

Research on profit model construction and risk management of entrepreneurial enterprises

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Abstract: *In today's economic environment, startups can profit from the advantages of flexibility, innovation-driven, cost control, and market positioning. In the construction of profit model, we should pay attention to value creation, market positioning and product or business innovation and differentiation. But start-ups also face many risks from the market, financial, technical and management aspects. Effective risk management strategies mainly include market research, capital management and technology research and development planning, while improving the governance structure can ensure the steady development of enterprises.*

Keywords: *entrepreneurial enterprise; Profit model; Risk management*

1. Introduction

In a rapidly changing business environment, startups need flexibility and innovation to respond quickly to market changes. By effectively controlling the cost and promoting the improvement of operation efficiency, enterprises can occupy a place in the fierce market competition. At the same time, discovering market gaps and adopting differentiated competitive strategies are helpful for start-ups to open up new profit space.

2. Advantages of entrepreneurial profit

2.1 Flexibility and innovation-driven

The profit advantage of entrepreneurial enterprises is significant, which is reflected in its flexibility and innovation-driven. This kind of company is generally small in scale, the decision-making chain is short, and can respond quickly to changes in the market and customer needs. This flexibility allows them to quickly adapt their products and services to take advantage of market opportunities. The core driving force of start-ups is usually innovation, with founders and team members full of enthusiasm and creativity, devoting themselves to the research and development of new products and the exploration of new technologies. Innovation manifests itself not only in products and services, but also in business models and operating methods. Some start-ups, for example, have taken advantage of new business models such as the sharing economy and subscription systems to achieve rapid growth. The combination of flexibility and innovation drive enables these companies to stand out in the fierce market competition and find the space to survive and grow.

2.2 Cost control and efficiency improvement

Given the limited resources available, startups must calculate carefully to ensure that every penny of capital is fully utilized. The scarcity of this resource forces enterprises to operate more efficiently and strive for the highest return at the lowest cost. Start-ups generally adopt a flat organizational structure to reduce management layers and reduce operating costs. They are also adept at using digital tools and information technology to improve work efficiency and reduce labor and time costs. For example, many startups use cloud computing, project management software and collaboration tools to achieve remote working and efficient collaboration. This can not only reduce office space, equipment and other expenses, but also improve the efficiency of the team.

2.3 Market gaps and differentiated competition

Market gap and differentiated competition strategy have become the main key to profit of entrepreneurial enterprises. Startups generally choose to enter the market gaps that large companies have not yet touched or ignored, and provide unique products or services that meet specific customer needs. These companies can seek market positions through differentiated competitive strategies and avoid direct competition with large companies. For example, some startups attract loyal customers with innovative product designs, special user experiences, or customized services. Differentiation is not only in products and services, it can also be reflected in brand positioning, marketing strategy and customer relationship management. Start-ups are generally closer to customers and can quickly understand and respond to customer requirements and feedback. This flexibility and customer orientation allow it to build strong brand loyalty and form a competitive advantage. Driven by market gaps and differentiated competition, entrepreneurial enterprises can not only quickly seize the market and obtain profits, but also establish their own brand and reputation in the industry to achieve long-term sustainable development of enterprises.

3. Construction of profit model of entrepreneurial enterprises

3.1 Profit model based on value creation

To construct the profit model of entrepreneurial enterprises, the core should be defined as value creation. This determines that enterprises should not only focus on product and service innovation, but also focus on how to create unique value for customers. Profit model design should be centered on customer demand to provide competitive solutions to meet market demand [1]. The value creation process covers product development, marketing and customer service. If an enterprise wants to achieve its business goals, it must ensure the efficient operation of these links. For example, through a deep understanding of customer needs, enterprises can design goods that are closer to the market, and then improve customer satisfaction and loyalty. At the same time, enterprises should also pay attention to the optimization of internal processes, the improvement of operational efficiency and the reduction of costs. Optimize supply chain management and production processes to reduce waste and reduce costs to improve overall operational efficiency. Enterprises should also actively use big data and artificial intelligence technology for precision marketing and customer relationship management to enhance customer experience and satisfaction. In addition, establish a good after-sales service system, through continuous improvement of products and services, to meet the changing needs of customers.

