

Systematic Entrepreneurship

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Abstract— The success of companies lies mainly in designing a competitive strategy and on the practicality of its implementation. Studies have shown that 9 out of 10 companies fail to implement their strategies. This project concentrates on finding the sources of weaknesses in implementation. It was found that there are two main reasons leading to failure in implementing strategies. The first reason is not having the right sequence of stages in developing and implementing the strategy. And the second reason lies in the lack of proper integration between these stages. In the present project, a new approach was developed to overcome the above mentioned weaknesses, namely, “sequencing” and “integration”. The approach focuses on the integration of two key capitals, the “Human Capital” and the “Physical Capital”. It was noted from literature that the failure of many companies is due to unjustified jumps from one capital to the other ignoring the integration and sometimes ignoring some specific types of capitals. The main contribution of this project lies in introducing how capitals are linked together and to present the holistic view of the process of developing and implementing a strategy, arriving at the end to a “Learning Organization”. The objective of this project is to provide the reader or anyone who wants to be an entrepreneur a sequential and systematic methodology to build his/her own company. Whether the company or organization is big or small this methodology can be adopted. The methodology that has been followed in evolving this approach is based on studies of success companies and through consulting experts who are dealing with success companies. The biggest advantage of this approach is in realizing that employees’ performance is the key and most important aspect of any successful business.

Index Terms— Creativity and Innovation, Effective Evolution of Business Success, Entrepreneurship, Human Capital, Learning Organization, Physical Capital, Small Business

1 INTRODUCTION

Launching a startup could be overwhelming and challenging as it carries high risk and the success is not certain. Startups are subject to failure during the early years of establishment. According to recent reports, generally 50 to 70 percent of startups fail within their first 18 months [1].

This paper aims to discover the common mistakes that new business founders make and, more significantly, how to avoid them. It also demonstrates how to improve the chances of success in implementing business idea. And finally it answers the most frequent questions asked by new entrepreneurs such as: What I need to do before I get started?, How do I know if I’m ready? What type of business is best for me?, How do I choose the optimum business model?

There are a number of important steps in setting up a small business in order to get things right on the first attempt. Nonetheless, an element of trial and error is common in starting up a business; therefore, we hope this guide covers the initial steps using the model illustrated in Figure 1.1 “Effective Evolution of Business Success”.

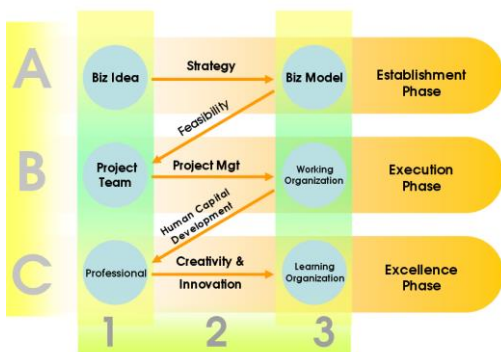


Figure 0.1 Effective Evolution of Business Success

2 ESTABLISHMENT PHASE

2.1 Entrepreneurship

“Entrepreneurship is first and foremost a mindset. It is the art of solving problems by developing profitable solutions” [2].

The entrepreneur is someone who recognizes value around perceived opportunities and habitually creates and innovates to build something of it. Every successful entrepreneur and every successful businessperson has been someone who's been able to identify a need or a problem and come up with a solution before anybody else [2]. The ten action roles of entrepreneurs shown in table 2.1 below:

Table 2.1: Ten key action roles (source: 1000ventures.com)

#	Ten Key Action Roles, Entrepreneurs are:
1	People who make a significant difference
2	Creative and innovative
3	Spot and exploit opportunities
4	Find resources and competencies required to exploit opportunities
5	Good team-builders and networkers
6	Determined in the face of adversity and competition
7	Manage change and risk
8	Have control of the business
9	Put the customers first
10	Create capital

2.2 Five Tactics for Start-up's

The following five tactics are essential to business success:

1. Identify a Need and Fill the Void

Ross Perot saw an opportunity when he was working with his customers who bought IBM computers and needed help processing their data. Ross went to IBM with his idea but they were not interested, so he decided to start his own business to help the customers. He eventually sold his business for \$2.8 billion dollars. He identified the need and he filled it by creating his own business [3].

