

3 PHASES OF ENTREPRENEURIAL TRANSACTION COSTS

How to better understand the economic costs of assembling, managing, monitoring and administering your value-creation resources.



Assembling resources for a value creation business model, initiative or project.	Deploying resources in the production of customer value.	Dynamically adjusting, rearranging and recombining resources during market change.
<ul style="list-style-type: none"> ✓ Knowledge costs – how to acquire requisite knowledge. ✓ Costs of research, shopping and sorting through alternatives. ✓ Costs of integration and combination. ✓ Hiring and training costs. ✓ Start-up costs – initial inefficiency. ✓ Costs of using the legal system for contracting. 	<ul style="list-style-type: none"> ✓ Cost of monitoring to get the performance you want (both internal and external). ✓ Employment contract costs – engaging and keeping the employees you need. ✓ Costs of granting discretionary judgment to employees. ✓ Vendor and supplier relationship management costs. ✓ Costs of security and asset protection. ✓ Maintenance costs. ✓ Energy costs. ✓ Use-up rates. 	<ul style="list-style-type: none"> ✓ Can your resources be rearranged/recombined with ease and agility? ✓ Employment contract adjustment costs – re-focusing and retraining. ✓ Vendor / supplier contract adjustments – including termination penalties, etc. ✓ Cost of selling or discarding assets (closing offices and plants, etc.) ✓ Legal costs of changes and disputes. ✓ General costs of entrepreneurial experimentation.