The Allan Gray Entrepreneurship Challenge

Module 2 Teacher's pack

Module Video ▶

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Congratulations!

You and your learners have made it to Module 2 of the Allan Gray Entrepreneurship Challenge 2D game - and, since every module of gameplay is equivalent to one year in real life, that means that they have survived their all-important first year of business!

This shows they've got exactly what it takes to be a smart, savvy, successful entrepreneur. After all, having made it this far, they have obviously selected the right mentors, chose their funding avenues with care, and set up a robust company structure.

All of this ensures that a solid foundation is in place - but, as we are still in the **pre-sales phase**, there is still more work to be done. That's why, in this module, we're focusing on entrenching that structure further still. One of the most important tasks in this regard is recruiting the right team.

Recruiting the right team and appointing the CTO

We already gave attention to this in the previous module when learners started recruiting their executive team and board members. One of the most important people who will have joined the business at this time is the **Chief Technological Officer (CTO)**, who will start to play a more prominent role going forward.

> **It's important to Recruit the right team**

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What's happening during this module?

In this module, or during Year Two of business, we're gearing up to start **production** - remembering that learners decided in the previous module whether they'd prefer their startup to operate in the FinTech, HealthTech, EdTech or FoodTech space; and they would have already chosen the product they will deliver to market.

This means that we have to **start making sure that a talented product team is at the ready.** When building this team, it's vital that the business owner has a keen understanding not only of the skills required to develop the product, but also of each members' strengths and weaknesses. This understanding and awareness can develop only through conversations with the CTO.

It's important to note that, while learners may have a good idea of the type of team they wish to build, they will face limits in the form of **financial constraints**. Obviously, each learner will wish to hire the very best talent - but the reality is that such skills come at a considerable cost. Recruiting only highly qualified team members may lead to a financial deficit. Then again, **there is obviously a certain standard to be upheld**. Therefore, the learner is going to have to find a balance between building a skilled and competent crew and maintaining liquid capital. This is the kind of trade-off that is common in business practice, and one that learners will do well to learn early on. In this instance, the **trade-off** is an especially complex one, because hiring people with substandard skills means that the quality of the company's product will be compromised - and that might have negative implications for income generation going forward.

This points to another critical lesson: every decision made, even during these early stages of the business's lifespan, will inevitably impact future operations.

Decisions around staff recruitment will also be influenced by Broad-based Black Economic Empowerment (B-BBEE); another concept that learners will get to grips with in this module.

They will, additionally, encounter the software development lifecycle (SDLC). This is an absolutely crucial development, as SDLC is vital for all entrepreneurs in the twenty-first century - not only those operating in the tech space.

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Developing a testing strategy: Agile vs Waterfall

Now that participants have the right product team in place, they also need to give thought to **how, when** and **where** they will test their product (in other words, formulating a comprehensive testing strategy), so that they are ready when it is time to launch their Go To Market strategy during Module 3. This, too, is a key consideration, as product testing might incur additional costs, but it also ensures that the product is market ready. After all, there is little point in investing capital in a product which does not offer the features that consumers desire.

There are two more concepts we would like you to introduce to your learners this module: the **agile approach**, compared to the **waterfall approach**. The former refers to the practice of releasing a version of a product (such as an app, for example) so that the developer can gain feedback, which will be incorporated into the next version. By contrast, the waterfall approach sees the developer strive to ensure that the product is as close to 'perfection' as possible before launch.

Creating conducive work environments

There is a great deal of research to support the notion that companies that invest in attractive premises and offer their staff an array of recreational options tends to outperform those that don't. Indeed, we've all heard stories of companies that provide sleep rooms, foosball tables, and other quirky gimmicks that undoubtedly add to their attractiveness as an employer. Of course, while these are soft investments that preserve human capital, because it increases the employee satisfaction index which leads to better quality products and less politics, the flipside is that plush furnishings and canteens serving delicious and healthy options are all costly - so, again, the learner has to make decisions around whether the expense can be justified; or, at the very least, decide which office costs they are prepared to invest in, and to what level. This speaks to the notion of the **lean startup model**, another concept which is crucial for aspirant entrepreneurs.