2. Spot a Problem and Solve It

A secretary working for a small company had a problem with whitening out mistakes made while typing. She tried to create a custom solution by beginning to mix flour with nail varnish in order to white out the mistakes she was making in her typing. Pretty soon, her friends within the office asked if she could make some of the liquid for them. So she began mixing the product at her kitchen table. Then, people in other offices started asking for it, so eventually she quit her job and worked full time creating what is today called Liquid Paper. A few years ago, she sold her business for \$47 million to Gillette Corporation [3].

3. Search for Solutions

If there is a product or service that is not satisfying, one should find a way to supply the product or the service better, cheaper, faster or easier. Clemmons Wilson saw that there was a need for hotels that could accommodate families that were traveling, so he started Holiday Inns. Holiday Inns now is one of the most successful hotel chains in the world [3].

4. Think for the Customer

Entrepreneurs need to become obsessed with their customers. Think of what the customer wants, what they need, how much they are willing to pay and what are the customer's problems. Thomas J. Watson, the founder of IBM, built his company on this principle. The entrepreneur should see himself as working for the customer [3].

5. Invest Sweat Equity in Your Business

Most great fortunes started with an idea with personal effort and with the sale of personal services/sweat equity. In other words, instead of cash equity, one can put in sweat equity.

2.3 Strategy

Strategy can be defined as the company's overall plan of development. Corporate strategy can be more formally defined as a comprehensive plan or action orientation that identifies the critical direction and guides the allocation of resources of an entire organization. The strategy is typically a statement about what should be done to ensure prosperity based on the company's vision, values and mission. Besides a corporate strategy, each business unit of a large corporation may have its own strategic plan [4].

We can simplify the above definition into two words: Strategy is about promise and delivery, that is, to state what the company promise to deliver and represent a roadmap to fulfill that promise.

2.3.1 Strategy Model

The following simplified model (Figure 2.2) represents the strategy and illustrates that strategy role is basically stating objectives and approaches to transfer from the current situation to the desired future position.



Figure 0.1: Overview of the strategy model

Strategy consists of three major steps:

1. Analyzing the current situation, which is done in two major steps:

a. SWOT Analysis: a planning tool to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved where:

Strengths: the attributes of the organization that are supportive in achieving the objective.

Weaknesses: the attributes of the organization that prevents you from achieving the objective.

Opportunities: the external conditions that are helpful to achieving the objective.

Threats: the external conditions that are harmful to achieving the objective.

b. Competitive Analysis: The assessment and analysis of the company's strengths and weaknesses against its competitors.

2. Determine Future Situation and Position

a. Vision: a statement giving a broad, inspirational image of the future that an organization is aiming to achieve [4]. Should contains:

I. The Strategic Position

II. The Strategic Role

III. The Strategic Advantage

b. Mission: a statement that clearly identify the company's purpose and goals.

c. Values: The key attributes that describe the company's internal culture

3. Gap Bridging: the process involved in bridging the gap between the current situation and the future position through Strategic Objectives and Performance Indicators.

One of the best methodologies that demonstrates the process of involved in bridging the gap and outlines the strategic objectives and balance them with the vision is the balanced scorecards which consider four perspectives and develop strategic goals for these perspectives as the following model illustrates (Figure 2.3) [5]:

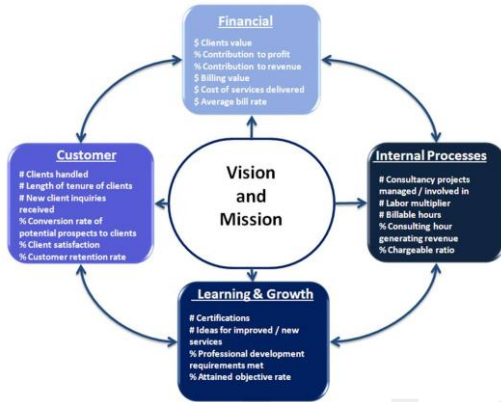


Figure 0.3: Creating Strategic Objectives Using Balanced Scorecards

2.3.2 Business Model

Business model converts innovation to economic value for the business (Figure 2.4). The business model explains how a company makes money by identifying where it is positioned in the value chain.



