



208 - Start Up and New Venture Management

Generic Elective – University Level



Course Outcomes: On successful completion of the course the learner will be able to

**CO# COGNITIVE ABILITIES COURSE
OUTCOMES**



Course Outcomes: On successful completion of the course the learner will be able to

- CO208.1 REMEMBERING DESCRIBE the strategic decisions involved in establishing a startup.
- CO208.2 UNDERSTANDING EXPLAIN the decision making matrix of entrepreneur in establishing a startup.
- CO208.3 APPLYING IDENTIFY the issues in developing a team to establish and grow a startup
- CO208.4 ANALYSING FORMULATE a go to market strategy for a startup.
- CO208.5 EVALUATING DESIGN a workable funding model for a proposed startup.
- CO208.6 CREATING DEVELOP a convincing business plan description to communicate value of the
- new venture to customers, investors and other stakeholders.



Unit 1

- **Being an Entrepreneur:**
- The entrepreneur, Profile analysis, behavior and motivations, Lean Start –up, The entrepreneurial ecosystem, Entrepreneurs and strategic decisions , Sustainability of Entrepreneurship: Dilemmas of an entrepreneur for success; Handling doubts on survival of business, Struggles-Causes of failure– Product/ market , financing, managerial- Resilience. Legal Fundamentals - When, how and where to incorporate. (5)

Unit 2



- **Customer Discovery:**

Entrepreneurial Opportunity Search and Identification; Market Intelligence, Market analysis, Market research, Customer validation, developing your business model, Crafting your value proposition, Product Development , Managing the product development process, Long Tail markets, Product launch goals, Go-to- Market Strategy, The role of selling in a startup, Sales forecasting for startups, Mapping buyer response modes. Social media Promotion tools. (7)

Unit 3



- **The Financial Road Map:**

Planning/Budgeting, Developing a financial roadmap, financial statements: the four components, How to budget for startup success, Bootstrapping and alternative sources of funding, Informal capital– Friends & Family, Role of Government in ED, various schemes - PMEGP, CGTMSE, MPDA, SFURTI. Role of MSDE ; Schemes by MSDE: PMKVY, SANKALP, STAR. Crowd funding, Venture capital, Private Equity, Financing Mix and the Financing continuum shareholding- Cliff -Vesting schedule-Relative importance of Operational Involvement, The Pitch, Preparing for your investor presentation, Elements of the perfect investment pitch. (6)

Unit 4



- **Entrepreneurial Leadership:**

Building and managing the founder team, Attracting and retaining the right people, The Team - Board/Governance, The role of a successful board, Different board models for different ventures, How to assemble a board of advisors, separating leadership from management, Legal Matters- Organizational form— partnership, sole proprietorship, Tax, Legal expenses, hiring the service providers. Employee management and leadership in the workforce, Recruiting, selection and hiring, Hiring the first employee. (5)

Unit 5



- **Business Plan:**

Need & Objectives, Target audience, Contents - Cover page and table of contents, Executive summary, Description of the current situation: Basic company information, products/services, management team, business organization, future goals, vision, and mission, Description of opportunity and market: Who are the buyers, who are the competitors, what are the competitive advantages of the company? Description of the business model, the marketing and sales strategy,

- Basic facts on the financials: Cash flow projection (life line), income statement (bottom line/profit and loss), balance sheet (business health/assets, liabilities, etc.), funding requirements, Risk analysis and possible exit strategies. Conclusion and appendixes: Résumés, literature, technical descriptions. Executive summary. Elevator pitch, Building a strong presentation, innovative methods of presenting a business plan –mind map, animated videos, etc. **(7)**



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The entrepreneur

- **entrepreneurs**

- people who own, operate, and take the risk of a business venture

- **entrepreneurship**

- running a business of one's own

Profile analysis

- **SELLING**
- **DISRUPTOR**
- **KNOWLEDGE**
- **DETERMINATION**
- **DELEGATOR**
- **PROFITABILITY**
- **RELATIONSHIP**
- **RISK**
- **CONFIDENCE**
- **INDEPENDENCE**

Meaning of entrepreneurial behavior

- Entrepreneurial behavior is directly concerned with the understanding, prediction and control of human behavior in enterprises.
- Definition “Entrepreneurial behavior is a subset of entrepreneurial activities concerned with understanding, predicting and influencing individual behavior in entrepreneurial settings.” -Callahan

- **Entrepreneurial** behavior represents the behavioral approach of management.
- 1. It emerged as a distinct field of study because of the importance of human behavior in enterprise.
- 2. Cause and effect relationship: Human behavior is generally taken in terms of cause and effect relationship. It provides generalization that entrepreneurs can use to anticipate the effect of certain activities on human behaviour.
- 3. A branch of social sciences: Entrepreneurial behavior is greatly influenced by other social sciences viz., psychology, sociology and anthropology.

- 4. Three levels of analysis: Entrepreneurial behavior is the study of three levels of analysis i.e. individual behavior, inter-individual behavior and the behavior of organizations.
- 5. A science as well as an art: The systematic knowledge about human behavior is a science and the application of behavioral knowledge and skills is an art.

Entrepreneurial motivation.



Motivation has been derived from the word 'motive' which implies the inner state of mind that activates, provokes and directs our behavior towards the goal . Motivation is a process that motivates a person into action and induces him to follow the course of action till the goals are finally achieved.

- Motivating Factors:
- (A) Internal Factors :
- Educational Background .
- Occupational Experience .
- Desire to do work independently .
- Desire to branch out to manufacturing.
- Family Background

(B) External Factors :

- Assistance from Government.
- Assistance from financial institutions.
- Availability of technology.
- Availability of raw material.
- Demand of the particular product.

- Achievement
- . Power
- Affiliation
- Independence
- Extension
- Personal achievement
- Social achievement

Entrepreneurs Ecosystem



- Education system
- Market structure
- Infrastructure
- R&D system
- Financial sector
- Corporate sector
- Government

Entrepreneurial Ecosystem

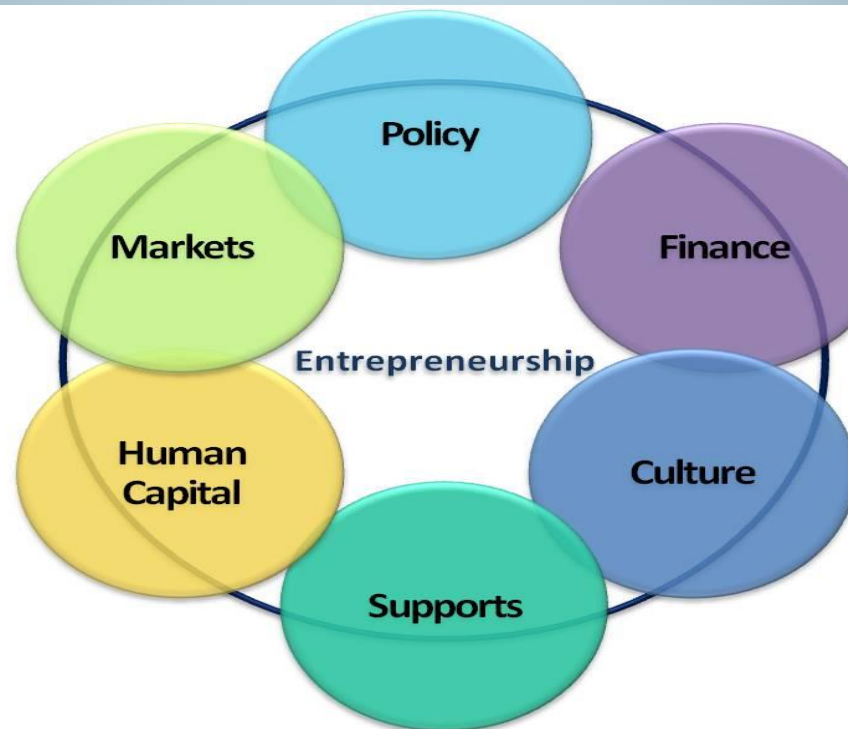


**Leadership and
Government**

**Early
Customers
Networks**

**Financial
Capital**

**Labour
Educational
Institutions**



**Success
Stories
Social Norms**

**New Governmental Institutions
Support Professions
Infrastructure**



Entrepreneurs and strategic decisions

- Recognizing a problem
- Generating alternatives
- Evaluating various alternatives
- Selecting the alternative that best satisfies over evaluating criteria
- Operates with limited information
- Must be action oriented decision
- Accept risk

Decision making in strategic activity



- Setting specific course of action to reach strategic goals.
- Revenue and profit goals
- Market share and competitive advantage
- Product superiority and technical advantage
- strategic decision involves critical analysis
,resource investment ,company commitment

Sustainability of Entrepreneurship



- It is a process of sustaining a level of entrepreneur development as to create a model shift to economic activity like GDP, job opportunity .

Dilemmas of an entrepreneur for success



- Time and money
- Success
- Got Busy in work
- Admitted kids in good school
- Had a good car

Kudos

Achievement

Congratulation

Well done



Barriers of growth

- Start up new venture
(commitment)
- Leadership
(Creativity)
- Autonomy
(direction)
- Control
(delegation)
- Excessive system
(collaboration)

Management styles



- Commanding
- Pace setting
- Visionary
- Coaching
- Democratic
- Affinitive (a natural liking for and understanding of someone or something.)

- A change in personality
- A change in staff culture

Handling doubts on survival of business



- **Doubt is the biggest dream killer than failure**
- **A Proper Business Plan**
- **Business Funding**
- **Walk before you Run**
- **Use Technology**
- **Try to Start with a Virtual**



- **Push yourself out of your comfort zone**
- **Quit beating yourself up**
- **Blame the tactics, not the talent**
- **Get expert TACTICAL guidance**
- **Build your inner circle**
- **Get busy, and stay busy**
- **Get some momentum**



- **Expect that self-doubt is going to happen**
Office
- **Push yourself out of your comfort zone.**
- **Quit beating yourself up**
- **Blame the tactics, not the talent**
- **Get expert TACTICAL guidance**
- **Build your inner circle**
- **Get busy, and stay busy**

Struggles-Causes of failure–Product/ market



- **Poor product quality**
- **Higher price**
- **Poor timing**
- **Inherent defect**
- **Extent of competition**
- **Lack of promotional measures**
- **Faulty distribution policy**

- **Unavailability of spare parts**
- **Poor after-sale service**
- **Imitation products**
- **Trying to fix a non-existent problem**
- **Targeting the wrong market**
- **Incorrect pricing**
- **Build, and they will come**



Financing

- **Lack of Personal Capital**

Every entrepreneur needs to begin with a certain amount of seed capital to pay for the cost of hiring staff, renting premises, buying or leasing equipment, marketing.

- **Fewer Networking Contacts**

When you're searching for funding options you also lack those well-placed connections who could suggest your nascent business to a venture capitalist they know, or who would serve as a valuable reference in your hunt for funding

Poor Credit History



In general, the older you are, the better your credit history is. Older entrepreneurs have generally had time to build a solid and high credit rating. Their youthful mistakes disappeared off of their credit reports long ago.

Age Discrimination



- It is an advantage when you need to convince investors that you're a reasonable financial risk. Young entrepreneurs can find that some bank managers and investors are very reluctant to trust them with a loan or venture funding simply because they think that they are too young

Fearing Debt



No one likes the feeling of owing money, but as you get older you realize that some debt can be positive, depending on the loan and its purpose. A short-term business loan that's taken out with careful planning of repayment schedules and with the right APR(Annual percentage rate) rates can be an excellent way to deal with startup capital or early cash flow issues. Many people who start a business in their 20s and 30s are still paying off student loan debt and have a mortgage and/or auto loan to pay off, as well. Adding a business loan to that might just be too daunting.



No Safety Net

- Older entrepreneurs also often already have some kind of retirement fund and pension that they can fall back on if their business fails. Young entrepreneurs can be struggling to raise money for their startup at the same time as wanting to settle down in a relationship and perhaps start a family. The lack of a financial safety-net can be very worrying to young entrepreneurs

Managerial-Resilience

- **See setbacks as an opportunity to learn**
- A manager can never be the source of all wisdom. He will make bad decisions and there will be things that he do not know.
- When mistakes are made, rather than beat himself up about it, he should review the incident with an honest and open mind.
- Identify the things he need to change and put a plan in place to change them.

Practice feedback consistently



- Interpersonal relationships can cause a lot of stress in the workplace.
- Stressful situations often arise due to a lack of communication.
- Employees require guidance and support if they are to thrive.

- **Praise employees for good performance and offer constructive feedback when their performance falls below expectations.**
- This will take just a few minutes of managers day but it lets employees know where they stand and prevents minor incidents from developing into stressful situations



- **Include sufficient breaks in his schedule.** These steps may seem counterintuitive, but rest allows the body and mind to recover from high pressure activities, and build up strength and resolve for the challenges to come.
- When manager know that he have sufficient rest in your schedule, he can give 100 percent during periods of work,
- allowing him to perform to a higher standard, more of the time. Rest improves productivity.



Formalizing a business structure and founders agreement
Applying for business licenses Understanding taxation and accounting laws the Government of India launched the 'Startup India' initiative to promote startups, and introduced many exemptions and tax holidays for startups and new businesses. According to this initiative, a startup can avail income tax exemption for a period of 3 years as well as tax exemptions from capital gains and investments above Fair Market Value.



Adhering to labour laws

Adhering to labour laws are integral to every organization, small or big. When you are established as a company and have hired people to work for your organization, you are subject to several labour laws regardless of the size of the organization. Laws with regards to minimum wages, gratuity, PF payment, weekly holidays, maternity benefits, sexual harassment, payment of bonus among others will need to be complied with

- The Industrial Disputes Act, 1947
- The Trade Union Act, 1926
- Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996
- The Industrial Employment (Standing Orders) Act, 1946
- The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
- The Payment of Gratuity Act, 1972
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

Startups under this scheme will have to file self-certified return for the second and third year in order to continue with the exemption.

Ensuring protection of intellectual property

Intellectual property is the secret sauce for most businesses today, especially for tech centric businesses. Codes, algorithms and research findings among others are some of the most common intellectual property owned by organizations. Startups can leverage the 'Scheme for Startups Intellectual Property

Ensuring effective contract management



As per the Indian Contract Act, 1872, all agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration with a lawful object, and are not expressly declared to be void.

Details about winding down the business



Closing a company is a difficult call to make for any entrepreneur. When a startup decides to shut down, all the stakeholders from vendors to employees to customers and investors need to be informed in advance and the whole process must be properly planned and executed in order to make the exit easy on everyone.

Unit 2



- **Customer Discovery:**

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Market Intelligence, Market analysis , Market research,
Customer validation, developing your business model,
Crafting your value proposition, Product Development ,
Managing the product development process,

Long Tail markets, Product launch goals, Go-to- Market
Strategy, The role of selling in a startup, Sales
forecasting for startups, Mapping buyer response
modes. Social media Promotion tools.

Entrepreneurial Opportunity Search and Identification



- The ability to identify business opportunities is an essential characteristic of an entrepreneur
- Opportunity- favorable position or a range for advancement.

STEPS IN ARRIVING AT BUSINESS OPPORTUNITY



- Generating Ideas
- Screening Process
- Formulating the Concept of the Business

Generating Ideas



- Source: Environment
- Scan & Understand the needs & wants of people Abraham Maslow -psychologist People generally have different kinds of basic needs such as food, clothing, shelter, safety , socialization, recognition for self-esteem & self fulfillment

Screening Process

- Source: Environment
- Taking macro-perspective or viewing larger environment where business will be situated (looking at the Social, Technological, Economic, Environmental, & Political)

WAYS OF SCANNING THE ENVIRONMENT



1. Looking Closely at the market
 - Demand & Supply Gap Analysis
 - Import-Export Movement
 - Product Substitution
 - Forward-Backward Industry Linkages

WAYS OF SCANNING THE ENVIRONMENT



2. Looking at People's skills

Observe your Community

3. Looking at Available Business Assistance Program

Visit DTI (**Department** of Trade and Industry) Office

Government & Private Institutions

Non-Government Organizations

COLLECTING INFORMATION



- Method:
- Ad Hoc Scanning -short-term, infrequent & initiated by crisis
- Regular Scanning -involve studies done on a more or less regular basis
- Continuous Scanning -entails regular collection or processing of data on a wide range of factors from business environment

MEANS OF COLLECTING INFORMATION



- Accessing Networks
- Public Meetings, Trade Fairs & Fora
- Focused-Group Discussion
- Key People Surveys
- Publications
- In-Depth Interviews
- Usage & Awareness Studies

Screening Process

Personal level
screening

Firm level
screening

Personal-Level Screening

- Personal Preference (committed)
- Educational & Training Background
- Work experience (degree of expertise & knowledge)
- Business Network & Contacts (buyers, suppliers or creditors)
- family Support

- Market
- Technology
- Availability of Skills
- Availability of Raw Materials
- Financial/Capital Requirement
- Profitability
- Government Support

FORMULATING THE CONCEPT OF THE BUSINESS



- Resource Analysis

Resources	Strengths	Weakness	Money
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Materials			
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Machines			
----------	--	--	--

Methods			
---------	--	--	--

Manpower			
----------	--	--	--

Management			
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Moment (time)			
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- The Resource Analysis where strengths and weaknesses are identified, indicates what the firm is capable of doing at the start of the business.
- The strengths identify distinctive competencies of the company which can work to its advantage.

FORMULATING THE CONCEPT OF THE BUSINESS



- Environmental Analysis

The Environmental Analysis gives an indication whether the business can survive or not.

Identifying Opportunities & Threats in the Environment



- Socio-Cultural
- Technological & Technical
- Economic
- Natural
- Political
- Peace & Order
- Population Trends
- Government Program
- Global Environment

SOCIO-CULTURAL



Opportunity

People have develop the habit of eating in fast food restaurants.

Many of these establishments serve ham & bacon and other processed meat.

Threats

People have develop the habit of eating in fast food restaurants. Many of these establishments serve ham & bacon and other processed meat.

TECHNOLOGICAL & TECHNICAL



Opportunity

The new technology
can cure ham in
three days.

Threats

ECONOMIC



Opportunity

Threats

The purchasing power of population has lowered because of the peso devaluation and high cost of oil, thus reducing the number of people who buy ham and bacon.

NATURAL

Opportunity

Threats

- Hoof and mouth disease can threaten the supply of raw materials.

POLITICAL

Opportunity

Threats

- Political instability can affect the economy

PEACE & ORDER



Opportunity

- In general, there is peace and order in the place of business.