3.2 Market positioning and target customer selection

In the process of market positioning, enterprises need to analyze the market environment and identify potential market opportunities. This includes an understanding of market size, competitive landscape and customer needs. Through these analyses, enterprises can have a clear positioning of the market and find the target customer group. In the selection of target customers, enterprises need to select the most potential customer groups for concentrated development according to their own resources and capabilities. Different customer groups have different requirements for products and services, so it is necessary for enterprises to develop targeted marketing strategies to attract customers and retain customers. For example, businesses targeting young consumers can use social media and digital marketing to promote sales; For corporate customers, we can gain trust with a professional sales team and customized services. Accurate market positioning and effective selection of target customers can help enterprises concentrate resources, improve efficiency and effectiveness in the process of market development, and obtain profitable growth.

3.3 Product or service innovation and differentiation

Innovation is not only a breakthrough in technology, but more importantly, a revolution in business models and customer experience. Through continuous innovation, enterprises can provide more valuable goods and services to customers to adapt to changes in market demand. Differentiation refers to the use of its unique product or service characteristics to establish a clear difference with competitors in the market. For example, companies can introduce unique products to attract specific customer groups through novel designs and functions. At the same time, enterprises can also improve customer satisfaction and loyalty through high-quality customer service [2]. The innovation and differentiation of

products or services can not only enhance the competitiveness of enterprises in the market, but also bring sustainable profit growth to enterprises.

4. Types of risks faced by entrepreneurial enterprises

4.1 Market Risk

Market risk is characterized by uncertain market demand, fierce market competition and market entry barriers. The uncertain market demand will make the enterprise's products or services can not be accepted by the market, affecting the sales and profits of the enterprise. The fierce market competition will also greatly affect the market share of enterprises. New entrants and established competitors are likely to dominate the market through price wars and technological innovation, threatening start-ups. Market entry barriers are a major issue for enterprises [3]. High market entry cost, complex market supervision policies, low customer brand loyalty problems will prevent start-ups from entering the market and occupying a place. To cope with market risks, enterprises must carry out sufficient market research and analysis, find out the market demand and competition situation, and formulate effective market entry strategies.

4.2 Financial Risk

Financial risk is a difficult problem in capital management and financing of entrepreneurial enterprises. Start-up enterprises are generally faced with the problem of capital shortage, especially those in the start-up stage need huge funds for product research and development, marketing and team building. Lack of funds will make the enterprise can not carry out various business activities according to the scheduled plan, thus affecting its survival and development. In addition, financing risk is an important issue for entrepreneurial enterprises to face. Due to the instability of operation and the uncertainty of profitability of start-up enterprises, financing difficulties and financing costs remain high. The high cost of financing may further increase the financial pressure and profitability of the company. To cope with financial risks, enterprises must have a scientific financial management plan to rationally arrange the use of funds and ensure the smooth operation of the capital chain. Enterprises should also actively expand financing channels, using bank loans, venture capital and equity financing and other means of financing to reduce financing costs.

4.3 Technical Risks

Technology risk is characterized by uncertain technology development, fast technology update and difficult technology protection. The uncertainty in technology development will cause enterprises to encounter technical bottlenecks in the development and affect the progress and quality of product development. The speed of technological update will also affect the technological advantages of enterprises. The continuous emergence of new technologies may make the original technology of enterprises quickly eliminated, and then affect its competitiveness in the market. In addition, the difficulty of technology protection is a major problem for enterprises. Inadequate protection of intellectual property rights may cause the technological achievements of enterprises to be misappropriated by others, thus affecting their technological advantages and market position. To cope with technological risks, enterprises must increase investment in technological research and development and set up a strong R & D team to ensure continuous technological innovation. Enterprises should also always pay attention to the trend of technological development in the industry and timely technological updates to stay ahead.