Figure 0.4: Role of Business Model

Simply put, a business model defines how a startup positions itself within the value chain of its industry and how it intends to sustain its revenue. The Components of the Business Model according to Henry Chesbrough and Richard S. Rosenbloom are:

Value Proposition – definition of the customer problem along with a solution to the problem and the value that the solution carries from the perspective of the customer.

Market Segment –targeted market segments need to be listed, keeping in mind that different market might require different needs. Sometimes the true value of an innovation becomes clear when it target specific market segments.

Value Chain Structure – the positioning of the company within the value chain, and how it will generate value or income in the chain.

Position in the Value Network – list of the competitors and any insight within the market network that might be used effectively to deliver value to the consumers.

Competitive Strategy – the company’s plan to sustain its competitive advantage, and how it’s going to improve its position within the market [5].

2.3.3 Feasibility

As the name implies, a feasibility study is an analysis of the viability of an idea. The goal of feasibility study is to determine if the idea is feasible and should move ahead with it or not. Common types of feasibility studies are as follow:

- Economic Feasibility:** This process measures the economic feasibility of the project. It could possibly be a Net Present Value (NPV) calculation and comparison among other projects in hand to decide whether to take up the project or not.
- Technical Feasibility:** Measures the technical feasibility of the project. It measures the complexity of the project, checks if the technical expertise and experience are available within the teams and if there are technological capabilities to support it.
- Schedule Feasibility:** Measures when the project can be built and checks if the project can successfully fit within the timeline of other projects in the company.
- Organizational Feasibility:** It measures the amount of change that would be required in the organization to support the new business and if the organization can absorb the amount of change successfully [5].

3 EXECUTION PHASE

Forming the project team has many factors to be considered. We will talk in the following sections about the main topic in forming the project team which is the personality types.

3.1 Personality Types

The main reason behind team conflicts and the fact the some teams do not work effectively is that people within the team have different styles and interaction between them which could lead to conflicts.

DISC is a common tool to indicate the chemistry of the team members and their interaction behavior. DISC can be a useful predictor of team effectiveness, by highlighting possible problem areas and by suggesting ways of resolving these problems.

DISC stands for Dominance, Influence, Steadiness, and Conscientiousness (Carlson Learning Company, 1994). These are

the major personality types associated with the DISC and everyone possesses at least a small amount of each characteristic [6]. The meanings of DISC letters varies according to whom you discuss it with. Known variants are included in Table 3.1 below:

Table 0.1: DISC Types

DISC Type	Description
Dominant (Direct, Driver, Demanding, Determined, Decisive, Doer)	Independent, persistent, direct. Energetic, busy, fearless. Focus on own goals rather than people. Tell rather than ask. Ask 'What?'
Influential (Inducement, Inspiring, Impressive, Interacting, Interesting)	Social, persuasive, friendly. Energetic, busy, optimistic, distractible. Imaginative, focus on the new and future. Poor time managers. Focused on people than tasks. Tell rather than ask. Ask 'Who?'
Steady (Submissive, Stable, Supportive, Shy, Status quo, Specialist)	Consistent, like stability. Accommodating, peace-seeking. Like helping and supporting others. Good listeners and counselors. Close relationships with few friends. Ask, rather than tell. Ask 'How?' and 'When?'
Conscientious (Cautious, Compliant, Correct, Calculating, Concerned, Careful, Contemplative)	Slow and critical thinker, perfectionist. Logical, fact-based, organized, follows rules. Don't show feelings. Private. Few, but good friends. Big-picture outlines. Ask 'Why?' and 'How?'