Threats

POPULATION TRENDS

Opportunity

- The population is increasing. More people mean more consumers who need food.

Threats

GOVERNMENT PROGRAM



Opportunity

- The government is providing assistance to MSMEs. The company may be able to avail of this assistance in the form of financing, technical & marketing.

Threats

GLOBAL ENVIRONMENT



Opportunity

- If there is a shortage of local pork, it is possible to import raw materials from other countries.

Threats

FORMULATING THE CONCEPT OF THE BUSINESS



- Personal Values Analysis
 - represent your philosophy, guiding principles, outlook and aspirations for your business (non-monetary values)



Market Intelligence

- **Marketing intelligence (MI) is the everyday information relevant to a company's markets, gathered and analyzed specifically for the purpose of accurate and confident decision-making in determining market opportunity, market strategy, and market development .**

- In order to collect marketing intelligence, marketing managers must be in constant touch with relevant books, newspapers and trade publications.

- In order to collect marketing intelligence, marketing managers must be in constant touch with relevant books, newspapers and trade publications.
- The process of acquiring and analyzing information in order to understand the market; to determine the current and future needs and preferences, attitudes and behavior of the market;
- Marketing intelligence is necessary when entering a foreign market

Need of market Intelligence



- There is an urgent need for making available market intelligence services to boost the trade and increase the participation of all importing and exporting organizations or firms in India and also other countries which require support about latest developments in trade.



Objective of market Intelligence

- To provide market and customer orientation
- Identification of new opportunities
- To identify new trends in markets and competitors
- Early warning of competitor moves to enable counter measures
- Minimizing investment risks, to detect threats and early market trends



Objective of market Intelligence

- To provide better customer interaction and to give intensified customer market view
- Information for better market selection & positioning and to understand and discover untapped or under-served potential
- To give quicker, more efficient and cost-effective information in order to avoid duplication of report acquisitions and expensive consultant work

Steps to be taken by a Company to improve its Marketing Intelligence



1. Train and Motivate Sales Force:

- A company's sales force can be an excellent source of information about the current trends in the market. They are the "intelligence gatherers" for the company.
- It can also provide credible source to know about competitor activities, consumers, distributors and retailers.

- ***(2) Motivate Distributors, retailers, and other intermediaries to pass along important intelligence:***
- Specialists are hired by companies to gather marketing intelligence.
- In order to measure the quality of production, the way the employees are behaving with customers, quality of facilities being provided;

- ***(3) Network Externally:***
- Every firm must keep a tab on its competitors.
- *Competitive intelligence describes the broader discipline of researching, analyzing and formulating data and information from the entire competitive environment of any organization.*

(4) Set up a customer advisory panel:

- Companies can set up panels consisting of customers. They can be the company's largest customers or representatives of customers or the most outspoken customers.

(5) Optimal usage of Government data resources:



- Governments of almost all countries publish reports regarding the population trends, demographic characteristics, agricultural production and a lot of other such data.
- All this data must be or can be referred to as base data.
- It can help in planning and formulating policies for the companies.

(6) Information bought from external suppliers:



- Certain agencies sell data that can be useful to other companies.
- For example, television channels will require information on the number of viewership, ratings of TV programs, etc.
- An agency which calculates this information and generates this data will provide it to companies that need it.

(7) Collect Competitive Intelligence through online customer feedback:



- Customer's view about a product is most essential for any company.
- Ultimately it's the customer who's buying the product. Hence customer feedback must be taken.
- Online platforms like chat rooms, blogs, discussion forums, customer review boards can be used to generate customer feedback.

Market analysis

- A market is defined as the sum total of all the buyers and sellers in the area or region under consideration. The area may be the Earth, or countries, regions, states, or cities.
- The value, cost and price of items traded are as per forces of supply and demand in a market. The market may be a physical entity, or may be virtual. It may be local or global, perfect and imperfect.

- A market analysis is the best way to get a third-party perspective of all of the best options for your marketing campaign, and to ensure that your marketing dollars are spent in the most effective way possible.
- The goal of market analysis is to determine the attractiveness of a market and to understand its evolving opportunities and threats as they relate to the strength and weakness of the firm.

Objective of Market analysis



- Determine attractiveness of a market.
- Find & identify new business opportunities.
- Targeting and dividing the market into niche.
- Positioning the products or brands in the mind of customers
- Understand the dynamics of the market

- Market information
- Insight into existing customers
- Identifying potential customers
- Customer need
- Customer behavior pattern
- Identify business opportunity

- Competitor Analysis
- Economic overview
- Shift share analysis
- Occupational changes
- Strategic advantage
- Resolving Business Problems

WHEN MARKET ANALYSIS?



- Determining the sales potential of your products and services.
- Attracting customers to your business
- Selling to customers and earning repeat business

How MARKET ANALYSIS helps



A market analysis answers these questions about your customers:

- Who are they?
- Where are they?
- What do they need?
- How do they make their buying decisions?
- Where do they buy?
- How do you reach them with your marketing and sales messages?

DIMENSIONS OF MARKET ANALYSIS



- Market size (current and future)
- Market segment
- Market trends
- Market growth rate
- Market profitability
- Industry cost structure
- Distribution channels
- Key success factors

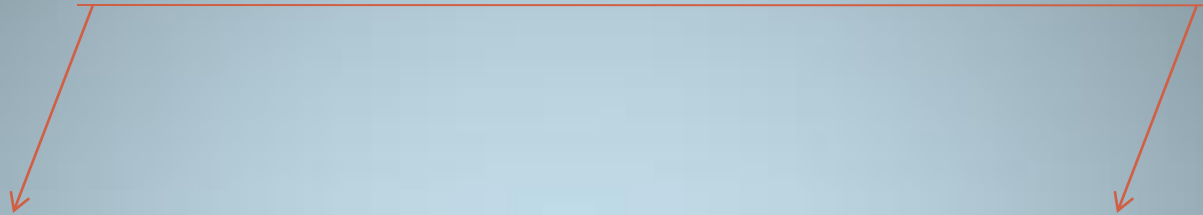
MARKET SIZE

- Total annual sales in the market served.
- Current market size and future size.

HOW TO DETERMINE MARKET SIZE?

- Govt. data.
- Trade associations.
- Financial data from major players.
- Customer survey.

MARKET SEGMENTS



Geography and location

- a) market in which we sell
- b) local market or international market

Customer segments

- a) who buy our product
- b) profile of target customer

MARKET TRENDS



- *Once the segments of the product's market are determined, the market trends of the product needs to be analyzed from time to time.
- *Identify the trends in the market segments within which the product fits.
- *If the market segment is growing and is projected to continue to grow, then it is an upward trend.
- *If the trend is for new products then the company should replace older models, with new ones and that is called downward trend for the older products.

MARKET GROWTH RATE

- Keep a track of the market condition.
- Sales growth of complementary products.
- Product life cycle phases can be understood.

How to estimate the Market Growth Rate ??

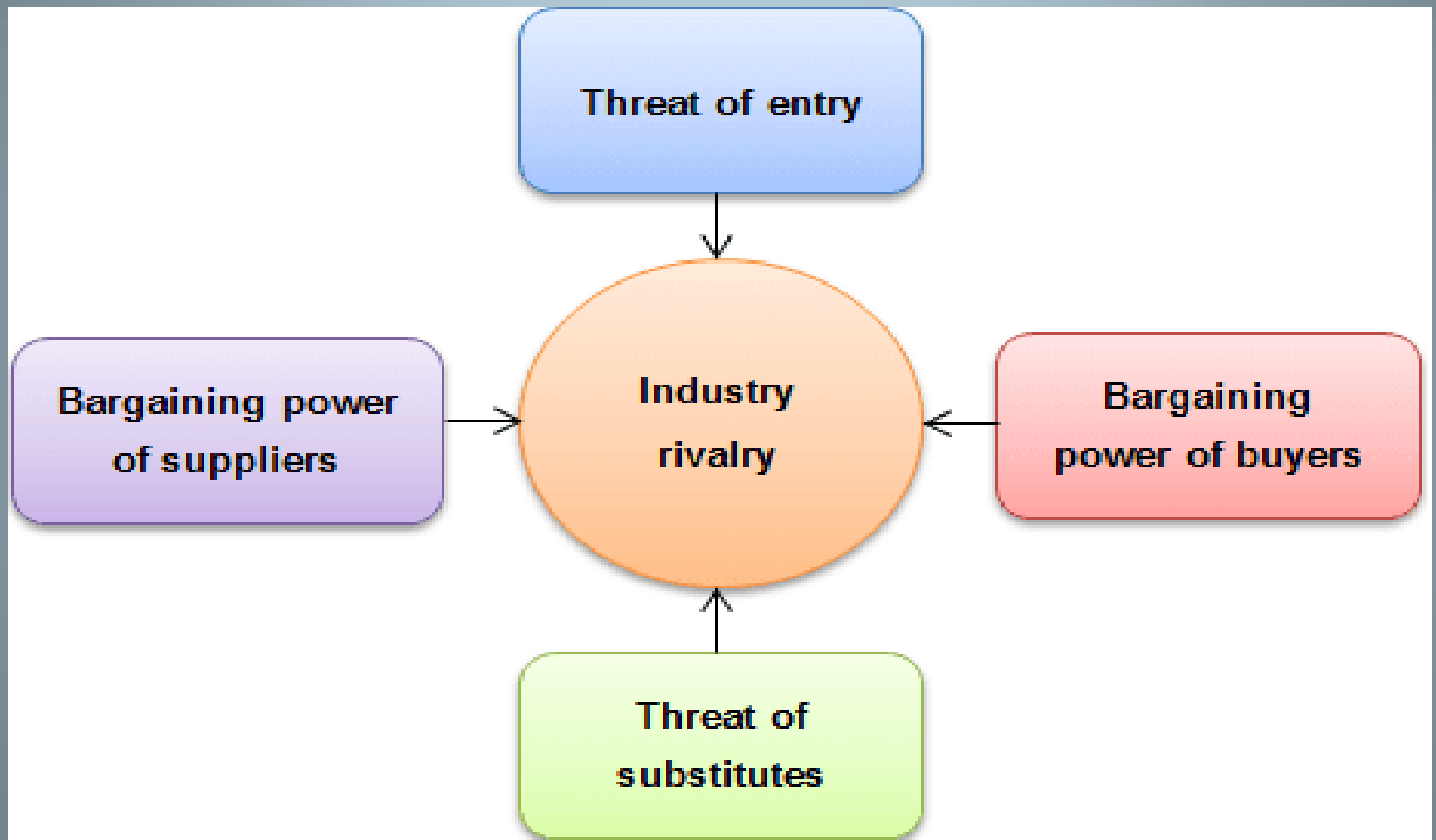
- Historical data
- Demographic information

MARKET PROFITABILITY



- Profit potential for a market can be used as a guideline to determine how difficult it is to make money in the market.
- Porter`s 5 forces identifies the 5 factors that effect the market profitability.

Porter`s 5 forces



INDUSTRY COST STRUCTURE



- Identifying key factors for success.
- Porter's value chain model is useful for determining where value is added and for isolating the costs.
- The cost structure also is helpful for formulating strategies to develop a competitive advantage.

Market research

- Marketing research involves collecting, organizing, analyzing and communicating information that can be used in order to make an informed marketing decision.
- Performing market research will complement your marketing mix strategy as it enables you to make educated decisions regarding selecting markets, your image or branding and products or services.



Online Research

- Online research: the use of computer networks, including the Internet, to assist in any phase of the marketing research process including development of the problem, research design, data gathering, analysis, and report writing and distribution

key steps in Marketing Research

1. Define the Problem
2. Collect the Data
3. Analyze and interpret the data
4. Reach a conclusion
5. Implement your research

Define the Problem

- In this stage you need to identify the actual problems that are relating to the apparent symptoms.
- What information is needed in order to solve the problem?
- For example, poor sales within a business are not the problem, they are the symptom of a larger issue such as a weak marketing strategy.

Further business problems may include:



- Who are your target customers?
- What method could be implemented to reach these customers?
- Who are your customers and what advantages and disadvantages do they have over your business?
- What size is the consumer market you are trying to engage?

Collect the Data

- There are two types of market research that can be performed:
 1. Primary research - involves collecting information from sources directly by conducting interviews and surveys, and by talking to customers and established businesses.
 2. Secondary research - involves collecting information from sources where the primary research has already been conducted. Such information includes industry statistics, market research reports, news paper articles, etc.



Collection methods and techniques

- Qualitative research is where you seek an understanding of why things are a certain way. For example, a researcher may stop a shopper and ask them why they bought a particular product or brand.
- Quantitative research refers to measuring market phenomena in a numerical sense, such as when a bank asks consumers to rate their service on a scale of one to ten.

Analyze and interpret the data



- You must attach meaning to the data you have collected during your market research to make sense of it and to develop alternative solutions that could potentially solve your business problem.
- You should determine how the knowledge you have gained through researching your market can be applied and used to develop effective business strategies.

Implement your research

- Put your final solution into practice.
- Without completing this step your research could potentially have been a waste of your time and resources.



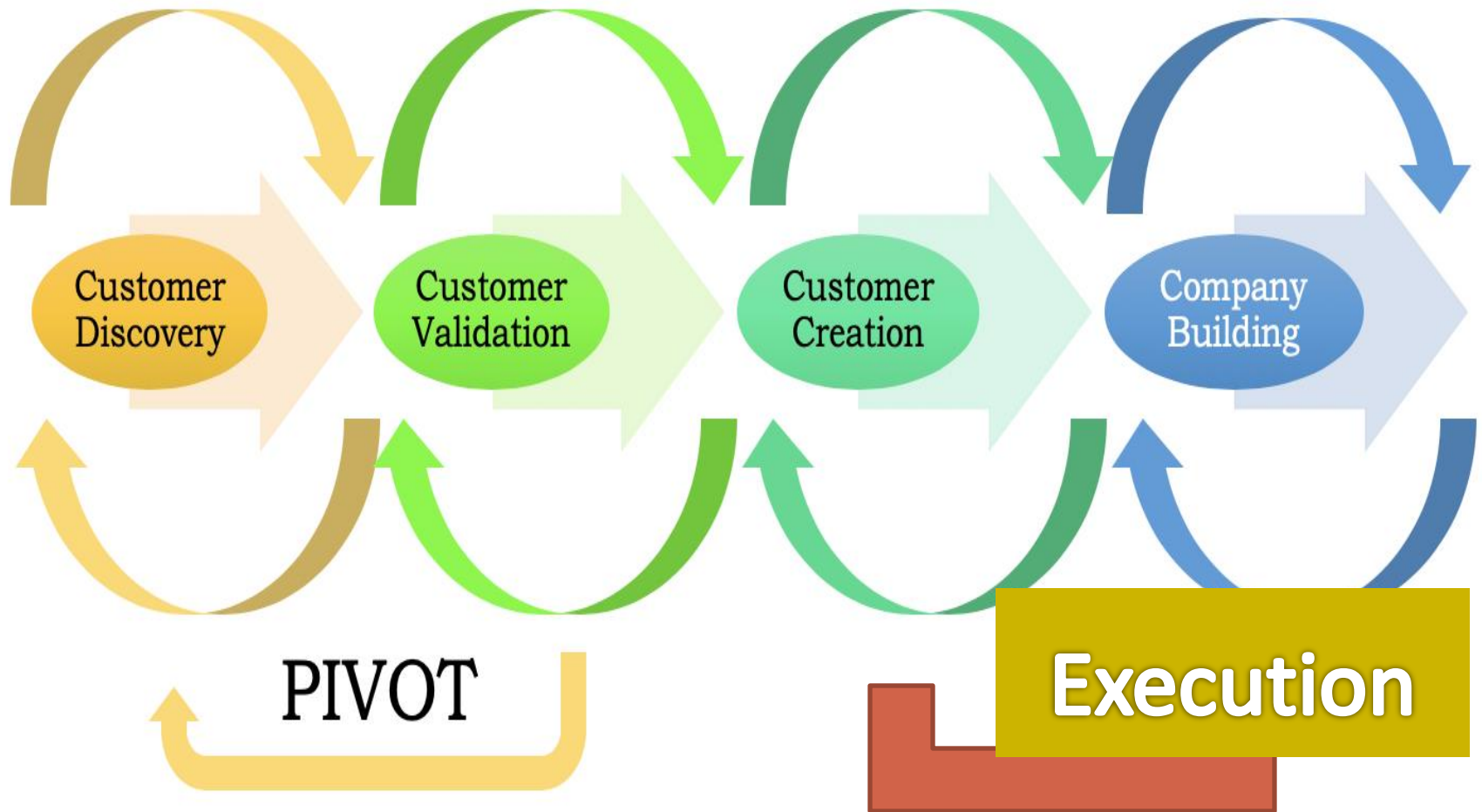
Marketing Research Agencies in India

- IMRB International (“Indian Market Research Bureau”)
- IMRB has been responsible for establishing the first and television audience measurement system and the first radio panel in the country
 - IMRB International's specialized areas are consumer markets, industrial marketing, business to business marketing, social marketing and rural marketing



Customer validation

- **Lower Case**
- Customers testing real unreleased products in real environments.
- **Upper Case**
- A distinct discipline for gathering and synthesizing representative customer feedback to produce a more successful product. Specific proven research and testing methodologies utilized to capture unique actionable insight about the customer experience of actual products throughout



- Customer Validation –
- The Second Step
- Validation comes after discovery
- Make early sales
- Constrain spending

- Step one
- Ready to sell product
- Acquire activity customer
- A **high-fidelity MVP** (Minimum Viable Product) addresses whether your product solves that problem. You **build** a low-fidelity **MVP** first to ensure that the problem is worth solving, then you **build** the **high-fidelity MVP** to ensure that you are solving the problem.

- Develop sales collateral
- Sales road map

- **customer validation** your goal is to find the user segment with the most potential, identify early adopters, and learn about their habits, needs, problems, and perspectives in relation to your business. Learning about your target audience will help you find the right product-market fit so you can create business solutions that solve a genuine user problem.

Crafting your value proposition



- If you don't have a strong, customer-enticing value proposition, it's tough to sell.
- Lots of people think that a value proposition is information about their company, product or service.
- A value proposition is also not a glowing description of your unique services, passion for excellence or leading-edge technology.

Some question to ask in value proposition



- Have you talked to your clients about the results they get when using your offering?
- You need to! What you learn will help you sell.
- Of course, you don't have to.
- But without knowing these outcomes, you'll have a hard time setting up meetings.



developing your business model

Long Tail markets





Product launch goals

- Sales goals

This may be the easiest type of goal to create because you already have sales expectations. How many units of your product do you want to sell in what timeframe?

