

# Analytical Mindset: A Panacea Of Success For The 21<sup>st</sup> Century Entrepreneur

**PRESENTED BY**

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# OBJECTIVES

By the end of this presentation, participants should be able to understand the following concepts .

1. Leadership and Entrepreneurship
2. Professionalism in business
3. Effectiveness and efficiency
4. Business modelling
5. Business analysis
6. Why businesses succeed or fail



# Who is an Entrepreneur?

- An entrepreneur is a person who exercises the initiative of organizing a venture, by taking advantage of societal needs and opportunities.
- He decides on
  - What to produce?
  - How to produce?
  - Who to produce for?
  - When to produce?
- As a risk taker, he monitors, observes, controls and rewards.



# Types of entrepreneur

## 1. The skeptical entrepreneur

- ✓ Always thinking small
- ✓ Never sees reasons to take a bold step
- ✓ Questions every opportunity
- ✓ Criticizes other peoples success
- ✓ Always afraid of failure



# Types of entrepreneur – cont.

## 2. The copy cat entrepreneur

- ✓ Always looking for successful people to copy
- ✓ Never innovative
- ✓ Leads a delusive style
- ✓ Don't believe in power of self



# Types of entrepreneur – cont.

## 3. The determined entrepreneur

- ✓ Very focused
- ✓ Insatiable with little
- ✓ Believes in reaching the next level
- ✓ Sees success ahead



# Types of entrepreneur – cont.

## 4. The accomplished entrepreneur

- ✓ Has gone through all the stages from start to finish
- ✓ He believe in winning new markets
- ✓ Very innovative
- ✓ Always ready to take business to the next level
- ✓ Finds satisfaction in success.



# WHO IS AN ANALYST

A person who critically examines a business domain, by observing changes or movements in empirical data and information.

He is a bridge between business problems and technological solutions.

Business problems could be people, system, process, or methods & models.

Technology solutions can be the use of tools and software solution to solve business problems.



# Who is an analyst – Qualitative.

An analyst is required to analyze, transform, and ultimately resolve business problems with the aid of technology and empirical analysis

One of the most viable tools in the hands of the business analyst is the SWOT analysis