Several preferences can be seen within the DISC types (Table 3.2), including:

Table 0.2: DISC Preferences

Preference	Dominant	Influential	Steady	Cautious
Focus on other people		X	X	
Independent, internal	X			X
Energetic and busy	X	X		
Tell rather than ask (vs. opposite)	X	X		
Imaginative, big-picture, future-focused		X		X
Like stability and predictability			X	X
Like change (vs. stability)	X	X		
Task-oriented (vs. people)	X			X
Flexible to changing world		X	X	

A 2x2 grid can simplify the DISC types (Table 3.3):

Table 0.3: DISC Summary

	People-focused	Task-focused
Active, Outgoing	Influential	Dominant
Passive, Internal	Steady	Conscientious

Table 0.4: Compatibility between Different Personalities

Styles	Human Relations	Work Tasks
D-D	Good	Fair
D-I	Good	Fair to Good
D-S	Fair	Excellent
D-C	Poor	Fair to Good
I-I	Excellent	Poor to Fair
I-S	Good to Fair	Excellent
I-C	Poor	Excellent to Good
S-S	Excellent	Excellent to Good
S-C	Excellent	Excellent to Good
C-C	Excellent	Excellent to Good

D= Dominant I=Influencing S= Steady C= Conscientious

3.2 Working Organization

By reaching this stage, we have a complete working organization, with all essential parts: (buildings, staff, procedures ...etc.). Many changes will occur during this stage, here we will try to learn how to response to these changes.

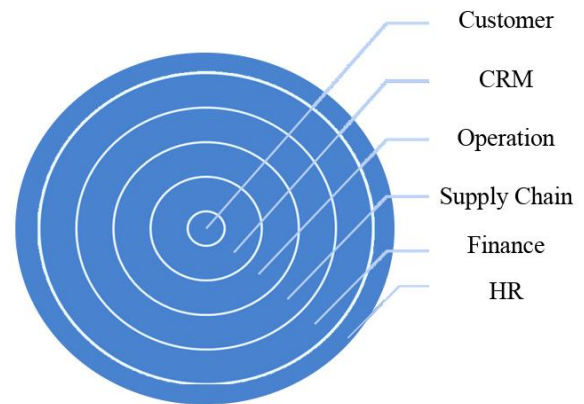


Figure 0.1: Working Organization Levels

Figure 3.1 shows the most important components of the organization, we can state the following:

1. If there was a change in the smaller circle (the customer) based on desire or different segments of customers then there must be a respond to this change starting with the following circle Customer Relationship Management (CRM), and then the next circle fol-

lowed, and so on.

2. When there is a business that is about to develop then it's advisable to start from the biggest circle Human Resources (HR) and then slowly turn inward until (CRM) [7].

Next, we will show some of the main points within each area to know how to develop and improve these circles.

3.2.1 Customer

The very first task to do is to discover what is running in the customer's minds regarding the products/services. It is extremely important to get their opinion and this can be done simply by feedback cards or using an online service. The options are many nowadays, especially for those with a limited budget, services like SurveyMonkey.com and Google Docs offer free surveying functionalities.

Secondly, once the information is gathered, it has to be analyzed. By being objective and by asking tough questions, one can arrive at the right answers and get an exact picture of the customer requirements.

Last but not least, companies need to make the necessary changes to improve the customer service. Long-term success is hard to maintain these days, because customers can shift between businesses fast and with ease if they found what they want at another competitor, therefore, quick response to customers plays an important part in sustaining the company's success.

Jason Jennings and Laurence Haughton explain it clearly in their book by stating, "It's Not the Big That Eats the Small, It's The Fast That Eats the Slow". In other words, time is very crucial in responding to customer queries, speed is the essence here.

3.2.2 CRM

There are three types of CRM systems which could be implemented separately:

- **Operational CRM:** Automated support for processes involving service representatives and sales.
- **Collaborative CRM:** "Self-Service" where there is a direct communication with the customer with no sales or service representatives in the middle.
- **Analytical CRM:** Analysis of customer information for several purposes
- **Active CRM:** Comprehensive & Automatic.