Example: We will sell 100 widgets within two months of launch.

- Prospect goals

Your company might have a long lead time for selling new products. An appropriate goal could be to outline how many prospects you would like to identify as a result of your product launch.

Example: We will identify 200 prospects within two months of launch.



- Product awareness goals

The sales process usually begins with your market being aware of you and your product. Your marketing efforts can help to build that awareness. Although your tactics may vary, one goal should include being able to measure the awareness you have built. Review the different awareness-gathering methods in the article, Marketing plan for your product launch.

Example: Within the first week after launch, we will see 20 outlets pick up our press release, 50 retweets of our launch announcement and 1000 visits on the website.

- Customer goals

If it is not your first release, you might have goals to show the adoption of your product within your existing customer base (for example, upgrades, enablement of features).

Example: Ten customers will show interest in upgrading within one month of launch.

- Product defect goals

Although you will have set defect goals during the product development process, it is inevitable that additional defects will be found after launch. Consider setting a goal to resolve quickly any issues found as a result of the release so that they do not impede your revenue- or customer-related goals.

Example: For the first month after release, address all

Go-to- Market Strategy

- A go-to-market (GTM) strategy is the way in which a company brings a product to market. It generally includes a business plan outlining the target audience, marketing plan, and sales strategy. Each product and market are different, therefore each GTM strategy should be thoroughly thought out; mapping a market problem and solution a product offers.

The role of selling in a startup



- A sales strategy – unlike one for marketing or product – narrows your focus on one very important aspect of your startup success: making the sale. While marketing strategy focuses on increasing your visibility, a well-defined sales strategy helps you make real quantifiable profits.

- **1. A sales strategy allows you to address the needs of customers at every stage.**
- Assisting a new customer requires a different approach than helping current customers. New customers need education about the product features and functionality, while existing customers mostly need assistance or technical support.
- Addressing prospects at different points in the sales journey calls for different approaches. Without a strategy in place for this, you will walk in blind and likely fail to produce the best results.
- Construct a flowchart or a spreadsheet that lists out all possible stages of your prospect's journey



- **2 click over here. A sales strategy improves the ROI of your sales team.**
- The act of formulating a strategy requires you to take a step back and look at the big picture. You have to ask yourself tough questions like:
- Should I focus more on obtaining new customers or existing ones?
- Is the up selling strategy fetching enough results against the efforts?
- In what areas is the result better than the cost?
- As a result, you will see which particular sales tactics are working for you and which aren't. You can maximize your results by focusing on the

- **3. A sales strategy enables you to hire the right people.**
- Hiring is extremely important for startups, especially since most startups have a one- to two-member sales team.
- Teams with a sales strategy have well-defined goals and methods. You know exactly what you want to do in the future and so you know exactly what to expect of your sales team.
- This clarity allows you to hire people who

Sales forecasting for startups



- Sales forecasting is the process of estimating future sales. Accurate sales forecasts enable companies to make informed business decisions and predict short-term and long-term performance. Companies can base their forecasts on past sales data, industry-wide comparisons, and economic trends.

Mapping buyer response modes

- It is key for startups to understand customer responses to sales propositions and to be able to map these buyer response modes. The term “response modes” describes a potential customer’s behaviour or reaction to a sales proposition.

- Buyer response modes
- There are four potential buyer response modes to change:
- Growth
- Trouble
- Even Keel
- Overconfident

- Buyer behaviour in growth mode
 - Buyers in Growth mode perceive that by buying your product or service, they are meant to generate growth for their company.
- However, while these buyers recognize the need to grow, they also understand that something needs to change in order to make growth happen. This understanding is positive for potential vendors as buyers will have a positive response to offerings that they believe will help to close the gap between current reality and the growth target.

The only moderating factor is that since things

- Trouble mode
- In Trouble mode, buyers perceive that the business is failing (that is, it is losing customers, losing money, decreasing productivity) and understand that something must change.

These buyers will be very open to offerings that seem to address fundamental problems. Buyers in Trouble mode have more appetite for radical solutions than do buyers in Growth mode, but they also tend to be short on the



- Even Keel mode
- Buyers in Even Keel mode do not perceive a large enough gap between their position and their goal to warrant change. They believe that progress is steady and there is no urgency to change anything. As a result, these buyers are not open to vendor offerings. They do not see the value such offerings would represent or why they should go through the trouble that change represents.

However, peers or more senior executives that are either in Growth mode or Trouble mode can influence buyers in Even Keel mode. It is rare for vendors to directly influence Even Keel buyers.

- Overconfident mode
- Buyers in Overconfident mode have a somewhat delusional(mistakes) outlook and perceive that they are succeeding. In fact, they believe that they are doing so well that the suggestion that your offering might improve their situation is practically an insult (even if reality suggests the contrary). The fact that buyers in Overconfident mode have such a weak grasp of reality suggests that there is trouble on the horizon as they will not be

Social media Promotion tools.



- **Using Facebook**
- Facebook's casual, friendly environment requires an active social media marketing strategy. Start by creating a Facebook Business Fan Page. You will want to pay careful attention to layout, as the visual component is a key aspect of the Facebook experience.
- Facebook is a place people go to relax and chat with friends, so keep your tone light and friendly. And remember, organic reach on Facebook can be extremely limited, so consider a cost-effective Facebook ad strategy.



- **Google+**
- Google+ entered the scene as a Facebook competitor, but it now serves a more niche audience. It won't work for everybody, but some communities are very active on Google+.
- On Google+ you can upload and share photos, videos, links, and view all your +1s. Also take advantage of Google+ circles, which allow you to segment your followers into smaller groups, enabling you to share information with some followers while barring others. For example,

- **Pinterest**
- Pinterest is one of the fastest growing social media marketing trends. Pinterest's image-centered platform is ideal for retail, but anyone can benefit from using Pinterest for social media purposes or sales-driving ads.
- Pinterest allows businesses to showcase their product offerings while also developing brand personality with eye-catching, unique pinboards. When developing your Pinterest strategy, remember that the social network's primary audience is female. If that's your

- Twitter is the social media marketing tool that lets you broadcast your updates across the web. Follow tweeters in your industry or related fields, and you should gain a steady stream of followers in return.
- Mix up your official tweets about specials, discounts, and news with fun, brand-building tweets . Be sure to retweet when a customer has something nice to say about you, and don't forget to answer people's questions when possible. Using Twitter as a social media marketing tool revolves around dialog and communication, so be sure to interact as much as possible to nurture and build your following

- LinkedIn is one of the more professional social media marketing sites. LinkedIn Groups is a great venue for entering into a professional dialog with people in similar industries and provides a place to share content with like-minded individuals. It's also great for posting jobs and general employee networking.
- Encourage customers or clients to give your business a recommendation on your LinkedIn profile. Recommendations makes your business appear more credible and reliable for new customers. Also browse the Questions

- YouTube is the number one place for creating and sharing video content, and it can also be an incredibly powerful social media marketing tool. Many businesses try to create video content with the aim of having their video “go viral,” but in reality those chances are pretty slim. Instead, focus on creating useful, instructive “how-to” videos. These how-to videos also have the added benefit of ranking on the video search results of Google, so don't under-estimate the power of video content!



- Social media platforms like **Yelp** and **FourSquare** are great for brick and mortar businesses looking to implement marketing on social media. Register on these sites to claim your location spot, and then consider extra incentives such as check-in rewards or special discounts. Remember, these visitors will have their phones in hand, so they will be able to write and post reviews. A lot of good reviews can significantly help sway prospective visitors to come in and build your business!

- **Reddit**, or similar social media platforms such as Stumble Upon or Digg, are ideal for sharing compelling content. With over 2 billion page views a month, Reddit has incredible social media marketing potential, but marketers should be warned that only truly unique, interesting content will be welcomed. Posting on Reddit is playing with fire—submit spammy or overtly sales-focused content and your business could get berated by this extremely tech-savvy community.
- If you have content you believe the Reddit community (majority is young, geeky, liberal, and internet-obsessed) would enjoy, you could reap tremendous benefits and earn valuable traffic.

- Using social media in marketing does more than improve site traffic and help businesses reach more customers; it provides a valuable venue for better understanding and learning from your target audiences.

Unit 3 The Financial Road Map:



- Planning/Budgeting, Developing a financial roadmap, financial statements: the four components, How to budget for startup success, Bootstrapping and alternative sources of funding, Informal capital– Friends & Family, Role of Government in ED, various schemes - PMEGP, CGTMSE, MPDA, SFURTI. Role of MSDE ; Schemes by MSDE: PMKVY, SANKALP, STAR. Crowd funding, Venture capital, Private Equity, Financing Mix and the Financing continuum shareholding- Cliff - Vesting schedule-Relative importance of Operational Involvement, The Pitch, Preparing for your investor presentation, Elements of the perfect investment pitch.

Planning

- A financial plan is often seen as the basis for many other parts of the business plan. This particular plan, designed to meet the financial objectives you have set, is important in that it pulls together the one common denominator of all other plans - and that is cash. The financial plan for the business will have at its heart standard features:
 - profit forecast
 - cash flow forecast
 - projected balance sheet

- The financial plan you set should be tailored to meet your individual business needs. To do so, it will refer to your particular business circumstances and may also include one or all of a range of other financial tools, such as:
 - business funding structure
 - working capital analysis
 - sales forecast
 - returns achieved on sales

- break-even analysis
- contribution from production
- stock analysis

Looking into these different forms of analysis will quickly show you that they individually serve differing business requirements. You will need to decide which are most relevant to your business situation and from which you will gain most advantage.



Budgeting

- Business budgeting is one of the most powerful financial tools available to any small-business owner. Put simply, maintaining a good short- and long-range financial plan enables you to control your cash flow instead of having it control you.



Developing a financial roadmap,

- **Begin with the end in mind**

To chart your course, you need to start with big-picture perspective. What is your ultimate destination? Do you want to prep for a sale, grow, get acquired? It's important to aim for your goals from the get-go. Visualizing your business dream as a reality will help guide you as you navigate the smaller steps and stages along the way. Then, get specific. Identify the benchmarks that you want your company to hit in six months, one year, five years and ten years from now. Quantify what it will take to meet these milestones, and what steps you'll need to have lined up to get there worked daily on the small steps



- **Mind the gas in your tank**

Your vision tells you where you're going, but your cash flow will determine if you can make it there. Calculate your start-up costs and one-time expenses. Don't underestimate these, which is a common mistake.

If you plan for everything to take twice as long and cost twice as much as you think it will, then you're covered. If you don't, and it does, that's a problem. Document your fixed monthly expenses and estimate your variable ones.

Your sales projections will tell you what income you need to be profitable. To figure out where you break even, create a simple spreadsheet to track all of your income vs. expenses on a weekly basis.

Look down the road ahead - and expect a few detours(to visit somewhere along the way)



- There will be the inevitable bump in the road, likely with its share of unexpected costs. It is important to have a liquid emergency fund of three-to-six months' worth of expenses as a reserve for slower times and unforeseen complications.
- For example, I know the founders of an extremely popular dating site. They had more cash reserves in their business than they needed, but wisely did not raise their spending just because they could.
- The future growth of your business is built on your present success. By bootstrapping, you're effectively scaling your expansion funded by your growth, avoiding the common trap of overexpansion. With a smart map for the journey ahead, you're ready to jump on the road.



financial statements

- Financial statements are a collection of summary-level reports about an organization's financial results, financial position, and cash flows. They are useful for the following reasons:
- To determine the ability of a business to generate cash, and the sources and uses of that cash.
- To determine whether a business has the capability to pay back its debts.
- To track financial results on a trend line to spot any looming profitability issues.

- To derive financial ratios from the statements that can indicate the condition of the business.
- To investigate the details of certain business transactions, as outlined in the disclosures that accompany the statements.

financial statements: the four components



- The standard contents of a set of financial statements are:
- *Balance sheet*. Shows the entity's assets, liabilities, and stockholders' equity as of the report date. It does not show information that covers a span of time.
- *Income statement*. Shows the results of the entity's operations and financial activities for the reporting period. It includes revenues, expenses, gains, and losses.
- *Statement of cash flows*. Shows changes in the entity's cash flows during the reporting period.
- *Supplementary notes*. Includes explanations of various activities, additional detail on some accounts, and other items as mandated by the applicable accounting framework, such as GAAP or IFRS.



How to budget for startup success

- **1. A set budget helps you stay focused.**
- Calculating every cost in the present and future for a startup can be overwhelming, especially when there are unforeseeable expenses. However, mapping out specific costs (and, of course, setting aside funds for emergencies, too) is the best approach.
- “The exercise of thinking through what will be required before beginning a project (i.e., counting the cost)

- It's not just about estimating expenses either; it can end up shaping the strategy of the whole company.”
- From staffing to machinery, entrepreneurs should estimate their startup budget. Having a set budget maintains focus on what or what not to spend, reinforces the startup’s progress and perseveres toward the end goal.

- **2. It's OK to adjust your budget but stick to it.**
- Because life doesn't always allow people to stick to their intended goal, flexibility is key. Sometimes startup owners need to readjust their budget more than once, and that's OK. But it's also best to readjust focus and keep the budget in mind.

- Creating a startup budget is a dynamic process that fluctuates as much as the initial goal and company do. However, adjusting the budget is just as important as sticking to the original plan. Be open to change, but remember to stick to the revamped budget.

- **3. Avoid a half-built business.**
- Running out of funds is one of the worst repercussions when an entrepreneur doesn't set or stick to his or her budget. Half-built businesses aren't worth much to the entrepreneur or business world, so prioritizing costs helps avoid this doomed scenario.
- "The obvious consequence of failing to make a budget is the increased probability of running out of resources to meet your objective, like ending up with a half-built house,"

- **4. Don't dig yourself into a debt hole.**
- Having an unlimited startup budget may seem like an ingenious idea at the time, but startup owners will dig themselves into an abysmal debt hole in the end. Businesses that set a realistic budget steer clear of that trap.
- A startup business may flourish while accruing debt, but success and profitability diminish once that debt needs to be reimbursed. Calculate each expense more than once, and determine what should be the startup's best (and most realistic) budget. It's better to catch costly expenses in the beginning rather than in the end when swimming in a pool of debt.

Bootstrapping and alternative sources of funding



- Starting a business with little capital or formal investment
- Using your own finances (savings, credit card, loans) or 'friends, family and fools'
- Selling your time/expertise on the side (consulting)
- Selling an early product to fund company development
- Leveraging other sources of funding (government grants, crowd funding)

- Bootstrapping is the only option for companies that won't grow quickly or provide a significant ROI to investors
- Even companies who will get investment later may need to reach certain milestones/levels of traction on their own first
- Some entrepreneurs choose to bootstrap to maintain control/full ownership over their company
- Forces you to focus on priorities and leverage what you have (time, expertise, money)

Crowd funding

- Crowd funding is by definition, “the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet.”
- Donation based
- Reward based
- Equity Based

Crowd funding companies



Government Grants



A public subsidy offered to a recipient for business or personal purposes. The subsidy is not expected to be paid back, and may be used for research, business development, education or other endeavors that are anticipated to support a common cause. The grant offering typically includes conditions that must be met, such as reporting performance or results.



Informal capital– Friends & Family

- Raising an amount from your family members and friends is a very common platform of raising money.
- It is one of the most common forms of startup funding out there. Banks and independent investors might not want to risk money on you. But those who are close to you and believe in you might be willing to take a chance on your fledgling business.

ROLE OF GOVERNMENT IN ENTREPRENEURIAL DEVELOPMENT

OVERVIEW

- ◉ Creates conducive business environment.
- ◉ Promote financial help via Venture capitals, Angel Investors and business houses.
- ◉ Promoting establishment of incubators.
- ◉ Develop 'Entrepreneurial Ecosystem.'

Government
Policies



Entrepreneurship



Economic
Development

GLOBAL ENTREPRENEURSHIP MONITOR



Financing

The availability of financial resources—equity and debt—for Small Medium Enterprises (SMEs) (including grants and subsidies).

Government Policy

The extent to which public policies give support to entrepreneurship. This EFC has two components:
2a. Entrepreneurship as a relevant economic issue and
2b. Taxes or regulations are either size-neutral or encourage entrepreneurs' new and SMEs.

Government Programmes

The presence and quality of programmes directly assisting SMEs at all levels (government—national, regional, municipal)

Entrepreneurship Education and Training

- The extent to which training in creating or managing SMEs is incorporated within the education and training system at all levels. This EFC has two components:
- 4a. Entrepreneurship education at basic school (primary and secondary) and
- 4b. Entrepreneurship education at post-secondary levels (higher education such as vocational, college, business schools, etc.).

R&D Transfer		<ul style="list-style-type: none">• The extent to which national research and development will lead to new commercial uses and is available to SMEs.
Commercial and Legal Infrastructure		<ul style="list-style-type: none">• Commercial and legal infrastructure. The presence of property rights, commercial, accounting and other legal and assessment services and institutions that support or promote SMEs.
Entry Regulation		<ul style="list-style-type: none">• Entry regulation. Contains two components:• 7a. Market dynamics: the level of change in markets from year to year, and• 7b. Market openness: the extent to which new firms are free to enter existing markets.
Physical Infrastructure		<ul style="list-style-type: none">• Ease of access to physical resources—communication, utilities, transportation, land or space—at a price that does not discriminate against SMEs.
Cultural and Social Norms		<ul style="list-style-type: none">• The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income.

Source: GEM Model for National Expert Survey

CONSTRAINTS AND ENABLERS

- ◉ Constraints:

- Government Regulation and Policies.
- Entrepreneurial Education.
- Transfer and Commercialisation of R&D.

