Ch 1: Entrepreneurship

- **Concept of Entrepreneur:**

"Someone is sitting in the shade today because someone planted a tree a long time ago."– Warren Buffett.

An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards.
Entrepreneurs play a key role in any economy, using the skills and initiative necessary to anticipate needs and bring new ideas to market.
An entrepreneur is someone who starts or owns a business. Whether it's in farming, retail, manufacturing or in the service sector, entrepreneurs are businesspeople who find their success by taking risks.

Word "entrepreneur" derived from two French Words; "Entre" & "Prendre"; which means "between" & "to take"; which ultimately means "to undertake".

A businessman follows an established path engraved by someone with an unoriginal idea, but an entrepreneur believes and thinks about making his/her own path with new ideas.
An entrepreneur comes up with a unique concept or idea, while a businessman sets up a business as a new entrant in an existing market on industrial or commercial grounds.

- **Definitions of Entrepreneur:**

"An entrepreneur is a person who buys factor services at certain prices with a view to selling its product at uncertain prices."
-Richard Cantillon.
According to Cantillon, entrepreneurs are non-fixed income earners who pay known costs of production but earn uncertain incomes, due to the speculative nature of pandering to an unknown demand for their product.

"The person who starts a new business or does some business in new manner."
-Mr. Schumpeter

- **Entrepreneurship:**

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.
Entrepreneurship usually starts as a small business but the long-term vision is much greater, to seek high profits and capture market share with an innovative new idea.
Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses.

Entrepreneurship Development is a process of enhancing the skillset and knowledge of entrepreneurs regarding the development, management and organization of a business venture while keeping in mind the risks associated with it.

- **Intrapreneur:**

The term "intrapreneur" is a combination of the two words "internal" and "entrepreneur."

An intrapreneur is an employee who is tasked with developing an innovative idea or project within a company. The intrapreneur may not face the outsized risks or reap the outsized rewards of an entrepreneur; however, the intrapreneur has access to the resources and capabilities of an established company.

An intrapreneur works inside a company.
Over time, an intrapreneur may turn into an entrepreneur and start their own venture.

Intrapreneurs are the catalysts of innovation within a corporation, often tasked with developing new ideas, products or services from within the existing organizational framework.

Intrapreneurship has gained attention in recent years for several reasons. In an era marked by rapid technological change and fierce competition, technical, product and business innovation has become a critical survival strategy for companies. Many organizations have realized that empowering their employees to act like entrepreneurs can drive internal innovation and foster a creative, dynamic corporate culture.

This is where intrapreneurship comes in. Intrapreneurs inject an entrepreneurial spirit into established companies, helping them stay competitive by driving internal innovation.

- **Difference between Entrepreneur & Intrapreneur:**

BASIS FOR COMPARISON	ENTREPRENEUR	INTRAPRENEUR
Meaning	Entrepreneur refers to a person who set up his own business with a new idea or concept.	Intrapreneur refers to an employee of the organization who is in charge of undertaking innovations in product, service, process etc.
Approach	Intuitive	Restorative
Resources	Uses own resources.	Use resources provided by the company.
Capital	Raised by him.	Financed by the company.
Enterprise	Newly established	An existing one
Dependency	Independent	Dependent
Risk	Borne by the entrepreneur himself.	Taken by the company.
Works for	Creating a leading position in the market.	Change and renew the existing organizational system and culture.

- **Difference between Entrepreneur & Manager:**

An entrepreneur owns a company, while a manager is the company employee.
An entrepreneur is a risk taker who takes financial risks for the enterprise, a manager does not take risks.

BASIS FOR COMPARISON	Entrepreneur	Manager
Meaning	It refers to persons who establish a company or enterprise.	They are individuals responsible for administering and controlling a group of people in the company or enterprise.
Position in the company	They are the owners of the company.	They are the employees of the company.

Risk	They bear all financial and other risks.	They do not bear any financial risks.
Focus	They focus on starting the business and expanding the company.	They focus on the daily smooth functioning of the company.
Motivation	Their key motivation is the achievements of the company.	Their motivation comes from the power that comes with the position.
Reward	Their reward is the profit they earn from the company.	Their reward is the salary.
Nature of decisions	They are risk-takers, calculated risks.	reluctant to take risks
Decision making	The decisions tend to be intuitive.	The decisions are calculative.
Specialisation	They do not need to be specialised in any particular trade.	They are trained to perform tasks and are specialists in their domain.

- **Difference between Entrepreneur & Entrepreneurship:**

BASIS FOR COMPARISON	Entrepreneur	Entrepreneurship
Definition	An individual who operates a business venture	The process of creating and managing a business
Motivation	Driven by personal vision, passion, and ambition	Driven by innovation, identifying opportunities, and solving problems
Creativity	Uses creativity and innovation to develop new ideas	Encourages creativity and innovation in business ventures
Impact	Directly influences the success or failure of the business	Shapes industries, economies, and societal progress through entrepreneurial activities
Growth	Seeks growth and scalability for the business venture	Drives economic growth and job creation through entrepreneurial endeavours
Mindset	Possesses an entrepreneurial mindset and mindset traits	Reflects a culture of innovation, resilience, and adaptability

- **Attributes and Characteristics of Successful Entrepreneur:**

1. Curiosity

An entrepreneur's ability to remain curious allows them to continuously seek new opportunities. Rather than settling for what they think they know, entrepreneurs ask challenging questions and explore different avenues.

2. Willingness to Experiment

Along with curiosity, entrepreneurs require an understanding of structured experimentation, such as design thinking. With each new opportunity, an entrepreneur must run tests to determine if it’s worthwhile to pursue.

3. **Adaptability**

Entrepreneurship is an iterative process, and new challenges and opportunities present themselves at every turn. It's nearly impossible to be prepared for every scenario, but successful business leaders must be adaptable.

4. **Decision making**

Entrepreneurs need the confidence to make challenging decisions and see them through to the end. If the outcome turns out to be less than favorable, the decision to take corrective action is just as important.

5. **Self-Awareness**

A great entrepreneur is aware of their strengths and weaknesses. Rather than letting shortcomings hold them back, they build well-rounded teams that complement their abilities.

6. **Risk Tolerance**

Entrepreneurship is often associated with risk. While it's true that launching a venture requires an entrepreneur to take risks, they also need to take steps to minimize it.

7. **Persistence**

Throughout the entrepreneurial process, many hypotheses turn out to be wrong, and some ventures fail altogether. Part of what makes an entrepreneur successful is their willingness to learn from mistakes, ask questions, and persist until they reach their goal.

8. **Innovative Thinking**

Although innovation doesn't come naturally to every entrepreneur, it's a type of strategic mindset that can be cultivated. By developing your problem-solving skills, you'll be well-equipped to spot innovative opportunities and position your venture for success.

9. **Long-Term Focus**

"It's easy to start a business, but hard to grow a sustainable and substantial one. Some of the greatest opportunities in history were discovered well after a venture launched." Entrepreneurship is a long-term endeavor, and entrepreneurs must focus on the process from beginning to end to ensure long-term success.

10. **Creativity**

Creativity gives birth to something new. For without creativity, there is no innovation possible. Entrepreneurs usually have the knack to pin down a lot of ideas and act on them. Not necessarily every idea might be a hit. But the experience obtained is gold.

11. Leadership

Leadership is the ability to influence and guide others, whether a small team or a large company. Good leaders share their vision, develop well-rounded teams that complement their abilities, and have confidence in themselves and what they sell—skills that apply to every type of business.

12. Communication

Being a good listener is a hallmark of a successful communicator. Unlike simply 'hearing', listening involves taking in information, processing it, understanding its context and meaning and using these to form reasoned, intelligent responses.

13. Flexibility

A flexible entrepreneur is someone who is adaptable and able to pivot their business strategy as needed. They are willing to try new things and take calculated risks in order to stay ahead of the competition.

- **Functions of Entrepreneur:**

1. Idea Generation
2. Business Objectives
3. Financing
4. Market Research
5. Manpower Recruitment
6. Procurement of raw material and machinery
7. Ownership determination
8. Project Implementation

Let's see these functions in brief.

1. **Idea Generation:**
   With building new ideas, bringing out idea into an innovative way, developing process. Basically it refers to the **selection of product and identification of project**. Generally, market study and environmental analysis tools are used for idea generation.
2. **Business Objectives:**
   One of the main function of entrepreneur is to define objectives of business and objectives must be laid down clearly. **Nature and type of business** must be specified in clear way.
3. **Financing:**
   Finance is life blood of business. It is main function of entrepreneur to arrange funds for business. Either funds can be raised internally or he can arrange funds from external sources as well. There are **government schemes** which support in fund raising. Banks

and other financial institutions also can be assistance in raising funds.

4. **Market Research:**
   Market research refers to the process of gathering information regarding products, target markets, customers etc. proper research must be made **to ensure demand of product**. The information must include supply capacity, demand forecasting of products, price, size of target market etc
5. **Manpower Recruitment:**
   An entrepreneur is also responsible for manpower planning of the organisation. In this case, entrepreneur must consider **manpower forecasting, selection process, schemes of compensation, plan for training and development.**
6. **Procurement of raw material and machinery:**
   The acquisition of good quality raw material is also one of the function of an entrepreneur. An entrepreneur must recognize and allocate constant and **regular supply of raw material**. This helps business to reduce production cost and ensures steady supply and production of products. Obtaining required machinery and equipment is another function of entrepreneur. Before purchasing machineries, he must go through current updates of technological advancement of function of that machinery, capacity of that machinery, after sales services terms etc
7. **Ownership determination:**
   There are mainly four types of ownerships:
   1. **Sole proprietorship**
   2. **Partnership**
   3. **Joint stock company**
   4. **And cooperative society**
      It is role of entrepreneur to find out suitable title for him. Various things come into consideration here such as size of capital, operations of organisation, human resource etc
8. **Project Implementation:**
   Entrepreneur has to make a detailed plan of execution of project. From conception to finalizing stage, entrepreneur must ensure if implementation is going as per plan. It is time bound process.

- **Classification of Entrepreneurs:**

The overall economic growth of the economy depends on the nature of the entrepreneur. An entrepreneur should be intelligent, attentive, a good listener, innovative, skillful enough to help the economy grow healthily. The business environment gets underdeveloped if the business owner is shy or introverted as it restricts business growth. Entrepreneurs should be skillful and able to solve the problems of business healthily.

The entrepreneur can be classified into different categories:

A. According to the Type of Business

Entrepreneurs are found in various types of business coronations of varying size. We may broadly classify them as follows:

1. Business Entrepreneur:

Business entrepreneurs are individuals **who conceive an idea for a new product or service and-then creates a business** to materialize their idea into reality. They tap both production and marketing' resources in their search to develop a new business opportunity. They may set up a big establishment or a small business unit. They are called small business entrepreneurs when found in small business units such as printing press, textile processing house, advertising agency; readymade garments, or confectionery. In a majority of cases, entrepreneurs are found in small trading and manufacturing business and entrepreneurship flourishes when the size of the business is small.

2. Trading Entrepreneur:

Trading entrepreneur is one who undertakes trading activities and **is not concerned with the manufacturing work**. He identifies potential markets, stimulates demand for his product line and creates a desire and interest among buyers to go in for his product. He is engaged in both domestic and overseas trade. Britain, due to geographical limitations, has developed trade through trading entrepreneurs. These entrepreneurs demonstrate their ability in pushing many ideas ahead to promote their business.

3. Industrial Entrepreneur:

Industrial entrepreneur is **essentially a manufacturer**, who identifies the potential needs of customers and tailors a product or service to meet the marketing needs. He is a product oriented man **who starts in an industrial unit** because of the possibility of making some new product. The entrepreneur has the ability to convert economic resources and technology into a considerably profitable venture. He is found in industrial units as the electronic industry, textile units, machine tools or videocassette tape factory and the like.

4. Corporate Entrepreneur:

Corporate entrepreneur is a person **who demonstrates his innovative skill in organizing and managing corporate undertaking**. A corporate undertaking is a form of business organization, which is registered under some statute or **Act,** which gives it a **separate legal entity**. A trust registered under the Trust Act, or companies registered under the Companies Act are example of corporate undertakings. A corporate entrepreneur is thus an individual who plans, develops and manages a corporate body.

5. Agricultural Entrepreneur:

Agricultural entrepreneurs are those entrepreneurs **who undertake agricultural activities** as raising and marketing of crops, fertilisers and other inputs of agriculture. They are motivated to raise agriculture through mechanization, irrigation and application of technologies for dry land agriculture products. They cover a broad spectrum of the agricultural sector and include its allied occupations.

B. According to the Technology use

The application of new technology in various succors of the national economy is essential for the future growth of business. We may broadly classify these entrepreneurs on the basis of the use of technology as follows:

1. Technical Entrepreneur:

A technical entrepreneur is essentially compared to a “craftsman.” He develops improved quality of goods because of his craftsmanship. **He concentrates more on production than marketing**. On not much sales generation by and does not do various sales promotional techniques. He demonstrates his innovative capabilities in matter of production of goods and rendering of services. **The greatest strength, which the technical entrepreneur has, is his skill in production techniques.**

2. Non-technical Entrepreneur:

Non-technical entrepreneurs are those who are **not concerned with the technical aspects** of the product in which they deal. They are concerned only with developing **alternative marketing and distribution strategies to promote their business.**

3. Professional Entrepreneur:

Professional entrepreneur is a person who is interested in establishing a business, but does not have interest in managing or operating it once it is established. **A professional entrepreneur sells out the running business and starts another venture** with the sales proceeds. Such an entrepreneur is dynamic and he conceives new ideas to develop alternative projects.

C. According to the Entrepreneur and Motivation:

Motivation is the force that influences the efforts of the entrepreneur to achieve his objectives. An entrepreneur is motivated to achieve or prove his excellence in job performance. He is also motivated to influence others by demonstrating his business acumen.

1. **Pure Entrepreneur:**

A pure entrepreneur is an individual **who is motivated by psychological and economic rewards**. He undertakes an entrepreneurial activity for his personal satisfaction in work, ego or status.

2. **Induced Entrepreneur:**

Induced entrepreneur is one who is induced to take up an entrepreneurial task **due to the policy measures of the government** that provides assistance, Incentives, concessions and necessary overhead, facilities to start a venture. Most of the induced entrepreneurs enter business due to financial, technical and several other facilities provided to them by the state agencies to promote entrepreneurship.

3. **Motivated Entrepreneur:**

New entrepreneurs are motivated by the desire for self-fulfillment. They come into being because of the possibility of making and marketing some new product for the use of consumers. If the product is developed to a saleable stage, the entrepreneur is further motivated by reward in terms of profit.

4. **Spontaneous Entrepreneur:**

These entrepreneurs start their business because of **their natural talents**. They are persons with initiative, boldness and confidence in their_- ability, which activate, them, underage entrepreneurial activity. Such entrepreneurs have a strong conviction and confidence in their inborn ability.

D. According to the Growth and Entrepreneurs:

The development of a new venture has a greater chance of success. The entrepreneurs a new and open field of business. The customer's approval to the new product gives them psychological satisfaction and enormous profit. The industrial units are identified as units of high growth, medium growth and low growth industries and as such we have "Growth Entrepreneur" and "Super-Growth Entrepreneur."

1. **Growth Entrepreneur:**

Growth entrepreneurs are those who necessarily **take up a high growth industry**, which has substantial growth prospects.

2. **Super-Growth Entrepreneur:**

Super-growth entrepreneurs are those who have shown **enormous growth of performance in their venture**. The growth performance is identified by the liquidity of funds, profitability and gearing.

E. According to the Entrepreneur and Stages of Development:

Entrepreneurs may also be classified as the first generation entrepreneur, modern entrepreneur and classical entrepreneur depending upon the stage of development. They are explained below:

1. **First-Generation Entrepreneur:**

A first-generation entrepreneur is one **who starts an industrial unit by innovative skill**. He is essentially an innovator, combining different technologies to produce a marketable product or service.

2. **Modern Entrepreneur:**

A modern entrepreneur is one who undertakes those ventures, which go well along with the **changing demand in the market**. They undertake those ventures, which suit the current marketing needs.

3. **Classical Entrepreneur:**

A classical entrepreneur is one who is concerned with the customers and marketing needs through the development of a **self-supporting venture**. He is a stereotype entrepreneur whose aim is to maximize his economic returns at a level consistent with the survival of the firm with or without an element of growth.

- ## Role of entrepreneur in Indian Economy:

Entrepreneurs are the **soul of economy** and it has tremendous importance in modern times. Being an entrepreneur is not only just starting a business but also it is about having attitude and the drive to succeed in business. Entrepreneurs are the driving forces behind any economy. To be a successful Entrepreneur it requires practicing as a manager by acquiring various skills and efforts in learning to understand a business. Entrepreneurship is the future of the modern society. It reflects a ray of hope for the unemployed to earn a living and maintain a dignified life and also for the economic development of the country.
Entrepreneurial efforts have been found to generate a wide range of economic benefits, including new businesses; new jobs, innovative products and services, and increased wealth for future community investment.

The entrepreneurs help the economic development in the following way.

1. **Identifies Business Opportunities:**
Entrepreneurs identify business opportunities with their innovative skills. This would help to create business field and its enhancements. When the business opportunities are identified the economic prosperity happens due to utilization of resources. The unsatisfied needs of the consumers are the opportunities of business. The entrepreneurs are good enough to locate such needs and use them for business purpose.
2. **Provides value for economic resources:**
The entrepreneurial effort would provide value for economic resources such as land, Labor, capital and organization which are also called as factors of production. The optimum utilization of unused economic resources would give rewards which in turn increase national income both in real and monitory terms.
3. **Increases standard of living of people:**
The innovative ability of entrepreneurs leads to introduction of new products. New technologies to produce goods at cheaper rates in the market. This leads to get products and services at cheaper rates. People standard of living is enhanced by providing goods and services at cheaper rates and also by increasing income of people.
4. **Provides employment opportunities:**
Entrepreneurship activity leads to demand for human resources. It provides many job opportunities to the young people. The qualified people would get jobs. For example the entrepreneurial effort of Narayan Murthy in enterprising Infosys provided job opportunities to more than 10000 software engineers.
5. **Increases National Income of the country:**
As the job opportunity increases the income of the people increases. This leads to increase in demand for different goods and services. This leads to increase in market transactions. Due to all this government tax revenue will increase. This leads to increase in national income.
6. **Increases economic growth:**
Entrepreneurship will effect on all economic indicators such as employment opportunities, trade and commerce banking activities, insurance business, etc. This leads to increase in income of the country. When the country income increases it will plan for new projects and new economic plans. This in turn increases economic growth.
7. **Helps for technological transformation:**
Entrepreneurial activities lead to movement of technology from one place to another place within the country and between countries. The transformation of technology helps to produce goods and services of high quality at cheaper rates at all parts of the world. So the underdeveloped countries will gain the benefit of high technology.
8. **Increases Exports of the Country:**
Entrepreneurship produces variety of goods and services of export oriented. The demand from foreign countries will increase exports and this will effect on positive balance of trade.
9. **Regional Development:**
Entrepreneurs setting up new businesses and plants, certainly helps in developing that region. This growth leads to improvements in infrastructure development such as road transport, rails, airports, stable electricity, water supply, schools, hospitals, shopping malls etc.

- **Developing entrepreneurial culture:**

Following points should be kept in mind while creating entrepreneurial culture:

1. **Develop a Clear Method for Submitting New Ideas and Taking Action:**
It's only half the battle to say that you value change and want ideas. The other half is making it easy to give input and follow through with entrepreneurial activities. Some companies do this by setting up a suggestion box, but a more proactive approach is to solicit advice at company meetings and in one-on-one conversations. This way, you can ask clarifying questions and hear more about what prompted the idea in the first place.

2. **Give Positive Feedback to all Ideas:**
Some ideas are going to be ill-advised, too costly, or have failed in the past. When people suggest plans which won't work, don't immediately dismiss them. Give the person positive feedback for coming up with the idea. You can also consider opening up the idea to the group for improvement. If and when the idea is ultimately dismissed, encourage employees to continue coming up with more solutions.

3. **Allow failure:**
An entrepreneurial environment is only possible if team members know that they won't be penalized if an idea fails. If it feels risky to employees stick their necks out, you'll create a culture where people only follow the existing processes. To create that entrepreneurial spirit, you have to build a business environment that values experimentation and learning above all else. If zero ideas fail, people probably aren't aiming high enough or trying new things as often as they could. The culture of innovation allows for failure.

4. **Reward Innovation that Helps the Bottom Line:**

Put your money where your mouth is by rewarding successful innovation. Be generous with bonuses when ideas pay off. Tie everyone's end-of-year bonuses with the company's success. To help employees truly take ownership of your company, make them owners in the company with stock options or profit sharing. They'll have a positive relationship with the innovative culture.

5. **Give Your Employees Autonomy:**
Autonomy is key to employee satisfaction. In addition, when employees feel they have control over their work environment, they are also more likely to come up with ideas on how to improve the company. You can encourage this innovation by measuring outcomes instead of inputs. **Share with your team the outcomes you wish to achieve (50% year-over-year growth, for example), but give them autonomy in deciding how to get there**.

- **Factors influencing Entrepreneurship Growth - Economic, Non-Economic Factors:**

A. Factors influencing Entrepreneurship Growth: Economic Factors:
Economic environment exercises the most direct and immediate influence on entrepreneurship.

1. Capital:
Capital is one of the most important factors of production for the establishment of an enterprise. Increase in capital investment in viable projects results in increase in profits which help in accelerating the process of capital formation. Entrepreneurship activity too gets a boost with the easy availability of funds for investment. Availability of capital facilitates for the entrepreneur to bring together the land of one, machine of another and raw material of yet another to combine them to produce goods. Capital is therefore, regarded as lubricant to the process of production.

2. Labor:
Easy availability of right type of workers also effect entrepreneurship. The quality rather than quantity of labor influences the emergence and growth of entrepreneurship. The problem of labor immobility can be solved by providing infrastructural facilities including efficient transportation Moreover, this influences the emergence of entrepreneurship. Most less developed countries are labor rich nations owing to a dense and even increasing population. But entrepreneurship is encouraged if there is a mobile and flexible labor force. And, the potential advantages of low-cost labor are regulated by the deleterious effects of labor immobility. The considerations of economic and emotional security inhibit labor mobility. Entrepreneurs, therefore, often find difficulty to secure sufficient labor.