3.2.3 Operations Management

Operations management is the aspect of business that ensures that business operations are efficient and effective especially with the production of goods and services. It also concerns resource management, distribution to customers of goods and services and effective queuing systems.

Operations management concerns all of the operations happening within the organization. It also includes tasks concerning management of purchases, inventory control, quality control, storage, logistics and evaluations. The primary focus is on efficiency and effectiveness of processes. Therefore, operations management often includes substantial effort in the measurement and analysis of internal processes. Ultimately, the nature of how operations management is carried out in an organization depends very much on the nature of products or services in the organization, for example it differs between retail and wholesale manufacturing.

The basic steps involved in Operations Management are:

- **Control** wastage by following a positive flow of work and by managing resources efficiently.
- **Lead** by creating awareness about the organization's strategy/mission statement to all staff.
- **Organize** material and staff resources for effective production of goods and services.
- **Prioritize** customer, staff and organizational requirements while planning.
- **Maintain and monitor staffing levels**, Knowledge-Skill-Attitude (KSA) and their expectations from the company to achieve organizational goals.
- **Performance Measures** for measuring performance and efficiency compared to the effectiveness of the process/product [8].

3.2.4 Supply Chain Management (SCM)

An example scenario to illustrate SCM: Marketing department identifies customer demand and collaborates with several distributors and retailers to satisfy this demand. In such a situation, information shared between supply chains partners can only be fully leveraged through process integration. Hence a successful SCM requires a modification from managing individual functions to integrating activities into a key supply chain processes.

To achieve business process integration, buyers and suppliers should collaborate in joint product development, common systems and shared information. According to Lambert and Cooper (2000), "Operating an integrated supply chain requires continuous information flows, which in turn assists in achieving the best product flows". However, in many companies, management concludes that product flow optimizations cannot be accomplished without implementing a process approach to the business. The key supply chain processes as stated by Lambert (2004) are:

- Customer Relationship Management
- Customer Service Management
- Demand Management
- Order Fulfillment
- Manufacturing Flow Management
- Supplier Relationship Management
- Product Development and Commercialization
- Returns Management

3.2.5 Finance

Managerial finance or corporate finance deals with the funds provided to run the corporations' activities. It generally involves balancing risk and profitability. Long term funds are provided by ownership equity and long-term credit, often in the form of company bonds. Decisions on long term and short term funds decide the company's capital structure. Short term funding also called as the working capital, it is mostly provided by local banks for a particular interest rate and duration.

In the bond market, debts are packaged in the form of bonds. The borrower gets the money he borrows by selling the bond, which includes a promise to repay the value of the bond with interest. The purchaser of a bond can further resell the bond, so the actual recipient of interest payments can change over time. Bonds allow lenders to simply sell their bonds and recoup their value.

When it comes to finance, another aspect that business should consider is either to get an investment or fund management. An investment is an acquisition of an asset in the hopes that it will maintain or increase its value. One has to decide what, how much and when to invest and this constitutes a portfolio.

3.2.6 Human Resources Management (HR)

Human resources management is a management process within the broader scope of business that focuses on managing the work force in an organization (Figure 3.2). Human resource management consists of a framework of activities and practices that develop and support a motivated workforce while simultaneously complying with legislation and regulations that govern the professional relationship between the employer and employee.



Figure 0.2: Organization, Job and Employee Interaction

If human resources management is implemented in a good manner, it directly contributes to organizational effectiveness. Unresolved conflicts between staff members can lead to high turnovers. Hence poorly managed staff can be very costly to an organization both in terms of productivity and revenue. Conversely, we intuitively know that competent employees who are happy and satisfied with their work and their workplace are more productive. They also contribute more to organizations and the people they serve, and are likely to stay with the organization longer so thereby bring in more revenue

The purpose of good human resources management is to:

- Create meaningful jobs that link to the organization's mission statement and goals
- Maintain the right mix of people who possess the knowledge, skills, and abilities to bring success to the organization
- Provide a helpful structure for employees to be effective at work
- Treat employees in a fair and consistent manner.
- Provide staff with on-going feedback about their performance.
- Nurture a work culture that supports and motivates staff
- Help to set up a positive work environment
- Focus on retaining effective staff members
- Help staff and the organization handle and manage change