**S**trengths

**W**eaknesses

**O**pportunities

**T**hreats.



# Who is an analyst – Qualitative.

Other tools for analysis include

2. CATWOE

**C**ustomers

**A**ctors

**T**ransformation process

**W**orld views

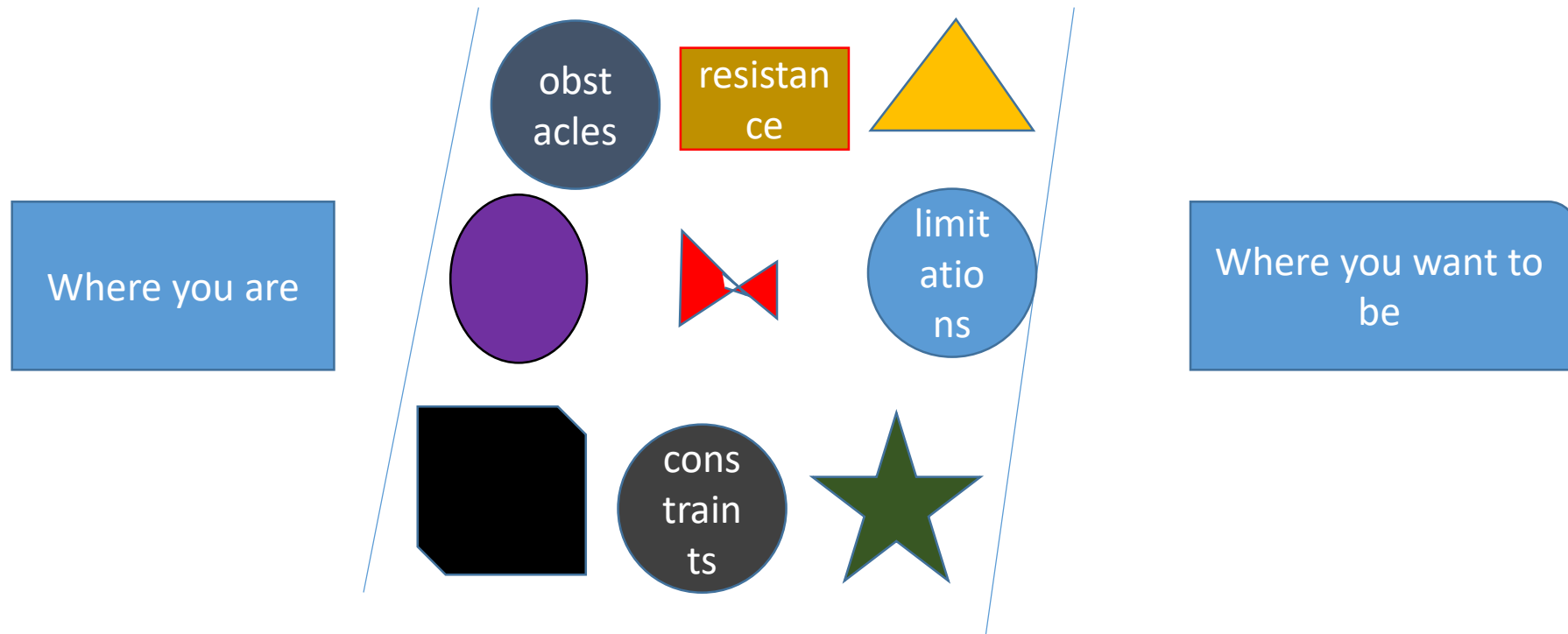
**O**wners

**E**nvironmental constraints



# Who is an analyst – qualitative.

## 3. GAP ANALYSIS





# Who is an analyst – Qualitative.

## **4. The SCRC**

Strategy

Current state

Requirements

Solutions



# Who is an analyst – Qualitative.

## **5. VPECT**

Values

Policies

Events

Concepts

Trusts