3. Raw Materials:
The necessity of raw materials hardly needs any emphasis for establishing any industrial activity and the emergence of entrepreneurship. In the absence of raw materials, neither any enterprise can be established nor can an entrepreneur be emerged It is one of the basic ingredients required for production. Shortage of raw material can adversely affect entrepreneurial environment. Without adequate supply of raw materials, no industry can function properly and emergence of entrepreneurship to is adversely affected.

4. Market:
The role and importance of market and marketing is very important for the growth of entrepreneurship. In modern competitive world no entrepreneur can think of surviving in the absence of latest knowledge about market and various marketing techniques. The size and composition of market both influence entrepreneurship in their own ways. Practically, monopoly in a particular product in a market becomes more influential for entrepreneurship than a competitive market. However, the disadvantage of a competitive market can be cancelled to some extent by improvement in transportation

system facilitating the movement of raw material and finished goods, and increasing the demand for producer goods.

5. Infrastructure:

Expansion of entrepreneurship presupposes properly developed communication and transportation facilities. It not only helps to enlarge the market, but expand the horizons of business too. Take for instance, the establishment of post and telegraph system and construction of roads and highways in India.

B. Factors influencing Entrepreneurship Growth: Non Economic Factors:

a. Social Factors
b. Psychological Factors
c. Political Factors

a. Social Factors:

Social factors can go a long way in encouraging entrepreneurship. In fact, it was the highly helpful society that made the industrial revolution a glorious success in Europe. Strongly affect the entrepreneurial behavior, which contribute to entrepreneurial growth. The social setting in which the people grow, shapes their basic beliefs, values and norms.

1. Family Background:

This factor includes size of family, type of family and economic status of family. Background of a family in manufacturing provided a source of industrial entrepreneurship. Occupational and social status of the family influenced mobility. There are certain circumstances where very few people would have to be venturesome. For example, in a society where the joint family system is in vogue, those members of joint family who gain wealth by their hard work denied the opportunity to enjoy the fruits of their labor because they have to share their wealth with the other members of the family.

2. Education:

Education enables one to understand the outside world and equips him with the basic knowledge and skills to deal with day-to-day problems. In any society, the system of education has a significant role to play in inculcating entrepreneurial values. In India, the system of education prior to the 20th century was based on religion. In this rigid system, critical and questioning attitudes towards society were discouraged. The caste system and the resultant occupational structure were reinforced by such education. It promoted the idea that business is not a respectable occupation. Later, when the British came to our country, they introduced an education system, just to produce clerks and accountants for the East India Company, the base of such a system, as you can well see, is very anti-entrepreneurial. 8 Our educational methods have not changed much even today. The emphasis is till on preparing students for standard jobs, rather than marking them capable enough to stand on their feet.

3. Attitude of the Society:

A related aspect to these is the attitude of the society towards entrepreneurship. Certain societies encourage innovations and novelties, and thus approve entrepreneurs' actions and rewards like profits. Certain others do not tolerate changes and in such circumstances, entrepreneurship cannot take root and grow. Similarly, some societies have an inherent dislike for any money-making activity. It is said, that in Russia, in the nineteenth century, the upper classes did not like entrepreneurs. For them, cultivating the land meant a good life. They believed that land belongs to God and the produce of the land was nothing but god's blessing. Russian folk-tales, proverbs and songs during this period carried the message that making wealth through business was not right.

4. Cultural Value:

Entrepreneurial growth requires proper motives like profitmaking, acquisition of prestige and attainment of social status. Ambitious and talented men would take risks and innovate if these motives are strong. The strength of these motives depends upon the culture of the society. If the culture is economically or monetarily oriented, entrepreneurship would be applauded and praised; wealth accumulation as a way of life would be appreciated. In the less developed countries, people are not economically motivated. Monetary incentives have relatively less attraction.

b. Psychological Factors:

Many entrepreneurial theorists have propounded theories of entrepreneurship that concentrate especially upon psychological factors. These are as follows:

1. Need Achievement:

The most important psychological theories of entrepreneurship were put forward in the early 960s by David McClelland. According to McClelland 'need achievement' is social motive to excel that tends to characterize successful entrepreneurs, especially when reinforced by cultural factors. He found that certain kinds of people, especially those who became entrepreneurs, had this characteristic. Moreover, some societies tend to reproduce a larger percentage of people with high 'need achievement' than other societies. McClelland attributed this to sociological factors. Differences among societies and individuals accounted for 'need achievement' being greater in some societies and less in certain others. The theory states that people with high need-achievement are distinctive in several ways. They like to take risks and these risks stimulate them to greater effort. The theory identifies the factors that produce such people. Initially McClelland attributed the role of parents, specially the mother, in mustering her son or daughter to be masterful and self-reliant. Later he put less emphasis on the parent-child relationship and gave more importance to social and cultural factors. He concluded that the 'need achievement' is conditioned more by social and cultural reinforcement rather than by parental influence and such related factors.

2. Withdrawal of Status Respect:

There are several other researchers who have tried to understand the psychological roots of entrepreneurship. One such individual is Everett Hagen who stresses the-psychological consequences of social change. Hagen says, at some point many social groups experience a radical loss of status. Hagen attributed the withdrawal of status respect of a group to the genesis of entrepreneurship. Hagen believes that the initial condition leading to eventual entrepreneurial behavior is the loss of status by a group. He postulates that four types of events can produce status withdrawal:

1. The group may be displaced by force;
2. It may have its valued symbols denigrated;
3. It may drift into a situation of status inconsistency; and
4. It may not be accepted the expected status on migration in a new society.

3. Motives:

Other psychological theories of entrepreneurship stress the motives or goals of the entrepreneur. Cole is of the opinion that besides wealth, entrepreneurs seek power, prestige, security and service to society. Stepanek points particularly to non-monetary aspects such as independence, persons' self-esteem, power and regard of the society.

C. Political Factors:

Political factors are beyond control, but businesses must respond to the change in policies brought in by the incumbent government. After elections, when a political party comes to power, it has certain missions and goals that have a huge role to play in the development of entrepreneurship in a given geographical area.

1. Social Stability:

Social stability has a significant impact on the running of a business. Any unrest in the country or a hostile takeover over a government will lead to looting, riots, and chaos in the country. Such situations might lead to 'bandhs' which can disrupt the normal working of business operations.

2. Foreign Trade Relations:

The government can exert control on businesses through taxation. Foreign companies that want to set up their businesses often face the brunt of high taxes since the government wants to protect the business interests of local, small and medium scale businesses. Imposing high taxes on foreign brands will eventually cause them to increase the price of their products thus preventing people to buy more from local businesses.

3. Taxes:

Government can increase or decrease tax for some companies or business verticals and lower it for others. For example -the state government in India earns a third of its revenue from the liquor industry. Closure of pubs and bars in the pandemic led to no sales of alcohol due to which the state government went cash strapped. To compensate for the revenue the state government allowed the liquor shops to open by hiking taxes in the liquor industry.

4. Budget:

Budget policies also impact business continuity, for example, the government rolling out easy loan availability for MSMEs and startups improves India's ease of doing business.

Introduction of pay commissions in the budget increases high purchasing power among citizens that catalyses consumers to spend more which is a positive sign for businesses.

✓ **Constraints for the Growth of Entrepreneurial Culture:**

In general, barriers to entrepreneurship are the frameable perceptions in entrepreneurs' minds concerning starting and managing new businesses. But some barriers depend on entrepreneurs' internal weaknesses, their countries' economic status, culture, and the political environment. Every entrepreneur can not achieve instantaneous success. They faced so many obstacles to achieve success. Barriers are obstructions that prevent movement in entrepreneurs' journey.
There are many types of barriers to entrepreneurship. Internal barriers to entrepreneurship and external barriers to entrepreneurship are the major partitions we can identify when discussing barriers to entrepreneurship. In detail, we can identify Personal barriers to entrepreneurship, financial barriers to entrepreneurship, environmental barriers to entrepreneurship, cultural barriers to entrepreneurship, policy barriers to entrepreneurship, and economic barriers to entrepreneurship.
These barriers are good learning for entrepreneurs. Overcoming barriers is part of entrepreneurship. But entrepreneurs need to be good enough to overcome those barriers by creating and improving their skills.
Let's discuss those barriers to entrepreneurship one by one.

- **Lack of Money Barrier:**

  Lack of money is a popular barrier in the world for entrepreneurs. It's critical to think differently when it comes to funding your start-up so that you don't have to depend on a bank or investor. Entrepreneurs can use the start small and grow big strategy to overcome the lack of money barrier. Also, entrepreneurs can use shared profit agreements with other resource holders. It will help them to run their business with the necessary resources. Also, they can spend some time finding an investor for their venture. The government has a lot of tasks to sort out these barriers. They need to establish institutions to help entrepreneurs to get their necessary funds, Run special projects to join entrepreneurs with investors. By using these things we can overcome the Lack of Money barrier.

- **Managing Finances as a Barrier**

  We all know entrepreneur is a creative and innovative character. But when it comes to financial management they struggle a bit. There are some reasons for this. Entrepreneurs are a lot more focused on their output. In that case, they will lose their budget when relying on making quality output. On the other hand, most entrepreneurs do not have proper financial knowledge. When it comes to the developing stage of their company they will face a lot more problems relating to managing finance. Investment decision-making, budgeting issues, financial resource allocation, and working capital issues.

The first thing that entrepreneurs can use to overcome the managing finances barrier learn how to manage finance as an entrepreneur. You can use expert views of your problems before taking a decision. When you reach the development stage of your business you need to hire a potential group of people to manage finance in your company. It gives you much more time to focus on your innovation and other entrepreneurial activities.

- **Lack of Experience as a Barrier**

  This barrier is related to young entrepreneurs as well as the newcomers who newly entered their market. We can call this inadequate market experience / less market experience as well. Experience is a thing that you cannot buy. You learn things as an entrepreneur by going through your entrepreneurial journey. Tuff situations teach you more lessons.
  Indeed, you cannot buy experience by yourself. But you can hire experienced people to do your task, and take your decisions. This hire can be situational, short-term, or even longer run as well. Also if you do a good environmental analysis before making your decision, it is helpful to overcome the lack of experience as a barrier to entrepreneurship.

- **Limiting to One Income Source as a Barrier**

  Limiting to one income source is not healthier for your business. It is riskier. We can't predict today's business environment. It changes rapidly and as an entrepreneur, it's very important to have three or more income sources related to your business.

- **Political Barriers:**

  We all know how important countries political environment is for entrepreneurs' success. If the country's political elements do not take the right decisions it becomes a barrier to the success of entrepreneurship. Governments need to provide special security to new ventures to secure them from market competition. Then, small entrepreneurs can survive in the market. An entrepreneur must consider the political factors carefully before set-up a business. It is very beneficial for the long-term survival and development of the business.
  As an entrepreneur, you can not control this political environment. Especially if you are a small entrepreneur. But you can make a solution as a community group. You can make an entrepreneur association and submit proposals to the government or make a sound to the government. This is how you can overcome political barriers to entrepreneurship.

- **Lack of Contacts as a Barrier:**

  A lack of contacts can call a network-building issue as well. Contacts are really important to entrepreneurs. You do not need to spend money to build contacts. But some entrepreneurs are not good at building contacts or creating networks with communities. You can build new markets, expand your business scope, get more knowledge and find new opportunities through entrepreneurial contacts. There are some ways and tools to build entrepreneurial contacts.
  There are many tools entrepreneurs can use to build contacts or entrepreneurial networks. Entrepreneurs can join entrepreneurship forums to share their knowledge and build contacts. Also, entrepreneurs can build community networks in their businesses. And entrepreneurs can build contacts through online networking platforms like LinkedIn, Facebook, and Instagram. These tools help to get in touch with potential investors, partners, or even employees.

- **Corrupt Business Environment as a Barrier:**

  We can discuss the corrupt business environment in two ways. The first one is corruption in organizations. This will happen as a result of not maintaining proper business rules, business culture, and business processes. The second one is corruption environment in the country. Entrepreneurs can't control this. If the environment of the country is corrupt then it does not inspire young entrepreneurs. Countries' corruption results can identify through the world corruption index.
  Corruption affects your organization well-being as well as damages the organization's reputation. Maintaining proper business rules, building ethical business culture, and introducing transparency in business processes are solutions for corrupt business environment barriers. To improve the country's corruption results, policies need to be changed. Those changes can identify through by referring world corruption index.

✓ Entrepreneurship as a career

The mentality of an individual to become an entrepreneur and start a venture of his own, rather than working for other's is a result of a life event, key motivation, or a source of inspiration. Entrepreneurship can be considered as having a married life with the enterprise. There is no limit of working hours for an entrepreneur. Ones the business is settled, his generations can continue with the same and earn prospective benefits. However, if the enterprise does not prove fruitful to them, the business venture may require to be shut down.

Most of the young people are now starting their own enterprise due to lack of opportunities in the formal sectors. This can be seen as the fastest growing field at present. One can have good fortunes in long run and can select his or her own limits: There is abundance of scope and variety of planning and managing the work on our own.

Factors Favouring Entrepreneurship as a Career Option:

1. Greater Need for Independence:

   There are some individuals who want freedom while selecting where, how, with whom and in what conditions to work. This can be seen as a cue which motivates these individuals to go for entrepreneurship as a career option.

2. Desire to Have High Financial Rewards:

   Another factor attracting the individuals towards the entrepreneurial career is the desire to have high financial rewards. Generally, individuals prefer to have high financial reward for their efforts in work. It is not possible in a regular job, which is why individuals are attracted toward the entrepreneurial career.

3. Opportunity to Handle Different Aspects of a Business:

   Idea generation, conceptualization, designing, marketing as per customer demand and satisfying customers are the key aspects of a particular business. There is almost no other job opportunity which can provide the exposure to these aspects of the business. That is why, individuals shift to entrepreneurial career to have experience of these business aspects.

4. Desire to Implement Ideas:

   Individuals are attracted towards the entrepreneurial career because of the desire to implement their own ideas in the business. By becoming entrepreneur, a person can produce a product from his ideas. The short supply of any product can be recognized by entrepreneurs and they can make efforts in fulfilling the shortage gap. They have a motivation and self-belief of serving better products or services which is not offered by the current producers and thus, they initiate new ventures.

5. Job Insecurity:

   Another reason for choosing entrepreneurial career by individuals is that they feel insecure about the current job in a particular organisation. Due to insecurity about the future of the organisation they shift to self-employment.

6. Family Business:

   Individuals having family business may also shift to entrepreneurial career as they are already exposed to entrepreneurial environment. After completing their studies and having some experience in the industry they may start their own venture.

7. Risk-Taking Attitude:

   Risk cannot be avoided by the entrepreneurs and thus risk-taking ability can be seen as the most significant trait of an entrepreneur. However, the nature of risk tends to vary from one industry to other and it must be analysed in the beginning. The entrepreneurs are mainly driven by their risk-taking attitude.

8. Lucrative Government Policies:
   When infrastructural facilities and financial assistance are offered by the government, it can provide the individuals with better career prospects and financial benefits as compared to conventional jobs, then the individuals can choose to become an entrepreneur.

9. Vision to Leave a Long Lasting Mark:
   Individuals are also attracted to the entrepreneurial career because it can make them able to leave a mark on the society. By starting an enterprise, they offer an employment opportunity to the public and improve their living standards. The urge to innovate and improve the living standards of the society makes the society entrepreneurs famous among the general public. The enterprise of the entrepreneur becomes self-satisfying, profitable and engaging because of the inner urge, feasible business idea, logical planning and hard work.

- ✓ **Entrepreneurship as a style of management**

Entrepreneurship can be defined as an approach to management in which attempts are made to accomplish the various opportunities, without giving any major consideration to the available resources. Any type of firm can have entrepreneurial value creating activities. Focus on a particular opportunity, focus on change and its management in the whole organisation are the three key characteristics of entrepreneurship as a style of management. In order to direct and control such organisations, different interrelated and interdependent tools like power, leadership and motivation used by are entrepreneurs.
Entrepreneurial management is focused towards grabbing the opportunity, introducing a change in the organisation and managing the organisation completely. Enterprise owners and managers add value to themselves (through establishing new ventures) or to the organisation (through introducing new product lines) by exploiting the available opportunities in the market and in this way; they add a new dimension to the management.

- **Emerging Models of Corporate Entrepreneurship**
  Corporate entrepreneurship is the process of creating new businesses within established organizations. – Steven Kuratko (1993)

❖ **Four Models of Corporate Entrepreneurship**

1. **The Opportunist Model in Corporate Entrepreneurship:**

All companies start as opportunists. **Opportunistic entrepreneurs as people who are prepared for any opportunity, don't aim to be flawless, find opportunities to exploit and are ready to work hard.** Without any chosen organizational ownership or resources, corporate entrepreneurship proceeds based on the determinations and serendipity of intrepid project champions persons who toil against the odds, creating new businesses often in spite of the business. The opportunist model works fine only in trusting corporate cultures that are open to testing and have varied social networks overdue the official hierarchy. Consequently, the opportunist approach is unreliable for many firms. As a result of its past achievement with slightly invasive surgical procedures; Zimmer has founded more formal development practices for carrying new businesses to market. As such, the company has begun to progress beyond the opportunist model.

2. **The Enabler Model in Corporate Entrepreneurship**

"The Enabler" is a model of corporate entrepreneurship that focuses on **empowering employees to develop and implement new ideas**. The basic premise of the enabler model is that workforces across a business will be **willing to develop new concepts** if they are assumed adequate support. In the greatest evolved styles of the enabler model, companies provide the following: clear standards for selecting which opportunities to follow, application rules for funding, decision-making clearness, both recruitment and retention of entrepreneurially minded employees, and, possibly above all, active support from senior administration.

3. **The Advocate Model in Corporate Entrepreneurship**

What about cases in which finance isn't really the issue? In the advocate model, a firm assigns organizational proprietorship for the creation of novel businesses while purposefully providing only modest budgets to the core group. Advocate organizations perform as evangelists and novelty experts, facilitating corporate entrepreneurship in combination with business units. The program offers employees an extensive range of support, everything from idea conceptualization to commercialization.
The advocate model focuses on the creation of organizational ownership to develop new businesses into becoming more large-scale corporations.

4. **The Producer Model in Corporate Entrepreneurship**

With focused ownership and dedicated resources, Producer Model aims to protect emerging projects from turf battles, to encourage cross-unit collaboration, to build potentially disruptive businesses, and to create pathways for executives to pursue careers outside their business units. A few firms such as IBM, Motorola, and Cargill follow corporate entrepreneurship. They launch and support formal organizations with important devoted funds or active effect over business-unit finance.

✓ India's start up revolution:

India has become 3rd largest start-up ecosystem in the world after US and China. The number of newly recognized start-ups increased to over 14000 in 2021-22 from 733 in 2016-17.
The growth of Unicorns in India has been phenomenal in the past two years. In 2018, there were 17 Unicorns, and then the number went up to 38 in 2020, and it's 71 and counting in 2021. Many of these unicorns, which have cumulatively raised more than 9 billion dollars to date, have also seen a surge in valuations. This data was mentioned in the Economic Survey 2021-22 as well.
Some of the successful Indian unicorns are Lenskart, Cred, Meesho, PharmEasy, Licious, Grofers, etc.
Fintech was arguably the biggest contributor to the unicorn universe. CRED, Groww, Zeta, BharatPe, Mobikwik, Upstox, Slice were the fintech additions to the unicorn list. Edtechs like Byju's, Eruditus, upGrad, and Vedantu also got added to the list.

The term startup refers to a company in the first stages of operations. Startups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is demand.

- **Trends**:

1. Enhanced Digital Awareness And Acceptance
Because of the new normal, digitization has gained much more traction than before. It will include adopting the newest digital technologies and seamlessly integrating with third-party platforms, for the best of functionalities to be embedded in the solutions.

2. Changing Points Of Business Focus
It will be beyond mere business profits and productivity. The focus will increase its view to embed much more than the thought of. Business sectors like healthcare and fintech will have an upper hand in attracting popularity.

3. Virtual Health And Wellness Startups Would Be In Demand
The situation has called for an increase in virtual services and hence startups are focussing more on areas where such online services can easily be provided. The health and wellness segment is one such area that has shown great demand over the last year and continues to do so.

4. 5G And High-speed Internet To Be The Need For Startups
5G was already in demand and with the new way of working, the need for the same is felt much more. Startups are beginning to adapt to high-speed internet technologies as

they begin to build their business. Business owners feel the need to have good speed connectivity for their functioning so that their processes can execute to the best possible output, even if it means allocating a little extra budget for the same.

5. **Ecommerce And Online Education Startups Go Strong:**
With the online world much in demand, two sectors that have continued to stay amidst news are the e-Commerce and online education sectors. Both have showcased increased adoption globally and hence startup entrepreneurs are keen to invest in these areas to come up with effective solutions.

- **Why It's Imperative For Startups To Keep Up With Innovation**

  For any startup to stand out of the crowd and get noticed, be it by customers, investors or just about anyone else, it is critical that they innovate. If you have nothing new to offer, it's very easy to get lost in the crowd.
    - Adds entry barriers to the industry
    - Helps get to the top spot and retain that position
    - It shortens the time taken to solve a problem
    - Recycling of waste and by-products to increase efficiency

1. **Adds entry barriers to the industry:**
Having little or no competition in the market is an ideal situation for any startup to flourish. So, if a startup offers a completely disruptive product or service, then it automatically has a first mover advantage, since by the time others take inspiration from the product or idea and try to catch up, you would have already made a mark and got a sizeable chunk of the market. So, as long as you continue to innovate, you'll remain far ahead of others in the race.
2. **Helps get to the top spot and retain that position:**
Innovating continuously helps startups beat competition easily. 1997 was the year when Apple was close to shutting down. It was rumored that when Steve Jobs was made the interim CEO, Apple just had enough cash to pay its employees for 2 months. At that time, Apple was in the business of manufacturing and selling computer software and hardware. Steve Jobs then reiterated Apple's philosophy, which was to make an impact on the world by innovating, and not competing. He reminded people of things like the mouse and different fonts which he introduced. Post this, Apple introduced iconic products like the iPod, the iMac, the iBook& Power Mac G4. All these products did not have a lot of competition. They were introduced one after the other in quick succession, which left all their competitors guessing and kept Apple in the lead.
3. **It shortens the time taken to solve a problem**
If continuous innovation is a culture that is ingrained in your startup's lifeblood, problem-solving will not be a very challenging or a time-consuming activity. As an organization pushes for continuous innovation, everyone, right from the CEO to the lowermost executive or a plant worker, gets aligned to this way of life. They can continuously think about improving the quality of work that they do.
4. **Recycling of waste and by-products to increase efficiency:**
Continuous innovation helps startups reduce, reuse and recycle the by-products or

waste products that they get during production.Yes, although this may not really be the objective of a startup, it becomes a welcome by-product; and one that wins you accolades for serving the larger interest of the ecosystem you thrive in! Although the value add here may not reflect in your revenues numbers, it can certainly work wonders for your goodwill in the industry.

