

# Entrepreneurship – Session 7 (November 04)

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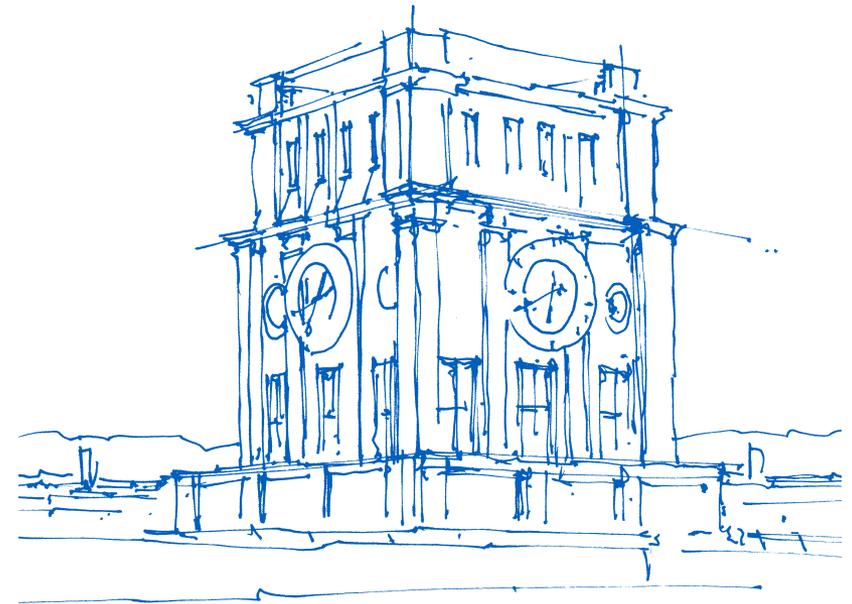
Professorship of Entrepreneurial Behavior

Munich, Winter Semester 2025/2026

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*Uhrenturm der TUM*

# Business Model Canvas and Flixbus

<p><b>Key Partners</b> </p> <ul style="list-style-type: none"> <li>• Subcontractors / bus companies</li> <li>• Travel agencies</li> <li>• Partners for advertisement</li> <li>• State and communities (infrastructure: roads, terminals, etc.)</li> </ul>	<p><b>Key Activities</b> </p> <ul style="list-style-type: none"> <li>• Collaboration with partners</li> <li>• IT / platform management</li> <li>• Customer service</li> <li>• Working on growth (marketing, new routes, acquisitions)</li> </ul>	<p><b>Value Proposition</b> </p> <ul style="list-style-type: none"> <li>• Intercity bus service</li> <li>• Dense network</li> <li>• Low prices</li> <li>• Convenient booking system</li> <li>• Onboard entertainment</li> <li>• Fun experience</li> <li>• Environmentally friendly</li> <li>• Group tours (FlixBus Charter)</li> </ul>	<p><b>Customer Relationships</b> </p> <ul style="list-style-type: none"> <li>• Friendly staff</li> <li>• Support via hotline and social media</li> <li>• Newsletters</li> <li>• Discount campaigns</li> <li>• Customer surveys</li> </ul>	<p><b>Customer Segments</b> </p> <ul style="list-style-type: none"> <li>• Lower income levels / fare-conscious people</li> <li>• Rather younger people (e.g., students)</li> <li>• People who do not want to drive themselves</li> <li>• Tourists</li> </ul>
<p><b>Cost Structure</b> </p> <ul style="list-style-type: none"> <li>• Personnel (IT, marketing, etc.)</li> <li>• Marketing</li> <li>• Administrative costs</li> <li>• Brokerage fees for travel agencies</li> </ul>		<p><b>Revenue Streams</b> </p> <ul style="list-style-type: none"> <li>• Ticket sales</li> <li>• Transportation of packages</li> <li>• Bus charter</li> <li>• Dynamic pricing (early bird discounts)</li> </ul>		