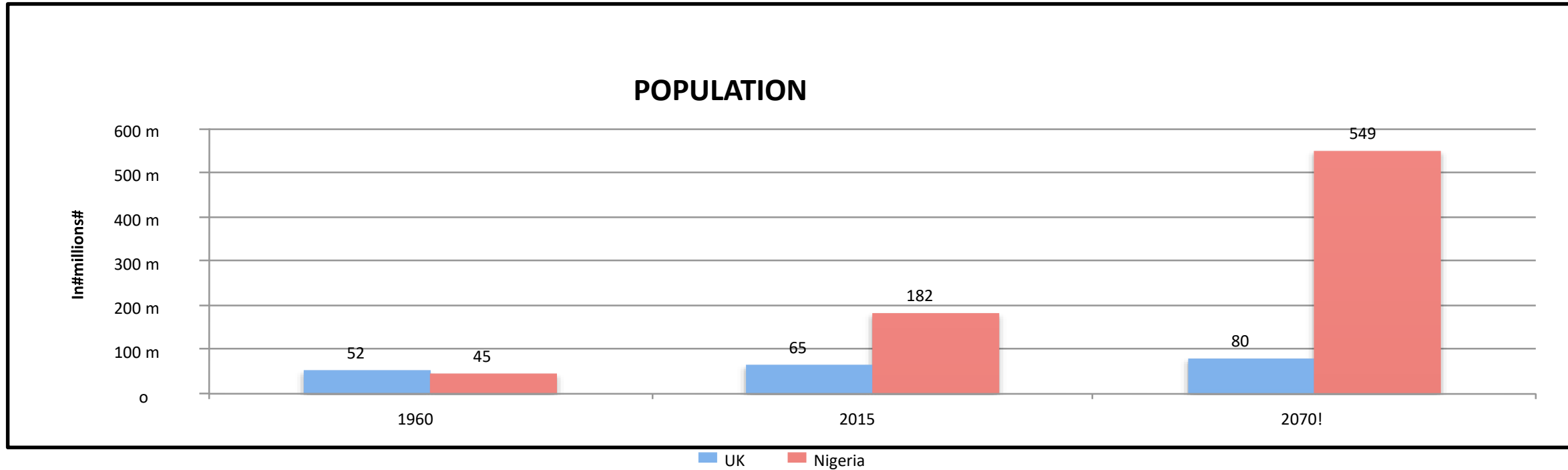
# INNOVATION AND CREATIVITY

The quantum leap in the worlds population, increasing competition, rise in hostilities, wars and its attendant destruction of natural and man made environments have made it necessary for the 21<sup>st</sup> century professional to be quick in thinking in order to take vantage position.

- Increase in demand for food
- Housing
- Health care
- Logistics
- Communication
- etc



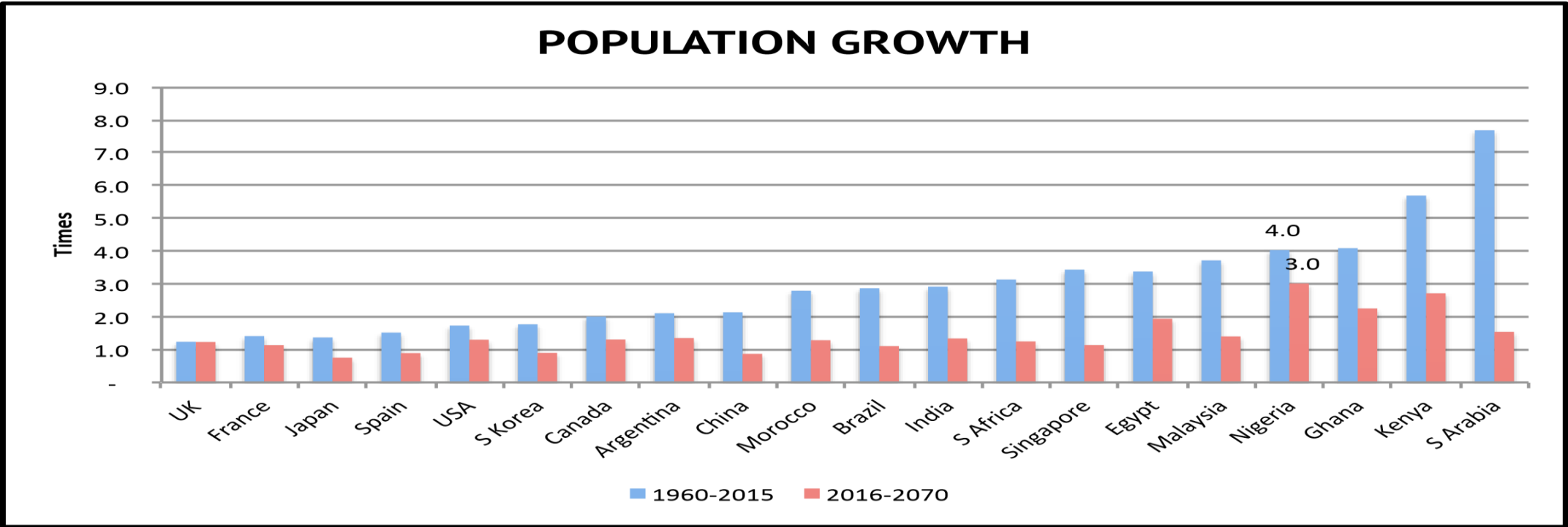
# POPULATION



United Kingdom/Nigeria - *source: [populationpyramid.net](http://populationpyramid.net)*