3.3 Human Capital Development

The idea behind Human Capital Development is the concept of increasing the performance of the existing workforce and creating a balance between employee satisfaction and enterprise performance needs. The balance is a key when it comes to recruitment since the top talents in the market will be eager to join a company that helps them perform better while enjoying their work. People empowerment is the most important issue for a company in order to succeed and produce high quality. Every company strives to energize its workforce and to get peak performance from its employees.

3.3.1 Peak Performance

Definition of Peak performance is performing better than the norm, better than expectations, better than the competitors. Peak performance groups are usually at or near the front lines. Creating a higher-performing workforce is difficult. Great Companies try to focus on workforce performance which will lead to company performance (not the company performance by itself). They understand that in order to be successful they must believe strongly in:

- Value of workers,
- Balance fulfillment with performance (Figure 3.3)
- Cultivate disciplined behaviors.

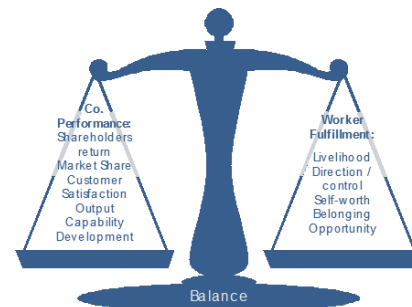


Figure 0.3: Balance Fulfillment with Performance

Companies can get results through intimidation, but they won't get extra energy from their employees. Extra energy comes from positive believe. It is a "gives and gets" philosophy. It is more than lip service.

There is a variety of ways to empower people and in this section we will talk mainly about five paths that lead to peak performance.

3.3.2 Five Distinct Paths to Peak Performance

There are five paths that organization can follow in order to lead their employees to peak performance. In brief they are as follows:

Table 0.5: Five Paths to Peak Performance [9].

#	Path	Description
1	The Mission, Values and Pride Path	"This path is characterized by a noble purpose, a rich history, team spirit and value-driven leadership"
2	The Process and Metrics Path	"This path is characterized by clear measures and focused processes designed to reflect worker perspectives and performance priorities"
3	The Entrepreneurial Spirit Path	"This path is characterized by high-risk, high-reward opportunities for employees. Workers gain significant "ownership" of the business and thrive in an environment where management is largely "hands-off.""
4	The Individual Achievement Path	"This path focuses on creating personal growth and individual advancement opportunities."
5	The Recognition and Celebration Path	"This path features integrated approaches that recognize workers for their performance and celebrate their success, thus spurring workers on to new heights"

The choice of the path that each organization should deeply depends on its history, evolution, style, leadership personality as well as its marketplace. The basic principle behind these five paths is to figure out how and where to generate emotional energy from and what kind of alignment lets us channel this energy into higher performance. Based on this framework, the top management can make the right choices on drawing the energy from past sources, such as inspiring leaders or fierce competitors.

4 EXCELLENCE PHASE

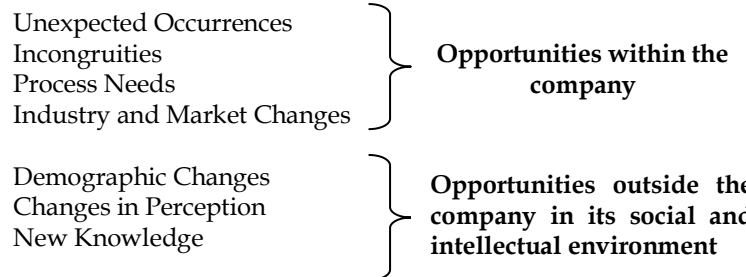
4.1 Creativity and Innovation

There is more pressure nowadays on organizations to anticipate and adapt to changes and companies today often find that they are not very proficient as innovators. This is frequently due to creative people not being able to convert their ideas into useful innovations for the organization. To understand this even better, one needs to look at the difference between creativity and innovation.