- ◉ Enablers:

- Commercial Infrastructure
- Market Dynamics
- Ease of Access To Physical Infrastructure
- Cultural and Social Norms

-National Experts Survey

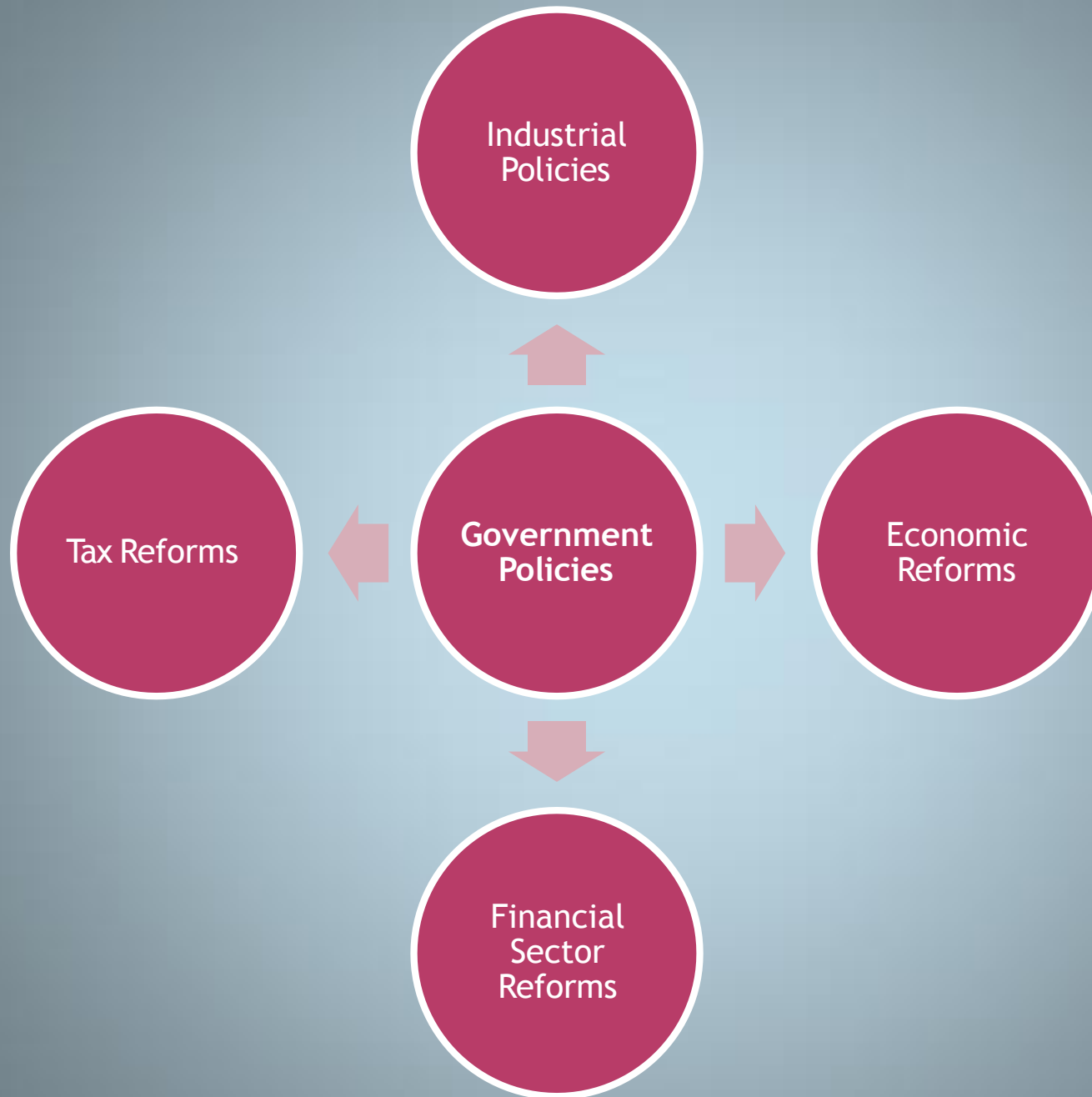
IDEAL ROLE FOR THE GOVERNMENT

- ◉ Be the enabler and enable:
 - infrastructure
 - easy taxation
 - fund raising
 - research.
- ◉ Attract Investments.
- ◉ Business-friendly laws and a functional, streamlined court system.
- ◉ Avoid regulations like licensing requirements that discourage innovation.

GOVERNMENT POLICIES AND THEIR EFFECTS

WHY SHOULD GOVERNMENT PROMOTE ENTREPRENEURSHIP?

- ◉ Attainment of Economic Development
- ◉ Create Large Scale Employment Opportunities
- ◉ Promote Balanced Regional Development
- ◉ Reduce Concentration of Economic Power



MSME SECTOR

- ◉ Micro, small and medium Enterprises
- ◉ Schemes for establishing and developing enterprises:
 - PM Employment Generation Programme.
 - Credit Guarantee Trust Fund for Micro & Small Enterprises
 - Credit Linked Capital Subsidy Scheme (For Tech Upgradation)
 - SFURTI- Scheme for Funding of Regeneration of Traditional Industries
 - Micro and Small Enterprises-Cluster Development Programme

EASE OF DOING BUSINESS

◉ Major Steps:

- ◉ Online and Single Window Systems
- ◉ Facilitation Cells and Incubators
- ◉ Unified Portals for registrations
- ◉ Introduction of Individual State Ranking
- ◉ Requirement of only three documents for import and export.

◉ Budget 2016-2017:

- ◉ Proposed amendment in Companies Act to improve enabling environment for start-ups.
- ◉ ‘Ek Bharat Shreshtha Bharat’: connect people through exchanges in varied areas, including trade.

MAKE IN INDIA

- ◉ Launched in September, 2014
- ◉ To boost Entrepreneurship, in manufacturing and also in infrastructure and service sectors.
- ◉ Vision: Attract Capital and Technological Investment
- ◉ Objective: Job Creation and Skill Enhancement in 25 key sectors of economy.

MAKE IN INDIA

○ Key Policies:

- Ease of doing business
- Getting away with archaic laws
- 100 Smart Cities
- Disinvestment from PSUs.
- Skills and Jobs for youth, etc.

○ Major Challenges:

- Creating healthy business environment
- Removal of unfavourable factors
- Lack of world class R&D
- More focus on MSMEs

MAKE IN INDIA

○ Four pillars of Make In India:

- New Processes
- New Infrastructure
- New Sectors
- New Mindsets

○ Major Steps:

- Invest India: National Investment Promotion and Facilitation Agency
- Investment Facilitation Cell
- Start-up India: To boost entrepreneurship
- Atal Innovation Mission (AIM): Innovation Promotion Platform
- Self-Employment and Talent Utilization (SETU): Techno-Financial, incubation and facilitation programme.

MAKE IN INDIA

- For supporting financial needs of small and medium enterprise sector and promoting start-ups and entrepreneurship:
 - India Aspiration Fund under SIDBI: for VC Funding to MSME
 - SIDBI Make In India Loan For Small Enterprises (SMILE): Quasi-equity and term based short-term loans, on liberal terms.
 - Micro Units Development Refinance Agency (MUDRA) Bank: Development and Refinance to Micro-Units.

START-UP INDIA

- ◉ Aims: Turn India's youths from 'Job seekers to job creators.'
- ◉ Major Features:
 - ◉ Start-up India Hub
 - ◉ Mobile App and Portal
 - ◉ Promotion of awareness regarding Intellectual Property Rights
 - ◉ Providing funding support
 - ◉ Income Tax exemption for 3 years
 - ◉ Build innovation centres at national institutes

3. FINANCIAL SECTOR REFORMS

- ◉ During 2015-2016
- ◉ **Insolvency and Bankruptcy Code, 2015 (Bill):** seeks to amend laws relating to reorganisation and insolvency resolutions of corporate firms, partnership firms and individuals in a time bound manner.

Objectives:

- Maximize the asset value of insolvent and bankrupt firms.
- Promote entrepreneurship and availability of credit.
- Establishing an Insolvency and Bankruptcy Fund.

4. TAX REFORMS: GST

- Implemented in July, 2017.
- One Nation- One Tax
- Uniform GST registration.
- Subsume all indirect taxes at Centre and State level.
- Increase productivity through ease of doing business.
- Reducing economic distortions.

CONTD.

- State and Central taxes subsumed into GST are:
 - VAT
 - Purchase Tax
 - Octroi & Entry Tax
 - State Cesses/Surcharges
 - Central excise duty
 - Central sales tax.

The government is new, but not the country. Not the entrepreneurs. Policies last longer than government and we need more clock-builders than time-tellers.



SKILL INDIA: MEETING THE CHALLENGES



A National Perspective

**Ministry of Skill Development &
Entrepreneurship**

21.07.2017

The SkillsChallenge: Demand Side

- Incremental human resource requirement between 2013-2022 109.73 million

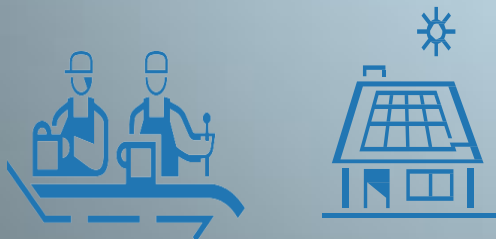


- 24 high growth sectors

HR Requirement



109.73 million



**What can be
done to
promote NANO
Business ?**

Systemic Challenges



Policy

Vocational training lacks aspiration and advocacy

Lack of synergy between education and skills



Quality

Limited funding opportunities

Non conformity to international standards



Organizational

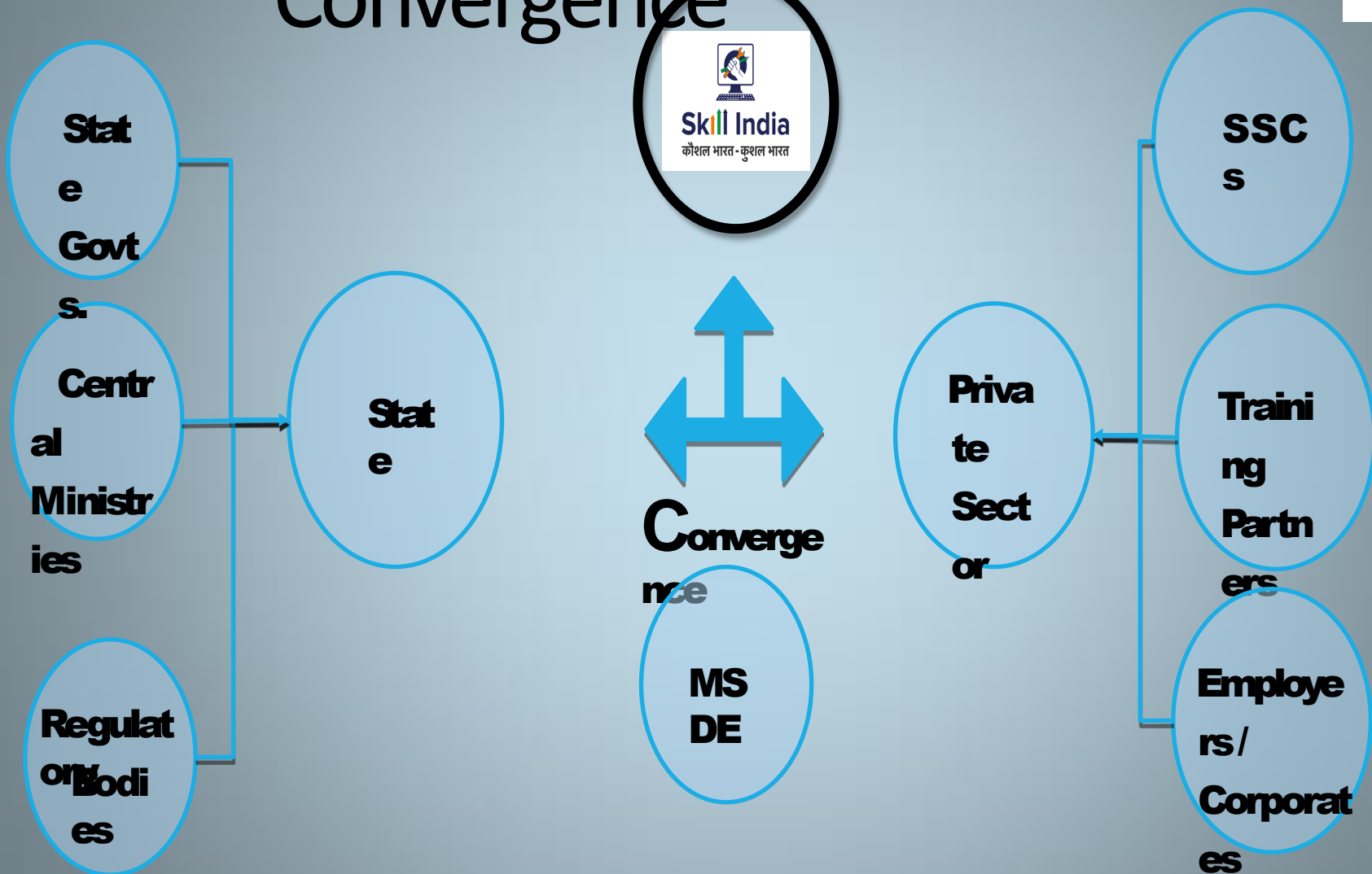
Acute shortage of training
Lack of inclusivity and geographical inequity



Role of the State in Skill Development

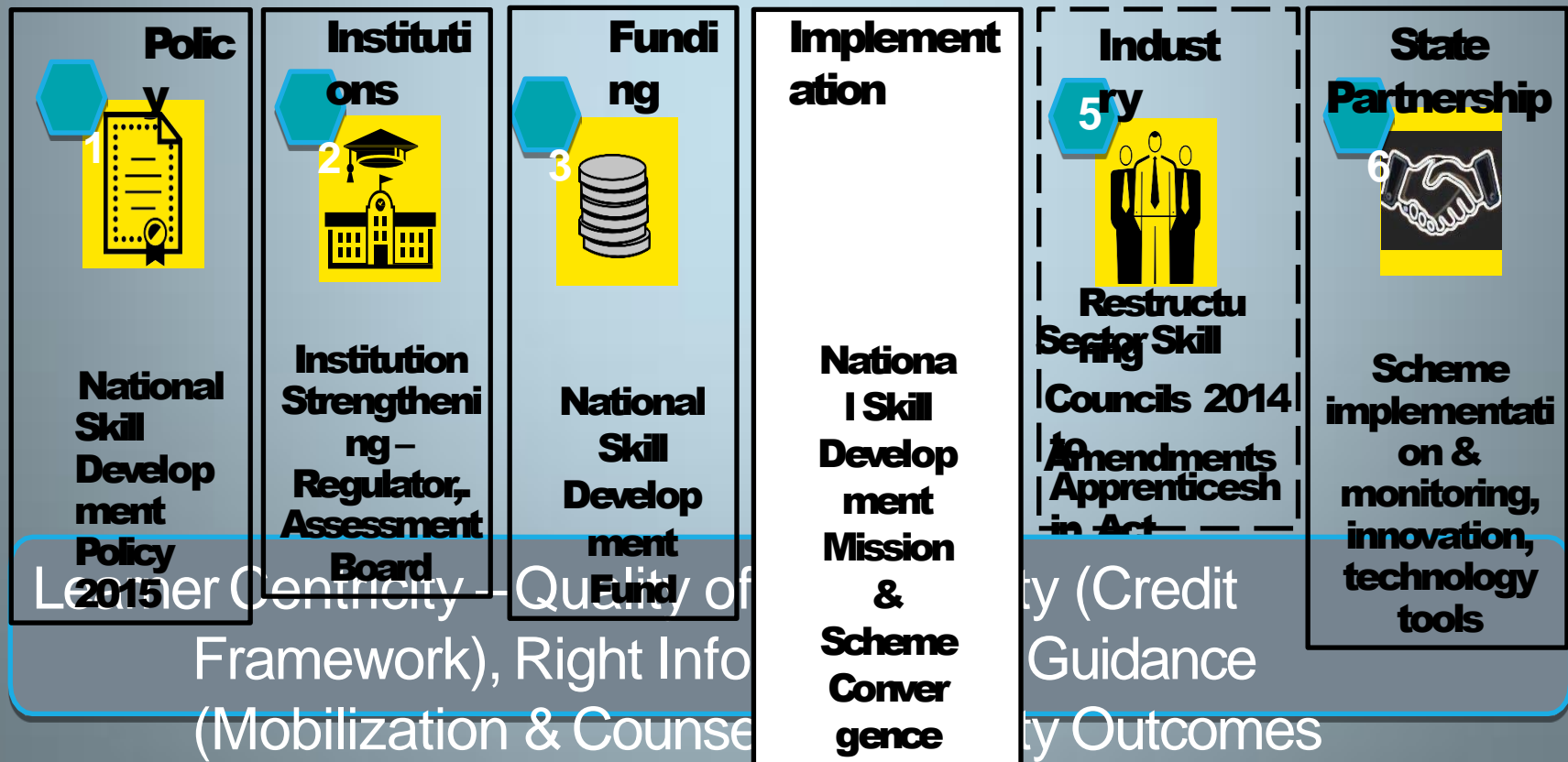
- **How can MSDE address these challenges?**
- **Should MSDE be an Implementer or **Enabler**?**

Collaboration for Convergence



Enabling Skill Development

Effective Competency Based Skill Development Ecosystem



Policy

Interventions

1

**National Policy for
Skill Development &
Entrepreneurship**

2

**Amendments to
Apprenticeship Act**

3

**National Skill
Development
Mission**

4

Common Norms

**Policy Interventions in
pipeline**

**Skills Acquisition and
Knowledge Awareness
for Livelihood Promotion
(SANKALP)**

5 Pillars of Skill Development

Effective Competency Based Skill
Development Ecosystem

Standard
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Quality
Capaci

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Certificat
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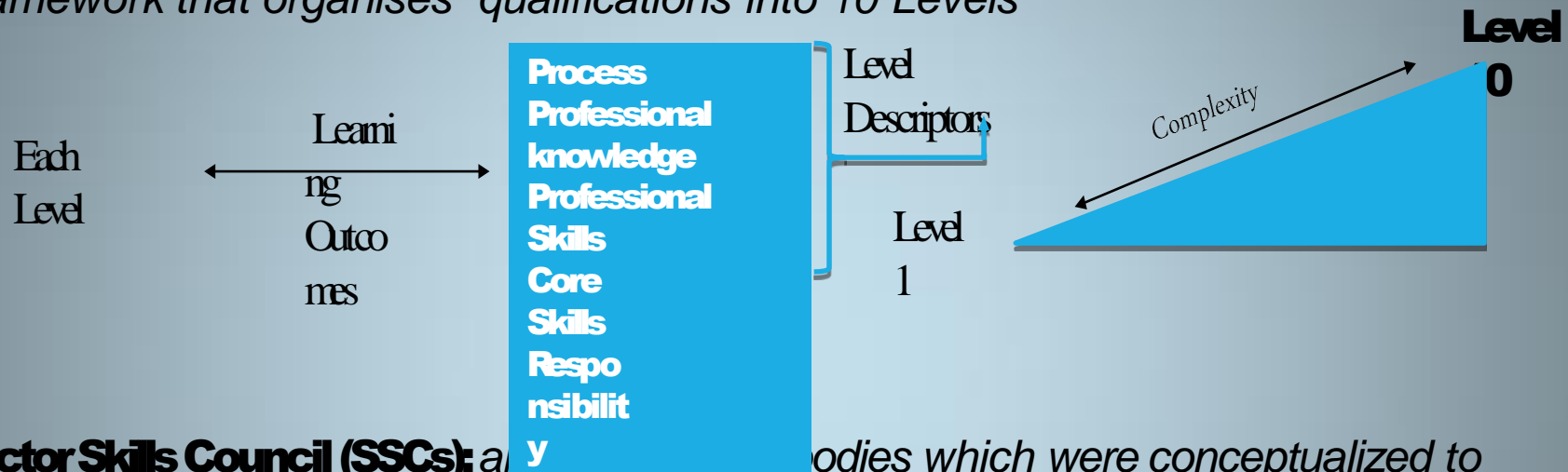
Placem
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try

Standards

(1/2)

National Skills Qualification Framework: Competency-based framework that organises qualifications into 10 Levels



Sector Skills Council (SSCs): are industry bodies which were conceptualized to transform the supply driven system to a demand-responsive system.