4.4 Managing Risks

The management risk is represented by the lack of experience and ability of the management team, the imperfect management system and the underdeveloped corporate culture. Management Team Experience and competence Management teams are critical to business growth. The lack of experience and ability of the management team will bring decision-making and implementation problems to the company, affecting the growth of the company. Whether the management system is sound is also a major challenge for enterprises. Without a sound management system, it will cause confusion in the operation of enterprises and affect the efficiency and benefit of enterprises. Building corporate culture is an important aspect of managing risk. Corporate culture will significantly affect the behavior and

attitude of employees, unhealthy culture will make employees depressed morale, affect the cohesion and combat effectiveness of enterprises. To cope with management risks, enterprises must attach importance to management team building in order to attract and train experienced and talented management personnel. It is also necessary to establish a sound management system to standardize various management activities to ensure the efficient operation of enterprises.

5. Risk management strategies for entrepreneurial enterprises

5.1 Market Research

To carry out market research, entrepreneurial enterprises must fully understand the target market demand, competitive situation and potential market opportunities. It is necessary to clarify the market size, development trend and main driving force of the industry in which the enterprise is located. Through the combination of primary data and secondary data, this paper makes an in-depth analysis of it. Primary data can be obtained in the form of questionnaires, telephone interviews and focus groups, while secondary data can be obtained in the form of industry reports, market research reports and government statistics [4]. Through these data analysis, enterprises can accurately grasp the changes in market demand and the trend of competitors, and formulate effective market entry strategies and product positioning. To dynamically monitor the changes in the market environment, timely adjust the strategy. Leverage advanced data analysis tools and technologies such as big data analytics and artificial intelligence to enhance the depth and precision of market research. Through comprehensive market research and data analysis, enterprises can identify potential market opportunities and risks, improve the scientific and accurate decision-making, occupy a favorable position in the competitive market, and achieve steady development. Market research should also be carried out on an ongoing basis so that companies can keep abreast of the latest developments and trends in the market. Customer satisfaction surveys and feedback collection are conducted regularly to improve product and service quality and meet customer needs. At the same time, pay attention to changes in industry regulations and policies to ensure that enterprises operate in compliance and reduce policy risks. Through the establishment of a perfect market information collection and analysis system, enterprises can quickly respond to market changes, seize new business opportunities, avoid potential risks, maintain competitive advantages in the market, and achieve long-term stable development.

5.2 Fund Management

Capital management of entrepreneurial enterprises is very crucial, it is directly related to the survival and development of enterprises. The core of fund management is to make a reasonable plan for the use of funds and control the risk of funds. It is necessary for enterprises to carefully prepare financial budgets and fund use plans to ensure that funds can be applied to the most critical business links. Regular analysis of financial statements enables enterprises to detect changes in financial conditions in time and take appropriate measures. In order to ensure the adequacy and flexibility of capital, enterprises should actively explore a variety of financing channels, such as angel investment, venture capital and bank loans. At the same time, enterprises should also pay attention to control costs, so as to avoid unnecessary expenditures and promote the efficient use of funds. Through the scientific management of funds, the purpose of optimal allocation of resources can be achieved within the limited scope of funds to ensure the steady development of enterprises. In the fund management, enterprises should establish a sound internal control system to ensure the legitimacy and rationality of the use of funds, and prevent the loss of funds and financial risks. Enterprises can also improve the efficiency and accuracy of fund management through financial software and systems, and realize real-time monitoring and management of funds.

Risk management is also an important part of money management. Enterprises need to formulate plans to deal with capital risks, such as the establishment of emergency reserves, financial insurance, and the establishment of risk early warning mechanism, so as to prevent and deal with sudden fund shortage and financial crisis. In addition, reasonable arrangement of debt structure, control of debt ratio, and avoid financial risks caused by excessive borrowing are also key measures for fund management. Money management is not only the management of cash flow, but also the management of assets and liabilities. Enterprises should optimize asset allocation, rational use of current assets and fixed assets, and improve the utilization rate of assets. Regular asset inventory and evaluation, timely disposal of inefficient or idle assets to ensure the value of assets.