# Example – Multiple Choice Question

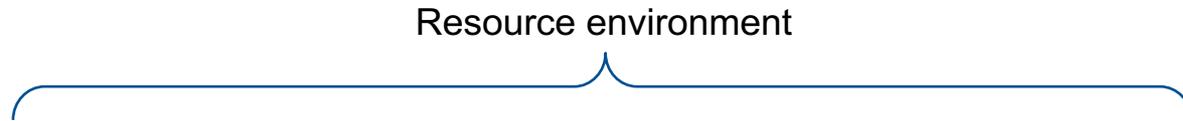
When do we speak about a multi-sided business model?

- a) When there is more than one customer segment.
- b) When a company generates revenues from customers who are not the primary user-base.
- c) When a company leverages several distribution channels.
- d) When the users of a product / service are also involved in the creation of the product / service.

# Course overview

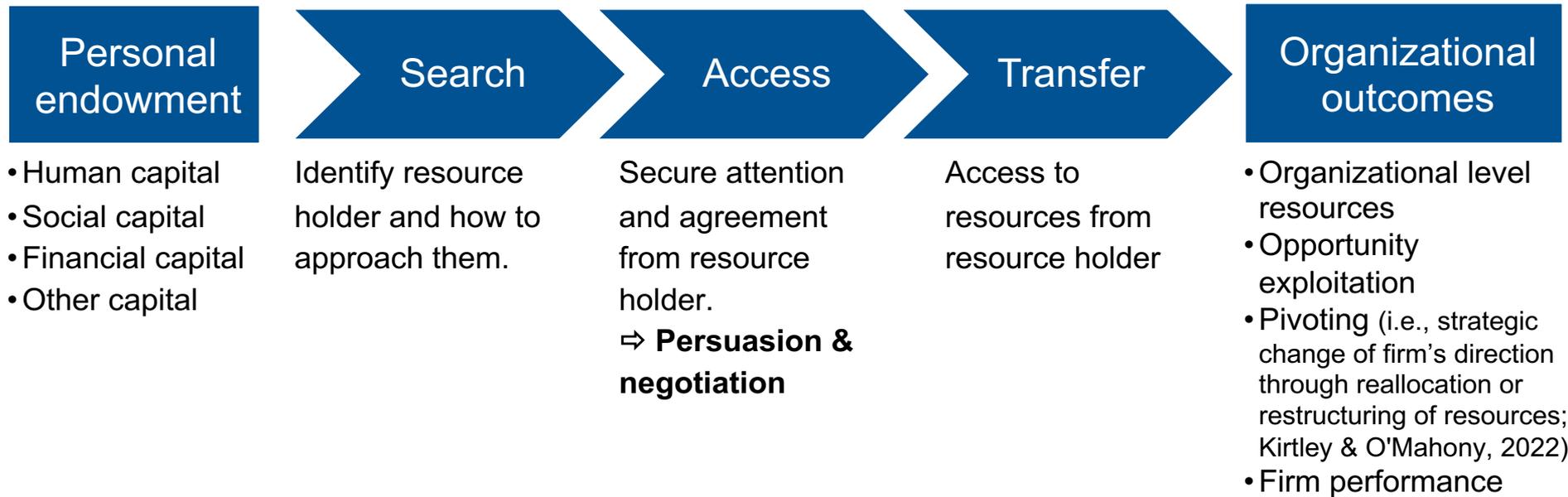
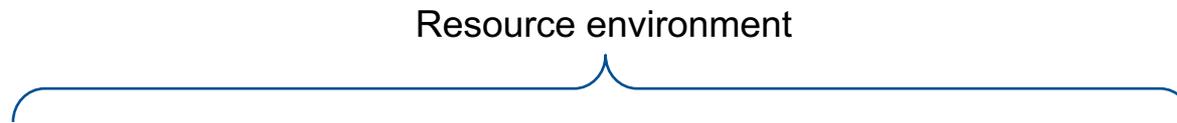
#	DATE	TOPIC
1	Oct 14	Introduction
2	Oct 15	Who is the “entrepreneur”?
3	Oct 21	How do entrepreneurs recognize opportunities?
4	Oct 22	How do entrepreneurs develop opportunities?
5	Oct 28	Guest lecture by Csilla Spiller (Beautechful)
6	Oct 29	How do entrepreneurs structure business opportunities?
7	Nov 04	How do entrepreneurs gain and allocate resources?
8	Nov 05	How do entrepreneurs manage their teams?
9	Nov 11	Putting content into play: Interactive workshop. <i>Please bring a computer. (Session during student assembly, no new content.)</i>
10	Nov 12	Guest lecture by Leonhard Teichert (Circular Republic)
11	Nov 18	Guest lecture by Stefan Schenk (PeterPark)
12	Nov 19	How do entrepreneurs enter their markets and how do they grow their ventures?
13	Nov 25	Guest lecture by Inga vom Holtz (UnternehmerTUM Funding for Innovators)
14	Nov 26	Q & A Session
	Dec 12	Exam