- **Benefits of new venture start up:**

1. **Access to a Large Market:**
India is home to over 1.3 billion people, making it the second most populous country in the world. This provides startups with a large potential customer base.
2. **Favorable Tax Policies:**
The Indian government has introduced several startup tax incentives. These include a deduction of up to 100% on profits for the first three years and a tax holiday for the first year of operation.
3. **Creativity:**
As the founder, your startup is based on your vision. This means you have the opportunity to get creative in your approach and really see your ideas come to life. Whether you're in a creative industry or not, entrepreneurship by its nature encourages a creative perspective towards everything from the startup idea to daily problem-solving
4. **Valuable Relationships:**
Networking is a huge part of startup ownership. While this may sound a little daunting, networking with other entrepreneurs, founders, and professionals can result in a community of motivated individuals who inspire you. Not only does this benefit you professionally, but surrounding yourself with a network of passionate, motivated people can also benefit your personal life and help you grow as an individual.
5. **Agility:**
Startups are smaller and less structured. They are also innovative and keep improving their business models, processes, and portfolio. These allow them to adapt to disruptive technologies and changes in market conditions. Established competitors face vested interests, a historic path, and a strong team culture. This makes them resistant to change.
6. **Flexibility:**
Your organization could have rather unique needs and demands for products and services. These might not be met by established service providers operating in a rigid manner. Startups are very flexible and are more likely to work at the hours, the place and in the manner that suits you.

- **The players involved in the ecosystem**

Just like a car requires spark plugs, oil, and a gas tank to run, a startup ecosystem requires the following elements.

1. Problems and Ideas:

A startup ecosystem cannot exist without new problems and ideas. The businesses in the ecosystem must constantly innovate and create new products and services to solve these problems.

2. **Entrepreneurs:**
These are the people with the ideas and the drive to make them a reality. They are the lifeblood of this ecosystem.
3. **Investors:**
These are the people who provide the financial backing for a startup to grow. They take on a high risk by investing in these businesses, but they believe in the potential payoff.
4. **People:**
The people in the ecosystem must be able to provide the talent, skills, and resources that the startup needs to grow. They include startup founders, employees, investors, mentors, and service providers.
5. **Capital:**
Capital is the fuel that powers a startup. It allows them to expand, hire new employees, and grow their business.
6. **Infrastructure:**
A startup ecosystem requires the infrastructure necessary for businesses to operate. This includes the physical infrastructure (office space, meeting spaces, etc.) and the digital infrastructure (networks, bandwidth, etc.)
7. **Services:**
The startup ecosystem must have access to the necessary services to function effectively. These services include legal, accounting, banking, and marketing services.
8. **Mentorship:**
Startups are hard, and mentors are the ones guiding new entrepreneurs to find their way. They provide essential guidance and support to the startups by helping them overcome challenges and make better decisions.

➢ Business incubators:

Business incubators are institutions that support entrepreneurs in developing their businesses, **especially in initial stages**. These are organizations geared towards speeding up the growth and success of start-ups and early stage companies. Incubation is usually done by institutions which have experience in the business and technology world. Incubation support includes **providing technological facilities and advices, initial growth funds, network and linkages, co-working spaces, lab facilities, mentoring and advisory support**. They are often a good path to capital from angel investors, government organizations, economic-development coalitions, venture capitalists and other investors. Most of the incubators have potential capital to invest in growth startups, or have links to potential funding sources. They provide access to compliance services from professionals such as accountants and lawyers; not to mention the invaluable mentoring and networking support available at the incubation center, through the staff and other entrepreneurs at the incubator. As early stage hand holders, incubators act as an integral part of the start-up ecosystem. They act as a catalyst for both regional as well as national economic development. There are **different types of incubators**: Academic institutions; Non-profit development corporations; For-profit development ventures; Venture capital firms, and combinations of the above. Incubators vary in their strategies. Some are located in an actual physical space meant to foster networking between incubatee entrepreneurs and others in entrepreneurial space. While others operate on a virtual basis. Incubators sometimes call themselves accelerators instead, often when they are geared towards jump-starting businesses that are more developed. Also, business incubators differ from research and technology parks in their dedication towards supporting start-ups and early-stage companies. Research and technology parks tend to be large-scale projects that house organizations ranging from government institutions, corporates, and university labs to very small companies. They seldom offer business assistance services, unlike business incubators. Rather, it will be good to say that business assistance services are the hallmark of business incubators.

- **Rural entrepreneurship:**

Rural entrepreneurs refer to those who perform the **business activities in rural areas** with the exploitation of local resources. Rural entrepreneurs expand the purchasing power and Standard of living of the people by offering employment opportunity to the people in rural areas.
Rural entrepreneurship refers to the development of a new enterprise which pioneers new products and services, creates a new market for its offerings or uses advanced technology, in the rural area.

- ✓ **Benefits of Rural Entrepreneurship**

1. Reduction in exodus to cities:
There is always a lot of debate around the growing infiltration of people into cities, searching for livelihood, thereby creating an unhealthy competition for both resources and opportunities. Sometimes, because of this infiltration, basic amenities are also breaking down leading to health and maintenance issues. At times, even the quality of life gets degraded. This has also led to huge slum dwellings and over-populated areas, where people live in sheds and tents even in developed cities in the country. If rural entrepreneurship can create wealth and provide enough opportunity in local markets, then it can reduce the pressure on people moving to cities.

2. Improving Chances for Success in Rural Development Initiatives
Rural entrepreneurship can be used as a tool to improve life and infrastructure. There is a lot of pressure on the Government to implement new schemes and initiatives. But it is very difficult for the schemes to be implemented successfully due to lack of opportunities in the current situation in rural India. By creating rural entrepreneurship

opportunities, it is possible that many of the social schemes and development schemes thought of by the government can be taken to fruition. For example, education can be thought of as an opportunity. Government funds which have been allocated can be used as public-private partnership to ensure that social schemes are also addressed, while creating entrepreneurial opportunities. Entrepreneurship can also be used as a tool for enabling growth in the agri and non-agri sector. There is a tremendous pressure today on supply of food and food grain development. So, entrepreneurship can be thought of as a tool that can be used by agri and non-agri industries for developmental reasons. Aspects like improved infrastructure, technology deployment, education, health, hygiene, etc., when infiltrated into the rural sector—improve the quality of life in the rural environment. This in turn can induce people to also start looking at an educated way of life, i.e. we can have farmers who are now educated, rather than thinking about farming once educated.

3. Enhances Economic Conditions

When local produce is consumed, there is spending and there is more returns on produce. With greater surplus income on their hands, poverty levels can be reduced in the country. Unemployment rates can also be reduced. Both these can happen when local markets are tapped and local industries are developed. Entrepreneurship in a rural setting can actually solve a lot of social problems by improving economic conditions. Rural Entrepreneurship can become Positive Contributor to Nation's Growth. The rates at which rural markets are contributing to the nation's GDP is not on par with the industry in urban areas or service industries or exports. In fact, a lot of rural industries are de-growing because of lack of adequate support and opportunities. If rural entrepreneurship can be promoted, it can also add to the economy of the country. It can become the second engine for the nation's development.

4. Generation of employment opportunities

A huge number of employment opportunities generated because of the rural entrepreneurship for the people who are living in these areas. A basic problem of any nation in today's era is unemployment and underemployment. This type of entrepreneurship gives ample new opportunities to people and effectively tackle the problem in a very positive way. Rural industrialization is labour intensive and provides great dealings to all rural people. People from rural areas migrate to the urban areas in search of a job and it helps to decrease the migration by offering similar opportunities for growth in their remote areas.

5. Getting foreign exchanges:

The products manufactured in rural areas is exported to the other nations across the world and in this way, they will earn foreign exchanges. It also enhances the rural entrepreneurship and gives a great push to the way of success.

- **Social entrepreneurship:**

  A social entrepreneur is interested in starting a business for the greater social good and not just the pursuit of profits.

  Social entrepreneurs may seek to produce environmentally-friendly products, serve an underserved community, or focus on philanthropic activities.

  The four primary types of social entrepreneurs are

  1. community social entrepreneurs
  2. non-profit social entrepreneurs
  3. transformational social entrepreneurs
  4. Global social entrepreneurs.

1. **community social entrepreneurs:**

   A community social entrepreneur prioritizes the need of a small geographical region, usually the community it lives in. This type of social entrepreneur is less concerned about the specific nature of their endeavor; the primary purpose of their entrepreneurship is to benefit their local area. This type of social entrepreneur often builds strong relationships in its community, taking advantage of relationships to leverage how resources flow within its town. Community members, local organizations, and the community social entrepreneur work together to make sure the needs of the community are met and partnerships that make sense are created.

2. **Non-profit social entrepreneurs:**

   Non-profit social entrepreneurs are the more common type of social entrepreneur where the entity has a broad stated goal that benefits someone but not necessarily their direct community. With the introduction of remote or online social entrepreneurship, it is now easier to create entities with broader mission-driven purposes. Non-profit social enterprises usually operate very similarly to a business. The primary difference is the net profits of the non-profit enterprise are often returned back to the entity for further develop into programming. Instead of there being investors to make money, a non-profit social entrepreneur strives to spend as much money it can towards its mission.

3. **Transformational social entrepreneurs:**

   As a start-up non-profit social enterprise grows, it often shifts into becoming a transformational social entrepreneur. As local non-profits grow, so can their mission. A transformational social entrepreneur look to scale an operation from a single program to benefitting various areas. For example, consider the broad reach of Goodwill; what started as a small non-profit social enterprise transformed into a much richer, broader entity with many more rules and regulation.

4. **Global social entrepreneurs:**
Sometimes, social entrepreneur endeavors aren't limited by borders or geography. Sometimes, people may try to solve overarching social concepts such as poverty, depression, or lack of living conditions. Usually, the social entrepreneur may try to solve an issue in a specific region. However, these deep-rooted issues are often not specific to a region. Many of the solutions discovered in one area may be attributable to another. These types of organizations easily have the greatest reach. For example, consider the breadth of the Bill & Melinda Gates Foundation. Their endeavors to find vaccinations for various diseases impacting those around the world are a clear example of global social enterprises.

- **Women entrepreneurship:**

Women entrepreneurs may be defined as a woman or a group of women who initiate, organise and run a business concern.

Schumpeter – "Women entrepreneurs are those women who innovate, initiate or adopt a business activity".

Government of India – "A woman entrepreneur is defined as an enterprise owned and controlled by a woman having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of the employment generated in the enterprise to women."

World over 1/3rd of the entrepreneurial ventures are run by woman entrepreneurs. Due to economic progress, better access to education, urbanization, spread of liberal and democratic culture and recognition by society, there has been a growth in woman entrepreneurship in India.

Indian woman Entrepreneur, Kiran Muzumdar Shaw, Chairman and Managing Director of Biocon Limited, received various coveted corporate award and civilian awards like Padma Shri (1989) and Padma Bhushan (2005) for her remarkable contribution to health and medicine industry. Other famous Indian Women entrepreneurs include personalities like Vandana Luthra, Ekta Kapoor, Naina Lal Kidwai and so on.

- ✓ **Why women become entrepreneurs?**

1. To become economically independent
2. To establish their own enterprise
3. To establish their identity in the society
4. To achieve Excellency in their endeavour
5. To build confidence to themselves
6. To develop risk assuming ability
7. To claim equal status in the society

- ✓ **Challenges for women entrepreneurs**

1. Balancing Responsibilities

A large number of women are not just entrepreneurs or career people—they have families, spouses, and other responsibilities. Demands from personal and professional commitments can pressure a woman to abandon either her business or family. The family expects her to be a mother and wife, while the business requires her to be the leader and show commitment. It becomes more difficult for those who lack social support because they have to carry the entire burden by themselves. Some women can balance these two spheres of their lives, while others are overwhelmed.

2. Limited Funding

Not all business people are fortunate enough to have an investor or financier for their business. Some have to bootstrap their entrepreneurial ventures, rely on credit cards or raise capital on their own. Women's businesses are among the leading ventures that lack financial support. It is also common for women to be denied loans because of gender and cultural biases—many institutions tend to fund male-owned businesses.

3. Inadequate Support System

What would women achieve if they had a perfect support system? Struggling or failing in business could be the result of a lack of an adequate support system. In business, no man's an island. Women tend to face the greatest challenges in getting support, from lacking the relevant connections to needing financial access or emotional support. They also need mentors and sponsors to guide them in this new path. The support system is often expensive, forcing women to delay starting their businesses.

4. **Gender inequality**
   What do you need to know about gender inequality? Laws, cultures, religion, and politics are built upon a patriarchal foundation. Women must work their way up in the masculine world while facing stigma and discrimination. Although laws and policies have attempted to create a favorable business environment for everyone, the actual changes have not yet been implemented.

5. **Unfavorable Business Environment**
   Among the challenges that women experience are less-established business networks, and social and traditional constraints that restrict women's participation in business. Religion hinders women from owning businesses. In some countries, women may be required to have a male partner will do deals, negotiate, and be the face of the business. Regardless of these challenges, the business world is gradually accepting women's abilities and contributions.

✓ **Schemes for Empowering Women Entrepreneurs:**

1. Women Entrepreneurship Platform (WEP)
2. Udyogini Scheme
3. Mudra Loans
4. Bharathiya Mahila Bank Business Loan
5. Annapurna Scheme
6. Stree Shakti Scheme
7. Dena Shakti Scheme

1. **Women Entrepreneurship Platform (WEP)**
   NITI Aayog, in partnership with SIDBI, has launched a WEP targeted at existing and budding women entrepreneurs. Based on 3 pillars–Gyaan Shakti, Iccha Shakti, and Karma Shakti, it aims to provide an enabling ecosystem to women entrepreneurs for sourcing financing, mentorship, apprenticeship, and corporate partnerships. Additionally, WEP provides incubation and accelerator support to all women-led businesses at any startup stage, ranging from ideation to scaling up. Best of all, it helps women entrepreneurs build a community of like-minded women that can support and guide each other.
2. **Udyogini Scheme**

Implemented by the Women Development Corporation under the Indian government, the Udyogini scheme is aimed at aspiring women entrepreneurs based in rural and underdeveloped areas. Under this scheme, women with an annual family income of under Rs. 1.5 lakh, can avail of interest and collateral-free loans up to Rs. 3 lakhs for starting a micro-enterprise in any of the 88 designated small-scale industries. Furthermore, the government offers a 30% subsidy for easy repayment options while imparting numerous functional skills, such as business planning, costing, pricing, and feasibility.

3. **Mudra Loans**
   Pradhan Mantri Mudra Yojana (PMMY) was launched in April 2015 to provide collateral-free loans to small and micro enterprises based in the manufacturing, retail, agriculture, and service sectors. These loans are categorized into 3 categories: Shishu loans (up to Rs. 50,000), Kishor loans (from Rs. 50,000 to Rs. 5 lakhs), and Tarun loans (from Rs. 5 lakhs to Rs. 10 lakhs). Presently, Mudra offers a 25 bps reduction on interest rates to NBFCs/MFIs extending loans to women entrepreneurs. While not exactly a women-exclusive scheme, over 68% of Mudra loans, amounting to Rs. 6.36 lakh crores, were sanctioned to women entrepreneurs between FY15 and FY21.
4. **Bharathiya Mahila Bank Business Loan**
   Established in 2017 to provide funding support to women, Bharathiya Mahila Bank was later amalgamated with SBI but has continued to provide business loans. Here, women entrepreneurs planning to start a manufacturing unit or a real estate business can avail of loans of up to Rs. 20 crores. Collateral-free loans are also available when the loan amount is under Rs. 1 crore. These business loans are further classified as BMB Shringaar (beauty business), BMB SME Easy, BMB Annapurna (food catering), and BMB Parvarish (daycare center).
5. **Annapurna Scheme**
   Another popular government initiative is the Annapurna Yojana, where women entrepreneurs are offered loans up to Rs. 50,000 for opening a food catering business. The loaned amount can be utilized for working capital requirements, including the purchase of kitchen essentials. However, these loans require collateral and a guarantor. Also, they need to be repaid over a 3-year term.
6. **Stree Shakti Scheme**
   An initiative of SBI, the Stree Shakti scheme is exclusively tailored for women entrepreneurs who are either already running a business or plan to run one. Under this scheme, women engaged in the manufacturing, retail, or service sector can avail of loans. Even self-employed women, such as doctors and architects, can get loans. The applicable interest rates are lowered by 0.5% for loans extended to women entrepreneurs of over Rs. 2 lakhs. Furthermore, there is no requirement for a pledged security for loans up to Rs. 5 lakhs. However, to be eligible under this scheme, women need to be a part of the Entrepreneurship Development Programmes (EDP) run by their state governments.

7. **Dena Shakti Scheme**

   Dena bank, a public sector bank, was set up to provide women with a platform to avail of business loans. Under the Dena Shakti Scheme, financial support is extended to women entrepreneurs focused on agriculture, retail trade, education, housing, and the SME segment. Women-led businesses can get loans up to Rs. 20 lakhs, repayable over 7 years, with a 0.25% concession in applicable interest rates. A microcredit loan of Rs. 50,000 can also be sought under the Dena scheme.

Ch 2: Theories of Entrepreneurship

- ✓ Innovation Theory by Schumpeter & Imitating
- ✓ Theory of High Achievement by McClelland
- ✓ X-Efficiency Theory by Leibenstein
- ✓ Theory of Profit by Knight
- ✓ Theory of Social change by Everett Hagen

✓ Innovation Theory by Schumpeter & Imitating:

Joseph Alois Schumpeter is regarded as one of the greatest economists of the first half of the twentieth century. At that time he took part in the most important economic debates. The concepts of innovation and entrepreneurship are probably Schumpeter's most distinctive contributions.
One of the most crucial theories of entrepreneurship was given by Schumpeter. He views economic development as a result of various creative acts of entrepreneurship. Innovation is nothing but a new approach of resolving issues and a very critical aspect of entrepreneurship is to resolve problems.

According to Schumpeter, innovation can involve any of the following:
1. Innovation of new products
2. Innovation in new methods of production
3. New market
4. New source of supply of raw material
5. New organisation

1. Innovation of new products
The launch of new goods and services of a different quality in the market. These are products which are new to the consumers. They have not experienced them.

2. Innovation in new methods of production
The production method may be new. In other words it is a method of manufacturing which has not been tested yet.

3. New market
The creation of a new market for the product. This may be in the form of introduction of the product.

4. New source of supply of raw material
It can be in the form of a new supply source of inputs for manufacturing.

5. New organisation
Establishing a new type of organisation structure.

Schumpeter distinguishes between invention and innovation. Developing new items is referred to as invention whereas practical usage of the new items is known as innovation.

- **Imitating:**

Imitation involves copying the practices of other firms, weather those other firms are in the same industry being entered or from related industry.
Entrepreneurs may simply find it easier to imitate the practices of a successful firm than go through the process of systematic and expensive search. Imitating some of practices of established successful organisations can help the entrepreneur to develop the skills necessary to be successful.
This use of imitation allows the entrepreneur to quickly acquire the skills that will be rewarded by the industry without necessary having to go through the process of first determining what those key success factors actually are. It is a mechanism that allows the entrepreneur to skip a step in the stages of solving puzzles.

- ✓ **Theory of High Achievement by McClelland**

American psychologist David McClelland developed his theory of needs, also called the Achievement Theory of Motivation, in the 1960s.

McClelland's theory says that everyone is driven by one of three needs:

- ✓ Everyone is driven by one of three needs:

1. ***Need for Achievement (nACH)***
2. ***Need for Affiliation (nAFF)***
3. ***Need for Power (nPOW)***

Different people are motivated by different drivers, so understanding what specifically motivates a person to complete a task can vastly improve the likelihood that they'll complete the assignment and do it well.

His theory of needs is based on Abraham Maslow's Theory of Human Motivation and his accompanying Hierarchy of Needs. Maslow's hierarchy is most commonly depicted as a pyramid. To reach the top of the pyramid or self-actualization, people must first have their basic needs met.

The base of the pyramid refers to physiological needs like food, water and shelter. Above that is safety needs like health and employment. On top of that are love and belonging needs like family and friendship. Next comes esteem needs like respect, status and freedom. The top of the pyramid is self-actualization, in which the individual has the ability to reach their highest potential since they've already had all their other, baser, needs to be met.

1. ***Need for Achievement (nACH)***

The need for achievement means you're motivated by completing tasks you set out for yourself or that someone else sets out for you. Achievement-motivated people often seek out situations and projects that highlight their skills and are neither too simple nor too complex. Tasks that don't present any challenge at all won't garner the recognition they desire while tasks that are outside of their comfort zone pose too much of a risk.

2. ***Need for Affiliation (nAFF)***

The need for affiliation means you're motivated by your connections with others. Affiliation motivates interpersonal relationships and emotional connections. Often, they prefer working in groups rather than working independently in order to build those relationships. Affiliation driven individuals tend to avoid situations in which they may face rejection or uncomfortable boundaries within their relationships.

3. ***Need for Power (nPOW)***

The need for power means you're motivated by authority and control. People motivated by power seek positions and relationships in which they can demonstrate their leadership and be the primary decision-maker. Many people who are power-motivated enjoy competition and debate. Unlike those motivated by achievement and affiliation, those motivated by power do not avoid high-risk situations. Instead, they seek them out to show their superiority.