5.3 Technology Research and development planning

The establishment of scientific technology research and development planning is conducive to enterprises to maintain the leading position in the field of technology. Enterprises need to determine the direction and objectives of technology research and development, and choose their own research and development projects in combination with market demand and technology development trends. To establish an effective R & D team and configure the necessary R & D equipment and technical support. Ensure that R&D projects are carried out according to schedule through regular technical evaluation and project management. Enterprises should also strengthen collaboration with universities and research institutions to obtain the latest technological resources and scientific research results. Attention should be paid to the protection of intellectual property rights to ensure that technological achievements are not infringed. Enterprises should pay attention to whether the R&D investment is sustainable and reasonable, and ensure that the R&D budget allocation is adequate and scientific. Through the establishment of long-term and short-term R&D investment plans, enterprises can effectively balance the current income and future development, and avoid research and development faults or resource waste [5]. At the same time, incentive mechanisms such as R&D achievement reward and innovation incentive are established to encourage R&D personnel to actively participate in innovation and improve R&D efficiency and achievement conversion rate. From the perspective of project management, enterprises should use agile development, lean research and development and other advanced project management tools and methods to promote the efficient and flexible development of research and development projects. Organize project review and technical exchange activities on a regular basis to promote cooperation within the R&D team and across departments to ensure that R&D projects can be carried out on time and in good quality. Enterprises should establish a sound R & D management system, clarify the R & D process and standards at each stage, and ensure the standardization and efficiency of the project. Through the establishment of R & D progress tracking and feedback mechanism, timely find and solve the problems in the R & D process to ensure the smooth progress of the R & D project. At the same time, enterprises should encourage the members of the R & D team to continue to learn and improve their skills, regularly participate in industry technical conferences and training, and maintain the sensitivity to the forefront of technology and innovation.

5.4 Improve the governance structure

A sound governance structure is the basis for the long-term healthy development of entrepreneurial enterprises. Sound governance structure is composed of reasonable ownership structure, scientific decision-making mechanism, effective supervision mechanism and so on. In order to ensure the robustness and adaptability of corporate governance, enterprises must carefully design their ownership structure. It is necessary to establish a scientific decision-making mechanism to ensure that enterprises make scientific and rational decisions on major issues. Promote transparency and scientific decision-making through checks and balances between the board, management and the general meeting of shareholders. Enterprises need to establish a set of effective supervision mechanism, mainly including financial supervision, business supervision and internal audit, to ensure that all businesses can operate legally and in compliance. In addition, enterprises should pay attention to the transparency of the system and improve the information disclosure mechanism. Through the construction of transparent information disclosure mechanism, enterprises can ensure that shareholders and stakeholders timely grasp the company's operating conditions and financial conditions, so as to improve trust and support. At the same time, enterprises should carry out internal and external audits regularly to ensure the accuracy and authenticity of financial reports and prevent financial risks. To further improve the governance structure, enterprises need to pay attention to personnel training and management team construction. Introduce high-quality management talents, encourage innovation and continuous learning, and improve the overall quality and professional ability of management team. The stable and efficient operation of the management team is an important guarantee for realizing the long-term goal and strategic planning of the enterprise. Enterprises should also pay attention to the construction of corporate culture, cultivate the common values and sense of mission of the team, and enhance the cohesion and centripetal force of employees. Establish a clear mechanism for the distribution of rights and responsibilities to ensure that managers and employees at all levels clearly understand their responsibilities and rights, and reduce internal conflicts and management blind spots. In addition, enterprises should establish effective communication channels to promote collaboration and information sharing between departments to improve overall work efficiency. In the design of ownership structure, we should consider the diversification of shareholders, avoid excessive centralized control of major shareholders, protect the rights and interests of minority shareholders, and enhance the

democracy and fairness of corporate decision-making. For core management and technical personnel, equity incentive mechanism can be adopted to enhance their sense of belonging to the enterprise and confidence in long-term development. Enterprises should also attach importance to the construction of external governance environment, actively maintain good relations with external stakeholders such as government departments, industry associations, and communities, and obtain policy support and social resources.

6. Conclusion

In short, if a startup wants to make profits and grow continuously in a highly competitive market, it needs to give full play to its flexibility and innovation ability, establish a profit model with value creation as the core, and attract target customers through accurate market positioning, innovation and differentiation in products or services. At the same time, enterprises must be aware of the possible risks, through market research, reasonable planning of funds, strengthening technology research and development and other effective measures to manage the risk, and improve the governance structure and other measures to ensure steady progress in the variable market environment. Only in this way can entrepreneurial enterprises be invincible in the competition and obtain sustainable development.

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