# Resource mobilization



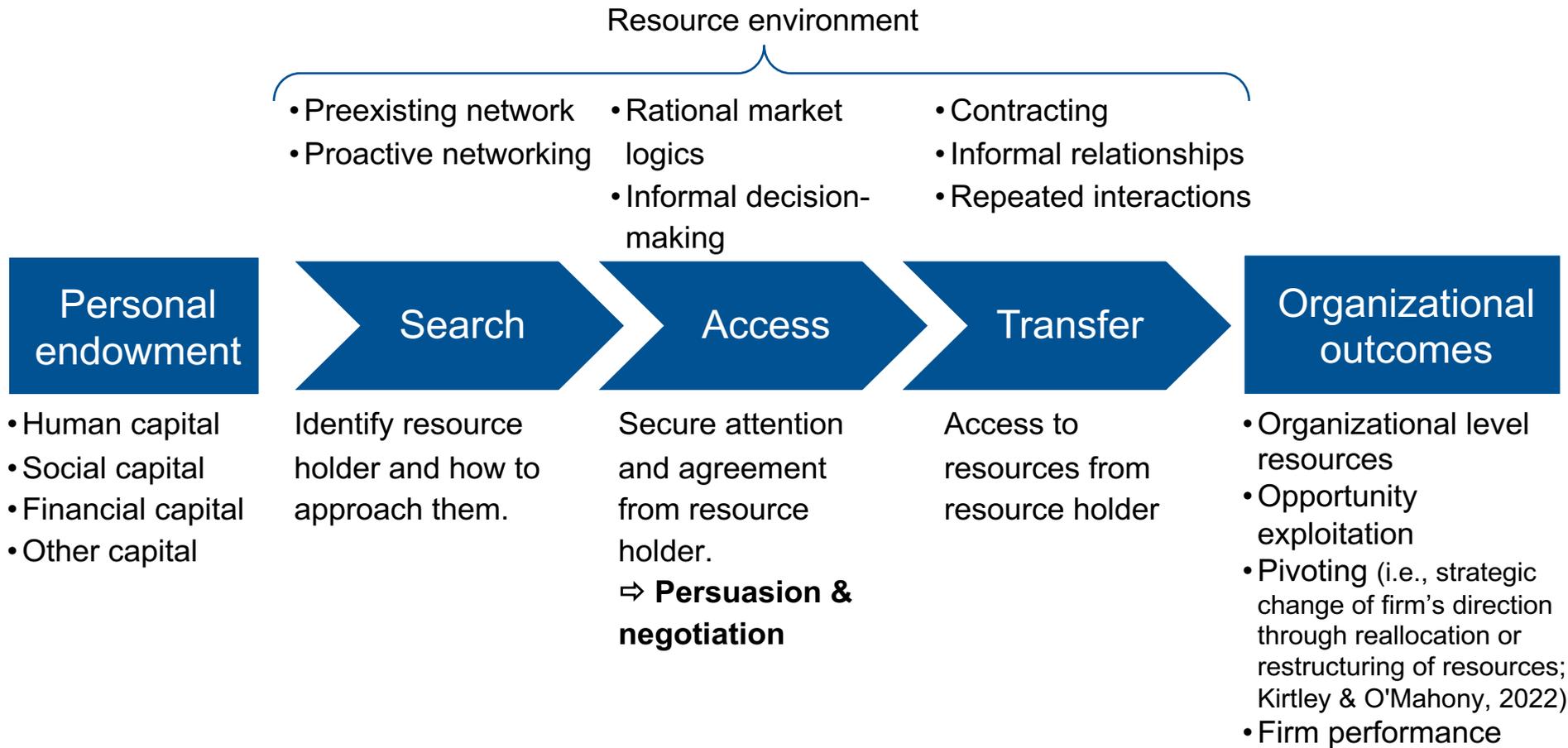
(based on Clough et al., 2018)