✓ X-Efficiency Theory by Leibenstein

Born in the Ukraine, Harvey Leibenstein (1922-1994) was a professor at Harvard University whose primary contribution—other than x-efficiency and its various applications to economic development, property rights, entrepreneurs, and bureaucracy—was the critical minimum effort theory that aimed to find a solution to breaking the poverty cycle in underdeveloped countries.

What Is Efficiency?

The term "efficiency" refers to the peak level of performance that uses the least amount of inputs to achieve the highest amount of output. Efficiency requires reducing the number of unnecessary resources used to produce a given output, including personal time and energy. Efficiency is a measurable concept that can be determined using the ratio of useful output to total input. Increased efficiency minimizes the waste of resources such as physical materials, energy, and time while accomplishing the desired output.

What Is X-Efficiency?

X-efficiency refers to the degree of efficiency maintained by firms under conditions of imperfect competition. Efficiency in this context means a company getting the maximum outputs from its inputs, including employee productivity and manufacturing efficiency. In a highly competitive market, firms are forced to be as efficient as possible to ensure strong profits and continued existence.

- So, when calculating x-efficiency, a data point is usually selected to represent an industry and then it is modeled using regression-analysis. For example, a bank might be judged by total costs divided by total assets to get a single data point for a firm. Then, the data points for all the banks would be compared using regression analysis to identify the most x-efficient and where the majority fall. This analysis can be done for a specific country to find out how x-efficient certain sectors are or across borders for a particular sector to see the regional and jurisdictional variations.

In the extreme market structure case–monopoly—Leibenstein observed less worker effort. In other words, with no competition, there is less worker and management desire to maximize production and compete. On the other hand, when competitive pressures were high, workers exerted more effort. Leibenstein argued that there is much more to gain for a firm and its profit-making ways by increasing x-efficiency instead of allocative efficiency.

X-Efficiency deals with the way organisation uses its resources.

Leibenstein identifies 2 main roles of Entrepreneurship:

1. Input completion, which involves making available inputs that improve the efficiency of existing production methods.
2. Introduction of new ones, which involves bringing new ways of production.

✓ Theory of Profit by Knight:

The **Knight's Theory of Profit** was proposed by Frank. H. Knight, who believed profit as a reward for uncertainty-bearing, not to risk bearing. Simply, profit is the residual return to the entrepreneur for bearing the uncertainty in business.

This theory deals with:

1. **Profit**
2. **Risks**
3. **Uncertain situations**
4. Skills of entrepreneur to overcome risks

Knight had made a clear distinction between the risk and uncertainty. The risk can be classified as a **calculable** and **non-calculable** risk. The calculable risks are those whose probability of occurrence can be anticipated through a statistical data. Such as risks due to the fire, theft, or accident are calculable and hence can be insured in exchange for a premium. Such amount of premium can be added to the total cost of production.
While the non-calculable risks are those whose probability of occurrence cannot be determined. Such as the strategies of a competitor, changes in tastes, changing preferences of consumers, strikes, increased competition, changes in government policy cannot be accurately assessed. Thus, the risk element of such events is not insurable. This incalculable area of risk is the **uncertainty.**
Due to the uncertainty of events, the decision-making becomes a crucial function of an entrepreneur or manager. If the decisions prove to be correct by the subsequent events, an entrepreneur makes a profit and vice-versa. Thus, the Knight's theory of profit is based on the premise that profit arises out of the decisions made under the conditions of uncertainty.
Knight believes that profit might arise out of the decisions made concerning the state of the market, such as decisions with respect to increasing the degree of monopoly in the market, decisions regarding holding stocks that might result in the windfall gains, decisions taken to introduce new product and technique, etc.
The major criticism of the knight's theory of profit is, the total profit of an entrepreneur cannot be completely attributed to uncertainty alone. There are several functions that also contribute to the total profit such as innovation, bargaining, coordination of business activities, etc.

✓ Theory of Social change by Everett Hagen

Hagen considers withdrawal of status, withdrawal of respect, as a trigger for personality development. According to him, withdrawal of status respect leads to the entrepreneurship.
It occurs when the member in the group perceive that their efforts and purposes in the life are not valued by the other members.
This theory is based on general model of society.

He proposed four events which can lead to status withdrawal:

1. **Displacement** of a conventional best group from its earlier status by another conventional supply physical force
2. **Denigration** of valued symbols through some change in the attitude of the superior group
3. **Inconsistency** of status symbols with a changing distribution of economic power
4. **Non-Acceptance** of expected status on migration to a new society

He further stated that withdrawal of the status respect would give rise to following:

a) **Innovator:** An entrepreneur who is innovative and try to attain his objectives set by himself
b) **Retreatist:** Entrepreneur who keeps on working in society but remains apathetic to his work or status.
c) **Ritualist:** One who works as per the rules of the society but has no hope in the improvement in his status.
d) **Reformist:** One who is a revolting and tries to carry new ways of working and develops new society.

Ch 3 Entrepreneurship Development

- **What is Entrepreneurship Development?**

Entrepreneurship development is the process of enhancing the entrepreneurial knowledge and skills via structured training programmes. It deals with the study of entrepreneurial behaviour, dynamics of business, and its development and expansion. The objectives of entrepreneurship development programmes are to increase the knowledge and skill of existing entrepreneurs and encourage others to become one. Ultimately, it helps in increasing the number of such individuals in an economy.

Entrepreneur development focuses on training individuals who are interested in commencing their venture or expanding their existing one. Furthermore, it concentrates more on encouraging innovation and evaluating the growth potential of an enterprise. This development process helps new firms to perform better and achieve their goals and expand their businesses. As a result, the economy of a nation also improves. Moreover, it enables entrepreneurs to develop and manage their business better along with the financial insecurities associated with it.

An increase in the rate of development of entrepreneurship ventures alleviates the problem of unemployment in an economy. Additionally, it decreases the issue of stagnation and increases competition in the market. A process like this aims to develop the competence of an entrepreneur and his/her venture. Therefore, it enhances entrepreneurial objectives and encourages more people to become entrepreneurs.

- **Entrepreneurial competency**

What is a competence?

A competence is an **underlying characteristics** of a person, which results is effective and/or superior performance in a job. A job competence is an underlying characteristics of a person, in that it may - be motive, traits, skills, aspect of ones self-image or a body of knowledge which one uses. The existence of these characteristics may or may not be known to the person. In this sense, the characteristics may be unconscious aspects of the person. In simple terms, a competence is a combination of body of knowledge, set of skills and cluster of appropriate motives/traits that an individual possesses to perform a given task. In order to understand more about competencies, let us understand the meaning of knowledge, skills, traits and motives, which form various components of entrepreneurial competencies.

Entrepreneurial competency:

Entrepreneurial competency is a set of skills and behaviour needed to create, develop, manage, and grow a business venture. It also includes the ability to handle the risks that come with running a business. Without a doubt, business owners and startup founders must possess most of the entrepreneur competencies to succeed.

Major Entrepreneurial Competencies:

Following is a list of major competencies that contribute towards top performance:

1. Initiative:

All entrepreneur takes action that go beyond job requirements or the demand of the situation.
Does things before being asked or forced by, the events.
Acts to extend the business into new areas, products; or services.

2. Sees and Acts on Opportunities:

Looks for and takes action on opportunities.
Sees and acts on opportunities (business, educational or personal growth).
Seizes unusual opportunities to obtain financing, equipment, land, work space or assistance.

3. Persistence:

Takes repeated action to overcome obstacle that get in the way of reaching goals.
Takes repeated or different actions to overcome obstacles:
Takes action in the face of a significant obstacle.

4. Information Seeking

Takes action on own-to get information to help reach objectives or clarify problems.
Does personal research on how to provide a product or service. Consults experts for business or technical advice. Seeks information or asks questions to clarify what is wanted or needed
Personally undertakes research, analysis, or investigation. Uses contacts or information networks to obtain useful information.

5. Concern for High Quality of Work

Acts to do things that meet or beat existing standards of excellence.

States a desire to produce work of high quality. Compares own work or own company's work favorably to that of others.

6. Commitment to Work Contract

Places the highest priority on getting a job completed.
Makes a personal sacrifice or expends extraordinary effort to complete a job Accepts full responsibility for problems in completing a job for others.
Pitches in with workers or works in their place to get the job done. Expresses a concern for satisfying the customer.

7. Efficiency Orientation

Finds ways to do things faster or with fewer resources or at a lower cost.
Looks for or finds ways to do things faster or at less cost.
Uses information or business tools in improve efficiency Expresses concern about costs vs. benefits of some improvement, change, or course of action.

8. Systematic Planning

Develops and uses logical, step-by-step plans to reach goals.
Plans by breaking a large task down into sub-tasks.
Develops plans that anticipate obstacles. Evaluates alternatives. Takes a logical and systematic approach to activities.

9. Problem Solving

Identifies new and potentially unique ideas to reach goals.
Switches to an alternative strategy to reach a goal. Generates new ideas or innovative solutions.

10. Self-Confidence

Has a strong belief in self and own abilities.
Expresses confidence in own ability to complete a task or meet a challenge.
Sticks with own judgment in the face or opposition or early lack of success. Does something that he says is risky. .

11. Monitoring:

Develops or uses procedures to ensure that work is completed or that work gets standards or quality.
Personally supervises all aspects of a project.

12. Concern for Employee Welfare

Takes action to improve the welfare of employees.
Takes positive action in response to employees' personal concerns.
Expresses concern about the welfare of employees.

- ## Developing Competencies

Creating and managing a business successfully is increasingly dependent on developing and honing entrepreneurial skills in this digital age. Aspiring entrepreneurs can learn and develop these skills through professional and expert guidance and training.

Steps to develop entrepreneurial competencies:

1. **Competency Identification and Recognition**

The first step towards developing entrepreneurial competencies is understanding what it is like to have these characteristics. It does not mean that the process ends after gaining understanding. Instead, you need to determine what exact characteristics you wish to imbue within you based on your specific needs. For instance, you might have the quality of being a risk-taker, but you lack leadership. Hence, you need to develop leadership skills.

2. **Competency Assessment**

Competency Assessment is an assessment of a person's characteristics and the required set of skills. An individual doesn't always need to complete a competency assessment themself but can also be done through the feedback of others. When you start acting like a real business owner, the goal is to plug the gaps between previously acquired competencies and the new requirements.

3. **Competency Mapping**

Competency mapping involves evaluating and analyzing personal strengths and weaknesses. Knowing your strengths and weaknesses can help you focus better and move faster towards entrepreneurial competencies. Perhaps you feel that your communication skills aren't sharp, but you are proficient at financials and budgeting. In this way, you can assess which skill needs more attention and which does not.

4. **Gaining knowledge and understanding**

An individual can start developing the necessary competencies with experience. Whether you hire an expert or go online, the choice is yours. These new competencies with help you deal with challenging situations.

5. **Comparison of competencies**

Competencies are much broader than skills since they encompass a variety of skill sets along with abilities and knowledge. Comparison is inevitable in developing entrepreneurial competencies as it helps people focus on a particular type of proficiency or skill that they feel will help them develop entrepreneurial abilities.

6. **Self-assessment**

By conducting an honest and detailed self-assessment, entrepreneur competencies learners may increase their chances of business success. They may be able to identify business opportunities that are right for them by considering personal traits. For instance, skills, experience, expertise, financial goals, likes and dislikes, ability to sacrifice, and willingness to take on challenges are some of the few factors to be considered during assessment. It also helps in the faster development of the lacking entrepreneurial competencies.

7. **Application in real-life situations**

It isn't necessary for individuals building entrepreneurial competencies to use them within defined boundaries as these must be often showcased in the real world. That's how you will become confident. A display of confidence and continuity in applying newly acquired behaviours, skills, and characteristics ensures success.

8. **Feedback**

Feedback is essential for applying entrepreneurship competencies to obtain tangible results and bring out positive changes. It is up to an individual to assess and decide whether the rewards of having newly acquired entrepreneurial skills are satisfactory or not. They can pace their progress accordingly.

• Entrepreneur Training and developing

What is Entrepreneurial Training?

Training aimed at developing entrepreneurial competence in potential individuals is called entrepreneurial training.

The different types of motivational inputs include the wide array of tests, role plays, psychological games, goal-setting exercise and so on. Helping the individuals to have a better understanding of their entrepreneurial personality, changing self-concept and values with the help of self-study and creating the supportive entrepreneurial behavior arc the main motives of these inputs.

The training also focuses on teaching different techniques of performing research, surveys or studies. Relevant project reports are also required to be prepared by the participants. In such training's, different available government schemes and programmes for the entrepreneurial development are also explained to the participants.

Objectives of Entrepreneurial Training

The main objectives of entrepreneurial training are enlisted below:

1. To encourage the spirit of self-employment among entrepreneurs and develop small and medium enterprises.
2. To encourage new venture establishment and expansion of the existing ones in rural areas through designing especial programmes.

3. To inculcate the entrepreneurial skills to potential entrepreneurs and help develop the same in existing entrepreneurs.
4. To enable the entrepreneurs to define or redefine their business objectives and work individually as well as in group for the realization of the same.
5. To make the entrepreneurs ready for unforeseen threats and risks associated with the business.
6. To facilitate strategic decision making among entrepreneurs.
7. To inculcate team building and coordination skills for meeting the future demands.
8. To develop the communications skills among the potential entrepreneurs.
9. To make the potential entrepreneurs able to define the vision of their ventures and work in coordination for the realization of the same.
10. To make the potential entrepreneurs able to analyse the environment around them and take suitable decisions about the product.
11. To make the potential entrepreneurs understand the legal procedures and norms involved establishing a new venture.
12. To inculcate the basics of industrial relations among potential entrepreneurs.

- **Entrepreneur Development Programs (EDP)**

The skills that are required to run a business successfully is developed among the students through this programme. Sometimes, students may have skills but it requires polishing and incubation. This programme is perfect for them. This programme consists of a structured training process to develop an individual as an entrepreneur. It helps the person to acquire skills and necessary capabilities to play the role of an entrepreneur effectively.

EDP is an effort of converting a person to an entrepreneur by passing him through thoroughly structured training. An entrepreneur is required to respond appropriately to the market and he/she is also required to understand the business needs. The skills needed are varied and they need to be taken care in the best possible way. **EDP is not just a training programme but it is a complete process to make the possible transformation of an individual into an entrepreneur**. This programme also guides the individuals on how to start the business and effective ways to sustain it successfully.

✓ Objectives of EDP

1. **To Promote First Generation Businessman and Industrialists**

We know that the son of a businessman has the tendency to become a businessman, owing to family traditions, as they are hearing and looking the intricacies of business, since birth, the habit of bearing loss is in their blood and the nature for making investments in developed, by way of inheritance. But for persons of such families were where the business does not exist, the environment of business is lacking, who does not know anything about business, and then entrepreneurial development programmes provide inspiration to enter into a trade, industry, and business.

2. **To Create Awareness about Availability of Resources**

   Various and special types of resources, like raw material, labor, techniques, and technologies are available in all parts of our own country and in foreign countries. But, due to a lack of proper knowledge about them, these remain underutilized or even unutilized. Hence, entrepreneurial development programmes (EDP) aim at providing information to people about these resources, so that their proper utilization is possible.
3. **To Promote Small, Cottage & Local Industries**

   The aim of the entrepreneurial development programme is to provide inspiration to people for setting up small, local Industries, by utilization of resources available in the nearby areas and areas of their links. Local resources may be channelized into industrial development.
4. **To Encourage Self Employment Tendencies**

   Persons have two sources of livelihood, either by service or their own business, which are known as wage employment and self-employment, respectively. The entrepreneurial development programmes aim at inducing people for self-employment, in place of service, so that they may become the master of his own business and may be able to provide employment to other persons by establishing the business.
5. **To Provide Knowledge about Government Plans and Programmes**

   The government has introduced various schemes for self-employment. But, they become significant only when people have sufficient knowledge about them. **Hence**, entrepreneurial development programmes (EDP) aimed at dissemination of detailed knowledge and information about self-employment, like how to make use of the government schemes, where from and how to obtain the required reliable information, which department will provide information and assistance about finances, techniques, and technologies, etc.
6. **To make a successful entrepreneur**

   The success of an entrepreneur depends upon certain qualities. Hence, entrepreneurial development programmes aim at developing all such qualities in them, which may make them successful entrepreneurs. These qualities include self-confidence, farsightedness, maturity, dynamic approach, dedication, leadership qualities, qualities for innovations, decision making power, etc.

7. **To provide training to operate business**

Entrepreneurial development programmes also aim to provide training for successful operations for the business. In this programs, the entrepreneurs are trained, how to do the business, how to make business dealings with various parties, how to develop cordial relations, how to establish the business balance between various components of the business, and how to combat the difficulties arising during the course of business, etc.

8. **To create awareness about marketing**

In the present age, it is easy to produce goods, but the selling of goods is most difficult. Entrepreneurial development programme (EDP) provides information about the markets, to facilitate the sale of goods. The techniques of sustaining from competitions are also made known and the abilities to take suitable decisions in different situations are also developed.

9. **To develop entrepreneurs in all areas of the country**

Normally, it is observed that people establish business and industries and those places, where there are already well established. As a result, their localization and development take place, but other places or areas remain deprived of the industries and business. In such situations, entrepreneurial development programmes aim to develop in all parts of the country.

10. **To remove Doubts of Entrepreneurs, Give Solutions**

Whenever a person establishes his own business and industry, he feels many doubts, various problems also arise and he is visualizing several shortcomings. The entrepreneurial development programmes aimed at removing the doubts and suggesting remedial measures for the problems and shortcomings. For fulfilling these objectives, programmes of the various subject matter by specialists organized in which prospective entrepreneurs are invited to provide them opportunities for direct contact with these specialists and their problems are well diagnosed and remedies are suggested.

✓ Role of EDP:

An Entrepreneurship Development Programme primarily plays four roles to help an individual to become an entrepreneur.

A. Stimulatory Role:

It aims at influencing people in large number to be the entrepreneur.
This includes:

1. developing managerial, technical, financial, and marketing skill
2. inculcating personality traits
3. promotes and reforms entrepreneurial behavior and values
4. identifying a potential entrepreneur applying scientific methods

5. motivational training and building a proper attitude
6. strengthening the motive of a person and giving recognition
7. the valuable know-how of the local products and the processes help in the selection of products, preparation of project reports

B. **Supportive Role:**

It helps in the following ways:

1. registration of the business
2. procurement of fund
3. Incubation support
4. Team building and team development support
5. Mentorship and guidance from industry experts
6. Providing tax relief, subsidy, government schemes etc.
7. guidance in product marketing
8. support for management consultancy

C. Sustaining Role:

It aims at providing an effective safeguard to businesses to sustain against the cut-throat market competition. This includes:

1. help in modernization, expansion, and diversification
2. additional financing for further development
3. Global Networking Opportunities
4. creating new marketing processes
5. helping access to improved services and co-working centers

D. Socio-economic Role:

It aims at upgrading the socio-economic status of the public and includes:

1. identifying entrepreneurial qualities in practicality
2. creating employment opportunities in micro, small, and medium industries on an immediate basis
3. arresting concentration of industries by supporting regional development in a balanced manner
4. focusing on the equal distribution of income and wealth of the nation
5. channelizing the latent resources for building an enterprise

✓ Contents of EDP:

The course contents of an entrepreneurship development program are selected in line with objectives of the EDPs.

It consists of the following inputs:

1. **General Introduction to Entrepreneurship:**
First of all, the participants are exposed to a general knowledge of entrepreneurship such as factors affecting small-scale industries, the role of entrepreneurs in economic development, entrepreneurial behaviour, and the facilities available for establishing small-scale enterprises.
2. **Motivation Training:**
The training inputs under this aim at inducing and developing the need for achievement among the participants. This is, in fact, a crucial input of entrepreneurship training. Efforts are made to inject confidence and positive attitude and behaviour among the participants towards business. It ultimately tries to make the participants start their own business enterprise after the completion of the training programme. In order to further motivate the participants, sometimes successful entrepreneurs are also invited to speak about their experiences in setting up and running a business.
3. **Management Skills:**
Running a business, whether large or small requires the managerial skills. Since a small entrepreneur cannot employ a management professionals /experts to manage his/her business, he/she needs to be imparted basic and essential managerial skills in the different functional areas of management like finance, marketing, human resource, and production. Knowledge of managerial skills enables an entrepreneur to run his/her enterprise smoothly and successfully. That is why the saying goes that "One man control is the best in the world (of business) if the man is big enough to control (manage) everything."
4. **Support System and Procedure:**
The participants also need to be exposed to the support available from different institutions and agencies for setting up and running small-scale enterprises. This is followed by acquainting them with procedure for approaching them, applying and obtaining support from them.
5. **Fundamentals of Project Feasibility Study:**
Under this input, the participants are provided guidelines on the effective analysis of feasibility or viability of the particular project relating to marketing, organization, technical, financial, and social aspects of the project. Knowledge is also given how to prepare the 'Project' or 'Feasibility Report' for certain products.
6. **Plant Visits:**
In order to familiarize the participants with real life situations in small business, plant visits are also arranged. Such trips help the participants know more about an entrepreneur's behaviour, personality, thoughts, and aspirations. These influence him / her to behave accordingly to run his / her enterprise smoothly and successfully.

✓ Methods of EDP:

1. Financial management exercises

This type of training is mandatory for every business actor, especially if you are someone who is just exploring the business world. Basically, the ability to manage finances does not depend on your previous educational background, but rather is determined by how you prioritize the use of funds. In the digital era, it can be said that business actors are much luckier because the business income system can be recorded automatically. With this, you can directly monitor every incoming transaction, without the need to come directly to the place of business.

2. Leadership training

Without the ability to lead, of course you will find it difficult to direct the team you work with effectively. In fact, the way you lead the team will greatly determine the success of your business performance. So, be sure to also take the time to learn how to be a great leader. From there, you will find out what things you can develop and how to manage the human resources you employ better than before.

3. Customer service training

The service quality of a business also plays an important role in the reputation of your business. You see, the better the service you provide, the higher the customer satisfaction which will affect the profits you get. Of course, regardless of the scale of your business, you need to consider service quality as one of the main aspects.