What's ahead?

All of the work done during this module will prepare learners for the next stage in their journey: **preparing to launch their product**.

So far, the tasks and challenges facing participants have been fairly straightforward with little complexity, but as they get ready to turn their attention from internal to external matters, that will change. This is therefore an ideal opportunity to remind them of the importance of conversations with their mentors and subject matter experts. Not only do these conversations present the opportunity to earn XP points; they also help participants hone their understanding of context, and provide the information required to complete each quest.
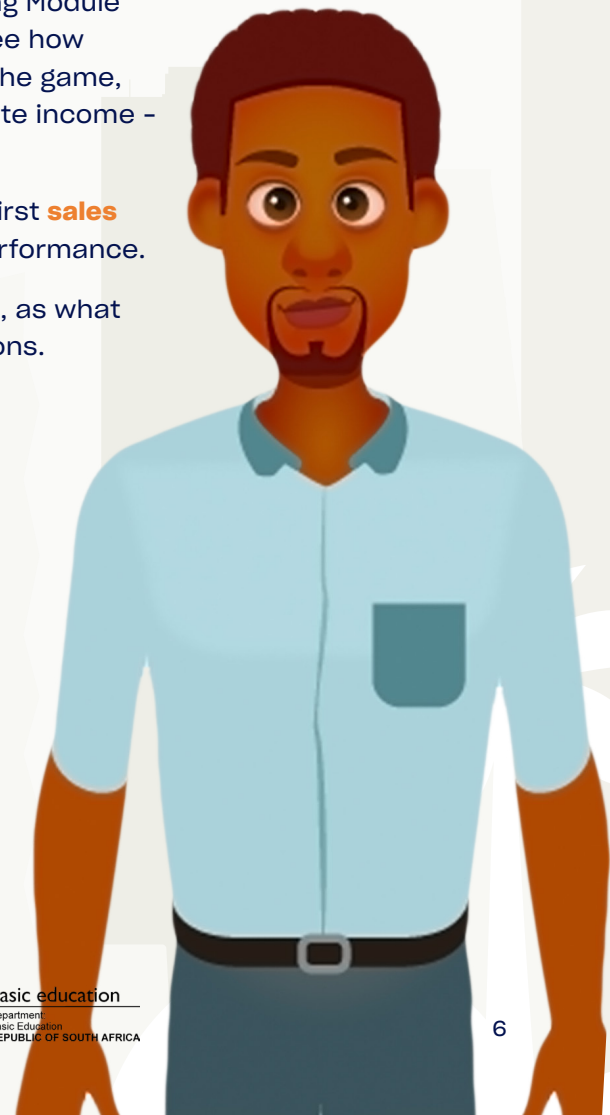
Therefore, without these conversations, they may not have enough knowledge to make good decisions - and, as mentioned, poor decisions are bound to lead to poor performance later on.

> The principle of tradeoff is an excellent example of factors which may influence decision-making. In fact, it may prove useful to reiterate this principle, using the example of recruitment costs versus liquid capital. This is a great demonstration of how decisions have consequences, as a move in either direction will have significant impacts.

We will start to see the outcomes of decision-making during Module 3, when we launch our products to the marketplace and see how consumers respond. This is a particularly exciting point in the game, because it is the first time that participants start to generate income - or not, depending on the choices they have made.

They will be facing another first, too, as they receive their first **sales targets** from the Board, initiating a greater emphasis on performance.

Please do urge your learners to make the most of Module 2, as what they do now stands to have implications for future operations.

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Quick overview

Here are some of the concepts that will be learnt in this module of gameplay.

- Recruiting a product team
- Principles of B-BBEE
- Introduction to the Software Development Lifecycle (SDLC)
- Formulation of testing strategies
- Introduction to the lean startup model and operating costs

Enquiries

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