# Resource mobilization



(based on Clough et al., 2018)

# Resource mobilization



(based on Clough et al., 2018)

# Persuasion and negotiation

Persuasion is a form of social influence. It is the process of guiding people toward the adoption of an idea, attitude, or action.

Persuasion works via

- psychological and social influence tactics
- certain communication styles and elements (see also leadership)



(Fisher & Ury, 1981; Yukl & Tracey, 1992)

# Steps in the negotiation and persuasion process

## Preparing the discussion

- Understanding your and the other party's goals
- Understanding your and the other party's goals  
BATNA (best alternative to a negotiated agreement)
- Understanding your and the other party's limits

## During the discussion

- Achieving a compromise
- Bargaining tactics

(Fisher & Ury, 1981)

# Preparing the discussion: Your position

## What do you want to achieve?

- Defining a **goal** that you want to achieve helps you to guide the discussion

## What is your BATNA?

- BATNA: **best alternative to a negotiated agreement**
- Identifying alternatives helps you to abandon a negotiation that is not favorable for you  
For example: While thinking about accepting a distributor's contract, you could ask yourself: "Is there another, comparable distributor? Could I do sales on my own?"

## Compare your goal and your BATNA:

- What would be a good outcome for you? A minimum outcome? An unsatisfactory outcome?
- What are the issues and terms you care about most (and thus "nonnegotiable")?
- What are possible trade-offs?

(Fisher & Ury, 1981)

# Preparing the discussion: The other party's position

## What does the other party want to achieve?

- Different groups of people (e.g., capital givers, potential customers, suppliers) have different interests, needs, and wants
- Knowing the **interests** helps to outline how the other party would personally **benefit from a deal**
- Knowing the interests and values of the other party helps to identify a **common basis and an emotional bond**