4. Soft skill development exercises

When you run a business, the skills you need are not only applied ones, but also soft skills related to emotional intelligence, business ethics, teamwork, communication, and the ability to solve problems. Not surprisingly, training to develop soft skills is also needed by business actors so that they can become wiser business leaders and work more effectively. That way, the managed business can generate more profit.

5. Compliance Training

Compliance training gives you a lot of knowledge about the basics of making compliant in business, such as licenses and tax provisions that you need. Not only that, you can also run your business more wisely without violating environmental regulations.

6. Marketing Training

It is no secret that marketing strategy is included as one of the aspects needed in running a business. Therefore, regardless of the scale of business you are engaged in, both MSME and enterprise businesses, skills in the field of marketing are still essential. Through knowledge in this area, you can understand what kind of tips you need to do to promote your products and services effectively. Training in the marketing aspect will open up opportunities for you to learn the latest trends that you can tailor to your target customers.

✓ Execution/ phases of EDP:

EDP is primarily designed to induce motivation and competence among young prospective entrepreneurs. So the cause and curriculum of Entrepreneurship Development programme will be so designed that it will induce motivation and competency.

After deciding on course contents and curriculum on EDP, the next important task is to decide various phases of EDP. There are three different phases of EDP like:

- **Pre-training phase**
- **Training phase**
- **Follow-up phase**

1. Pre-training phase:

Pre-training phase consists of all activities and preparation to launch training programme. Pre-training phase of EDP consists of the following activities:

- Selection of entrepreneurs for the training programme.
- Arrangements of infrastructure are for the programme like selection of place of training.
- Deciding guest faculty for the programme from education industry and banks.
- Taking necessary steps for inauguration of programme.
- Formation of selection committee to select trainees
- Making provision with regard to publicity and campaigning for the programme.

2. Training phase:

The primary objective of training programme is to develop motivation and skill or competency amongst the potential entrepreneurs. Care should be taken to impart both theoretical and practical knowledge to various trainees. The training phase of EDP will be so designed that it will answer the following questions:

- Whether the attitude of the entrepreneur has been tuned towards the proposed project or no.
- Whether the trainee has been motivated to accept entrepreneurship as a career.
- How the trainee behaves like an entrepreneur.
- Whether the trainee has sufficient knowledge on resources and technology or not.
- What kind of entrepreneurial traits he lacks and what steps should be taken to set it.

3. Follow-up Phase:

Follow up phase of EDP has been termed as post-training phase. The ultimate objective is to develop competent entrepreneurs.

So that they can start their project. Post-training phase is a review phase of training programme. It consists of reviewing of work in the following manner:

- Review of pre-training work
- Review of actual training programme
- Review of post training programme so that cost effectiveness of the present programme can be evaluated.

Role of District Industries Centre (DIC)

District Industry Center (DIC) under the Directorate of Industries and Commerce offers a subsidy loan scheme for young professionals under the guidance of the Ministry of Social Justice and Empowerment.

Established in 1978, District Industries Centers' program was initiated by the Central Government to promote tiny, cottage, village, and Small Scale Industries (SSIs) in smaller towns and their particular areas to make them available with all the basic needs, services, and facilities.

DIC's primary focus is to generate employment in rural regions of India. District Industries Centers are managed and operated at the district level to provide all the necessary support services to entrepreneurs or first-time business owners to start their **own MSMEs**. DICs also promote the Registration and Development of Industrial Cooperatives.

✓ Role of DICs:

1. DIC assists an entrepreneur in the DIC programs and guarantees continuous support during the establishment of their business.
2. DIC offers young business owners a single-window clearing system that allows them to settle their business-related problems quickly.
3. DIC encourages the expansion and development of many manufacturing industries in rural and urban communities.
4. Under the Standup India Scheme, DIC provides financing for MSMEs, start-ups and growing companies.
5. DIC provides self-employed individuals with machinery and tools to help them with their businesses.
6. DIC also carries out a periodic assessment of their programs and schemes to ensure proper implementation and operation.

✓ Objectives of District Industries Centre

1. Accelerate the overall efforts for industrialization of the district.
2. Rural industrialization and development of rural industries and handicrafts.
3. Attainment of economic equality in various regions of the district.
4. Providing the benefit of the government schemes to the new entrepreneurs.

5. Centralization of procedures required to start a new industrial unit and minimization- of the efforts and time required to obtain various permissions, licenses, registrations, subsidies etc.

- **Role of Small Industries Service Institutes (SISI)**

SISIs have been set up by the government in state capitals and other big cities all over the country to render assistance in the following areas:

1. **Guidance in financial requirements:**

   An SISI may guide in determining the capital requirements as well as selecting the sources of raising finance.

2. **Trade and market information:**

   SISIs conduct market surveys and give advice regarding market conditions and demand for products to be sold.

3. **Project Reports:**

   SISIs help in preparing project reports which are to be submitted to licensing authorities, banks and other financial institutions for loans and credit facilities.

4. **Training Programme:**

   SISIs organize training programmes on establishment of an enterprise and running it. It also arranges trainings in various fields.

5. **Modernization:**

   They also help existing units in the modernization of production techniques by giving advice regarding its possibilities and the steps to be taken.

- **Role of Entrepreneurship Development Institute of India (EDII)**

The Entrepreneurship Development Institute of India (EDII), Ahmedabad was set up in 1983 as an autonomous and not-for-profit Institute with support of apex financial institutions - the IDBI Bank Ltd., IFCI Ltd., ICICI Bank Ltd, State Bank of India (SBI) and Government of Gujarat.

EDII began by conceptualising Entrepreneurship Development Programmes (EDPs), and subsequently launched a fine tuned and a tested training model for New Enterprise Creation, popularly known today as EDII-EDP model.

Today, EDII is a National Resource Institute in the field of education, training, research and institution building.

✓ **Role of EDII:**

1. Creating a multiplier effect on opportunities for self-employment
2. Augmenting the supply of competent entrepreneurs through training
3. Augmenting the supply of entrepreneur trainer-motivators
4. Inculcating the spirit of 'Entrepreneurship' in youth
5. Promoting micro enterprises at rural level Developing and disseminating new knowledge and insights in entrepreneurial theory and practice through research
6. Facilitating corporate excellence through creating intrapreneurs (entrepreneurial managers)
7. Improving managerial capabilities of small scale industries
8. Sensitizing the support system to facilitate potential and existing entrepreneurs establish and manage their enterprises.

- **Role of National Institute for Entrepreneurship and Small Business Development (NIESBUD)**

NIESBUD is an apex organisation working under the administrative control of the Ministry of Skill Development and Entrepreneurship, Government of India.

The major activities of the Institute include Training of Trainers, Management Development Programmes, Entrepreneurship-cum-Skill Development Programmes, Entrepreneurship Development Programmes and Cluster Intervention.

✓ **Roles of NIESBUD:**

1. Standardizing and systemizing the processes of selection, training, support and sustenance of potential and existing entrepreneurs.

2. Support and motivate institutions/organizations in carrying out training and other entrepreneurship development related activities.

3. Serving as an apex national level resource institute for accelerating as well as enhancing the process of entrepreneurship development, to measure the impact of the same within different strata of the society.

4. Providing vital information and support to trainers, promoters and entrepreneurs by organizing research and documentation activities relevant to entrepreneurship and skill development.

5. Creating a holistic environment to train the trainers, promoters and consultants in diverse areas of entrepreneurship and skill Development.

6. Offering consultancy nationally/internationally for promotion of entrepreneurship and small business development at national and international level.

7. Providing national/international forums for interaction and exchange of ideas for policy formulation and its refinement at various levels.

8. Sharing experience and expertise in entrepreneurship development across national frontiers to create awareness on it at national level.

9. Interchanging international experience and expertise in the field of entrepreneurship development for mapping its development at international levels too.

- **Role of National Entrepreneurship Development Board (NEDB)**

The main objective of the National Entrepreneurship Development Board (NEDB) Scheme is promotion of entrepreneurship for encouraging self-employment in small scale industries and small business.

✓ **Role of NEDB:**

1. Identifying and removing entry barriers for potential entrepreneurs (first generation and new entrepreneurs) including study on entrepreneurship development.

2. Focusing on existing entrepreneurs in micro, tiny and small sector and identify and remove constraints to survivals, growth and continuously improve performance.
3. Facilitating the consolidation, growth and diversification of existing entrepreneurial venture in all possible ways.
4. Supporting skill up gradation and renewal of learning processes among practicing entrepreneurs and managers of micro, tiny, small and medium enterprises.
5. Sensitizing to support agencies in the area of entrepreneurship about the current requirement of growth.

✓ THE ROLE OF MENTORS

Mentorship is a relationship between two people where one person, the mentor, shares their experience, knowledge, and skills with another person, the mentee, to help them grow and succeed. The mentor acts as a guide, offering advice, support, and encouragement as the mentee works towards their goals.

1. Knowledge Sharing:

There are a lot of lessons to be learned from the people around us. The mentors are there to help the entrepreneurs to absorb the knowledge. With immense experience in the field, the mentors always guide and share the knowledge with the Mentee or the entrepreneurs. For any entrepreneur, knowledge is the ultimate asset. It's one of the most important assets any entrepreneur or business should possess. With mentor's help, entrepreneurs can possess this expensive asset, making the business reach new heights. Without the mentors sharing their knowledge about business, it would take a lot of time to learn everything from scratch and implement it in the business.

2. Network Expansion:

Network expansion is one of the key benefits of having a mentor in your entrepreneurial journey. A mentor with a broad network of contacts and relationships can help you expand your network, giving you access to new opportunities and resources that you may not have been able to access on your own. One of the primary ways that a mentor can help with network expansion is by making introductions. Your mentor may know people in your industry or may have connections with potential customers, suppliers, or investors.

3. **Topical Guidance:**

As you navigate the complexities of starting and growing a business, you may encounter challenges and obstacles you are unsure how to overcome. A mentor can provide you with guidance and support, helping you make informed decisions and stay on track towards your goals. One of the ways that a mentor can guide topics of expertise is by sharing their own experiences and knowledge. Your mentor may have faced similar challenges and can offer advice and guidance on overcoming them. They can also provide you with insights and strategies that you may not have considered, helping you find new and creative solutions to your problems.

4. **Encouragement and Support:**

Failures are part and parcel of entrepreneurship. One must face many setbacks in the business journey and embrace them positively. When you have a mentor by your side, they can give you the engagement you need. A mentor experienced in facing the highs and lows of the business is the perfect person to guide entrepreneurs through the tough faces. Even a single word of encouragement and life lessons from the mentor to the struggling entrepreneur will do miracles.

✓ Innovation and Entrepreneurship

Entrepreneurship and innovation are closely related but distinct concepts. While innovation involves introducing something new, such as a business model, product, idea, or service, entrepreneurship focuses on turning a great idea into a viable business opportunity.
Innovation is the starting point for entrepreneurship, as it involves the creation of new and valuable ideas. However, entrepreneurship goes further by taking on the risk and responsibility of bringing those ideas to market and building a successful business.
The key distinction lies in the risk component associated with entrepreneurship, which is not necessarily present in innovation alone.
The meaning of innovation involves the generation of new ideas, whether it be new products, processes, upgrades to existing services, or business models. It is the act of introducing something new or creating change that adds value to existing products or services.

▪ Innovation:

Innovation plays a crucial role in promoting growth, enabling organizations to adapt to evolving market trends, and ultimately driving profitability. While innovation can involve the creation of entirely new concepts, it also includes improvements and enhancements to existing products, services, or ideas. It disrupts the status quo and encourages a departure from the traditional approach. Innovation requires fresh thinking, creativity, and the ability to identify opportunities for change and improvement.

It should be noted that innovation is distinct from invention, as it does not necessarily entail the creation of something entirely new. Instead, it focuses on introducing novel ideas or enhancing existing ones to meet the needs of customers, industry demands, and societal changes. Innovation is a vital means for organizations to remain relevant, competitive, and responsive in their respective industries, and it does not inherently involve risk.

A well-defined innovation strategy and effective management are crucial to capitalize on entrepreneurial opportunities and drive growth. An innovation strategy outlines goals and processes for generating and implementing new ideas. Through practices like idea generation, resource allocation, and risk assessment, businesses foster a culture of creativity and drive innovation at all levels. Embracing entrepreneurial opportunities and leveraging innovation as a catalyst allows organizations to stay competitive, adapt to market changes, and achieve sustainable growth.

▪ Entrepreneurship:

Entrepreneurship encompasses the willingness of individuals or groups to take risks and capitalize on business opportunities in a dynamic market. Business entrepreneurs play crucial roles as leaders, innovators, pioneers, and inventors, driving economic, technological, and social advancements within their industries. They possess the ability to identify and transform great ideas into viable business ventures by embracing risk. In doing so, they add value and creativity to the innovations they pursue.

Entrepreneurs are not limited to a single type of innovation but actively seek out diverse sources of innovation. Once they identify a promising opportunity, they establish and manage profitable businesses around it. To succeed, entrepreneurs must embody traits such as risk-taking, motivation, leadership, management skills, decision-making abilities, and effective planning. Successful entrepreneurship is the outcome of combining these qualities with dedication and hard work.

Innovation and entrepreneurship are distinct yet interconnected concepts that play vital roles in the success of businesses. Some may think they mean the same thing, but using them interchangeably is an error. While they center on the same idea, it is important to understand their differences.

Who is an Innovative Entrepreneur?

An innovative entrepreneur is a person who has the potential of designing and bringing innovative products into the market. Innovative entrepreneur in the name itself reflects a responsibility over a person's shoulder to generate and bring new ideas into business which can later be converted into life-changing products.
Innovative entrepreneurs design business models to meet the corporate needs of businesses and improve their competitiveness in the market. Innovative entrepreneurs are individuals with innovative ideas to create long-lasting solutions for common problems shared by a large number of people or countries.

Importance of innovation in entrepreneurship
The importance of innovation in entrepreneurship has become a necessity for a business to adopt as we can see markets are constantly changing and so are customers' needs and satisfaction. Companies in order to survive in the market are looking for innovative solutions for their customers to make them satisfied and thus workplace innovation comes into place.
In today's fast-paced entrepreneurial landscape, harnessing the power of innovative video marketing, empowered by cutting-edge online video editors, is the key to staying ahead and making a lasting impact.
According to surveys taken over the profound amount of years, it has been observed by the executives of the companies that innovation is the key to business growth and sustainability but only a few are satisfied with the innovative efforts of their employees. To say this from a different perspective companies are seeking innovative strategies but they are struggling to create and implement them. So it is important for companies to build innovative structures for their organisations that help them to stay ahead in this competitive market.

Overall, innovation is the embodiment of creative thinking, driving the development of unique solutions and ideas. It encompasses the introduction of technological or digital advancements that unlock new possibilities and capabilities. Serving as the backbone of every organization, innovation is imperative for success. Businesses that neglect to cultivate an innovative culture put themselves at risk of being outpaced by their more forward-thinking competitors. Entrepreneurship revolves around the ability to identify and seize business opportunities, while innovation centers on transforming those opportunities into reality.

- ✓ **Design Thinking Process**

What is Design Thinking?
Design thinking is an extension of innovation that allows you to design solutions for end users with a single problem statement in mind. Design thinking is a user-centric approach based on human cognitive ability. It uses problem-solving ability to overcome the challenges faced by businesses. It requires a change in perspective to identify customers' needs, find methods to solve them and prepare an approach to execute the methods, consequently launching a product or service. Design thinking and entrepreneurship go hand in hand. Entrepreneurial design thinking allows you to follow various thinking styles and probe open-ended options in order to strike actionable solutions and create a mark in the competitive marketplace.

Why Do Entrepreneurs Need Design Thinking?
Entrepreneurial design thinking is needed to plan the strategy for problems with numerous related root causes. Their eradication needs time, commitment and collaboration. Design thinking allows entrepreneurs to think out of the box and bring ideas to reality through the five phases. It lets out an individual's curiosity by pushing boundaries and achieving the unachievable. Thus, design thinking and entrepreneurship form a strong connection in the modern fast-paced world.

What are its Phases/Stages?

Phase 1: Empathize

Observation, curiosity and willingness to be aware and address the problem are key approaches to empathizing with or understanding other's problems. Change the perspective to their point of view to know their needs and the root cause of problems faced, and it will be possible to devise the best possible solution. Looking into minute details and constantly asking why will provide help to empathize with the users needing the service.

Phase 2: Define the Problem

The gathered information in phase 1 is insufficient to proceed. The clarity in understanding a proper question is required. Organize the known information, and analyze it closely to find the high-priority problem. One problem can be handled at a time with high efficiency. Focus on the most significant problem that needs to be addressed for the people by the startup or business.

Phase 3: Ideate

Now, you have a problem statement in hand. The next step is to find a solution. The idea might come spontaneously or after research. Note down each idea to track and filter it according to feasibility. Not all ideas are practical. However, they generate other workable ideas. The step proves an individual's creativity and ability to think outside the box.

Phase 4: Prototype

A prototype is an early sample, model, or release of a product built to test a concept or process. Ideas need to be expressed. Developing a digital or physical prototype is the best method to state your thoughts. Not only it brings clarity to the thinker, but it also helps others pinpoint the impractical parts or optimization points. Converting ideas into reality might take some time. Constant evolution from a rough image to a high-quality image or model will enhance the solution's features.

Phase 5: Test

It is an iterative process that requires checking the efficiency of the idea. It will let the thinker and team members understand the limitations and potential hidden in the product. The failures in this step do not mean that idea is useless; rather, they provide an opportunity to optimize the product according to needs and bring forward the possibility of being the final one. The problems faced here may be solved in any of the above phases.

Examples of Design Thinking and Entrepreneurship

Netflix, Airbnb are a few examples of entrepreneurial design thinking. The business persons understood the problems and brought people-centered solutions to ease their life, making the company grow successfully. Netflix helped save time by streaming movies online, eliminating the need to go out. Airbnb brought forward the idea of giving customers what they need. They focused on their content and the problem of why their services were not being utilized. They expressed the data that customers specifically looked for.

✓ Role of consultancy organizations in promoting Entrepreneurs

The consultancy organisation provide help in promoting entrepreneurs by giving guiding them and by directing them through various processes for achieving their objectives.

An entrepreneurial consultant is a business owner who provides expert advice in a particular field or industry.

A consultant…

- Provides expert advice professionally;
- Works in a specific field or industry;
- Diagnoses problems, recommends actions and solutions.

So, an entrepreneurial consultant is one who runs a business where they provide expert advice in a particular field or industry.

- The main aim of the consultants are **to help the enterprises** through their various processes and systems and guide them through proper directions. The consultants help in **facilitating the business** of the entrepreneurs with assisting them through **evaluating the marketing scenario** and looking for better opportunities.
- The consultants advice the entrepreneurs regarding **effective utilization of the resources** and **highlighting the opportunities** and benefits for the organizations through study of the markets.
- The consultants guide the entrepreneurs through **their findings and information** with bringing in the required changes in the processes for the improvement of the enterprise. They help with identifying important **training programs** and **technologies for benefiting the entrepreneurs.**

- An expert consultant will bring a considerable amount of value to your company and help you **overcome business challenges**.
- Consultants **develop a business strategy** for company growth**, improve customer satisfaction**, **better market your digital product, and contribute to the business process improvements and internal processes.**
- Because they are not bound to a single company, they will bring an objective viewpoint and innovative solutions that lead to a valuable business transformation. More than that, an expert consultant has worked with a broad range of industries and companies, which makes him more helpful in **creating a solid business plan** than the solutions provided by an employee within your company. This is because the consultant has higher and broader business expertise.

✓ Problems and difficulties of Entrepreneurs

Entrepreneurship and start-up concepts aren't new in India. When a start-up founder or a business owner initially starts their business, they are accountable for doing several activities from long working hours to juggling between numerous tasks. They are typically considered as a one-man army. However, as soon as you learn to get over these challenges, you will certainly be able to enjoy the incentives. While companies like Paytm and Flipkart are an example of what a startup can attain in a couple of short years, there are certain common problems and challenges of entrepreneurs that almost all entrepreneur encounter while starting a new endeavor. In a highly competitive business environment, entrepreneurs face many challenges in the pursuit of starting a business. In a country like India, which is regarded as the hotspot of startups, the government is trying to provide a better platform for entrepreneurs by launching programs such as Start-up India and programs for encouraging local production such as the Make In India program.

Following are some of the challenges faced by entrepreneurs in their entrepreneurship journey:

A. Marketing:

1. Generating Traffic and Leads

Whether we consider marketing today or a decade ago, a prevalent concern for corporations has been generating leads and traffic. As business owners, generating traffic and leads is often at the top of their minds. Even if their team is succeeding at this task, they'll still look for ways to improve. The easiest way to improve traffic and leads for your business is by creating quality content. To simplify things, focus on these two questions:

- Are you creating high-quality content — content that people would pay for?\
- Do you understand the type of content your audience wants?

You'll get a clearer perspective once you have these questions figured out.

2. Retaining Customers

A common problem many entrepreneurs face with their marketing is how to retain customers. Most of the time, business owners may get so occupied focusing on securing new leads that they often forget about customer retention. However, customer retention is actually cost-effective compared to securing new customers. If you're struggling with retaining customers, you need to understand that you can't use similar marketing tactics for new leads; you'll have to develop a new one.

3. Budgeting For Your Marketing Campaigns

Marketing isn't easy on an entrepreneur's pocket; it can surely cost a lot, especially since they have to keep up with the ever-changing marketing trends. Catering to an audience outside your area might be costly. However, it becomes more expensive if you branch out into additional marketing strategies, such as using live advertisements or marketing on numerous social media platforms. As a result, hands down, budgeting can be the biggest marketing challenge an entrepreneur may face.

4. Incompetent Marketing Team

Perhaps, the biggest factor that can negatively impact your business's marketing is an incompetent marketing team. The growth of the company is affected by collaboration between the marketing and sales divisions. Many entrepreneurs struggle to manage their teams, which in turn has a greater effect on the business. To create good promotional plans, you require marketing executives with the necessary expertise. These experts might not be available for new business owners. However, with the right team, all these challenges can easily be overcome.