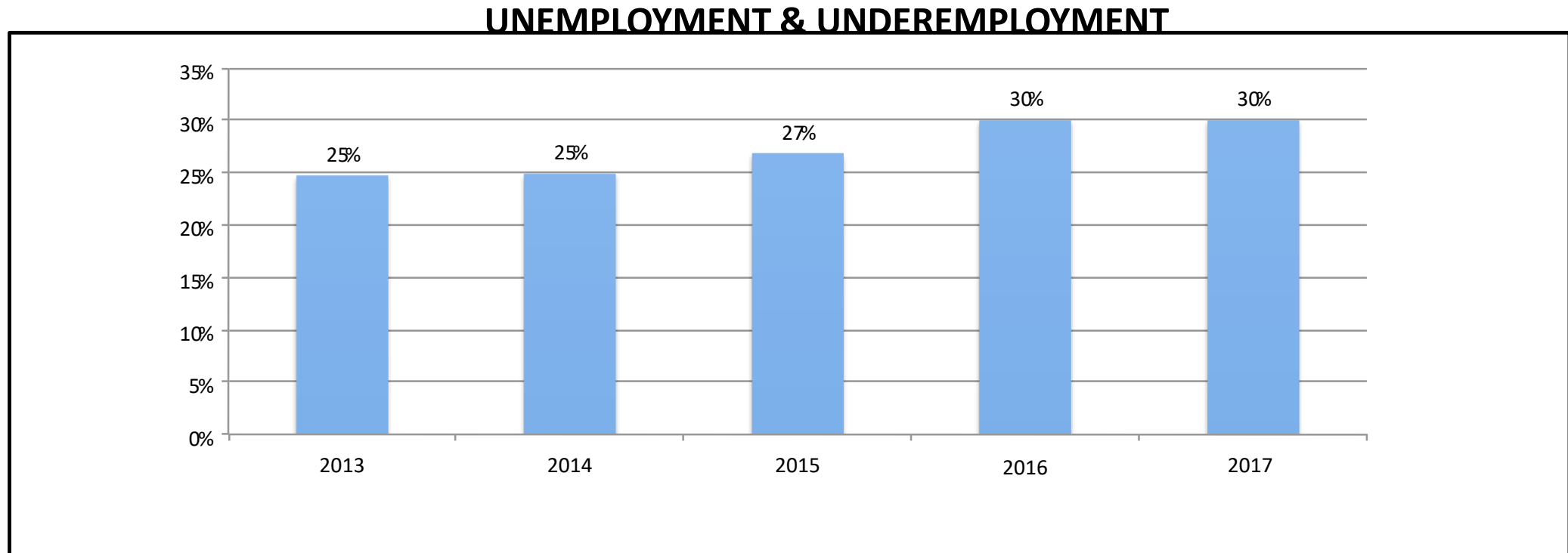
# World population growth



Country population – source: [populationpyramid.net](http://populationpyramid.net)



# UNEMPLOYMENT AND UNDEREMPLOYMENT



Source: National Bureau of Statistics



# Innovation and creativity – cont.

Innovations could be creative or destructive. It is creative when items new and unique are brought into existence . It is destructive when it extinguishes the existing product, renders an idea or product obsolete or brings about a demographic change. Thereby causing demand to decline towards zero.



# Innovators and creativity – cont.

During innovative periods, inventors are born and inventions are created.

Inventors are people who conceive ideas and bring them into reality.

Many good examples of inventors abound in the 19<sup>th</sup> and 20<sup>th</sup> century

- Thomas Edison – electricity light bulbs, DC, magnets and motion picture.
- James watt – the steam engine
- Alexander Graham Bells – the telephone and optical telecommunications, and metal detector.
- Tim Berners-lee – the world wide web
- Leonardo Da-Vinci – visionary works of arts, the parachute, helicopter.
- Others



# Innovators and creativity – cont.

We cannot talk about innovations and creativity without the mention of the trio of

1. Michael Faraday – electrolysis and magnetic field
2. Isaac Newton – The laws of motion (Inertia) and the laws of gravity
3. Albert Einstein – Quantum physics and the theory of relativity.



