both social enterprises are still establishing and developing their revenue generating activities. This is consistent with prior research where selection of organisation form is influenced by the social entrepreneurs' perception of how easily they can acquire resources, as well as stakeholder alignment and legitimacy attainment (Townsend & Hart 2010).

Both the for-profit and not-for-profit entrepreneurs were found to engage in resource bricolage, as suggested in the literature, and examples were identified across the resource categories. This suggests that this evaluation tool should be modified to encourage consideration of bricolage, to prompt the entrepreneur to find ways to extract the greatest value from the available resources.

This exploratory research contributes to the understanding of the nature of resources that are important for both for-profit and not-for-profit start-ups. It suggests that further research to investigate this area would be of value both to entrepreneurship educators, and to practitioners advising early-stage entrepreneurs. Limitations of this research include the small sample size. In addition, there would be value in exploring the resource assessments of entrepreneurs in a particular industry sector to provide more reliable conclusions.

SUMMARY

A key task for an entrepreneur is to marshal the resources necessary to take their business idea into viable marketplace (Timmons et al. 2011). Brush, Greene and Hart (2001), propose a framework to describe the particular resources required by an entrepreneurial start-up. This framework has been adapted as a worksheet that, besides being used for teaching purposes, demonstrated its use for carrying out this case study research to investigate the way that two for-profit entrepreneurs, and three social entrepreneurs assessed the resource requirements of their start-ups.

The findings showed that this framework is a useful starting point for resource assessment, but requires modification for addressing in a satisfactory manner the requirements of social enterprises, as well as bricolage undertaken by both types of entrepreneurs. The results of this research provide insights into how this worksheet could be used more effectively in teaching entrepreneurship students, as well as for advising practising entrepreneurs. It also suggests that further research in this area would be of theoretical and practical value.

ACKNOWLEDGEMENT

The authors acknowledge the contribution by Matthew McKinlay (University of South Australia) to the development of the "resource map".

APPENDIX 1: NEW VENTURE RESOURCES WORKSHEET

The aim of this exercise is to help you to identify the resources that you need for your venture to survive and grow. It also helps you to identify the resources that you might be able to outsource, without jeopardising the success of your venture.

The resource categories are drawn from:

Brush, CG, Greene, PG & Hart, MM 2001, 'From initial idea to unique advantage: The entrepreneurial challenge of constructing a resource base', *Academy of Management Executive,* vol. 15, no. 1, Feb2001, pp. 64-80.

Work through the categories of resources in the following table. Note that the list provides a very simplified structure. You will want to include resources not on the list that are relevant to your venture at this stage of its development.

Step 1: Using the table, identify what resources you might need to set up your business from the list provided. In particular, try to identify how much of these resources you need in order to survive, to compete, and those that you must have to win. You might like to use the 'bar chart' approach presented in the lecture session. This is a subjective assessment, but it is useful in giving you a framework to work out what it is that you really need.

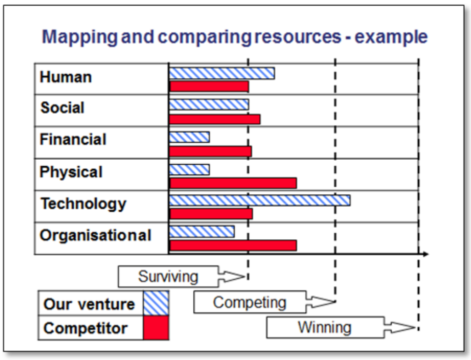
Step 2: Identify the degree to which you think the resources that you need, will be easy to get and which might present a challenge

Step 3: Try to identify where you might get the resources that you will need. Again, this will require some imagination. You may also need to do some research later on to locate resources that are critical. Write these ideas in the column '*Where you might get this*'.

Step 4: Use the "resource map" to help to identify your priorities for developing your resources to build your venture. Make a *subjective assessment* of the nature and extent of the resources that you need just to survive, to be competitive, and to win in the marketplace. Then use this approach to assess the resources of current or potential competitors (as shown in this example) – this will give you a clearer view of what you need to do to build your venture to be sustainable and successful.

Step 5: Go back to the table, and work out what resources you could outsource without risking the success of your business. Consider that it may be desirable to outsource as many activities as possible, other than those that contribute directly to your competitive advantage, and to the attraction and retention of customers.

You can use this approach to develop a "snapshot" of your business, and repeat the exercise as your venture develops.



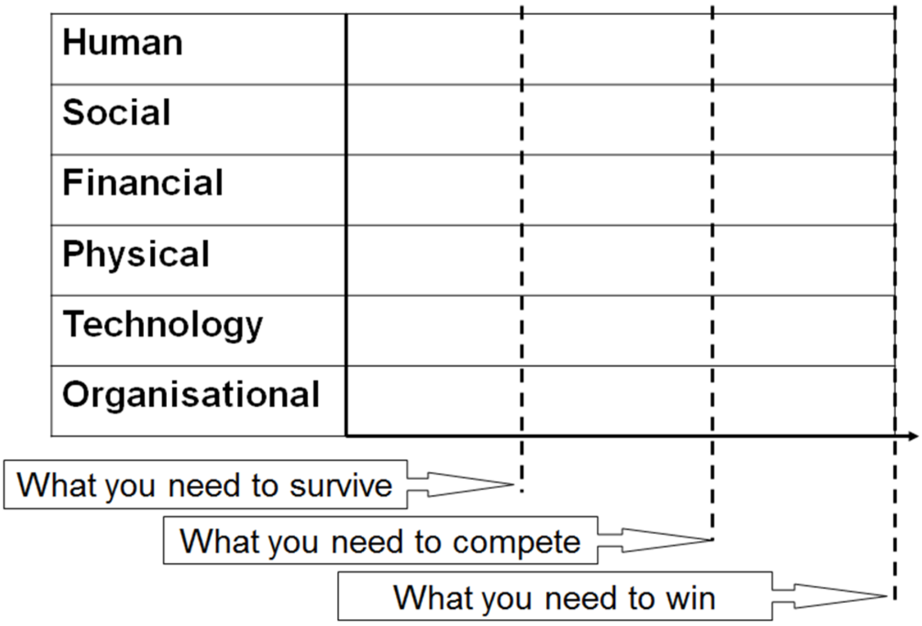
Resource	*Step 1: Which resources do you need?*	*Step 2: Easy to get?*	*Step 2: Challenge to get?*	*Step 3: Where you might get this?*	*Step 5: Could this be outsourced? (Who could supply this?)*
Human					
Technical experience					
Entrepreneurial experience					
Management experience					
Market knowledge					
Education					
Reputation					
Social					
Industry contacts					
Customer-supplier relationships					
Access to financiers					
Financial					
Personal funds					
Family, friends funding					
Other funds					

New venture resources and outsourcing 3

Resource	**Step 1**: *Which resources do you need?*	**Step 2**: *Easy to get?*	**Step 2:** *Challenge to get?*	**Step 3:** *Where you might get this?*	**Step 5:** *Could this be outsourced? (Who could supply this?)*
Physical					
Premises					
Equipment					
(Raw) materials or components					
Technology					
Patent					
License					
Technical know-how					
Materials					
Machinery					
Organisational					
Access to staff					
Management systems, methods					

New venture resources and outsourcing 4

Step 4: *Use this framework to map your own resources and compare them with a major competitor*



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