## What concerns could the other party have?

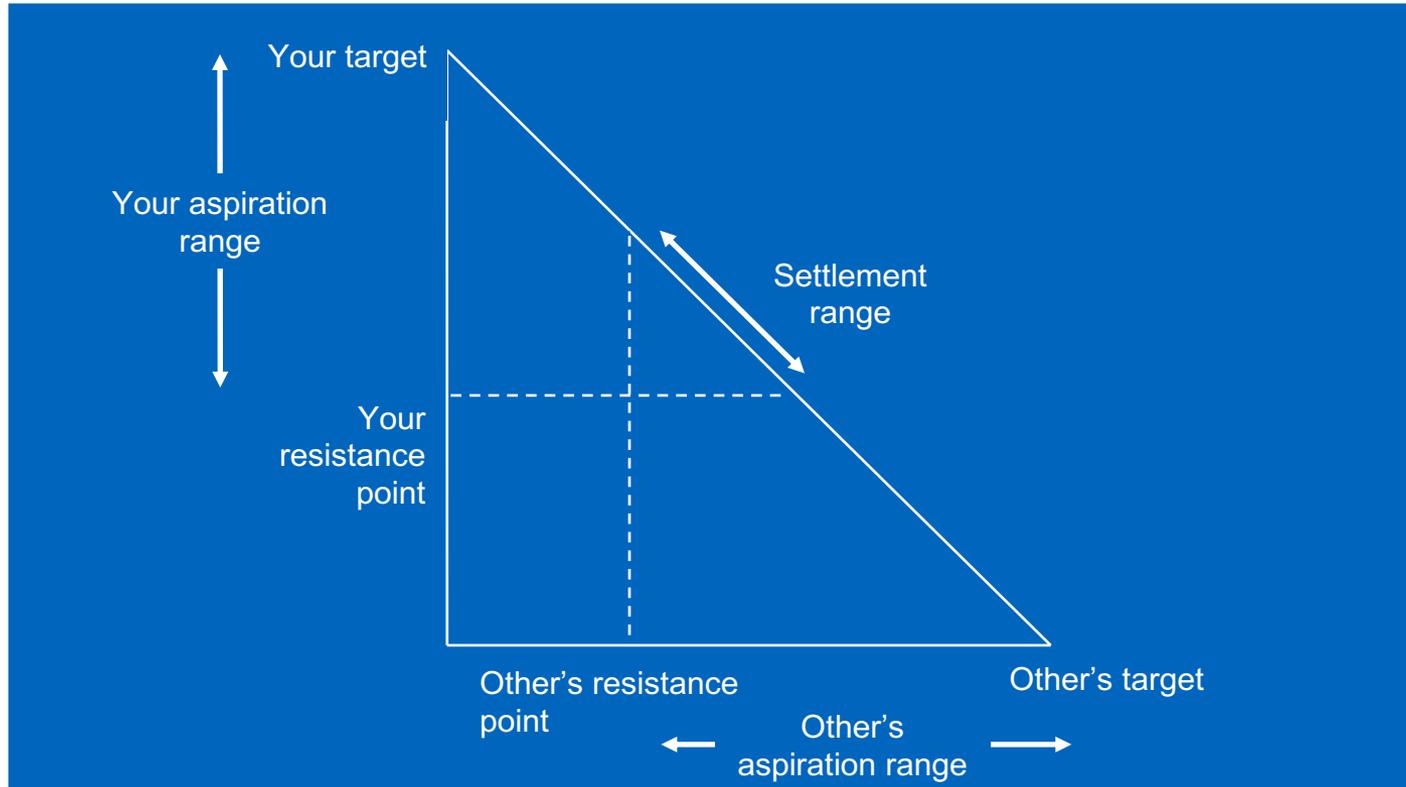
- Knowing about the other party's objectives and concerns helps you to prepare counter-arguments and responses (**be proactive in preparing the discussion**)

## What is the other party's BATNA?

- Knowing about the other party's BATNA helps you to better predict how the other party will behave in the discussion, e.g. "Are customers using similar products/ services to my product/ service?", "Is the distributor looking for specific products?"

(Fisher & Ury, 1981)

# During the discussion: Achieving a compromise



You have a target (maximum) and a resistance point (minimum).  
 The other party has these points as well.

(Fisher & Ury, 1981)

# During the discussion: Two routes of persuasion

The other party has **low** ability or motivation to process information.