Creativity is the ability to generate ideas; in other words, to see options when faced with a challenge.

Innovation is the practical adoption of an idea, which results in some change in behavior, process or function.

The most known advantage of innovation is development new products or/and services, which could mean either a major breakthrough in technology, or simply implementing a new method of work. Most innovations, however, especially the successful ones, generated from a conscious, focused search for innovation opportunities, which are found in the following areas:



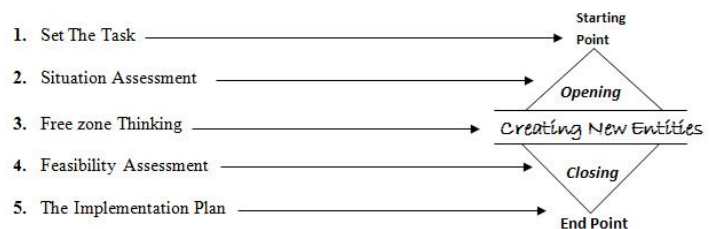
4.1.1 Skills that Activate Creativity and Innovation in the Hearts of People

There are some simple easy actions yet have a large impact on activating creativity in the hearts of employees inside an organization. The following list is an example of such actions that could apply:

- Optimism (by beautiful smile and magnificent beautiful motivational words)
- Always ask about new ideas and encourage them
- Don't underestimate any new idea
- Avoid evaluating the idea or criticizing it, but hasten to encourage and commend it
- Avoid judging new ideas based on the historical views. In fact, look at ideas from a new perspective and renew your vision through the new changed circumstances.
- Think positively and how to nurture and assist the development of this idea
- Imagine that the idea has been successful
- Show attention and interest in new ideas and their owners continually

4.1.2 Innovative Thinking Model

The following model explains the five steps that are conducted in order to come up with an innovative project or idea:



4.2 Learning Organization

The simplest definition for Learning Organization is "A Learning Organization is one in which people at all levels, individuals and managers, are continually increasing their capacity to produce results they really care about" [9]. From huge multi-

nationals firms to an emerging start up, every organization these days talk about implementing the concepts of learning organization. The results of this philosophy vary considerably based on each company's understanding and adaptation of the principles.

Learning Organization could also be defined as "An organization that learns and encourages learning among its people. It promotes exchange of information between employees hence creating a more knowledgeable workforce. This produces a very flexible organization where people will accept and adapt to new ideas and changes through a shared vision" [9].

4.2.1 Signs that Indicate the Need for Learning Organization

There are several indicators for the need of learning organization. If the company or organization is performing badly or if one of the following signs appears then there is a need to implement learning organization concepts:

- Do employees find their work repetitive and not interesting?
- Are they resisting any change due to lack of skills?
- Do the employees do just what they are told to?
- Are there constant disagreements among teams?
- Or less productivity due to miscommunications?
- When the leader is absent, do they not know what to do?
- Is there a delay in communicating employee problems?
- Is there a repetition in the mistakes/problems that happened?
- If any of the above points sound familiar, the answer could be in having a Learning Organization.

4.2.2 Phases of Learning Organization

The Learning Organization concept consists of the following phases:

- The Building Blocks
- Implementation Strategies
- The Golden Rules
- People Behavior

We will talk about each of these phases briefly in the following sections.

4.2.3 The Building Blocks

The foundation of a learning organization lies in:

- Basic Awareness
- Conducive Environment
- Effective Leadership
- Empowered Individuals
- Learning Opportunities

4.2.4 Implementation Strategies

To implement a learning organization successfully, the company must primarily focus on defining crystal clear goals. The identification of the goals of the implementation plays a vital role which should then be followed up with the decision of the tools that will used for the implementation.

4.2.5 The Golden Rules

Every organization must follow some basic rules to establish its motivation and to learn and enable its people to learn. The organization needs to adopt certain learning techniques and attributes to be more conducive. Learning techniques and attributes, such as:

- Open to change
- Encourage experimentation
- Communicate success and failure
- Facilitate Learning from the work environment
- Facilitate learning from peers
- Recognize and reward learning
- Reasonable selfishness

4.2.6 People Behavior

There are five essential disciplines to a learning organization that should be encouraged at all times according to Peter Senge [10].