38 SSCs
450 Corporate Representative In Governing Council



National Occupational Standard (NOS): define the measurable performance outcomes required from an individual engaged in a particular job role

NOSs corresponding to these Job Roles form - Qualification Pack (QP)

Training Capacity



NSDC funding Private Training Partner

Govt. Supported Model

Market determined model

Government Supported Model

Aspirational job roles

Job roles: low aspiration

Willingness to Pay

Inability to pay



NSDC provides loan for creating infrastructure



Fee

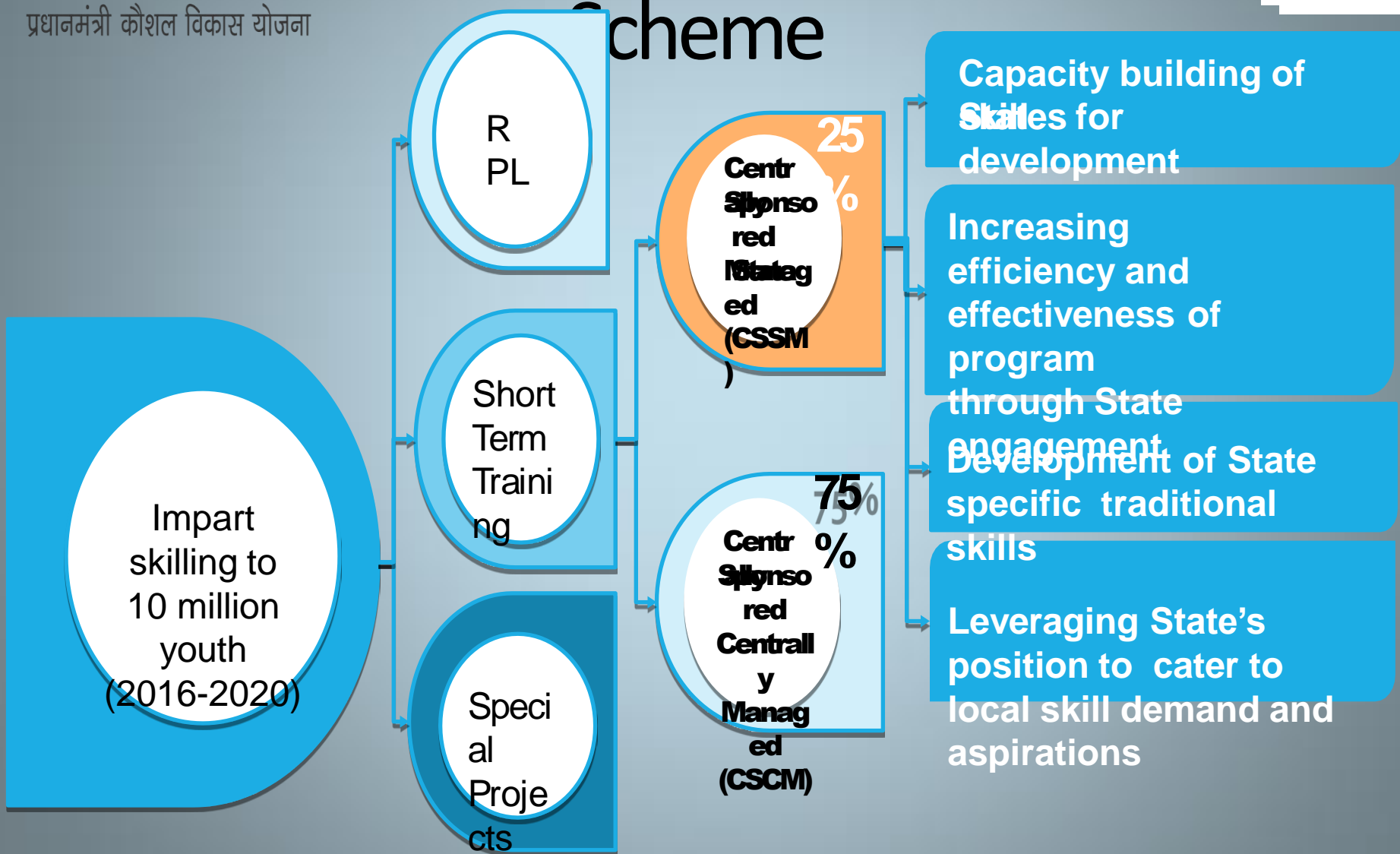


as Hybrid Model

NSDC provides fee sponsorship
NSDC provides Loan for Infra

Training Partner
PMKVY

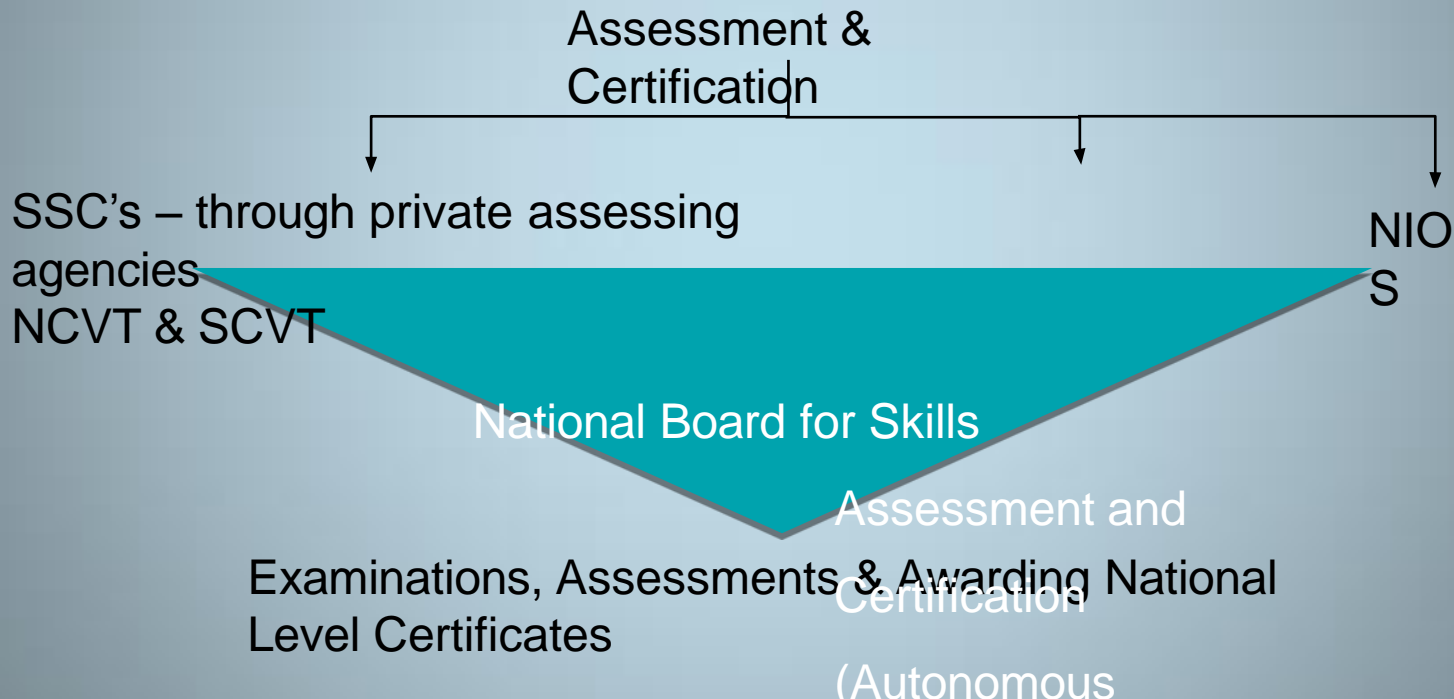
MSDE's Flagship Scheme



Assessment & Certification

Competency Based Skill
Development Prog.

Industrial Training
Institutes



International Certification & Assessment body for International Placement

Job Linkages

Competency Based Skill
Development Prog.

Industrial Training
Institutes

Employment

Training Partners
through SSCs
- Rozdar Mela/
Employers

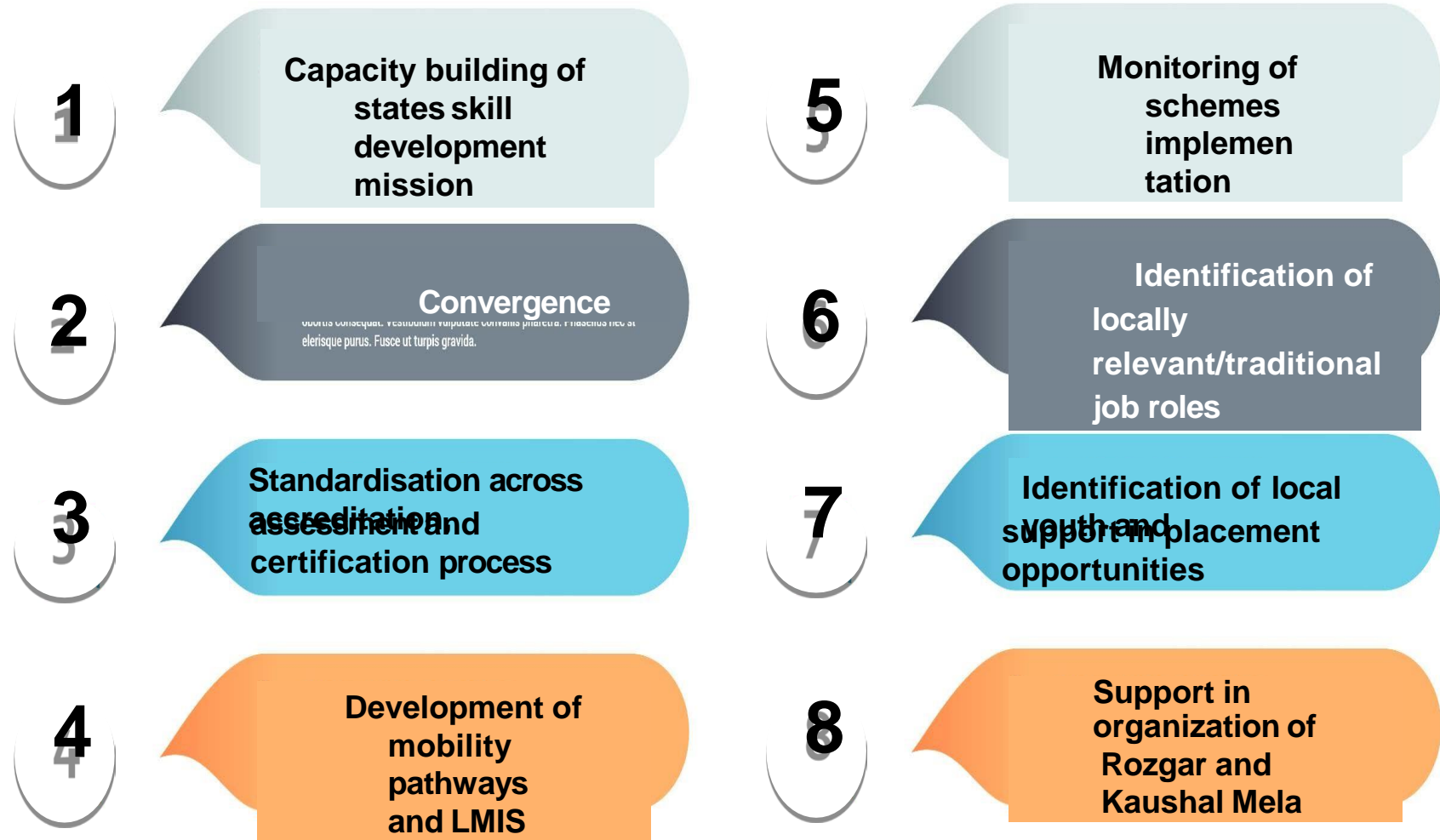
ITIs through Training &
Placement Cells and
through Apprenticeship

Integration of Apprenticeship in Short
Term Skilling

PMKVY – Apprenticeship
Hybrid Model

LMS – Labour Market Information System

Increasing role of



Various schemes - PMEGP, CGTMSE,
MPDA, SFURTI.



Prime Minister Employment Generation Program (PMEGP)



- Credit Linked subsidy scheme
- Implemented through KVIC and DICs
- Helps in establishing new self-employment ventures/projects and micro enterprises
- The objective is to bring together rural and urban artisans and unemployed youth(>18yrs. of age) and give them opportunities to start their own businesses, thereby preventing migration.
- assistance of upto 25 lakhs for manufacturing enterprise and 10 lakhs for service sector During year 2015-16 ~2 lakh employments generated and Rs.631Cr. of subsidy utilized.

CGTMSE,



- **GOI and SIDBI jointly set up Credit Guarantee Fund Trust**
- **for Small Industries(CGTSI) in 2000.**
- **Credit Guarantee Fund Trust for Micro & Small Enterprises**
- **(CGTMSE) wef 2nd July 2007.**
- **‘Zero’ risk weight for guarantee cover available.**
- **NPA Accounts, no provisioning for cover portion.**
- **In NPA account claim settlement to the extent of 75% of**
- **eligible amount is Immediate within 30 days.**

Market Promotion and Development Assistance (MPDA)



- Market development assistance scheme of KVIC has been modified to Market Promotion and Development Scheme is formulated as unified scheme by merging different schemes and sub-schemes of the 11th – Plan, namely Market development assistance, publicity, marketing and market promotion and adds a new component of infrastructure(inclusive of new component of Marketing Complex/Khadi Plaza)
- The existing MDA scheme , had subsidy @ 20% on production value of Khadi be distributed among producing institutions (30%), selling institutions (45%) and artisans (25%). The Modified MDA shall be at 30% of the Prime Cost and shall be distributed amongst producing institutions (20%), selling institutions (40%) and artisans (40%)
- Assistance for visiting and exhibiting in trade fairs domestic as well as international is also provided

Scheme of Fund for Regeneration of Traditional Industries(SFURTI)



- SFURTI is a Scheme of Fund for Regeneration of Traditional Industries .
- Ministry of MSME has launched this scheme in the year 2005 with the view to promote Cluster development. KVIC is the nodal Agency for promotion of Cluster development for Khadi as well as for V.I. products.
- As on date, a no. of 76 Clusters have come up as per the scheme and many of these clusters have been completed.
- The scheme has been evaluated by Professional Agency and it has rated the programme as successful.
- Ministry of Micro Small and Medium Enterprises, Govt. of India, has issued Revamped SFURTI Guidelines, vide letter No.4(25)/2012-KVI-I(Part-III) dated 1st August, 2014 for development of clusters under the scheme of Revamped SFURTI programme, which will develop three types of cluster programme.
- The Revamped SFURTI Cluster will intensify the sustainability of the programme beyond the project period through creation of Special Purpose Vehicle (SPV) or deemed SPV. Further, the revamped guideline has added many new features for all round development of SFURTI clusters

Role of Ministry of Skill Development & Entrepreneurship (**MSDE**)



PMKVY

A blurred image of the Indian national flag (Tiranga) is positioned on the left side of the slide, showing the saffron, white, and green horizontal stripes and the Ashoka Chakra in the center.

Introduction

- **Pradhan Mantri Kaushal Vikas Yojana** is a unique initiative by the Government of India that aims to offer 24 lakh Indian youth meaningful, industry relevant, skill based training.
- Under this scheme, the trainees will be offered a financial reward and a government certification on successful completion of training and assessment, which will help them in securing a job for a better future.



Features



Direct Fund Transfer

Demand-driven targets

Target aligned to national flagship programmes and regions

Enhanced monitoring

Recognition of prior learning (RPL)

Variable amount of monetary reward



SANKALP

- Skills Acquisition and Knowledge Awareness for Livelihood (SANKALP) is an outcome-oriented programme of Ministry of Skill Development & Entrepreneurship (MSDE) with a special focus on decentralised planning and quality improvement.
- It is a **Centrally Sponsored Scheme** which is collaborated with the World Bank.
- It aims to implement the mandate of the National Skill Development Mission (NSDM).

- The main objectives of the scheme are:
 - **Convergence:** Creating convergence among all skill training activities, both State-led and Government of India funded, at the state level.
 - **Quality:** Improving the quality of skill development programs through building a pool of quality trainers, developing model curriculum and content, and standardizing assessment and certification.
 - **Evaluation System:** Establishing a robust monitoring and evaluation system for skill training programs.
 - **Inclusiveness & Opportunity:** Providing access to skill training opportunities to the disadvantaged sections. Creating industry-led and demand-driven skill training capacity.

STAR



- The National Skill Certification and Monetary Reward Scheme, known as STAR (Standard Training Assessment and Reward), was operational between August 2013 and September 2014.
- NSDC is the designated implementing agency of the scheme and is working through various Sector Skill Councils (SSCs), Training Providers (TPs) and independent Assessment Agencies (AAs).



They have seven training courses

- Agriculture
- Health
- Automation
- Construction
- Plumbing
- Telecom
- Security

Crowd funding

- Crowd Funding is an internet-inspired means of raising money from the mass market, for a project or business.
- “A continuous and growing series of virtual on-line auction houses, matching borrowers and lenders; investors and investees; and donors and donees”.