B. Finance

1. Fund shortages / low cash flows

Cash flows are simply the "lifeblood" of your business. If there persists a lack of consistent cash flows, even the regular functions of the company would come to a halt. This is one of the main financial challenges faced by small businesses as well. This is mainly because they have limited financial resources and are dependent on a few key clients for their revenue. From payrolls, rents, and utilities to raw materials and inventory, cash flows are the prime requirement. Your business would survive for some time in the absence of reasonable profits, but it is the cash flow that ultimately keeps the door open.

As you begin your entrepreneurship journey, in order to prevent cash flow shortages, you can try to tighten up the cash flow cycle. Cash flow cycle is nothing but how the money flows inside your business - from paying off for raw materials, salaries, etc. to collecting receipts. This can be done by receiving your receivables faster and stretching out your payables further, or the best is, both together.

2. Lack of available capital

Entrepreneurship has become a driving force behind India's economic growth and innovation, yet one of the most significant challenges faced by entrepreneurs in India is the lack of capital availability. Entrepreneurs in India face the challenge of lack of capital availability due to limited access to formal financial institutions, risk aversion among investors, and a complex regulatory environment. Many entrepreneurs, especially those from marginalized communities or remote areas, struggle to secure loans or establish relationships with banks.

3. Management of business vs. personal finances

To prevent one of the problems faced by new entrepreneurs, it is important to follow this rule: Always keep your business finances and your personal finances separate. It is never a good idea to mix both. In short, always keep a separate bank account for your business in order to track the cash flows properly. If you do not do so, it can create problems for your business. Lastly, make sure to pay yourself a set amount salary and track your personal finances instead of just paying yourself an ad hoc amount based on profits.

4. Tax compliance & auditing

Now that you know that cash management is already challenging, make sure you do not worsen it further. Look if you're overpaying or underpaying your taxes - both are harmful for your business. It is always good to keep an accountant in your staff to maintain these records. To reduce the financial challenges faced by entrepreneurs in India and to encourage start-ups, the government of India has also launched several tax incentives under its “Start-up India” campaign. Additionally, to save on taxes and plan for such opportunities, do regularly meet your financial advisor along with the accountant.

C. Human Resource

1. Recruiting the right people

An unexpected leaver or an uptake in business can send operations into a spin and put additional pressure on your team. It can be tempting to rush recruitment but hurry to hire and you could end up with someone who doesn’t work out.
Solve your recruitment woes by setting up a hiring process. Invest time in writing quality job descriptions and person specifications so that only the most suitable apply. This will

reduce the number of CV's you'll review and you'll need to interview fewer, higher quality people saving time all round.

2. Training and induction:

When deadlines are looming, employee training and development often take a back seat. But advancing your team's knowledge and experience translates into more potential for your business. To maintain your focus on this area, set up a people plan that identifies short and long term business goals and establishes what you need from your employees to achieve them. Pinpoint skills gaps and fill them with formal training, coaching or mentorship.

3. Keeping hold of your best people

There are certain people in your business you can't afford to lose; from rising stars to your best salesperson, or someone whose experience and guidance you trust and rely on. To keep hold of these individuals, ensure they have the following:

- A good relationship with their direct manager
- Competitive salary and benefits
- Opportunity to use their skills and abilities
- Opportunity for advancement

Get these right for all employees and you'll have a happy, engaged workforce who want to stay.

4. Neglecting conflict resolution

At some point, the people in your business will not get along. To protect your employees and your business, you must know how to handle conflicts. Without proper conflict resolution, employees won't feel supported and the results could be disastrous. Not only is this another area that could lead to lawsuits, but countless small businesses face defamation from disgruntled employees. To protect your reputation as a company, consider an online reputation management service. If your reputation takes a hit online due to a misleading negative review, they will help you recover what was lost.

D. Production

1. Poor quality control
2. Poor capacity utilization
3. High cost of production
4. Poor inventory maintenance and replacement
5. Lack of timely modernization
6. High wastage
7. Poor damage control
8. Poor control on damages

E. **R&D:**

1. Limited financial resources

New businesses often have limited financial resources to invest in R&D. They may struggle to secure funding or find it difficult to allocate resources towards research and development activities when they have other pressing financial needs.

2. Lack of expertise

They may not have the necessary expertise in-house to conduct R&D projects. They may lack the technical knowledge or specialized skills needed to develop and implement new products, services, or technologies.

3. Time constraint

They may be focused on day-to-day operations or simply lack the time needed to dedicate to R&D initiatives.

4. Intellectual property concerns:

They may struggle to navigate the complex patent and trademark application processes or lack the resources to litigate in the event of infringement.

F. **External problems:**

1. Inflationary Pressures

The extent to which inflation affects entrepreneurs varies depending on the services or products they offer, their target market and brand strength. Businesses that offer essential goods, for example, are less impacted by inflation than nonessential businesses. Customers will still spend on essential goods such as food and hygiene products and cut on nonessential spending such as dining out, entertainment and travel. While such factors undeniably play a role and need to be accounted for, there are things entrepreneurs can do to weather inflation, like getting rid of money leaks, automating, changing their pricing model and repositioning their brand.

2. Labor Shortages

As worker shortages are beginning to be relevant across industries, new businesses need to get creative with recruitment. One solution out of many could be to use alternative channels such as social media or freelance job platforms. Other ways to deal with worker shortages include offering flexible work schedules, starting an apprenticeship scheme and partnering with college job fairs and local organizations.

3. Finding the Right Business Location

Findingagoodbusinesslocationattherightplaceisdefinitelynoteasy.Anefficientlocationthath asarapidlygrowingpopulation, good road network and other amenities at a good place.

4. Dealing with Competition:

Competitionisthenextchallengeanentrepreneurwillfacewhenstartingabusiness.Mostindividualsseecompetitionasaplaguebutcompetitionasagoodchallenge.Competitionisabenchmarkfor creativity, the main engine that stimulates innovation and production of quality products at great prices.

5. Raw material supply
6. Water
7. Communication
8. Transport bottlenecks
9. Pending payment recovery

✓ Mobility of Entrepreneurs

Human life requires mobility and movement in many different ways. Being human, entrepreneurs do transition from one place to another as well as from one profession to another. Entrepreneurial mobility refers to the migration of business owners between different locations and between different occupations. It is the transition of business owners from one place to another and vice versa, which influences the rate and structure of entrepreneurship development.
Entrepreneurial Mobility means movement of entrepreneurs from one location to another and similarly from one occupation to another.

There are a few significant variables that affect entrepreneurial mobility at a specific period and place:

- **Education** is a requirement for becoming an entrepreneur. Entrepreneurs with more education typically have greater mobility than those without.
- A successful entrepreneur needs formal **training** as well as some work **experience** in a business or industry. The entrepreneurial mobility is influenced by technical expertise and experience.
- The business owners may relocate from locations with few or no facilities to those areas with **availability of better facilities**.
- **Political variables** such as taxation, political stability, trade restrictions, etc., also have an impact on entrepreneurial mobility.

Category of Entrepreneurial Mobility

Entrepreneurial mobility can be classified into two different sections. They are as follows;

A. **Occupational mobility and**
B. **Location mobility.**

A. Occupational Mobility

Occupational mobility in the workplace signifies movement or shifts in occupation. This may manifest in one of two ways, as follows:

1. **Intergeneration occupational movement:** This is a movement of a son/daughter from the main occupation of his/her father.
2. **Intra-generation occupational movement:** This is a movement or change in one's own occupation during his/her occupational career.

However, the following factors do cause occupational mobility of entrepreneurs:

- Freedom of choice,
- Motivation;
- Efforts of an individual;
- Availability of opportunities and facilities;
- Caste (birth in a particular family);
- Education;
- Experience;
- Political conditions.

B. Location Mobility

Movement and mobility is an integral part of human life. Entrepreneur being a man also move from one place to another to establish his industry. This movement of entrepreneurs from one location to another is called locational mobility.

Locational Mobility means movement or changes in location. This mobility depends upon some factors like availability of raw material, infrastructure and labour, nearness to market, own resources, knowledge, experience, socio-political situation, etc.

Generally, the following factors do cause locational mobility of entrepreneurs:

- Availability of raw materials;
- Availability of infrastructure;
- Availability of labour;
- Nearness to market;
- Entrepreneurs' own resources;
- Experience;
- Knowledge and information;
- Socio-political situation;

- Government incentives;
- Cheaper land;
- Development of an area;

✓ Factors affecting Entrepreneurial Mobility

Many factors come into play for entrepreneurial mobility, such as…

1. **Political factors**
2. **Legal factors**
3. **Taxation**
4. **Availability of Capital**
5. **Labour Markets**
6. **Raw Materials**
7. **Infrastructure**

Political factors

In a certain geographic area, entrepreneurial development is greatly influenced by political issues. This is due to the fact that politicians determine the kind of market that is present. The market may be capitalistic, communist, or a mixed economy in various nations. These three markets each have extremely distinct effects on how entrepreneurs conduct themselves.

Legal factors

Law is important to business owners for a multitude of reasons. A country's legal framework's justice and sturdiness have a significant impact on how well its entrepreneurship is developed. This is so that businesses can operate, which necessitates a wide range of legal services.

Taxation

Through taxes laws, the government can exert significant control over the market. The government collects taxes in order to keep the administrative and legal framework for the overall economy in place. Governments frequently impose a lot of taxes, though. Nations with stringent tax policies observe an exodus of businesspeople.

Availability of Capital

The level of development of a country's capital markets has a significant impact on the growth of entrepreneurship in a particular area. Entrepreneurs need money to launch risky businesses and also need it right away to expand them swiftly if their ideas prove to be successful. Because of this, nations with well-developed systems for delivering money at every stage—including seed capital, venture capital, private equity, and well-developed stock and bond markets—experience higher levels of economic growth that is driven by entrepreneurship.

Labour Markets

For practically any form of product or service, labor is a crucial component of production. Therefore, the success of the entrepreneurs depends on the accessibility of skilled workers at affordable rates. However, labor has become unionized in many nations. They compel the business owners to pay them more compensation and forbid other employees from working for less money. Due to the increase in production costs caused by this, entrepreneurship is negatively impacted.

Raw Materials

Raw materials made of natural resources are a vital component of any enterprise, much like labor. This raw material can be purchased on the market in various nations for a reasonable price. Seller cartels, however, seize exclusive control of these natural resources in some nations. They use the majority of the income that the entrepreneur can make by selling the raw resources at inflated costs. As a result, countries where the raw material supply experiences these problems gradually see a decline in the number of entrepreneurial endeavors.

Infrastructure

Finally, some services are necessary for practically any industry to grow. These include transportation, energy, and other services. These services can be thought of as the infrastructure necessary to establish any firm because they are so fundamental. As a result, if any nation concentrates on improving the effectiveness of these services, it is likely that this will have an effect on the enterprises of practically all entrepreneurs in the area. As a result, entrepreneurship grows rapidly in nations with well-developed infrastructural systems, and the contrary is also true.

Ch 4: Role of Central Government and State Government in promoting Entrepreneurship

✓ **Introduction to various incentives, subsidies and grants:**

Government plays a very important role in developing entrepreneurship. Government develop industries in rural and backward areas by giving various facilities with the objective of balances regional development. The government set programmes to help entrepreneurs in the field of technique, finance, market and entrepreneurial development so that they help to accelerate and adopt the changes in industrial development. Various institutions were set up by the central and state governments in order to fulfil this objective.

- **Various incentives & subsidies of government in promoting entrepreneurship**

An incentive is **something that encourages a person or organization to do or achieve something**. Incentives are usually given in cash or in kind. Incentive refers to something that motivates someone to do something. In the context of executive compensation, it is usually a financial reward given to executives to encourage them to work harder and achieve specific goals.
Examples of incentives: Money, Reward, Prizes etc

A subsidy is **a financial incentive given by the government to individuals or businesses**. Subsidies can take the form of cash, grants, or tax breaks. A subsidy is a direct or indirect payment to individuals or firms, usually in the form of a cash payment from the government or a targeted tax cut.

To promote a vibrant business community and generate employment, the Government of India provides a host of subsidies and incentives for business. For any entrepreneur managing a startup or an established business, it is important to know about these subsidies and incentives – so that these subsidies are availed while incurring capital expenditure to reduce capital cost, lessen interest burden and achieve break-even faster.

- Credit Linked Capital Subsidy Scheme (CLCSS)
- Subsidy for Establishing Cold Chain
- Technology Upgradation Fund Scheme (TUFS) – Textile Sector
- Subsidy for Acquiring Quality Management System
- Capital Subsidy for Solar Lighting and Small Capacity PV Systems
- Support for International Patent Protection in Electronics & IT

1. **Credit Linked Capital Subsidy Scheme (CLCSS)**

Many of the Small Scale Industries (SSI) in India continue to manufacture goods and products with outdated technology and plant & machinery due to the lack of awareness about access to capital, quality standards and modern technology. However, the globalization and liberalization of the market, has necessitated upgradation and modernization of equipment to ensure survival and growth of the unit. Therefore in an effort to facilitate the technology upgradation of SSI in India, the Ministry of Small Scale Industries is operating a scheme for technology upgradation called the Credit Linked Capital Subsidy Scheme.

The CLCSS provides 15% capital subsidy to SSI units on institutional finance availed by them for the induction of well-established and improved technology in many of the sub-sectors/products approved under the scheme for a loan of upto Rs.1 crore

2. **Subsidy for Establishing Cold Chain**

A strong and dynamic food processing sector plays a vital role in the reduction in the wastage of perishable agricultural produce, enhancing the shelf life of food products, enhancing the income of farmers and creating surplus for the export of agro & processed foods. Therefore, in an effort to develop a strong food processing industry, the Ministry of Food Processing Industry provides a subsidy for establishing cold chain. The objective of this scheme is to provide financial assistance for integrated cold chain and preservation infrastructure facilities without any break from the farm gate to the consumer. It covers pre-cooling facilities at production sites, reefer vans, mobile cooling units as well as value addition centres which includes infrastructural facilities like processing/multi-line processing/collection centres, etc. for horticulture, organic produce, marine, dairy, meat and poultry etc. Financial assistance (grant-in-aid) of 50% the total cost of plant and machinery and technical civil works in general areas and 75% for NE region including Sikkim and difficult areas (J&K, Himachal Pradesh and Uttarakhand), subject to a maximum of Rs.10 crore is provided as financial ass under this scheme.

3. **Technology Upgradation Fund Scheme (TUFS) – Textile Sector**

The Textiles sector is the second largest provider of employment after agriculture. It contributes about 14% to industrial production, 4% to the GDP, and 17% to the country's export earnings. It provides direct employment to over 35 million people, which includes a substantial number of SC/ST, and women. Therefore, the Ministry of Textiles through its flagship scheme, the Technology Upgradation Fund Scheme (TUFS) has helped the industry scale new heights and improve technology to match global standards. Under the TUFS Scheme, Interest Reimbursement of 5% is provided on interest charged by the financial institutions or banks for textile technology upgradation projects.

4. **Subsidy for Acquiring Quality Management System**

With a competitive global market, implementation of quality standard has become mandatory for MSME units to successfully compete and improve profitability by optimizing internal processes. Therefore, in an effort to increase the adoption of quality standards by Indian MSME units, the Government of India provides a subsidy, wherein the cost of acquiring ISO Certifications like ISO-9000 and ISO-14001 is subsidized.

5. Capital Subsidy for Solar Lighting and Small Capacity PV Systems

The Government of India has launched the Jawaharlal Nehru National Solar Mission (JNNSM) to promote sustainable energy generation and support the growing need for energy in India while addressing India's energy security challenge. The JNNSM provides a host of subsidies and soft loans for the promotion and penetration of solar energy generation in the nation.

6. Support for International Patent Protection in Electronics & IT

Department of Information Technology, MCIT, GOI has started a scheme to provide financial support to SMEs and Technology Start-Up units for international patent filing so as to encourage indigenous innovation and to recognize the value and capabilities of global IP and capture growth opportunities in the area of information technology and electronics. Through this scheme, all patent processing costs including Attorneys' Fees, Patent Office filing fees, Examination Fees, Patent Search cost, Additional cost for entering National Phase upto grant/issue is subsidized. The scheme provides reimbursement of upto 50% of the total patent cost. Support will be limited to Rs.15 lakhs or 50% of the total expenses incurred on filing each invention whichever is less.

- **Grants of government in promoting entrepreneurship**

A grant is **a sum of money given by a government, organization, or person for a specific purpose**. Unlike a loan, you do not have to pay back the money. A grant is an award, usually financial, given by an entity to a company to facilitate a goal or incentivize performance.

  - Atal Innovation Mission (AIM)
  - Multiplier Grant Scheme (MGS)
  - Dairy Entrepreneurship Development Scheme (DEDS)

1. Atal Innovation Mission (AIM)

The scheme was launched by the government in 2016, and the scheme aims to foster innovation as the government creates new programs and policies to assist start-up development in several economic areas. The Atal Innovation Mission (AIM) grants approximately Rs 10 crores to finance firms over five years. This scheme can be utilised by all the emerging organisations in health, agriculture, education, transportation, etc.

2. **Multiplier Grant Scheme (MGS)**
The Department of Electronics and Information Technology initiated the Multiplier Grant Scheme (MGS) to empower collaborative research and development among industries for the growth of goods and services. The government gives a maximum amount of Rs 2 crore per project for a duration of less than two years.

3. **Dairy Entrepreneurship Development Scheme (DEDS)**
The Department of Animal Husbandry, Fisheries, and Dairying has launched the DEDS scheme, which aims to create self-employment in the dairy sector. The activities include milk production, procurement, preservation, marketing, etc. The DEDS scheme offers back-end capital for bankable projects for 25 per cent of total project cost for general category candidates and 33.33 per cent for farms that belong to the SC/ST category.

✓ **Export Oriented Units**

The Export Oriented Units (EOU) scheme was introduced to boost exports, increase foreign earnings and created employment in India. Units that are undertaking to export their entire production of goods are allowed to set up as an EOU.
Export-oriented units are units undertaking to export their entire production of goods. EOUs can engage in manufacturing, services, development of software, repair, remaking, reconditioning, re-engineering including making of gold/silver/platinum jewelry and articles. Further, units involved in agriculture, agro-processing, aquaculture, animal husbandry, biotechnology, floriculture, horticulture, viticulture, poultry, sericulture and granites can also obtain the status of EOU.

Benefits of Export Oriented Units
The Export Oriented Units enjoys the below following benefits

- EOUs has a permit to procure raw material or capital goods duty-free, either through import or through domestic sources;
- EOUs are eligible for reimbursement of GST;
- EOUs are eligible for reimbursement of duty paid on fuels procured from domestic oil companies;
- EOUs are eligible for claiming input tax credit on the goods and services and refund thereof;
- Fast track clearance facilities;
- Exemption from industrial licensing for the manufacture of items reserved for SSI sector.

Eligibility Criteria for EOU
For the status of EOU, the project must have a minimum investment of Rs.1 crore in plant and machinery. This condition does not apply for software technology parts,

electronics hardware technology parks and biotechnology parks. Further, EOU involved in handicrafts, agriculture, animal husbandry, information technology, services, brass hardware and handmade jewelry does not have any minimum investment criteria.

What are the objectives of the EOU Scheme?

The objectives of the EOU Scheme are to promote exports, enhance foreign exchange earnings, and attract investment for export production and employment generation.

Whether supplies to or from EOU will be exempted from GST?

No, under the GST law, IGST or CGST plus SGST will be payable by the suppliers who make supplies to the EOU. The EOU will be eligible to take Input Tax Credit of the said GST paid by its suppliers. The supplies from EOU will not be exempted from GST, except in the case of zero rated supplies defined under section 16 of the IGST Act, i.e. Supplies made by EOU in the form of physical export or supplies to a SEZ unit or SEZ Developer for authorized operations.

Exit from EOU Scheme

Exits shall subject to a penalty of Excise and Customs duties and industrial policy in force. In case the unit has not achieved obligations, it shall be taxable to a penalty at the time of exit.

In case of gems and jewellery unit ceasing its operation, the gold and other precious metals, gems, alloys and other materials available for the manufacture of jewellery, is given to an agency specified, at a price to be determined by that agency.

✓ **Fiscal and tax concession available for export oriented units**

- An EOU can purchase raw material or capital goods duty-free either through imports or domestic source
- It is also eligible for domestic reimbursement of GST on raw materials or capital goods
- It can claim reimbursement of duty paid on fuels obtained from domestic oil companies
- It is eligible to claim Input Tax Credit (ITC) on goods and services used to manufacture goods used for export.
- It can avail exemption from industrial licensing for items reserved for Small Scale Industries.
- The EOU scheme offers incentives to companies that export goods and services worth ₹ 500 crores or more. The benefits of the EOU scheme include exemption from customs duty, reduced rate of excise duty, and income tax rates of 10-25%.

- ✓ **Women entrepreneurs**

Women entrepreneurs may be defined as a woman or a group of women who initiate, organise and run a business concern.

Schumpeter – "Women entrepreneurs are those women who innovate, initiate or adopt a business activity".

Government of India – "A woman entrepreneur is defined as an enterprise owned and controlled by a woman having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of the employment generated in the enterprise to women."

World over 1/3rd of the entrepreneurial ventures are run by woman entrepreneurs. Due to economic progress, better access to education, urbanization, spread of liberal and democratic culture and recognition by society, there has been a growth in woman entrepreneurship in India.

Indian woman Entrepreneur, Kiran Muzumdar Shaw, Chairman and Managing Director of Biocon Limited, received various coveted corporate award and civilian awards like Padma Shri (1989) and Padma Bhushan (2005) for her remarkable contribution to health and medicine industry. Other famous Indian Women entrepreneurs include personalities like Vandana Luthra, Ekta Kapoor, Naina Lal Kidwai and so on.

Problems faced by women entrepreneurs

Balancing Responsibilities
A large number of women are not just entrepreneurs or career people—they have families, spouses, and other responsibilities. Demands from personal and professional commitments can pressure a woman to abandon either her business or family. The family expects her to be a mother and wife, while the business requires her to be the leader and show commitment. It becomes more difficult for those who lack social support because they have to carry the entire burden by themselves. Some women can balance these two spheres of their lives, while others are overwhelmed.