⇒ **Peripheral route of persuasion**

- Judgment will be based on peripheral cues (e.g., the credibility of the source or the number of arguments presented).
- *Communicator*: build on liking, show confidence and enthusiasm for your idea, stress similarity to the audience
- *Message*: ingratiating, creating an emotional bond, emphasize what other side risks to lose rather than what the other side stands to gain
- *Way of communicating*: speaking quickly, using vivid descriptions, metaphors, and personal stories

The other party has **high** ability or motivation to process information

⇒ **Central route of persuasion**

- Judgments will be made based on a systematic assessment of central cues (e.g., quality or strength of argument).
- *Communicator*: demonstrate knowledge and experiences, prove trustworthiness (e.g., titles, affiliations, mentors)
- *Message*: logical, rationale arguments and strong evidence for the feasibility of the idea, elaborate on benefits
- *Way of communicating*: two-sided information (rather than extreme messages), present potential pitfalls, and demonstrate how you will deal with them

Petty & Cacioppo (1986)

# During the discussion: Bargaining tactics

## **Bargaining in contrast to collaboration and cooperation**

- Bargaining implies that all wins on one side result in losses on the other side (competitive situation)
- Bargaining tactics are a double-edged sword: Entrepreneurs can influence others, but they might also end cooperative business relationships
- Understanding tactics is essential!

## **Bargaining tactics**

- Reciprocity
- Commitment and consistency

(Burger, 1986; Cialdini et al., 1975; Schwarzwald et al., 1983)

# Reciprocity

- Fundamental principal of human interaction
- We try to repay in kind what another person has provided us
- Exchange does not necessarily need to be equal
- Reciprocity can arise from uninvited debts and reciprocal concessions
  
- **Two techniques:**
  - “Door-in-the-face”
  - “That’s-not-all-folks”

(Cialdini et al., 1975)

# Reciprocity

“*Door-in-the-face*” technique:

Making an extreme request and follow it up with a more reasonable one

The initial request can be an anchor for evaluating the follow-up.

Comparison group 1	Comparison group 2	DITF group
Would you serve as a mentor for teenage delinquents for 2 hours per week for 2 years?	Would you escort a group of teenage delinquents to the zoo?	1. Would you serve as a mentor for teenage delinquents for 2 hours per week for 2 years?  2. Would you escort a group of teenage delinquents to the zoo?

(Cialdini et al., 1975)

# Reciprocity

“*That’s-not-all-folks*” technique:

Increasing the offer or reducing the costs

Can evoke the feeling of making a bargain

Comparison group	TNAF group
Cupcake with two cookies for 75 cts	Cupcake for 75 cts and two cookies for free
Bought by	Bought by

(Burger, 1986)

# Commitment and consistency

- Human beings have a drive to behave in a consistent way
- People tend to feel pressured to stick to a choice or an opinion after they have made a decision
- This commitment is most effective when the decision has been made in public, involved effort or is viewed as internally motivated
- **Two techniques:**
  - “Foot-in-the-door”
  - “Low-balling”

(Schwarzwald et al., 1983)

# Commitment and consistency

“*Foot-in-the-door*” technique:

Escalating pattern of requests

Builds a first connection and draws on the connection

Comparison group	FITD group
<p>Are you willing to put a big sign in your lawn “Keep California beautiful?”</p>	<p>Are you willing to sign a petition to keep California beautiful?</p> <p>Are you willing to put a big sign in your lawn “Keep California beautiful?”</p>
<p>agreed</p>	<p>agreed</p>

(Freedman & Fraser, 1966)

# Commitment and consistency

*“Low-balling”* technique:

Inducements that are withdrawn after a commitment is made  
(e.g., fees added to the initially displayed price)

Comparison group	LB group
Are you willing to participate in a study at our psychology lab at 7 am?	Are you willing to participate in a study at our psychology lab at 9 am?
agreed	agreed
	Oh, sorry, it starts at 7 am.
	still agreed (and showed up).