Crowd funding History

- Crowd funding has its origins in the concept of crowd sourcing, which is the broader concept of an individual reaching a goal by receiving and leveraging small contributions from many by receiving and leveraging small contributions from many parties.
- Crowd funding is the application of this concept. y Hence, Crowd funding, a popular concept started in the US and the UK , is an emerging way of raising capital, through the use of internet or social networking sites such as Facebook or LinkedIn or Twitter or even some dedicated websites.

Crowd funding : Parties

- Crowd funding : Parties Three parties are involved namely Project Campaigner or Entrepreneur, Website Plat former, and Crowd or Investor as to constitute the business of crowd funding.
- Whereas the role of Website Plat former is to bring the other Parties jointly and meet together.

How to Crowd fund Your Project

- Many projects fail because their product prototype isn't impressive to attract crowd. Here are a few points that One (Borrower; Investees; Donees) should consider before launching One's crowd funding drive:
- Choose a platform or to create an online profile
- Get your content ready and explain your project

- Create Interest for fund raising goals
- Get payments right
- Share the same with public at large including your peers Share the same with public at large, including your peers, relatives, friends of friends, and so forth.

What are the different crowdfunding models?

EQUITY-BASED

For financial return

Sale of registered security by mostly early-stage firms to investors.

REWARD-BASED

For non-monetary rewards

Donors have an expectation that recipients will provide a tangible (but non-financial) reward or product in exchange for their contribution.

LENDING-BASED

For financial return

Debt-based transactions between individuals. Mostly unsecured personal loans.

DONATION-BASED

For philanthropy or sponsorship

No legally binding financial obligation incurred by recipient to donor; no financial or material returns are expected by the donor.



Venture capital

- Money provided by investors to startup firms and small businesses with perceived long-term growth potential.

Features of Venture Capital



- Long-time horizon
- Lack of liquidity
- High risk
- High-tech
- Equity participation and capital gains
- Participation in management

Advantages

- They can provide large sum of equity finance
- Able to bring wealth and expertise to your company
- Easier to secure future funding from other sources
- The business is not obligated to repay the money

Disadvantage

- Lengthy and complex process (needs detailed
- business plan, financial projections and etc.)
- • In the deal negotiation stage, you will have to
- pay for legal and accounting fees
- • Investors become part owners of your
- business - founder loss of autonomy or control

Private Equity

- [?] Private equity consists of investors and funds that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity.
- [?] Capital for private equity is raised from retail and institutional investors, and can be used to fund new technologies, expand working capital within an owned company, make acquisitions, or to strengthen a balance sheet.



Financing Mix

- **Financial** structure refers to the **mix** of debt and equity that a company uses to finance its operations. This composition directly affects the risk and value of the associated business.

- Using debt
- Debt can take many forms, but for most entrepreneurs, it will take the form of bank loans or loans from friends and family.
- The main advantage of financing your business through debt is that your ownership interest doesn't get diluted. There are also tax advantages to using debt to finance your business. You can deduct the interest charged on the money you borrowed from your

- Debt can be a good way to add discipline to your management team. That's because you'll have to make sure you're managing the company in such a way as to have enough money available to pay your obligations.
- The risks of using debt financing
- If your business cannot meet your debt obligations, you risk bankruptcy and losing the capital you or your investors have injected into the company.
- Using debt may also reduce your ability to

- Using equity
- For entrepreneurs, equity usually takes the form of owners investing their savings into the business. Some businesses might also be able to attract private investors such as angel investors and venture capital or private equity funds.
- The main advantage of using **equity financing** is that you don't have to repay it. This makes equity financing a much safer choice than debt financing with respect to the risk of bankruptcy.
- And since you don't have to use your cash flow to



Financing continuum shareholding-

- **Financial** stability is defined in terms of its ability to facilitate and enhance **economic** processes, manage risks, and absorb shocks.
Moreover, **financial** stability is considered a **continuum**: changeable over time and consistent with multiple combinations of the constituent elements of **finance**.

- Cliff Vesting is a process where employees are entitled to the full benefits from their firm's qualified retirement plans and pension policies on a given date, as opposed to retirement plans where the employee's ownership of the funds vests gradually. In most cases, it is usually a four-year vesting schedule plan with a one-year cliff. Upon completing the cliff period, the employee receives full benefits, compared to a vesting schedule plan where the amount is released

- **Company Benefits and Cliff Vesting**
- A company that engages an employee can provide various benefits to the employee. The benefits range from pensions to retirement plans such as a 401(k) or 403(b), assets, or any other specified option. However, the vesting plan must meet the minimum vesting standards that the IRS stipulates.
- An acceptable agreement enables the employer to maintain a cordial relationship with the employee while rewarding loyalty. Such a scenario creates a win-win situation for both the employee and the employer. The employee gets a promise of getting some incentives after a given period, while the employer's targets are met and graded on a quantifiable scale. To achieve such high standards, the staff must demonstrate a genuine commitment, and the company in return must show constant support of employees.
-

Example (Cliff Vesting)



- Suppose Joe enters into a cliff vesting plan with his employer. He, therefore, accepts to get into a four-year contract with the company. In return, the company promises him 2400 units on successful completion of the first year. Then, the rest of the units will follow the vesting schedule plan of 50 units per year. Joe is satisfied, signs the contract, and sweats through the year. However, on the 11th month – almost through – the management decides, well, Joe is a hardworking employee, but it seems he is not channeling enough energy towards the organization's vision.

How Vesting Schedules Work



- The process of vesting schedules is locked inside the bubble of irrevocable rights over employer incentive during the duration of the employee's tenure with the company. Vesting rights may include stock or contributions made by the employer to the employee's retirement plan account or pension plan on a scheduled basis.

Example (Vesting Schedules)



- Company A employs a high valued worker named Joe, and the company plans to retain him. To achieve this, the company must offer him an incentive to continue to provide his undeniably valuable contributions to the company's success. The company may decide to give Joe 2,400 restricted stock units on sign-up. Joe will also receive $1/48^{\text{th}}$ of his principal for the next four years as gratitude for his continuous support. Therefore, he will receive 50 units in the second, third and fourth year. However, if Joe decides to retire from the company in the wake of his third year, he will only get the accumulated second's year 50 units. The company will retain the remaining 100 units.
- This arrangement doesn't mean that when Joe is fully vested, he will withdraw his amount immediately. The contract is subject to regulations regarding withdrawals and and other factors.

Importance of Cliff Vesting



- For a startup company, cliff vesting provides a provision to offer vested benefits to its valuable employees. At the same time, the system allows time to vet staff before fully committing them into the system. It represents a gesture showing that the company is attaching value to its employees by giving back a token of the profits they've labored hard for – a substantial retirement benefit to start a new life or a pension plan to shine a bright sun ray to old age. Such a scenario offers irrefutable value to both stakeholders – the company and the employee.
- In the event of stock ownership, however

Relative importance of Operational Involvement



- The five main kinds of decision in each of these relate to:
- the processes by which goods and services are produced
- the quality of goods or services
- the quantity of goods or services (the capacity of operations)
- the stock of materials (inventory) needed to produce goods or services
- the management of human resources

The Pitch, Preparing for your investor presentation



- Startups frequently prepare a “pitch deck” to present their company to prospective angel or venture capital investors.
- The pitch deck typically consists of 15-20 slides in a PowerPoint presentation and is intended to showcase the company’s products, technology, and team to the investors.

- Raising capital from investors is difficult and time consuming. Therefore, it's crucial that a startup absolutely nails its investor pitch deck and articulates a compelling and interesting story.



Elements of the perfect investment pitch.

- Do convince the viewer of why the market opportunity is large.
- Do include visually interesting graphics and images.
- Do send the pitch deck in a PDF format to prospective investors in advance of a meeting. Don't force the investor to get it from Google Docs, Dropbox, or some other online service, as you are just putting up a barrier to the investor actually reading it.



- Do plan to have a demo of your product as part of the in-person presentation.
- Do tell a compelling, memorable, and interesting story that shows your passion for the business.
- Do show that you have more than just an idea, and that you have gotten early traction on developing the product, getting customers, or signing up partners.
- Do have a sound bite for investors to remember you by.
- Do use a consistent font size, color, and header title style throughout the slides.

What Are the Key Slides You Want In Your Investor Pitch Deck?



- You want your investor pitch deck to cover the following topics, roughly in the order set forth here and with titles along the lines of the following:
- Company Overview
- Mission/Vision of the Company
- The Team
- The Problem
- The Solution
- The Market Opportunity

- The Product
- The Customers
- The Technology
- The Competition
- Traction
- Business Model
- The Marketing Plan
- Financials
- The Ask

SNVM



Unit 4

- **Entrepreneurial Leadership:**

Building and managing the founder team,
Attracting and retaining the right people, The
Team - Board/Governance, The role of a
successful board, Different board models for
different ventures, How to assemble a board
of advisors, separating leadership from
management,

- Legal Matters- Organizational form— partnership, sole proprietorship, Tax, Legal expenses, hiring the service providers. Employee management and leadership in the workforce, Recruiting, selection and hiring, Hiring the first employee.



Separating Leadership From Management

WHAT IS LEADERSHIP?



A leader is one who inspires and motivates action; having a can-do personality and strong leadership skills is they key to leading the charge.

MANAGEMENT



Leadership And Management



- What is leadership, and what is the difference between leadership and management? In a nutshell, the difference is:
- Leadership is setting a new direction or vision for a group that they follow, ie: a leader is the spearhead for that new direction
- Management controls or directs people/resources in a group according to principles or values that have already been established.

- There is a lot of overlap between leadership and management. Often the two are part of the same role,
- because many leadership or management roles involve a combination of both - i.e. there is a continual
- adjustment of the direction (leadership) and controlling resources to pursue that direction
- (management).

- **Leadership development methods and tips**
- This leadership tips webpage is a general guide to modern ethical progressive leadership. See also the leadership theories article for explanations and summaries of the main **leadership theories**.

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- Explaining and understanding the nature of good leadership is probably easier than practicing it.
Good leadership requires deep human qualities, beyond conventional notions of authority.
- In the modern age good leaders are an enabling force, helping people and organizations to perform and develop, which implies that a sophisticated alignment be achieved - of people's needs, and the aims of the organization.

- The traditional concept of a leader being the directing chief at the top of a hierarchy is nowadays a very incomplete appreciation of what true leadership must be.
- Effective leadership does not necessarily require great technical or intellectual capacity. These attributes might help, but they are not pivotal.

Taxes

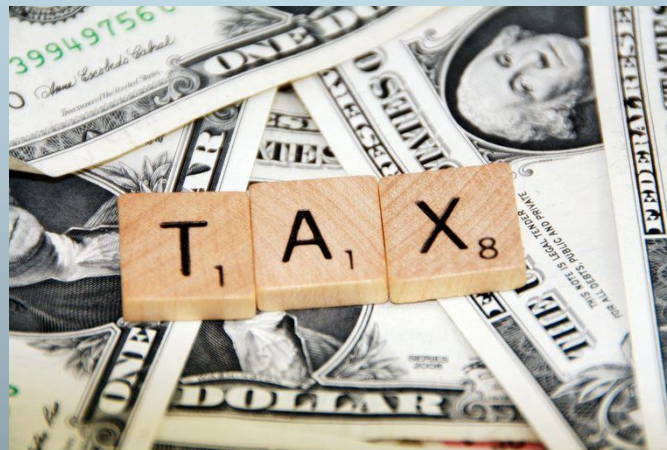


- Sole proprietorship

Income from business is taxed as personal income.

- Partnership

Partners pay only personal income tax.



Legal Matters- Organizational form



Partnership



- Legal Matters- Organizational form— partnership, sole proprietorship, Tax, Legal expenses, hiring the service providers.



Partnership

- Plurality of members: More than one person involve with the formation of partnership business.
- Contractual relation : The relationship of partners depends on contract among them.
- Legal business :The business must be legal in the eye of law. Two or more than two persons involve with the illegal business is not a partnership.
- Lawful business : The partnership business which must be legal in the eye of law.



- Earning and sharing profit: The profit which is earned from the partnership business must be shared among the partners according to the predetermine ratio.
- Mutual organization: This is the mutual organization where each and every member freely involves with the business.
- Mutual confidence and trust: Partnership business formed depends on mutual trust and confidence.

Legal Matters- Sole proprietorship



- This legal form is the simplest, providing maximum control and minimum government interference.
- Currently used by more than 75 percent of all businesses, it is often the suggested way for a new business that does not carry great personal liability threats. The owner simply needs to secure the necessary licenses, tax identification numbers, and certifications in his or her name, and you are now in business

Legal expenses



- Some of your early expenses will be to make your business a legal entity.
- This will involve working with your state to file and pay for a license to conduct business.
- If you will be doing business under a fictitious business name or an assumed name you will have to complete doing business as (DBA) paperwork.



hiring the service providers

- As the employer, a sole proprietor is responsible for filing taxes and proper administration for these hires.
- Some sole proprietors choose to use independent contractors.
- There are many reasons for this including less liability for the owner and greater flexibility in scheduling.
- With an independent contractor, the owner simply pays the agreed upon rate, and there is less bookkeeping involved. At the end of the year, however, the use of independent contractors is reported on tax returns and some insurance documents.

Employee management and leadership in the workforce



- Employee Management is a type of System which is a distributed application, developed to maintain the details of employees working in any organization.

- The EMS has been developed to override the problems prevailing in the practicing manual system.
- It maintains the information about the personal and official details of the employees.



Objective of EMS

- This project aims to simplify the task of maintaining records of the employees of Company.
- To develop an well-designed database to store employee information
- Provides full functional reports to management of Company.
- The objective of this project is to provide a comprehensive approach towards the management of employee information.



Advantage of EMS

- Helps in maintaining the computerized employee details.
- Calculate the salary.
- Easy attendance marking.
- Easy calculation of various leave in categories.
- Computerized Events & Requests Management.
- Create new users to the system accordingly.

Objectives of leadership in the workforce



- To define what is meant by leadership
- To examine the different styles of leaders in terms of their focus and nature
- To discuss the concept and measurement of leader effectiveness
- To apply the issues surrounding leader, leadership style and effectiveness of leaders to own experiences

Your experience of 'good leadership'!



- Think of someone who has held a position of leadership over you & whom you have been happy to work for
- What made them able to lead?
- What made them able to organize a group effectively?
- What made you happy in the group?
- What made you want to co-operate with the leader?



Key issues of leadership in work:

- What sort of leader can keep a group together?
- What sort of leader can make the group productive?
- What sort of leader can maintain a good deal of job satisfaction among the group members?



Leadership style - focus:

- Many different models of leadership style but common to all is the assumption that leadership behavior can be described in two main ways in relation to their focus:
 - Task-oriented
 - Relationship-oriented

Task-oriented focus:

- Manage task accomplishment
- Leader defines clearly & closely what subordinates should be doing, how they should be doing it & actively schedules work for them

Alternative terms for leadership style:



- ‘initiating structure’ versus ‘consideration’
(Fleishman, 1953)
- ‘production oriented’ versus ‘people-oriented’
(Blake & Mouton, 1964)
- ‘production centred’ versus ‘employee-centred’
(Likert, 1967)
- ‘task emphasis versus relations emphasis’ (Fiedler, 1967)
- ‘performance concern’ versus ‘maintenance concern’ (Misumi, 1985)

- Reflecting back on your experiences of ‘good leadership’.
- Was the person you were happy to work for ‘task-oriented’ or ‘people-oriented’?
- Do you think a good leader can be both?

Nature of leader's influence:



- **Democratic** – discuss possible projects; involve employees in decisions about tasks; give and explain feedback
- **Autocratic** – issue orders & tell employees what to do; do not invite opinions; sometimes praise or blame but no explanation of feedback
- **Laissez-faire** – leave employees to themselves after giving initial instructions; offer assistance only when asked; no praise or blame given

- Reflecting back on your experiences of ‘good leadership’.
- Did the person you were happy to work for have a autocratic , democratic or laissez faire nature?
- Do you experience any problems with categorizing your ‘good leader’ in this way?



Recruitment

Recruitment forms the first stage in the process, which continues with selection and ceases with placement of the candidate. Recruitment makes it possible to acquire the number and type of people necessary to ensure the continued operation of the organization.

Meaning and Definition:

In simple terms Recruitment is understood as a process for searching and obtaining applicants for jobs, from among the available recruits. A formal definition of Recruitment is:

- 1. Planning
- 2. Strategy Development
- 3. Searching
- 4. Screening
- 5. Evaluation and Control

1. Planning



The first stage in the Recruitment Process is planning. Planning involves the translation of likely job vacancies and information about the nature of these jobs into a set of objectives is targets that specify the number and type of applicants to be planned.

2. Strategy Development

- i. Make or Buy Employees
- ii. Technological Sophistication of recruitment and Selection Devices
- iii. Geographic distribution of labour markets comprising job seekers
- iv. Sources Of Recruitment
 - Internal sources
 - External sources



3.Searching

- i. Source Activation:** Source Activation takes place when a job vacancy exists in the organization. If the organization has planned and well and done a good job of developing its source and search methods, activation soon results in a flood of application.
- ii. Selling:** In selling the, both the Message and Media deserve attention in the organization. Message refers to the employment advertisements. Media refers to the source of any recruiting message. For example, Employment Exchanges, Advertises in Business magazines



4. Screening

The purpose of screening is to remove from the recruitment process at an early stage, those applicants who are visibly unqualified for the job. Effective screening can save a great deal of time and money. Care must be exercised to assure that potentially good employees are not lost.

5. Evaluating and control

It is necessary as considerable costs are incurred in the recruitment process. Statistical information should be gathered and evaluated to know the suitability of the recruitment process.



Selection

- **Selection has been regarded as the most important function of HR department. It ensures the organization that; it has right number, right kind of people at the right place and at the right time.**
- **Meaning and Definitions:**
“It is the process of differentiating between applicants in order to identify (and hire) those with the greater likelihood of success.”



Selection Process

- **1. Preliminary Interview**
- **2. Selection Tests**
- **3. Employment Interview**
- **4. Reference and Background Checks**
- **5. Selection Decision:**
- **6. Physical Examinations**
- **7. Job Offer**
- **8. Contract Of Employment**
- **9. Evaluation of Selection program**



1. Preliminary Interview:

The purpose of this interview is to scrutinize the applicants, i.e. elimination of unqualified applications.

2. Selection Tests:

Different types of selection tests may be administered, depending on the job and the company. Generally tests are used to determine the applicant's ability, aptitude, and personality.

3. Employment Interview:

The next step in the selection process is employment interview, an interview is conducted at the beginning, and at the selection process of the employment interview can be one- to-one interview or panel interview.