Figure 0.1: 5 Essential Disciplines to a Learning Organization

4.2.7 Why Learning Organizations Work

There are several reasons for why learning organizations work. Here are a few listed below:

• Personnel Development

A Learning Organization not only encourages but also helps its employees to improve their personal skills and abilities, so that they can learn and develop. They gain significant benefits from their own and other people's experience, irrespective of whether it is positive or negative.

• Enhanced Motivation

Everyone likes to be appreciated for their own skills, values and work. Everyone's opinions are treated equally with respect. By being aware of their role and importance in the whole organization, the workers are more motivated to "add their bit". This encourages creativity and free-thinking, hence leading to innovative solutions to difficult problems. There is a definite increase in employee satisfaction.

• Unleashed Creativity

Experimentation is encouraged in a learning organization and therefore employees are not afraid to work on creative solutions to problems, without the fear of failure. Employees' creative contribution is recognized and new ideas are given the freedom to flourish. This benefits the organization immensely.

• Social Interaction

Learning requires the employees to socially interact and develop their interpersonal communication skills. An organiza-

tion based on learning will ensure members become more social, know their peers better and communicate without any hiccups.

- **Better Team Spirit**

Learning Organizations provide the perfect environment for ordinary teams to learn, grow and develop into a high performing team. Higher performance from teams will ensure that the work is done efficiently for the organization to produce positive results.

- **Effective Knowledge Sharing**

A team in general is composed of uniquely specialized members who cannot and are not expected to know everything about a job. So, it is always important that teams are collaborative and share knowledge to complete the project. Within learning organizations, teams become much more social and hence information and knowledge flows around more freely. This leads to higher productivity within teams and between teams as they build on each other's strengths. Trust between team members increases and therefore they are ready to listen to each other's opinions better [11].

- **Dependencies Awareness**

In any organization, people and processes depend on each other for the completion of the whole job. The awareness about these dependencies is cultivated in learning organizations and thus improves the relationship between employees at a personal and professional level. Knowledge about the roles, needs and tasks of other members in the organization will enable each employee to be more efficient in their planning.

- **Effective Customer Relationship**

A customer's needs are always a company's first priority. A learning organization cuts the excess bureaucracy normally involved with customer relations allowing greater contact between the two. Learning organizations are better at coping with changes in customer requirements.

- **Information Pool**

The knowledge that a company builds is like a pool of learning, in the form of libraries, and human expertise. This knowledge pool within learning organizations keeps increasing to immense levels. This resource will facilitate faster learning and training to solve new problems better [12].

5 CONCLUSIONS

We conclude that this approach to building successful startups has the following advantages:

1. **Completeness:** This approach covered most of the component that may deem necessary for the successful development of a workable "Learning Organization". Practitioners may have successfully developed organizations without the complete set of components presented in this approach; but the fact remains that these cases are the exception and not the norm. For example, formal Human Capital development aspects might be somehow missing; however, the organization was acceptably shaped.
2. Having the "**Right Balance**": While, in traditional organizations, the emphasis has always been on physi-

cal capital and less emphasis on human capital. This approach provides a balance between the two capitals, giving the human capital as much emphasis as physical capital.

3. The "**Right Sequence**": In this approach, each step is adding value as the development process takes place; thus, each step is a stepping stone for the following step in the process of creating a successful business, in other words a "Learning Organization".
4. **Integration:** Based on balancing the two types of capitals, the human capital and physical capital, a link has been created between every component of one type of capital to the component of the other capital. This link facilitates the accumulation of value as we move from one component of capital to the other. This means that the physical capital utilizes the intellectual expertise of the human capital, in order to create advancement in the development process.
5. **Peak Performance:** The biggest advantage of this approach is in realizing that employee's performance is the key and most important aspect of any success.

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