Limited Funding
Not all business people are fortunate enough to have an investor or financier for their business. Some have to bootstrap their entrepreneurial ventures, rely on credit cards or raise capital on their own. Women's businesses are among the leading ventures that lack financial support. It is also common for women to be denied loans because of gender and cultural biases—many institutions tend to fund male-owned businesses.

Inadequate Support System

What would women achieve if they had a perfect support system? Struggling or failing in business could be the result of a lack of an adequate support system. In business, no man's an island. Women tend to face the greatest challenges in getting support, from lacking the relevant connections to needing financial access or emotional support. They also need mentors and sponsors to guide them in this new path. The support system is often expensive, forcing women to delay starting their businesses.

Gender inequality

What do you need to know about gender inequality? Laws, cultures, religion, and politics are built upon a patriarchal foundation. Women must work their way up in the masculine world while facing stigma and discrimination. Although laws and policies have attempted to create a favorable business environment for everyone, the actual changes have not yet been implemented.

Unfavorable Business Environment

Among the challenges that women experience are less-established business networks, and social and traditional constraints that restrict women's participation in business. Religion hinders women from owning businesses. In some countries, women may be required to have a male partner will do deals, negotiate, and be the face of the business. Regardless of these challenges, the business world is gradually accepting women's abilities and contributions.

- **Role of women entrepreneurs**

It has been recognized that a Women Entrepreneur is vital and also, untamed way to achieve economic growth from the last few decades. Women Entrepreneurs have shifted from the orthodox style of business to a non-traditional approach that increased their knowledge and education related to the higher activities associated with the business.

After getting special training and entrepreneurial programs, they contribute towards the growth of nations and play an unexplained role in its development. Here, we are having some aspects where Women Entrepreneurs play a vital role in the below-given points. Let us have a look.

1. **Generating employment**

Not only establishing an enterprise is the motive but they also generate growth and employment opportunities for the job seekers. Women Entrepreneur is related to the position of women in society and their role as an owner of the business. Thus, they have the potential to create job opportunities for people and help to decline the unemployment rate across the nations.

2. **Development of economy**

The business firm manufactures and produces products as well as services that come up with a proportion of gross domestic product of the nation. Women Entrepreneurs bring strength and dynamism in the market because of their entrepreneurial activity. So, they increase the national income of the country.

3. **Optimum Utilization of resources**

It signifies that a women-owned firm gives rise to the development of the industries to better utilize resources such as labor, capital, and raw material. Thus, not even a single business resource gets wasted due to the less utilization of the resources. It ensures better management of resources as per the usage.

4. **Improvement in quality of life**

Nowadays, women started thinking independently and take decisions accordingly. Moreover, they are capable of growing up their children in a very better way as they want to be. Better education is the foremost motive which will increase the quality of life by improving the standard of living.

- **Reasons for low women entrepreneurs:**

1. **Professional Mentorship:**

One of the reasons for the low representation is the fact that many aspirant women fail to get the right, professional mentorship from industry leaders that can help them unlock their business ideas, gain knowledge and experience to grow. This often makes them low on confidence and unsure of their business skills and startup ideas.

2. **Funding**

The other obstacle is Funding. When it comes to funding, most of the times women are treated differently as compared to men by investors, despite having identical pitches. They face great difficulty in raising capital for their business.

3. **Over Dependence on Intermediaries:**

Women entrepreneurs have to depend largely on intermediaries for the distribution of their products. These intermediaries take a major portion of their profits. It may be possible for the women entrepreneurs to eliminate the middlemen, but it requires additional investment of capital and a lot of travel. Women entrepreneurs find it difficult to capture market and popularise their products.

4. **Family Ties**

The family responsibilities also hinder the development of women entrepreneurship. In India, it is mainly a woman's duty to look after the children and other members of the family. Man plays a secondary role in these matters. In the case of married women, they have to make a fine balance between their business and family.

Their success greatly depends on the support given by the family. Occupational backgrounds of families and educational level of husbands have a direct bearing on the development of women entrepreneurship.

5. **Lack of Education**

In India around 60% of women are still illiterate. Illiteracy is the root cause of socio-economic problems. Due to lack of education, women are ignorant of business technology and market. It also reduces the achievement motivation among women. Thus, lack of education creates problems for women in the setting up and running of business enterprises.

6. **Social Attitudes**

This is one of the most important stumbling block in the path of women entrepreneurship. The constitution provides equality for both men and women, but there is widespread discrimination against women. In a male dominated society, women are not treated as equals to men. Women have the potential but they lack adequate training. There is a common belief that skill imparted to a girl is lost when she gets married. Therefore, girls continue to be helpers in agriculture and handicrafts and the rigid social attitudes prevent them from becoming successful and independent entrepreneurs.

✓ Small Scale Industries/ SSI/ SSI units

Small Scale Industries (SSI) are industries that manufacture, produce and render services on a small or micro scale level. In India, several SSIs exists in various fields such as handicrafts, toys, weaving, pickle making, food products, etc. These industries make a one-time investment in machinery, plant, and equipment, but it does not exceed Rs.10 crore and annual turnover does not exceed Rs.50 crore.
Essentially the small scale industries are generally comprised of those industries which manufacture, produce and render services with the help of small machines and less manpower.
The SSI’s are the lifeline of the economy, especially in developing countries like India. These industries are generally labor-intensive, and hence they play an important role in the creation of employment. SSI’s are a crucial sector of the economy both from a financial and social point of view, as they help with the per capita income and resource utilisation in the economy.

- **Characteristics of SSI:**

1. Ownership

SSI’s generally are under single ownership. So it can either be a sole proprietorship or sometimes a partnership firm.

2. Management

Generally, both the management and the control is with the owner/owners. Hence the owner is actively involved in the day-to-day activities of the business.

3. Labour intensive

SSI's dependence on technology is pretty limited. Hence they tend to use labour and manpower for their production activities.

4. Flexibility

SSI's are more adaptable to their changing business environment. So in case of amendments or unexpected developments, they are flexible enough to adapt and carry on, unlike large industries.

5. Limited reach

Small scale industries have a restricted zone of operations. Hence, they can meet their local and regional demand.

6. Resource utilisation

They use local and readily available resources which helps the economy fully utilise natural resources with minimum wastage.

- **INSTITUTIONAL FRAMEWORK FOR SMALL SCALE INDUSTRIES**

The small scale sector constitutes a very significant segment of India's economy. Keeping in view its performance, the government has given high priority to small scale industries and has set up the Ministry of Small Scale Industries Sector, Agro and Rural Industries for the formulation and implementation of policies and programmes for the development of small scale industries. Over a period, the government has evolved an extensive institutional network for the promotion and growth of small sale industries.

A. National Level Institutions

Small Industries Development Organisation (SIDO)

The Small Industries Development Organisation (SIDO), an apex body, is under the 'Ministry of Small Scale Industries Sector, Agro and Rural Industries. It acts as a policy making coordinating and monitoring agency for the development of small scale industries in the country. It maintains close liaison with the Central ministries, Planning Commission, state governments, financial institutions and other organisations connected with the development of small scale industries. SIDO was set up in 1954 and functions through a network of institutions. It has 28 Small Industries Services Institutes (SISIs), 30 branch SISIs, 4 Regional Testing Centres, 2 Footwear Training Centres, 1 Production Centre, 7 field testing stations, 6 product-cum process development centres and 3 training institutes.

Small Industries Service Institutes (SISIs)

Small Industries Service Institutes provide industrial extension services for increasing production, reducing costs and improving quality of products. There are 28 SISIs and 30 branch SISIs and 42 Common Facility Workshops set up in state capitals and other industrial cities all over the country. The main activities of these institutions are:

1. It provides technical and managerial consultancy to existing and prospective entrepreneurs.
2. It conducts techno-economic surveys in select areas and industries to identify new industrial opportunities.
3. It emphasises the implementation of its reports on programmes of modernization, energy conservation, quality control, and upgradation and pollution control.
4. It organizes training programmes on technical and managerial issues.
5. It conducts entrepreneur development programmes as well as management development programmes to motivate new entrepreneurs.
6. It provides common facility services and vocational training in the workshops and through mobile demonstration vans.

National Small Industries Corporation (NSIC)

The National Small Industries Corporation was set up in February, 1955 with a view to promote and foster the growth of small scale industries. The Corporation is directly operating different programmes through 8 regional offices, 5 technical service centres, 2 foreign offices, 2 software technology parks, 3 technical services extension centres, and 17 branch offices located in all the states. The Corporation provides assistance to small scale industries as follows:

1. Supplying machinery on easy hire-purchase terms,
2. Facilitating competent small scale units in government purchase programme,
3. Providing marketing assistance in both domestic as well as in international markets,
4. Undertaking institutional assistance programme in other countries,
5. Procurement and supply of indigenous and imported raw materials,
6. Exploring the market opportunities and secures orders for bulk quantities, and
7. Arranging buyer-seller meets to develop linkages between various organisations from different parts of the country.

National Institute of Small Industry Extension Training (NISIET)

The National Institute of Small Industry Extension Training was set up at Hyderabad in 1960. It is an apex institution in India to provide value added services in training and research, consultancy and extension. It was set up to provide training to the personnel of central and state governments to promote small scale industry. In 1962, it was converted into autonomous institution called the Small Industry Extension Training Institute. In 1984, the Institute was renamed as National Institute of Small Industry Extension Training. It conducts training programmes in the area of development, promotion and management of small, rural and artisan industries, preparation of feasibility reports, project reports, training methods, etc. It designs the training programmes to meet the general and specific needs of small and medium enterprises. It helps not only the Indian entrepreneurs but also the entrepreneurs in the developing countries around the world. The Institute's services are utilised for consultancy by central and state government departments in their programmes for development of scale industries.

National Institute for Entrepreneurship and Small Business Development (NIESBUD)

This is an apex body started functioning from July, 1983 for conducting entrepreneurial development programmes organised by various entrepreneurship development institutes in the country. The Institute organises training programmes for motivators, trainers and entrepreneurs for both national and international participants. It also coordinates training activities of various institutions and agencies. It prepares model training syllabus for various organisations engaged in training activities. It formulates scientific selection procedures, developing training aids, manuals and tools facilitating and supporting state and central governments, and other agencies in executing entrepreneur development programmes.

Small Industries Development Bank of India (SIDBI)

Small Industries Development Bank of India was set up in April 1990 as a subsidiary of Industrial Development Bank of India. It was delinked from IDBI from March, '2000. SIDBI is the principal financial institution for the promotion, financing and development of small scale sector and coordinates the functions of institutions engaged in similar activities. It formulates suitable strategies for providing financia1 and other support services to small scale industrial units throughout the country. SIDBI provides both direct and indirect financial assistance and also promotional and developmental activities of small scale industrial units. Direct assistance is provided with the object of fulfilling the gaps in the existing credit delivery system of the primary lending institutions. The range of activities covered under direct assistance are: setting up of new units, expansion, technological upgradation, modernization, shipment post shipment credit, marketing, finance, acquisition of ISO-9000 certification, etc.

B. State Level Institutions

The primary executive responsibility for the development of small scale industries and implementation of the various programmes lies with the state governments. Most states set up the following institutions for the promotion of small scale industries.

Directorate of Industries

At the state level, Directorate of Industries is the apex body for coordinating and implementing various programmes for small scale industries. It implements the state government policies and directives for promoting industrial development. The Central Government policies serve as guidelines in framing the policies. It provides various facilities, concessions and incentives to small scale industrial undertakings. These are as follows:

1. It provides land and sheds in industrial estates on easy terms.
2. It provides necessary infrastructure like power, water, communication, roads, & at the sites.
3. It renders financial assistance for preparation and implementation of reports.
4. It gives subsidy on capital investment to those units which are established in backward regions at varying rates.
5. It provides subsidy for obtaining technical know-how and testing their products in approved test houses.

District Industries Centres

The District Industries Centre's programme was initiated in May, 1978 with the object of providing different services and support to village and small entrepreneurs under one .roof and to generate greater employment opportunities particularly in rural and backward regions. There are 520 DICs covering almost one for each district throughout the country. DICs are jointly sponsored by central and state governments. The services provided by DICs include: supply of machinery and equipment, provision I of raw materials and inputs, arranging credit facilities, marketing and consultancy, and dissemination of information.

State Small Industries Development Corporations (SSIDCs)

State Small Industries Development Corporations were established in various states under the Companies Act, 1956 for the development of small, tiny and village industries in their respective states. They undertake a variety of activities for the benefit of small sale units such as:
1. Procurement and distribution of scarce raw materials,
2. Supply of machinery on hire-purchase basis,
3. Providing marketing assistance in domestic and international markets,
4. Construction of industrial estates, provision of allied infrastructure facilities and their maintenance,
5. Extending seed capital and management assistance,
6. Procuring bulk orders for and on behalf of small scale units through participation in national/ international trade fairs and also from departmental undertakings, and
7. Providing guidance/consultancy to entrepreneurs, and organising production cum training centres and buyer-seller meets.

- **Role of SSI in the economy**

1. Employment

SSI’s are a major source of employment for developing countries like India. Because of the limited technology and resource availability, they tend to use labour and manpower for their production activities.

2. Total production

These enterprises account for almost 40% of the total production of goods and services in India. They are one of the main reasons for the growth and strengthening of the economy.

3. Make In India

SSI's are the best examples for the Make in India initiative. They focus on the mission to manufacture in India and sell the products worldwide. This also helps create more demands from all over the world.

4. Export oriented

India's export industry majorly relies on these small industries for their growth and development. Nearly half of the goods that are exported from India are manufactured or produced by these industries.

5. Public welfare

These industries have an opportunity to earn wealth and create employment. SSIs are also important for the social growth and development of our country.

6. Seedbed for large scale industries

SSI acts as the seedbed for Large Scale Industries (LSI) as it provides conducive conditions for the development and growth of entrepreneurs. Small enterprises require low investment and simple technology and use local resources to meet local demands through personal contacts. Thus, it creates scope for the growth and development of LSI.

- **Examples of SSIs:**

1. Paper Bags industries

2. Leather belt manufacturing industries

3. Small toys manufacturing industries

4. Bakeries

5. School stationeries

6. Water bottles manufacturing industries

7. Beauty parlours

8. Pickle manufacturing industries

9. Incense stick manufacturing industries

10. Paper plate manufacturing industries

- **Failure of SSIs**

The Indian Economy is currently at its lowest it has been in a decade with falling industrial output and weak demand. Many large businesses are faltering and small businesses are shutting down owing to losses or lack of profits. With the economy becoming unforgiving, it is important for both startups and small businesses to cut costs and have a clear focus on the business.

1. **Lack of funds**

The number one reason business shutdown is the lack of funds. If an Entrepreneur is unable to properly plan finance and project future performance, the business could run out of cash – forcing a shutdown. Therefore, small businesses must always have an adequate cash reserve and plan for fundraising well ahead of time.

2. **Lack of business plan**

Most small businesses and startups do not have a proper mission statement, goals or business plan. A lack of business plan shows that the Entrepreneur lacks planning or organization leading to many shortcomings in the decision-making process. Further, a lack of business plan also hinders raising of capital in the form of equity or debt, as investors or creditors need a proper business plan for investment or credit decision. Therefore, to better manage the business or easily raise capital, it is a must for every business to have a business plan. Lack of a business plan can lead to losses and business failure.

3. **Lack of internal controls**

Small business owners tend to often forget the importance of internal controls. Having strong internal controls include setting up a good accounting system, installing checks and balances and ensuring that any financial wrongdoing is quickly stopped. One survey reports that more than 70% of all small businesses have been subject to employee fraud due to a lack of internal controls. Therefore, the Entrepreneur must set up a regular system of audits, reviews and processes to avoid any fraud or leakage.

4. **Lack of expertise**

No Entrepreneur, however capable, can have expertise in all areas. To be an effective businessman, an Entrepreneur must be capable of building a strong team with good expertise in key areas critical to business success. Key areas for a business could include marketing, sales, finance, purchase, production, human resources and staff management. Entrepreneurs must identify such critical areas for their business and appoint capable persons to manage those areas.

5. **Choosing wrong location**

Location of a business can mean success or failure in case of many businesses that rely on customer visibility, ease of access, parking facility, etc., In addition to the customer angle, a wrong location can also impact a business in other areas such as manpower availability, subsidies, taxation, cost of transportation, availability of electricity/water, etc., Hence, all Entrepreneurs must take care while choosing a location for their business.

6. **Rapid expansion without solid plan**

Rapid business expansion without proper funding, internal controls or plan could be a recipe for disaster for SMEs. The business expansion puts a huge amount of additional stress on a SMEs and proper planning, training program and hiring for manpower is essential to ensure the expansion is successful.

7. **Lack of professionalism**

They lose out to big businesses on a lot of opportunities mainly due to professionalism in terms of a well-designed website or brochure or marketing collateral. Website, business card, brochure and other marketing collateral play an important role in the customer acquisition process and it's important to display an air of professionalism. Therefore, all marketing collateral must be designed professionally and double-checked for typos, errors and user experience.

- **Preventive measures for failure of SSI in India**

In this connection, the following measures may be suggested:

1. Improvement in the methods and techniques of production.
2. Equitable allocation of raw materials, imported components and equipment.
3. Provision for adequate finance.
4. Marketing assistance.
5. Provision for industrial education and training.

Let's see these measures in details:

1. **Improvement in the methods and techniques of production**

The small scale industrial units should be encouraged to replace their outmoded equipment with that incorporating an up-to-date technology, and facilities and incentives should be provided wherever required. Up-dating the methods and techniques of production of quality goods conforming to standards. The role of the Government in this respect is quite significant. Standardisation of certain products should be ensured, the quality of products should be guaranteed, and malpractices like adulteration, misrepresentation, etc., need to be curbed drastically.

2. **Equitable allocation of raw materials, imported components and equipment**

The small scale industrial units should be given adequate degree of priority in the allocation pattern of essential, but scarce, raw materials, imported components and equipment.

3. **Provision for adequate finance**

Promoter's own capital in the small-scale industrial units is generally small and generation of internal resources small and slow. They depend, therefore, on the external sources of finance in a substantial measure.

4. **Marketing assistance**

Marketing of their products at remunerative prices is the major problem of small-scale industrial units. There is, therefore, a clear case for government intervention with a view to reducing the disadvantages arising out of market imperfections. Market research, intelligence and information systems should be strengthened and the results made available to those units.

5. **Provision for industrial education and training**

With full advantages of changing technique of production, dispensation of technical knowledge, both to the small-scale entrepreneurs as well as their workers, should form an essential element of the overall strategy. Provision of adequate facilities for industrial education and training, therefore cannot be over-emphasised.

- **Turnaround strategies:**

Turnaround strategy is a process of restructuring and transforming the company from loss to profitability. It allows the company to stabilize its performance by getting back the industrial units to their original units. Now, the success of the strategy relies on the commitment and dedication of the top management.
Turnaround strategy is about doing different things and attempting to change companies' fortunes by fundamental adjustments in strategy, such as acquisition and divestment. Operating turnarounds are about doing things differently in terms of processes such as manufacturing, so that the firm's efficiency can be improved.
Turnaround strategies typically go through three stages. In the first stage leadership and organizational culture face a restructuring. In the second stage costs are reduced, assets redeployed, and product and market strategies become more selective. As a result, the company moves to a third stage where it repositions itself in the market and industry.
When the company is going through the loss period, then it needs to follow the

turnaround strategy. As they say "health is wealth," which means that you can only make a profit when your business is healthy. However, turnaround is a very good measure in order to deal with the issues of industrial sickness.

- **Types of Turnaround Strategies**

Cost Efficiency Strategies
Asset Retrenchment Strategies
Focus on Your Business core Activities
Change of Leadership

Cost Efficiency Strategies
Companies implement a turnaround strategy as a recovery protocol in order to achieve cost efficiency. The cost-efficiency requires a wide range of activities for a company to take in order to gain a quick win. Before developing a complex strategy, the measures would improve the company's financial position and stabilize its cash flow. Companies often apply a cost-efficiency strategy as a first step in the turnaround recovery strategy. Because it requires little capital, easy to implement, immediate effects, and companies could easily achieve cost efficiency. It comprises of lower the research and development cost and marketing activities, investing in diversification, cutting inventory, decreasing account receivable and pay increments, and increasing account payables. When you cut various costs, then the company is vulnerable to many risks like low morale and employee motivation level, high turnover rate, declining working conditions, and low job satisfaction level. Cost efficiency could badly impact a company's resources that are vital to its growth and success.

Asset Retrenchment Strategies
If a company is facing an issue of low performance, then it should follow the asset retrenchment strategy after the cost-efficiency strategy. It's such a strategy that allows companies to analyze their non-performing areas and remove them to become efficient.
The utility of asset retrenchment and turnaround strategy is when the company has a better cash flow system. For instance, a company earns cash by disposing of obsolete assets, and it allows the company to invest in new ventures with the same cash.

Focus on Your Business core Activities
The turnaround strategy allows you to focus on the core activities of your business. By concentrating on the main activities mean adopting new measures, recognizing the products that could potentially increase the cash flow, and identify the customer market. For instance, a company focuses on the new product line and price-sensitive and loyal customer segment of the market. It gives the company a clear competitive edge in the market.

Change of Leadership
Companies sometimes change their management and leadership as a turnaround

strategy. They usually hire CEOs from outside the company in order to inject new and fresh blood into the company to change the way of its thinking and operations. CEO has the complete responsibility and authority of company's performance on its shoulder, when you hire someone from outside, then it sends a signal of change. The new leadership and management mean change in the company's strategies.

- **Example**

The CEO of Apple, Steve Jobs left the company in 1985 due to the declining company position. The tech company kept on declining for the next 12 years and reached the level of bankruptcy. However, Steve Jobs rejoined the company in 1997 with a new strategy and enthusiasm, and it became the world's leading Tech Company later.

✓ Future of Entrepreneurship in India:

The future of entrepreneurship in India looks bright, with several trends indicating continued growth and innovation in the sector. One trend is the increasing focus on social entrepreneurship. Many startups in India are focusing on solving social and environmental problems, such as access to clean water, education, and healthcare. This trend is expected to continue, with more startups and investors focusing on impact-driven businesses.