4. Reference and Background Checks:

Many employers request names, address, telephone numbers or references for the purpose to verify information and gaining additional background information of an applicant.

5. Selection Decision:

Selection decision is the most critical of all steps in selection process. The final decision has to be made from the pool of individuals who pass the tests, interviews and references checks.

6. Physical Examinations:

After selection decision and before the job offer is made, the candidate is required to undergo a physical fitness test. A job offer is often; contingent upon the candidate being declared fit after the physical examinations.

7. Job Offer:

The next step in selection process is job offer. Job offer is made rough a letter of appointment. Such a letter generally contains a date by which the appointee must report on duty

8. Contract Of Employment:

Basic information is written in Contract of employment that varies according to the levels of job. After the offer and acceptance of the job certain document is the attestation form.


9 Evaluation of Selection program:

The broad test of effectiveness of the selection process is a systematic evaluation .a periodic audit is conducted in the HR department that outlines and highlights the areas which need to be evaluated in the selection process



Hiring

- *The practice of finding, evaluating, and establishing a working relationship with future employees, interns, contractors or consultants*



An Independent Contractor		An Employee	
Operates under a business name		Performs duties dictated or controlled by others	
Has his/her own employees		Is given training for work to be done	
Maintains a separate business checking account		Works for only one employer	
Advertises his/her business' services			
Invoices for work completed			
Has more than one client			
Has own tools and sets own hours			
Keeps business records			

Hiring Effectively



1. Define the Job: duties, responsibilities, skillsets, and outcomes
2. Plan Your Employee Recruiting Strategy
3. Use a Checklist for Hiring New Employees
4. Recruit the Right Candidates When Hiring an Employee
5. Review Credentials and Applications Carefully
6. Prescreen Your Candidates
7. Ask the Right Job Interview Questions
8. Check Backgrounds and References
9. Consider Candidates that Complement your Team's Existing Strengths
10. Use Effective Employment Letters

Hiring the first employee



- You created a product or service, you started your business, and you finally began making a little money – now it's time to hire your first employees. Figuring out who those people should be, however, is easier said than done.

Chief executive officer (CEO) and chief operations officer (COO)



- Two of the most essential players in your business will be the CEO and COO. The CEO is typically the big-picture person who controls the company's direction, vision and culture, whereas the COO is primarily focused on the day-to-day operations to keep your business running.
- You can hire externally for these positions, but it is common for the founders of the company to assume these responsibilities. Tierra Wilson, strategic business consultant at Tierra Wilson & Co, recommended that you always start as the CEO of your business before hiring out. If you and your co-founder(s) already plan to take on these titles and responsibilities, look to hire the following five positions next.

Product manager



- The product manager will be your go-to on all things related to your products. This team member manages the product strategy, vision and development. They typically work closely with the engineering and marketing teams to create and market the product.

Chief technology officer (CTO) and VP of engineering hybrid



- A team member who specializes in technology and development is crucial to your business's success, especially for tech startups. Although you can hire freelance front-end and back-end engineers, it can be useful to have someone on your internal team to take charge of this sector. As your team grows, this role can be split into two separate positions.

Chief marketing officer (CMO) and community manager hybrid



- This team member will focus on your customers and how they view your product or service. Andrews said that hiring an expert with excellent marketing and promotional skills is essential to make sure your vision reaches a wide audience.
- "Find a marketing manager that is a jack of all trades," said Wilson. "Until you can scale, they should be able to write copy, design collateral, code landing pages, run ad campaigns and handle social media marketing."

Sales manager



- This team member will focus on generating new leads and bringing in money for your company. Wilson said startups and small business owners who master sales first last longer.
- "Hire an amazing sales rep or manager, and then use the money they bring in to hire more people," said Wilson. "This is probably the hardest position to hire for, but worth the time and effort to get the right person."

- **Unit 5**
Business Plan:



Need & Objectives, Target audience, Contents -
Cover page and table of contents, Executive
summary, Description of the current situation:
Basic company information, products/services,
management team,

business organization, future goals, vision, and
mission, Description of opportunity and market:
Who are the buyers, who are the competitors,
what are the competitive advantages of the
company? Description of the business model, the
marketing and sales strategy,



Basic facts on the financials: Cash flow projection (life line), income statement (bottom line/profit and loss), balance sheet (business health/assets, liabilities, etc.), funding requirements, Risk analysis and possible exit strategies. Conclusion and appendixes: Résumés, literature, technical descriptions. Executive summary. Elevator pitch, Building a strong presentation, innovative methods of presenting a business plan –mind map, animated videos, etc.

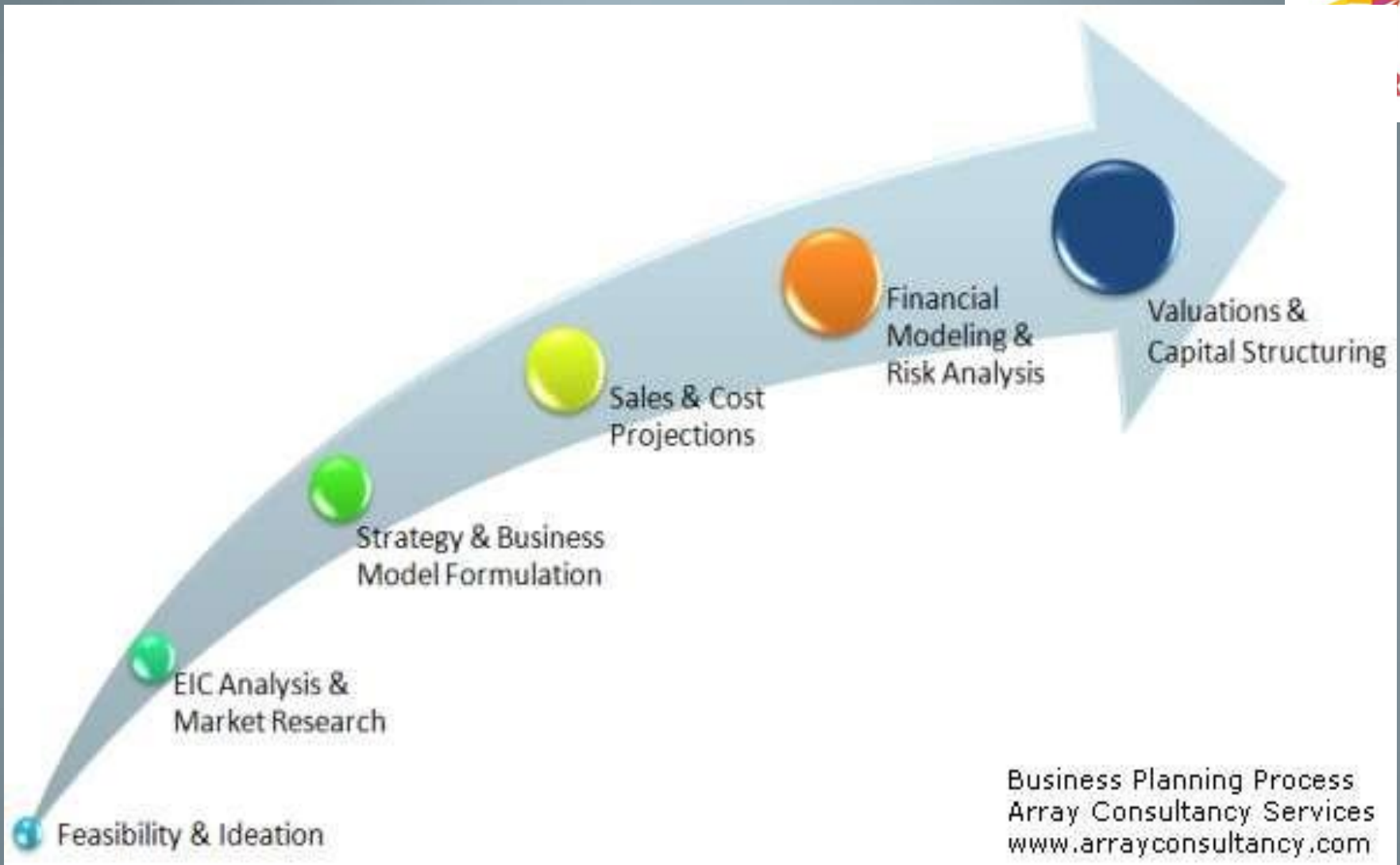
BUSINESS PLANNING PROCESS

Rajendran Ananda Krishnan



BUSINESS PLAN

- ❖ Business plan is a written document prepared by entrepreneur that describes all the relevant external and internal elements involved in starting new venture. It is an integration of functional plans such as marketing, finance , manufacturing and human resource plan.
- ❖ A business plan is a blue print of step by step process that would be followed to convert business idea into successful business venture.



OBJECTIVE OR IMPORTANCE OF BUSINESS PLAN



- ❖ To give direction to the vision formulated by the entrepreneur
- ❖ To objectively evaluate the prospectus of business
- ❖ To monitor the progress after implementing business plan
- ❖ To persuade others to join business
- ❖ To seek loans from financial institutions
- ❖ To visualize concept in terms of market availability, organizational, operational, and financial feasibility
- ❖ To guide entrepreneur in actual implementation of plan
- ❖ To identify actual strength and weakness of plan



- ❖ To identify challenges in terms of opportunities and threats from the external markets.
- ❖ To clarify ideas and identify gaps in management information about their business, competitors and market.
- ❖ To identify the resources that would be required to implement the plan
- ❖ To document ownership arrangements, future prospectus and projected growth of the business venture.

BUSINESS PLAN PROCESS



BUSINESS PLANNING PROCESS



❖ **Idea generation** : is the first step in the business planning process. This step differentiates entrepreneur from usual business. An entrepreneur may come up with new business idea or may bring in value addition to existing product in the market. Sources of new idea for entrepreneurs are :

- Consumers/ customers
- Existing companies
- Research and development
- Employees
- Dealers, retailers



❖ **Environmental scanning** : once the entrepreneur is through the idea generation stage, next entrepreneur is required to conduct environmental scanning which includes analyzing external and internal environment that affects business idea.

1. External environment comprises of :

- ❑ **Socio cultural appraisal** : it gives brief overview about the culture and tradition existing in society. It is comprised of values and beliefs of people which determines the acceptance of product by customer in the market.
- ❑ **Technological appraisal** : it assess various technological options available to convert an idea to product. It also provides an brief overview about technological updation.
- ❑ **Economic appraisal** : it assess the status of the society in terms of economic development, per capita income, national income, consumption pattern in the business.
- ❑ **Demographic appraisal** : it assess the population pattern of given geographic area. Which includes sex, age profile, distribution etc.



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- ❑ **Demographic appraisal** : it assess the population pattern of given geographic area. Which includes sex, age profile, distribution etc.
- ❑ **Government appraisal** : it assess the various legislation, policies, incentives formulated for particular industry. Flexibility of these rules determine ease for entrepreneur in terms of opening venture in particular area.



2. Internal environment :

- **Raw material** : it refers to in terms of availability of raw material required for the process of production. If the material availability is at distance place and is very expensive then entrepreneur should give second thought to the same.
- **Production/ operation** : it assess the availability of various machineries, equipments, tools and techniques that would be required for production.
- **Finance** : it studies total requirement of finance in terms of start up expenses, fixed expenses, running expenses etc.
- **Market** : refers to study on potential customer and target customers in market.
- **Human resource** : refers to demand and supply of required human resource in market and estimation of expenses to be incurred on human resource.



- ❖ **Feasibility analysis** : refers to conducting detailed analysis in relation to every aspect relevant to business and determining credibility of business.
- **Market analysis** : is conducted to estimate the demand and market share for proposed product and service in future. Demand and market analysis is based on factors like consumption pattern, availability of substitute goods and services etc.
- **Technical and operational analysis** : is to assess operational ability of proposed business enterprise. Technical or operational analysis collects data on following parameters :
 1. Material availability
 2. Material requirement planning
 3. Plant location
 4. Plant capacity
 5. Machinery and equipment.

- **Marketing plan** : lays down the strategies of marketing which can lead to success of business plan. Strategies are in terms of marketing mix which includes (product, price, place, promotion) which determines the potential demand of customers for product in the market.
- **Production plan / operational plan** : production plan is drafted for manufacturing sector where as operation plan is designed for business into service sector. It comprises of strategies on parameters such as location layout, cost, availability of material, human resource etc.
- **Organizational plan** : defines type of ownership pattern in company, sole trading concern, family business, private or public limited company etc.
- **Financial plan** : financial plan indicates the requirement of proposed business enterprise. Which includes fund flow, cash flow statement, break even point, projected ratio, projected balance sheet.



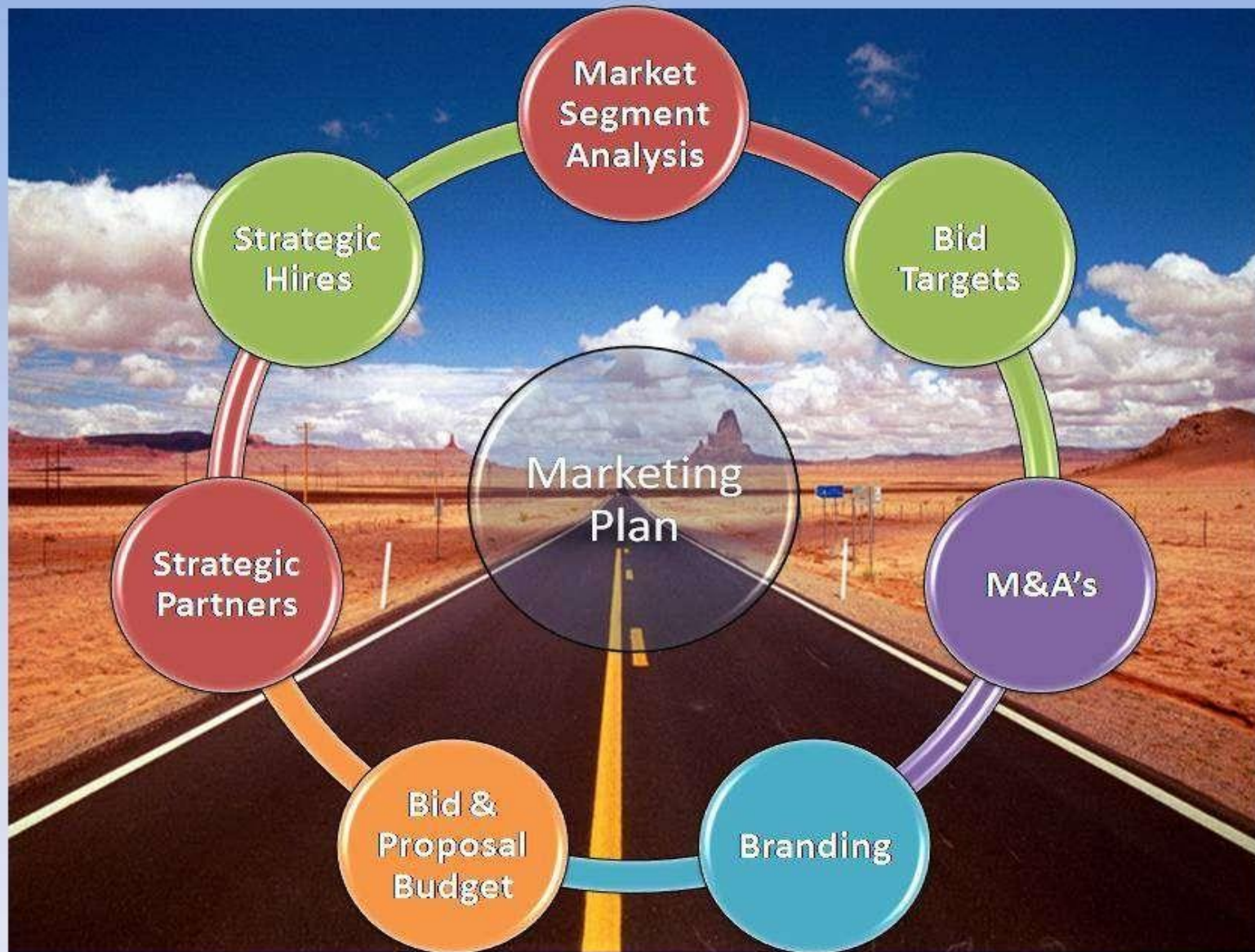


- ❖ **Project report preparation** : project report is a written document that describes step by step strategies involved in starting and running business.
- ❖ **Evaluation , control and review** : as company operates in dynamic environment company has to monitor and review strategies and policies to stay in line with competition existing in market.