# Notable quotes of Albert Einstein

- You cannot do same thing over and over again and expect a different result.
- No problem can be solved from same level of consciousness that created it.
- If you want to have a happy life, then tie it to a goal
- If A is Success, but  $A = x + y + z$ .

where  $x$  = work,

$y$  = play and

$z$  = keep you mouth shut.

- The value of achievement is in achieving.



# INNOVATIONS AND CREATIVITY

The 21<sup>st</sup> century has produced a lot of inventions. Rather than classifying them under inventors, I would prefer to classify them as inventions. Inventions are the handiworks of two or more persons or a committed team.

- The electric car – product of 20<sup>th</sup> century but gained prominence in the 21 century.
- Apple products – ipads, iphones, ipods, itunes etc.
- Social networking platforms – skype, whatsApp, facebook, twitter, youtube etc.
- Artificial hearth – the Abiocor artificial hearth is fully implanted within a patient. Its battery is charged
- by a transcutaneous energy transmission TET. No wires, no tubes, hence reduction in risk of infections.



# INNOVATIONS AND CREATIVITY – cont.

Other 21<sup>st</sup> century innovations include:

- Microsoft – developed by Bill gates and Paul Allen
- Apple incorporations – developed by Steve jobs and Steve Wozniak and Roland Wayne.
- WhatsApp; a social networking platform – created by Jan Koum and Brian Acton
- Facebook – created by Mark Zuckerberg, Eduardo Saverin, Andrew McCollum, Dustin Moskovitz and Chris Hughes.



# Business innovations

Other innovations in the finance and business sectors driven by technological breakthrough include

## ➤ E-banking

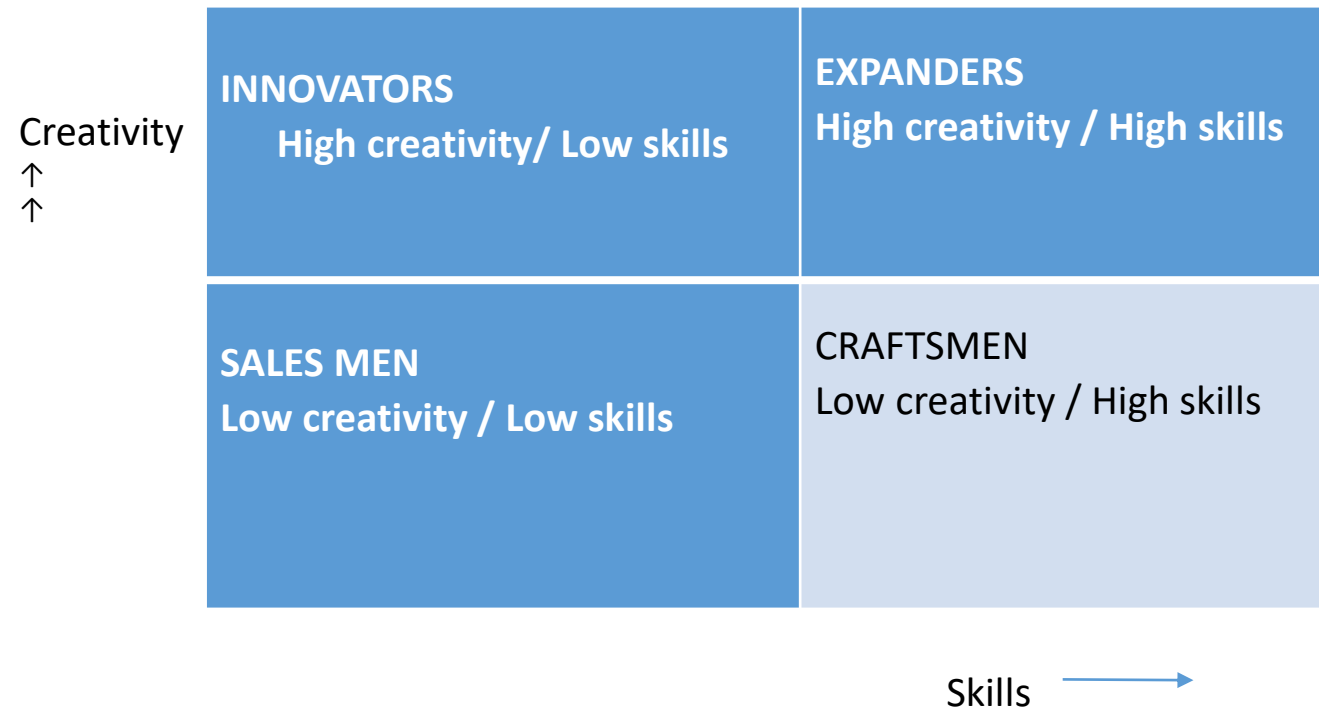
- ATM, Dr & Cr cards, e-collections solutions, e-payment solutions, POS, USSD (unstructured supplementary service data), internet banking, cheque truncation clearing, NIBSS, NIP, NEFT.