(Cialdini et al. ,1978)

# Persuasion and negotiation – Take aways

## Think of yourself

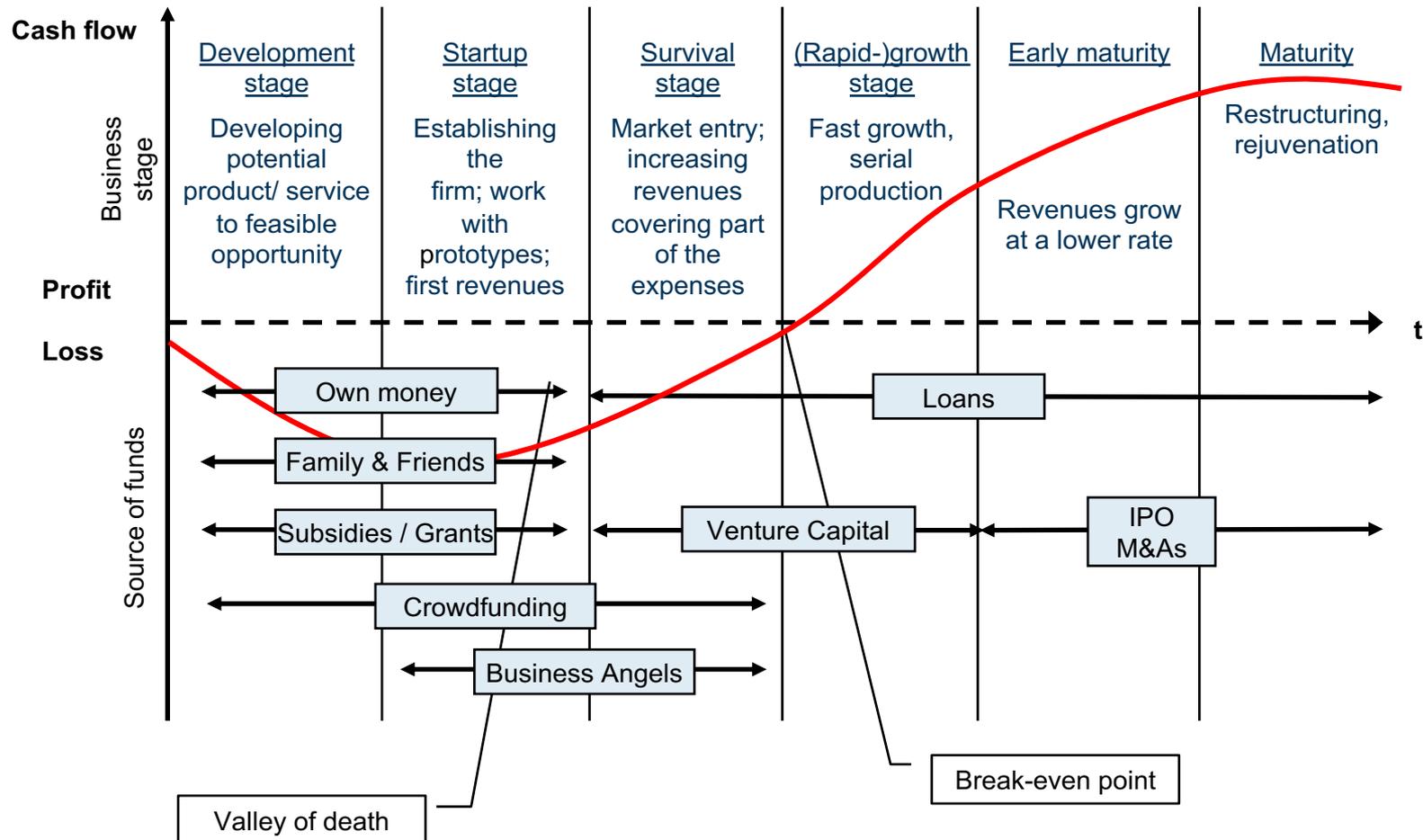
- Know your goals
- Define the minimum acceptable compromise
- Be aware of your BATNA
- Draft possible negotiation strategies (but do not risk the relationship to the partner!)

## Keep your partners in mind

- Imagine their goals (how do you provide value?)
- Be aware of their BATNA
- Be aware of negotiation strategies
- Think of the potential of a long-term relationship

*Successful negotiations*

# Outlook – Sources of funding across the lifecycle



(Based on Rossi, 2014)

# References from the class

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