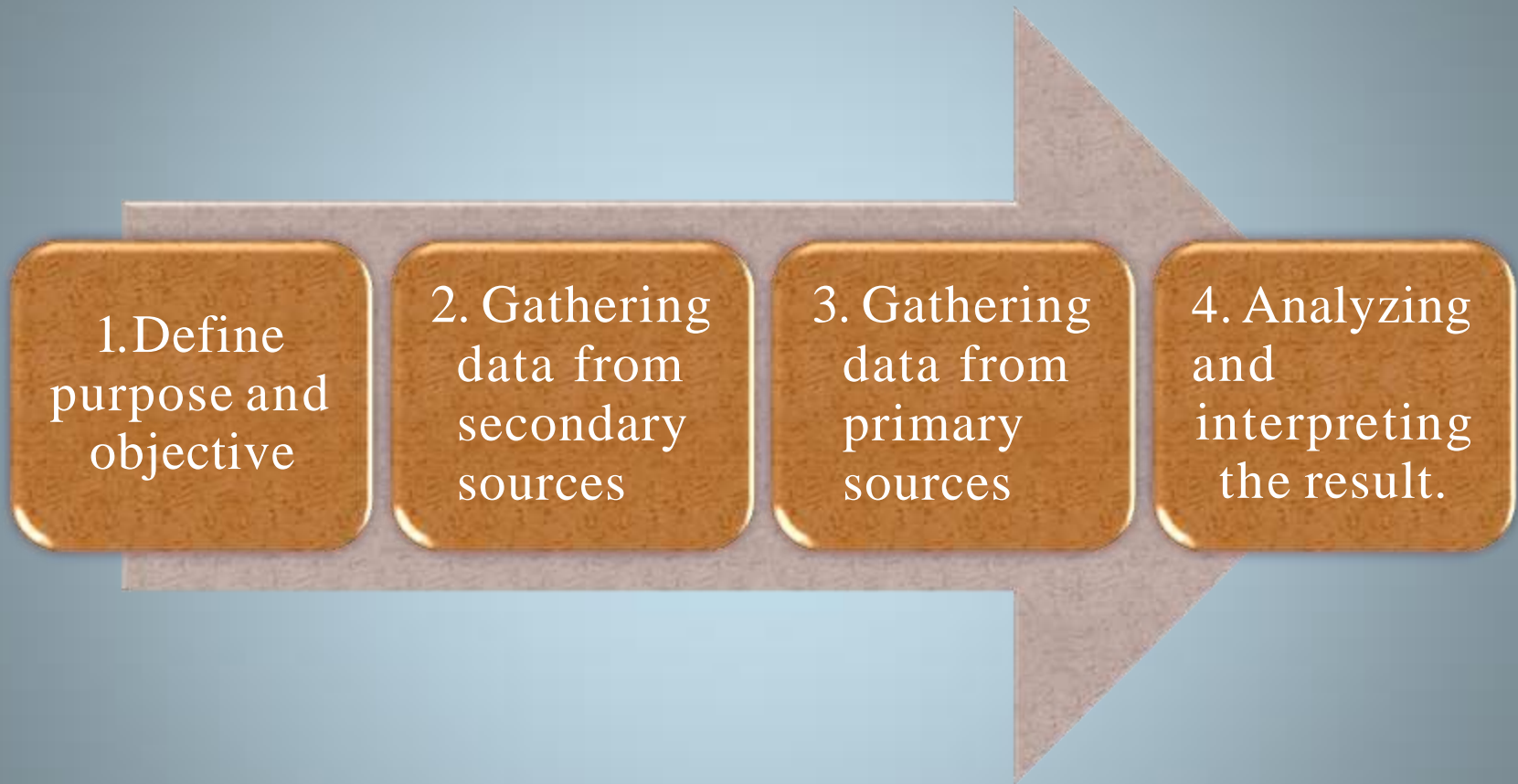
MARKET PLAN



- ❖ **Market plan** refers to plan that describes market condition and strategy related to how products and services will be distributed, priced and promoted in market.
- ❖ **INDUSTRY ANALYSIS** : prior to preparation of market plan entrepreneur are required to conduct industry analysis section of the business plan. Industry analysis provides information about national and local market that affection marketing operation of company. Industry analysis also involves collecting information about competitors which is available in form of secondary data by news papers, article, websites, catalogs, promotions, interview with distributors, customers etc.



STEPS INVOLVED IN MARKET RESEARCH



STEPS IN MARKETING RESEARCH



- ❖ **Defining the purpose or objective** : it refers to entrepreneur should be clear nature of information required by the business, sources through which required data will be collected, whether required data will be from primary or secondary source of information.
- ❖ **Gathering data from secondary sources** : secondary source of information refers to data available about competitors strategy and their position in the market. Required information on competitors is available through magazines, new papers, libraries etc.



- ❖ **Gathering information from primary source :** primary data required for market research is collected through methods such as observation, networking, interviewing, focus group, exhibition etc.
- ❖ **Analyzing and interpreting results :** results should be evaluated and interpreted depending on the objective of research process. Summarizing results will provide in preliminary insights about competitors market position and their image in competitive environment.

CHARACTERISTICS/ IMPORTANCE OF MARKET PLAN



- ❖ it should provide strategy for accomplishing the company mission and goal.
- ❖ It must provide for the use of existing resources and allocation of all equipment , financial resources, human resources in company.
- ❖ It should provide for continuity so that each annual marketing plan can successfully meet long term goals and objectives of company.
- ❖ It should be simple and specific in nature so as to provide appropriate road map in terms of planning market strategy for company.
- ❖ It should focus on criteria to be evaluated to assess market success of the company.

MARKET PLAN



<https://www.facebook.com/alwayslikethis>

STEPS IN PREPARING MARKET PLAN



1. **Defining business situation** refers to understand past and present business achievements of new venture. It give basic insight about scenario persisting in market, response of customers to new venture in market, and helps in predicting customer acceptance of company product in market.
2. **Defining target market** : target market refers to group of potential customers towards which venture aims its market plan. Knowledge of target market will provide basis for determining appropriate market action strategy to meet needs of customers. Target market also includes market segmentation which involves process of dividing market into definable and measurable groups for purpose of targeting market strategy.



3. **Considering strength and weakness** : strength of business refers to core areas which company is specialized in which may be abundance experience of company in similar area of business and weakness may be in terms of production capability, or layout which permits limited space for equipment and operation.
4. **Establishing goals and objectives** : marketing goals of the company should be clear and specific in nature as it has to clearly indicate about nature of product, target customers ,sales promotion , advertising support etc.



5. Defining market strategy and action program : it refers to specific activities outlined to meet the venture, business plan objectives and goals.

- a. Product and service : indicates description of product or service to be marketed in the new venture.
- b. Pricing : refers to price to be charged for product in market before which company is required to consider various aspects such as cost, margin , competition etc.
- c. Distribution : refers to means through which product will be made available to customer in market which involves decision relating to nature of product, distribution channel, middlemen etc.
- d. Promotion : refers to various channels through which entrepreneur will advertise company product to customers in market.



6. **Marketing strategy** : it involves understanding the nature of product and accordingly planning in for marketing product. Entrepreneur may market consumer product directly to customers while manufacturing products are to be sold to business than customers in market. Dell computers markets its products both to customers as well as business people.
7. **Budgeting marketing strategy** : after drafting marketing plan entrepreneur is required to estimate total expenses to be incurred in process of implementing market plan. Expense of marketing plan should be in line with planned expense of entrepreneur.



8.Implementation of market plan : market plan should be implemented in the company , should be informed to the workforce involved in marketing activity , it acts as guiding element to direct on strategies which will make marketing process effective.

9.Marketing progress of marketing actions : marketing of plan involves tracking specific results of marketing effort. Sales data of product, data gathered by market survey are few methods of monitoring progress of market plan.



PRODUCTION PLAN

- ❖ Production plan is the process of converting the input into output through a conversion process. The inputs are in the form of land, labour, raw material, machinery, capital and information. Transformation takes place through machinery in manufacturing unit and through employees skills in service sector.

Dimension of production plan

Plant
location

Plant
layout

Inventor
y
manage
ment

Monitori
ng stock
turn and
coverage

Quality
manage
ment
system

Total
quality
manage
ment

Budgetin
g
producti
on plan

DIMENSION TO BE COVERED WHILE DRAFTING PRODUCTION OR OPERATION PLAN

❖ **Plant location** : refers to geographic location where the infrastructure of company will be built and operations of the company will take place. Following aspects should be taken care of before choosing plant location :

- a. Vicinity to raw materials
- b. Availability of raw materials
- c. Availability of labour
- d. Proximity to market
- e. Climate condition
- f. Cost of location
- g. Tax, subsidies and loans



❖ **Plant layout** : is pattern in which space would be arranged in order to utilize the machinery, equipment, and manpower. Effective designing of plant layout reduces unnecessary movement of employees and helps in effective utilization of time and resources in company. Variables to be considered while planning plant layout :

- a. Space is utilized properly
- b. Proper light and ventilation in all the area of premises
- c. Ensure smooth flow of operation
- d. Supervision can be carried out in smooth manner
- e. There are provision for emergency exit
- f. There is flexibility to introduce changes in future



- ❖ **Inventory management** : inventory management refers to maintaining inventory in form of raw materials more than production requirement to meet future un predicted obligations.
- ❖ **Monitoring stock turn and coverage** : monitoring individual stock items will identify fast and slow movers depending on the industry.
- ❖ **Quality management system** : quality management refers to maintaining quality in terms of product produced in company. As customers these days are getting conscious about quality day by day maintaining quality standards in product will help in building company image and also build customer loyalty towards company.



- ❖ **Total quality management** : management focuses on perceptual enhancement through prevention of problems and errors. It requires continuous monitoring and control process, performance and quality etc.
- ❖ **Budgeting production plan** : depending on the selling price per quantity, projected cost of production at each quantity can be estimated. The amount of production is dependent on the capacity of production unit.

ORGANIZATIONAL PLAN



- ❖ Organizational plan involves deciding form of ownership that entrepreneur intends to enter. Nature of planning , organizing, leading and controlling will be determined by nature of business or form of ownership.

DEVELOPING MANAGEMENT TEAM



LEGAL FORM OF BUSINESS

ownership

Liability of
owner

Cost

Continuity

Transferability
of interest

Capital
requirement

Management
control

Raising
capital



TAX ATTRIBUTES OF FORMS OF BUSINESS



DESIGNING THE ORGANIZATION



BUILDING MANAGEMENT TEAM AND ORGANIZATION CULTURE



ROLE OF BOARD OF DIRECTORS



BOARD OF ADVISORS

STEPS IN ORGANIZATIONAL PLAN



- ❖ **Developing management team** : refers to set of employees employed in the company who are in charge of managing the activities on the operating part of organization.
- ❖ **Legal form of organization** : refers to composition and legal existence of business. Business may be proprietorship, partnership or corporation form of business. Three legal forms of business are:
 - a. Corporation is legal entity that is run by stock holders having limited liability. It is regulated by the statute and is treated as separate legal entity for liability and tax purpose.
 - b. Proprietorship : is form of business with single owner who has unlimited liability, controls all decisions, and receives profit.
 - c. Partnership : two or more individuals having unlimited liability who have pooled resources to own a business.



- **Ownership** : it refers to pattern of investment and control of owners in company, which includes conditions relating to sharing of profit and loss in business.
- **Liability of owners** : of business covers two aspect either members of business will have limited or unlimited liability depending on legal form of business agreed by partners.
- **Costs of starting business**: refers to expenses incurred in starting the business and proportion of contribution from every member of business or sources through which required finance of business will be raised.
- **Continuity of business** : refers to question on who will take over business operations in future and what will be members role in coming future.



- **Transferability of interest** : entrepreneur will have two options in relation to transferability of interest owner may transfer his interest after assessing credibility of member in business or may sell interest with his own wish.
- **Capital requirement** : refers to amount of capital required to start up business venture, sources through which required finance for company will be obtained, what will be contribution of members or the owner towards business.
- **Management control** : it refers pattern in which control of business will be hand of individual person or members in business. It also comprises of power of members in terms of decision making, guiding business activity in company.



- **Distribution of profit and loss** : profit of the firm may be shared as per the terms and conditions agreed by the members of business, loss or liability of individual depends on nature of business agreement of partner with the business.
- ❖ **Tax attributes for forms of business** : tax advantage and disadvantage will vary in accordance with form of business. In proprietorship and partnership profit and loss of business is considered same as that of individual as in corporation as business is treated as separate entity tax is laid on business and earning of individual separately.



❖ **Designing the organization** : it comprises of formal and explicit indication to the members of the organization as though what is expected from them. These expectation are group in following area :

- a. Organization structure refers to task, responsibility and accountability of every member in the business.
- b. Planning, measurement and evaluation of schemes communicate goals and strategies to attain desired goals in business.
- c. Rewards : forms of rewards and yardstick based on which employees will be rewarded in company.
- d. Selection criteria refers to guidelines for selecting employees in company.
- e. Training : refers to determining skill requirement of employees in company and accordingly design training program for employees in company.



❖ **Building the management team** : this process involves to see that strategy of business should be in line with objective of the company, management team of the company should be role model for employees in company and accordingly plan and guide employees towards organization goal attainment. Management team of the company should be flexible to try new techniques and innovation in the company. Management team should focus on hiring efficient employees in company and develop core values which guide and regulate employees behavior and attitude in company.

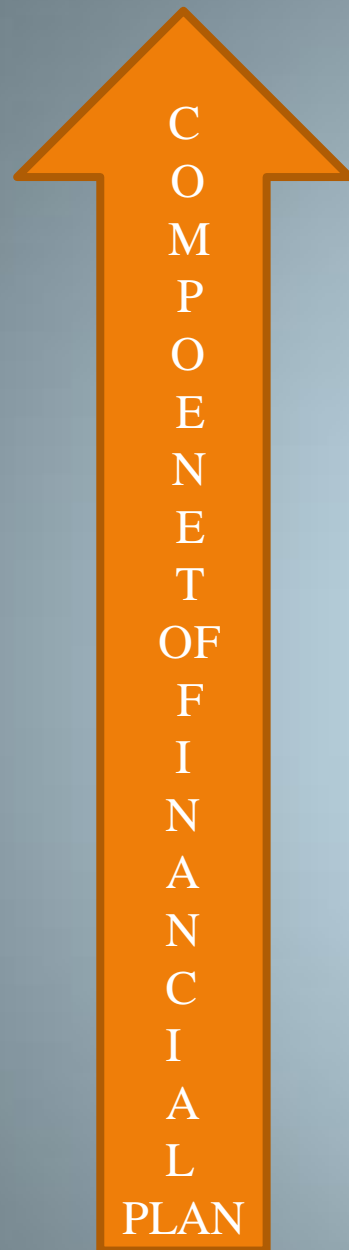


- ❖ **Role of board of directors** : board of directors in the company are required to review operating and capital budget, developing long term strategic plan for growth and expansion, supporting day to day activities, resolving conflicts among owners or shareholders, ensure proper use of assets, developing network source of information for entrepreneurs.
 - ❖ **Board of advisors and organization** : board of advisors are not permanent employees of the company. They are set of expertise who guide business in terms of management and technical issues in company.
- (this study material is only for your internal i will mail detailed notes later)



FINANCIAL PLAN

- ❖ it studies total requirement of finance in terms of start up expenses, fixed expenses, running expenses etc. financial plan indicates the requirement of proposed business enterprise. Which includes fund flow, cash flow statement, break even point, projected ratio, projected balance sheet.



OPERATING AND CAPITAL BUDGET

PRO FORMA OF INCOME STATEMENT

PRO FORMA OF CASH FLOW

PRO FORMA BALANCE SHEET

BREAK EVEN ANALYSIS

PRO FORMA OF SOURCES AND APPLICATION
OF FUND



- ❖ **Operating and capital budget** : before developing pro forma income statement , entrepreneur should prepare operating and capital budgets. If entrepreneur is running sole trading concern then he is responsible for budgeting decision and if it is partnership or other form of legal concern then budgeting decisions are to be taken by assigned member of business.
- ❖ **Pro forma of income statement** : refers to projected net profit calculated from projected revenues minus projected costs and expenses. It should comprise of sales on monthly basis, insight on operating expenses, salaries and wages should highlight on total number of employees employed in company.



- ❖ **Proforma of cash flow** : refers to projected cash available calculated from projected cash accumulation minus projected cash dismemberment. It is result of difference between actual cash receipts and cash payments. Cash flow takes place in company only when payments are made or received.
- ❖ **Proforma of balance sheet** : summarizes the projected assets, liabilities, and net worth of new venture. Balance sheet represents the position of the business at end of year. Assets represent the items that are owned or available to be used in venture operation.

❖ **Break even analysis** : entrepreneur in initial stage is required to know when profit may be achieved which will help him understand financial potential of start up business. BEA is useful technique to analyze how many units have been sold or how much sales order have to be achieved in order to break even. Break even is volume of sales where venture neither makes profit nor loss.

❖ **Proforma for sources and application of funds** : summarizes projected source of fund available to the venture and how these funds will be distributed.

CONTENTS OF PROJECT REPORT



1. **Cover page** : page of the project report should contain the title of the project, name, address so that the readers of the report can easily contact entrepreneur relating to queries of report.
2. **Table of contents** : table of content are compiled after the main body of the project report is finalized. Topics covered in the project report along with the page number should be mentioned in the project report.
3. **Executive summary** : should be written after the completion of project report as it gives brief gist of project. Length of the executive summary should not exceed more than two pages.



4. Company information and industry : here they should explain the ownership form of the company, which should contain the reason for venturing into the proposed business plan, how do you plan to satisfy the needs and expectation of the potential customers and existing competitors in industry. It should also include SWOT analysis of company.

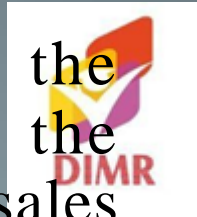
5. Technical plan : in this part of the report the key aspect analyzed during the technical feasibility of the report should be highlighted. The choice of the product and service to be offered should be justified. Report should be able to explain how the product of the company is creative and innovative from the existing product in the market.



6. **Marketing plan** : this aspect of the product should focus on the industry and market feasibility conducted at earlier stage. It should describe about the pricing policy, findings of market research, how large is the market for the product to be offered by the company, details about marketing strategy adopted by the company to promote the product, target customers company is focusing on.
7. **Operations plan** : it describes about the manufacturing and service delivery process to be utilized for production of chosen product and service. It should explain about the innovation brought in the process of production which makes it better when compared to existing competitors. It should also focus on the location, availability of resources required for production.

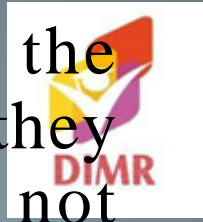


8. **Organizational plan** : it gives information about the management team who are part of the company. It focuses on the management and technical skills possessed by the employees in company and how it will prove to be beneficial for the work process to be carried in the company. It should highlight as though why even after possessing such efficient skills they preferred joining your organization.
9. **Project timeline** : this chapter explain about the network diagram which explains about the time duration required for the project. Diagram explains about the various activities in the project, which are sequentially organized and the time duration required for the execution of the project is arrived by estimating time required for completion of every activity for the formation and later process of the company.



10.Critical risk and assumption : it explain about the various assumption made during the formation of the company E.g. rather then considering the previous sales forecast for similar product to be offered by the company, the organization may have gone in for expert advise, their may be various risks related to the product and kind of service company is planning to offer in the market all these details should be highlighted in this part of the report.

11.Social plan : it explains about how company project will benefit the society. It should highlight how company will generate employment opportunities, lead to skill development of local people, provision of goods and services to be provided to the local people, utilization of local resources etc. It should also include various help provided by the financial agencies and government to start SSI in country.



12.Exit strategy : this is the negative aspect of the business but the company should explain how they would close down the business if the company is not able to earn the expected profitability, the investors will be keen to know as though how their investment can be recovered in such situation.

13.Financial plan : it is important part of the report which will contain brief content all the sections with numbers in monetary terms. It explain about the financial composition of the company, various sources through which company has raised required finance, total expenditure incurred by the company which will be effectively explained through the means of break even analysis and ratio analysis in the company financial report.



14.Conclusion : this summarizes the key aspect of the report in concise manner. It should end the report on a positive note so that the readers develop positive image about the report.

15.Appendices : it contains conclusion part of the report and supplement data which is important part for the report but cannot be included in the initial topics of the report.