## ➤ E-commerce

## ➤ Digital marketing and advertisement



# Innovators quadrants





# BANKING AND PROFESSIONALISM

A bank is a financial institution which primary responsibility is that of financial intermediation.

The bank as a financial institution is sub divided into two major units

- ❑ Sales or marketing

- ❑ Domestic operations or simply operations



# The job of an analyst in the bank

- Marketing of financial services
- Analysis of credit proposals
- Credit write up and presentation
- Credit approval
- Offer and acceptance – terms and conditions
- Documentation
- Disbursement
- Monitoring
- Collection \ recovery
- Close out \ fore closure



# TOOLS FOR FINANCIAL \CREDIT ANALYSIS

Qualitative Analysis – the 6 C's of credit

1. Character: Your personal affairs, expertise, attitude, habits.
2. Capital: Owners contribution to business
3. Capacity: Capacity to repay from earnings, availability of off takers.
4. Collateral: Any item of value which ownership but not possession is transferred to the bank.
5. Conditions: conditions precedence and conditions consequent
6. Cash flow: Cr T/O, Dr T/O Average credit balance.
7. Connections: exposure to PEP or FEP



# Tools for financial/credit analysis – Quantitative.

## 1. Spreading:

Transferring data from the financial statement to a spread sheet excel.

## 1. Common sizing:

Turning a financial statement into a common size by expressing every item as a percentage of a common denominator.

## 3. Trend:

Comparing percentages or performance on period by period bases



# Quantitative analysis

## 4. LIQUIDITY RATIO

i. Current ratio = 
$$\frac{\text{Current assets}}{\text{current liabilities}}$$

❖ Measure the ability of a firm to meet its immediate and short term obligations as they fall due.

ii. Quick ratio / acid test = 
$$\frac{\text{Current assets} - (\text{invnt} + \text{prepayments})}{\text{current liabilities}}$$

❖ Measures ability of a firm to meet its immediate and short term obligations using its most liquid assets



## 5. Profitability Ratios

i. Gross profit margin =  $\frac{\text{Gross profit}}{\text{Sales}} * 100$

❖ Measures the profitability of the product. The proportion of revenue converted to profit

ii. Operating profit margin =  $\frac{\text{operation profit}}{\text{Sales}} * 100$

❖ Measures the quality of earnings from the business



## 6. Profitability Ratios – cont.

iii.       $\text{ROS} = \frac{\text{P.A.T.}}{\text{Sales}} * 100$

❖ Measures the proportion of sales that hit the bottom line.

iv.       $\text{R.O.E} = \frac{\text{P.A.T.}}{\text{Equity}} * 100$

❖ Measures the amount of PAT earned by shareholders

v.       $\text{R.O.A.} = \frac{\text{P.A.T.}}{\text{Total asset}} * 100$

❖ Measures amount of PAT earned by resources of the business



# Profitability ratio – cont.

Return on Capital Employed

$$\text{R.O.C.E.} = \frac{\text{P.B.I.T}}{\text{Capital + long term debt}} * 100$$

P.B.I.T : Profit before interest and tax

❖ Measure the rate of returns on long term funding of the business



## 7. Growth ratios

i. Sales growth ratio = 
$$\frac{\text{CYS} - \text{PYS}}{\text{PYS}} * \underline{100}$$

CYS = current year sales

PYS = Previous year sales

❖ Measures nominal growth in year-on-year sales

i. ii. Real sales growth ratio = 
$$\frac{\text{CYS}/(1+i) - \text{PYS}}{\text{PYS}} * \underline{100}$$

$1+i$  = inflation factor.

❖ Measures year-on-year sales growth after adjustment for inflation.



## 8. Working capital/ efficiency ratio

i. 
$$\text{Inventory days} = \frac{\text{inventory}}{\text{cost of sales}} * 365$$

❖ Measures length of time it takes from inventory of raw material to disposal from shelf.

ii. 
$$\text{Receivable days} = \frac{\text{receivables}}{\text{sales}} * 365$$

❖ Measures how long it takes debtors to make returns.



# Working capital/ efficiency ratio – cont.

iii. Operating cycle = inventory days + receivable days

❖ Measures how long it takes for a unit of product to cycle out

iv. Payable day =  $\frac{\text{Payables}}{\text{cost of sales}} * 365$

❖ Measures how long it takes the firm to pay its creditors



# Working capital/ efficiency ratio – cont.

v. Cash cycle = operating cycle – payable days

❖ Measure the time lag between utilization and generation of cash used.

vi. Assets turn over =  $\frac{\text{sales}}{\text{total assets}}$

❖ Measures how efficient a company deploys its assets.



## 9. Leverage ratio

i. Equity/debt ratio  $= \frac{\text{Equity}}{\text{Debt}} * 100$

❖ Measure the number of times equity covers debts.

ii. Debt/total assets ratio  $= \frac{\text{Debt}}{\text{Total Assets}} * 100$

❖ Measures the level of risks borne by the owner of business

iii. Interest cover  $= \frac{\text{PBIT}}{\text{interest expenses}}$

PBIT = Profit before interest and tax

❖ Measure the coverage of income from core operations over interest



# SUMMARY

To succeed as an entrepreneur, you

- ❖ Must be enterprising
- ❖ Be analytical
- ❖ Be innovative
- ❖ Develop business models
- ❖ Periodically evaluate achievements against targets
- ❖ Develop your brand
- ❖ Have alternatives



# CONCLUSSION

**A DREAM, written down is a GOAL  
GOAL with time frame is a TARGET  
TARGET broken into pieces is a PLAN  
PLANS backed by ACTIONS make your dream a  
REALITY**



# REFERENCES

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THANK YOU

**THANK YOU**







# Brain Teaser 1

A very wealthy man wanted to share his wealth between his two sons. To do this, he decided to give the two sons a task to perform.

He would travel to a distant village and his sons would race on their horses. Whoever arrives first gets a smaller portion of his wealth, and whoever arrives second gets the larger portion of his wealth.

The children could start the race as they could not solve the puzzle.

Then they decided to consult the wise man. Immediately they had a session with the wise man, they each jumped on their horses and the race started.

QUESTION:

What did the wise man tell the?



# BRAIN TEASER 2

1 2 3 4 5 6 7 8 9 10

QUESTION:

Why is 6 always afraid of 7?























# ANSWER TO BT 1

The wise man told the sons that

1. The race is not theirs but their horses
2. They should exchange horses.



# ANSWER TO BT 2

BECAUSE    7       8(ate)       9