Another trend is the increasing focus on technology and innovation. With the rise of artificial intelligence, machine learning, and other advanced technologies, startups in India are focusing on developing innovative solutions to complex problems. This trend is expected to continue, with startups in India playing a leading role in the development of cutting-edge technologies.

Finally, the government's push for a digital economy is expected to drive further innovation and entrepreneurship in India. With initiatives such as Digital India, which aims to increase the adoption of digital technologies in the country, startups in India are expected to continue to leverage technology to create innovative solutions and disrupt traditional industries.

✓ Start Up India

Launched on 16th January, 2016, the Startup India Initiative has rolled out several programs with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators instead of job seekers. These programs are managed by a dedicated Startup India Team, which reports to the Department for Industrial Policy and Promotion (DPIIT).
It was inaugurated by the former finance minister, Arun Jaitley.

The Startup India scheme is based majorly on **three pillars** which are mentioned below:

1. **Providing funding support and incentives to the various start-ups of the country.**
2. **To provide Industry-Academia Partnership and Incubation.**
3. **Simplification and Handholding.**

- **Registration for Startup India**

A person must follow the below-mentioned steps that are important for the successful registration of their business under the Startup India scheme:

1. A person should incorporate their business first either as a Private Limited Company or as a Limited Liability Partnership or as a Partnership Firm along with obtaining the certificate of Incorporation, PAN, and other required compliances.
2. A person needs to log in to the official website of Startup India where he/she has to fill all the essential details of the business in the registration form and upload the required documents.
3. A letter of recommendation, Incorporation/Registration Certificate, and a brief description of the business are some of the essential documents required for the registration purpose.
4. Since the start-ups are exempted from income tax benefits, therefore, they must be recognized by the Department of Industrial Policy and Promotion (DIPP) before availing these benefits. Also, they should be certified by the Inter-Ministerial Board (IMB) to be eligible for IPR related benefits.
5. After successful registration and verification of the documents, you will be immediately provided with a recognition number for your startup along with a certificate of recognition.

- **Who is eligible to apply under the Startup India scheme?**

An entity is eligible to apply when:

- It is incorporated as a private limited company or partnership firm or a limited liability partnership in India
- It has less than 10 years of history i.e. less than 10 years have elapsed from the date of its incorporation/registration
- The turnover for all of the financial years, since the incorporation/ registration has been less than INR 100 crores

- **Startup India Benefits**

Some of the key benefits of Startup India are as follows:

1. To reduce the patent registration fees.
2. Improvement of the Bankruptcy Code ensuring a 90-day exit window.
3. To provide freedom from mystifying inspections and capital gain tax for the first 3 years of operation.
4. To create an innovation hub under the Atal Innovation Mission.
5. Targeting 5 lakh schools along with the involvement of 10 lakh children in innovation-related programs.
6. To develop new schemes that will provide IPR protection to startup firms.
7. To encourage entrepreneurship throughout the country.
8. To promote India as a start-up hub across the world.

- **Website: https://www.startupindia.gov.in/**

✓ **Make in India**

The Make in India initiative was launched in September 2014 as part of a wider set of nation-building initiatives. Devised to transform India into a global design and manufacturing hub, Make in India was a timely response to a critical situation. The government wants to revive the lagging manufacturing sector and spur the growth of the economy. The GOI also intends to encourage businesses from abroad into investing in the country and also manufacture here, by improving the country's 'Ease of Doing Business' index. The long-term vision is to gradually develop India into a global manufacturing hub, and also boost employment opportunities in the country.

- **Make In India – Focus on 25 Sectors**

The Make in India website also has listed the 25 focus sectors and also furnished all relevant details about these sectors, and related government schemes, including the FDI policies, IPR, etc.

1.	Automobiles
2.	Auto components
3.	Aviation
4.	Biotechnology
5.	Chemicals
6.	Construction
7.	Defense manufacturing
8.	Electrical machinery
9.	Electronic system design and manufacturing
10.	Food processing
11.	IT and BPM
12.	Leather
13.	Media and entertainment
14.	Mining
15.	Oil and gas
16.	Pharmaceuticals
17.	Ports
18.	Railways
19.	Renewable energy
20.	Roads and highways
21.	Space
22.	Textiles
23.	Thermal power

24.	Tourism & Hospitality
25.	Wellness

- **Make in India initiatives:**

1. For the first time, the sectors of railways, insurance, defense, and medical devices have been opened up for more Foreign Direct Investment (FDI).
2. The maximum limit in FDI in the defense sector under the automatic route has been raised from 49% to 74%. This increase in FDI was announced by Finance Minister Nirmala Sitaraman on May 16, 2020.
3. In construction and specified rail infrastructure projects, 100% FDI under the automatic route has been permitted.
4. There is an Investor Facilitation Cell that assists investors from the time of their arrival in India to their departure from the country. This was created in 2014 for giving services to investors in all phases such as the pre-investment phase, execution, and also after delivery services.
5. The government has taken steps to improve India's 'Ease of Doing Business' rank. India climbed 23 points in the Ease of Doing Business index to 77th place in 2019, becoming the highest-ranked in South Asia in this index.
6. The Shram Suvidha Portal, eBiz portal, etc. have been launched. The eBiz portal offers single-window access to eleven government services connected with starting a business in India.
7. Other permits and licenses required to start a business have also been relaxed. Reforms are being undertaken in areas like property registration, payment of taxes, getting power connection, enforcing contracts, and resolving insolvency.
8. Other reforms include licensing process, time-bound clearances for applications of foreign investors, automation of processes for registration with the Employees State Insurance Corporation and the Employees Provident Fund Organization, adoption of best practices by states in granting clearances, decreasing the number of documents for exports, and ensuring compliance through peer evaluation, self-certification, etc.
9. The government hopes to improve physical infrastructure chiefly through the PPP mode of investment. Ports and airports have seen increased investment. Dedicated freight corridors are also being developed.

- **Make in India – Schemes**

Several schemes were launched to support the Make in India programme. These schemes are discussed below:

Skill India

This mission aims to skill 10 million in India annually in various sectors. Make in India to turn into a reality, there is a need to upskill the large human resource available. This is important because the percentage of formally skilled workforce in India is only 2% of the population.

Startup India

The main idea behind this programme is to build an ecosystem that fosters the growth of startups, driving sustainable economic growth, and creating large-scale employment.

Digital India

This aims to transform India into a knowledge-based and digitally empowered economy. To know more about Digital India, click on the linked page.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

The mission envisages financial inclusion to ensure access to financial services, namely banking savings & deposit accounts, remittances, credit, insurance, pension in an affordable manner. Click the linked article to know more about Pradhan Mantri Jan Dhan Yojana (PMJDY).

Smart Cities

This mission aims to transform and rejuvenate Indian cities. The goal is to create 100 smart cities in India through several sub-initiatives.

AMRUT

AMRUT is the Atal Mission for Rejuvenation and Urban Transformation. It aims to build basic public amenities and make 500 cities in India more livable and inclusive.

Swachh Bharat Abhiyan

This is a mission aimed at making India more cleaner and promoting basic sanitation and hygiene. For more information on Swachh Bharat Mission, click on the linked article.

Sagarmala

This scheme aims at developing ports and promoting port-led development in the country. Read more on the Sagarmala Project in the linked article.

International Solar Alliance (ISA)

The ISA is an alliance of 121 countries, most of them being sunshine countries, which lie either completely or partly between the Tropic of Cancer and the Tropic of Capricorn. This is India's initiative aimed at promoting research and development in solar technologies and formulating policies in that regard.

AGNII

AGNII or Accelerating Growth of New India's Innovation was launched to push the innovation ecosystem in the country by connecting people and assisting in commercializing innovations.

- **Objectives of Make in India:**

They are:

1. Raise in manufacturing sector growth to 12-14% per year.
2. Create 100 million additional jobs in the manufacturing sector by 2022.
3. Increase in the manufacturing sector's share in the GDP to 25% by 2022.
4. Creating required skill sets among the urban poor and the rural migrants to foster inclusive growth.
5. A rise in the domestic value addition and technological depth in the manufacturing sector.
6. Having an environmentally-sustainable growth.
7. Augmenting the global competitiveness of the Indian manufacturing sector.

- **Make in India – Progress**

There have been several milestones attributed to the Make in India scheme. Some of the prominent ones are listed below:

1. The introduction of the Goods and Services Tax (GST) has eased the tax procedural system for businesses. The GST has been a fillip to the Make in India campaign.
2. Digitization in the country has gained momentum. Taxation, company incorporation, and many other processes have been made online easing the overall process and improving efficiency. This has upped India's rank in the EoDB index.
3. The new insolvency code namely, the Insolvency and Bankruptcy Code 2016 integrated all laws and rules relating to insolvency into a single legislation. This has taken the bankruptcy code of India on par with global standards.
4. Due to schemes of financial inclusion such as the PMJDY, as of May 2019, 356 million new bank accounts were opened.
5. FDI liberalization has helped India's EoDB index to be favourable. Larger FDI inflows will create jobs, income, and investments.
6. Infrastructure and connectivity have received major push through schemes like Bharatmala and Sagarmala, as well as various railway infrastructure development schemes.
7. BharatNet – this is a telecom infrastructure provider set up by the GOI to enhance digital networks in the rural areas of the country. This is perhaps the world's largest rural broadband project.
8. India is ranked four in the world in terms of its capacity to harness power from winds and ranked number 6 in the world in harnessing solar power. Overall, India is ranked fifth in the world in installed renewable energy capacity.

- **Make in India – Advantages**

Below are some more benefits that have been derived from this mission:

1. Generating employment opportunities.
2. Increasing the GDP by expanding economic growth.
3. When FDI inflows become more, the rupee will be strengthened.
4. Small manufacturers will get a thrust, particularly when investors from abroad invest in them.
5. When countries invest in India, they will also bring with them the latest technologies in various fields.
6. Due to the various initiatives taken under the Mission, India has moved up the ranks in the EoDB index.
7. Setting up manufacturing centres and factories in rural areas will foster the development of these areas as well.

Ch 5 Enterprise promotion

What is Entrepreneurial Venture?

An entrepreneurial venture is simply referred to the establishment of a new commercial business, social business or other such form of businesses. These ventures can also be termed as a 'new venture' or 'new enterprise'. Entrepreneurs play a big role in the creation of a new venture due to their personal goals and ambitions. In business life cycle, establishment of a new venture is the first stage where a new business is first assessed and then established. Entrepreneurial ventures are not the same as small business enterprises, though they share many common characteristics. Both of them have economic relevance but they provide benefits and outcomes distinct from each other.

- ✓ **Steps involved in starting a new venture**

1. Evaluate your business goals

Begin by asking yourself a few basic questions about your small business idea to refine it:

Why? Think about the purpose of your business and what needs it fills. (Be clear enough about why you're starting your business so that you can describe its purpose in one sentence.)

What? What is the product or service you'll be offering?

Who? Who is your target customer base or audience? Be specific in describing demographic characteristics, such as age, gender, income level, location and other factors.

How? Describe your plan for developing your product or service and delivering it to your customers or clients.

Instead of starting a business from scratch, another option is to open a franchise of an established company. With a franchise, the business idea and model are already developed, making it easier to get your business started sooner.

2. Conduct market research

Market research is critical to help you determine whether your business idea really has legs. It examines customer behaviors and economic trends to help you hone your business strategy. Competitive research looks at product demand, demographic data, market size, economic indicators, location appeal and pricing.

Use competitive analysis to determine how to zero in on a market advantage. You can gather this information through existing sources or by getting answers yourself by conducting surveys, focus groups and interviews of potential customers.

Through careful market research, you'll be able to figure out who your target customer base is and how to develop products and services that will sell. Market research can also help you determine the name of your business, design color schemes and other branding elements.

3. Business structure and logistics

Business name and domain: During the market research stage, you should have chosen a relevant, unique business name. Purchase website domains if you haven't already secured them. Domains are often inexpensive, so buy as many as you need to ensure that potential customers find you online.

Business structure: Decide what kind of structure is best for your business, such as a sole proprietorship, partnership, limited liability company (LLC) or a corporation. This is an important step as it can impact taxes, personal liability, your ability to get funding and more. Consider consulting with an attorney or accountant to help you make your decision.

Business location: You'll not only have to decide where your business headquarters is located but its style of operation — whether that's a retail outlet or a home office. In addition to your online presence, will it also be brick-and-mortar? If so, you'll need to think about issues like foot traffic, parking, ordinances, utilities, crime, convenience and nearby competition.

4. Get funding for your small business

One of the most important steps to starting a business is getting funding. Start by figuring out how much money you actually need. Your business plan should contain a budget for operating for one year. Using a spreadsheet or budget software, include every expense you anticipate, including costs for overhead, production and marketing.

5. Design prototypes and get feedback

Work with freelance designers and engineers to create product prototypes. If your business is service-oriented, this may include designing proprietary products used only by your employees in the field. Then test your designs by setting up focus groups or scenarios where randomly chosen individuals can put your product to the test and complete surveys about their experience. If you're selling a service, enlist the help of individuals who agree to try it out for free and then give anonymous, unbiased feedback.

6. Put together your leadership team

Put together the team of people who will make your operation. It could include partners, employees, freelancers, contractors and consultants. Your team should decide on an accounting system and develop a plan for manufacturing, choosing vendors, and hiring workers and independent contractors. You should also establish protocols for communication and reporting and responding to harassment and other complaints by employees. Much of this planning will determine what kind of culture your company fosters.

7. Develop your product

Here is where you see the fruits of your efforts. Once you've finalized the design of your product, make purchases necessary to produce. That could mean setting up a manufacturing process to create a physical product or installing computers for the purpose of creating software. Hire specialists, managers and workers necessary to make the operation run smoothly. Develop policies for quality control and safety.

8. Get the word out

How will you get the word out so your target audience gets the message? What social media platforms should you jump on? What kinds of ads will sell your product and where should they appear? How can you appeal to the media so that the public learns about what you're offering? These are the kinds of questions you'll need to answer to make sure you're connecting with potential customers through sales, marketing, advertising and public relations. Start by writing your unique selling proposition (USP) to help you increase brand awareness and develop a marketing strategy.

9. Plan for business growth

You'll need to look ahead and make decisions so that you're not caught off-guard when your business takes off. Such plans could include:

- Studying market trends
- Testing new ideas
- Acquiring another business
- Growing into new markets
- Expanding product lines and services

✓ Entrepreneurship development cycle:

The **entrepreneurial development cycle** is the combination of all **support activities and assistance** that are conducted and provided continuously for the development of entrepreneurship. It generates entrepreneurial awareness in the community through well-planned publicity. It is a process of evolving one's skills in a systematic manner. Therefore, the same goes for the process of entrepreneurship development. There are basically three types of assistance for the entrepreneurs:

1. **Stimulating assistance:**

   There are some activities and assistance that are performed to **encourage potential entrepreneurs** to take initiative. These are called stimulating assistance. Some examples of stimulating assistances are given below:

- Entrepreneurial education;
- Planned publicity for entrepreneurial opportunities;
- Identification of potential entrepreneurs through scientific methods;
- Motivational training;
- Help and guidance in selecting products and preparing project reports;
- Making available techno-economic information;
- Entrepreneurial counseling.

2. **Supportive assistance:**

   There are some helping activities and assistance that make the potential entrepreneurs **enable to conduct their operations**. These are called supportive assistance. Some examples of supportive assistance are given below:

- Arranging finance;
- Providing land, power, water etc.
- Guidance for selecting and obtaining machinery;
- Supply of scarce raw materials;
- Help in getting licenses;
- Providing common facilities;
- Granting tax relief and other subsidies;

- Help marketing product.

3. **Sustaining assistance:**

   Practices that enable or aid self-sustainability include autonomous building, sustainable agriculture, and renewable energy.

There is some assistance that is provided to the existing entrepreneur **to continue their enterprise successfully.** These are called sustaining assistance. Some examples of sustaining assistance are given below:

- Help modernization;
- Help in diversification;
- Policy change;
- Creating a new opportunity for marketing;
- Need-based common facilities centers.

Finally, we can say that entrepreneurship development cycle is the combination of overall assistance that is provided for the development of entrepreneurship. It starts with an entrepreneur who perceives an opportunity, creates an organization to practice it, assembles the required resources, implements a practical plan, and assumes the risks and the rewards, all in a timely manner for all involved.

❖ Business Planning Process:

What is Business Planning?

Business planning is the process whereby an organization's leaders figure out the best roadmap for growth and document their plan for success. The business planning process includes diagnosing the company's internal strengths and weaknesses, improving its efficiency, working out how it will compete against rival firms in the future, and setting milestones for progress so they can be measured.

The process includes writing a new business plan.

What is a business plan?

It is a **written document** that provides an outline and resources needed to achieve success. Whether you are writing your plan from scratch, from a simple business plan template, or working with an experienced business plan consultant or writer, business planning for startups, small businesses, and existing companies is the same.

- ✓ **Business plan as an entrepreneurial tool**

Business plans are like road maps; it's possible to travel without one, but it will only increase the likelihood of getting lost along the way. Rather than putting yourself in a position where you may have to stop and ask for directions or even circle back and start over, entrepreneurs often use business plans to help guide them. That's because they help business owners see the bigger picture, plan ahead, make important decisions, and improve the overall likelihood of success.

Though it may sound tedious and time-consuming, business plans are critical to success.

Here are some reasons why entrepreneurs need one for your business.

1. To help you with critical decisions

While business plans have many purposes, the primary importance of a business plan is that they help business owners make better decisions. Building a business plan allows you to determine the answer to some of the most critical business decisions ahead of time. Creating a robust business plan is a forcing function—you have to sit down and think about major components of your business before you get started, like your marketing strategy and what products you'll sell. You answer many tough questions before they arise. And thinking deeply about your core strategies can also help you understand how those decisions will impact your broader strategy.

2. To avoid the big mistakes

Only about half of small businesses are still around to celebrate their fifth birthday. While there are many reasons why small businesses fail, many of the most common are purposefully addressed in business plans.

One of the most common reasons businesses fail include:

No market need: No one wants what you're selling.

Lack of capital: Cash flow issues or businesses simply run out of money.

Inadequate team: This underscores the importance of hiring the right people to help you run your business.

Stiff competition: It's tough to generate a steady profit when you have a lot of competitors in your space.

Pricing: Some entrepreneurs price their products or services too high or too low—both scenarios can be a recipe for disaster.

3. To prove the viability of the business

Many businesses are created out of passion, and while passion can be a great motivator, it's not a great proof point. Planning out exactly how you're going to turn that vision into a successful business is perhaps the most important step between concept and reality. Business plans can help you confirm that your grand idea makes sound business sense. A critical component of your business plan is the market research section. Market research can offer deep insight into your customers, your competitors, and your chosen industry. Not only can it enlighten entrepreneurs who are starting up a new business, but it can also better inform existing businesses on activities like marketing, advertising, and releasing new products or services.

4. To secure financing

If you're planning on pitching to venture capitalists, borrowing from a bank, or are considering selling your company in the future, you're likely going to need a business plan. After all, anyone that's interested in putting money into your company is going to want to know it's in good hands and that it's viable in the long run. Business plans are the most effective ways of proving that and are typically a requirement for anyone seeking outside financing.

5. To reduce risk

Entrepreneurship is a risky business, but that risk becomes significantly more manageable once tested against a well-crafted business plan. Drawing up revenue and expense projections, devising logistics and operational plans, and understanding the market and competitive landscape can all help reduce the risk factor from an inherently precarious way to make a living. Having a business plan allows you to leave less up to chance, make better decisions, and enjoy the clearest possible view of the future of your company.

- ✓ **Elements of a Business Plan**

The length of a business plan can vary greatly from business to business. Regardless, it's best to fit the basic information into a 15- to 25-page document. Other crucial elements that take up a lot of space—such as applications for patents—can be referenced in the main document and attached as appendices.

These are some of the most common elements in many business plans:

1. **Executive summary:**

This section introduces the company and includes its mission statement along with relevant information about the company's leadership, employees, operations, and locations.

2. **Products and services:**

Here, the company should describe the products and services it offers or plans to introduce. That might include details on pricing, product lifespan, and unique benefits to the consumer. Other factors that could go into this section include production and manufacturing processes, any relevant patents the company may have, as well as proprietary technology. Information about research and development (R&D) can also be included here.

3. **Market analysis:**

A company needs to have a good handle on the current state of its industry and the existing competition. This section should explain where the company fits in, what types of customers it plans to target, and how easy or difficult it may be to take market share from incumbents.

4. **Marketing strategy:**

This section can describe how the company plans to attract and keep customers, including any anticipated advertising and marketing campaigns. It should also describe the distribution channel or channels it will use to get its products or services to consumers.

5. **Financial plans and projections:**

Established businesses can include financial statements, balance sheets, and other relevant financial information. New businesses can provide financial targets and estimates for the first few years. Your plan might also include any funding requests you're making.

- ✓ **Objectives of Business plan:**

1. **Dedicating enough time for planning**

A workable business plan cannot be created overnight. It is bound to take its own time to develop. So, a perfect business plan will attempt to spend enough time and hard work to achieve successful implementation. This should be one of the crucial stages in a business plan. A complete analysis of the current situation is the key to evolving plans. Review the situation through brainstorming and other techniques to define the goals.

2. **Create goals and objectives**

An organization depends heavily on the business plan to arrive at the description of business it performs. There are several areas that a company will focus on if it wants to realize its objectives, understand the market that it is planned to operate in and the strategy to achieve the goals. Lack of a business plan will leave the management without any means to check out the theories on how to operate the business. In essence, a business plan will help a company to test different methods in reaching the best standards and policies.

3. **Evaluating performance**

A business needs proper planning and control over the activities for enhanced performance. It will be an essential step towards achieving the long term survival of the organization as a whole. The business plan also comes with a financial part to it and used for comparing the actual performance with the estimated one. The ability and provision for such a control and evaluation procedure are what offers you a great advantage in checking the success of the operations. This way, you will be able to detect issues like production or delivery delays, or even increasing production costs.

4. **Gauging business strategy and applying due correction**

A Business plan is what would assist you in assessing the efficiency of your strategies for achieving business goals. In an ideal condition, a business needs to have the planned results with which the actual results can be compared, and the way forward is decided. If any of the strategies are found to be unsuccessful in achieving the relevant results, it may be a perfect idea to ditch the strategy or take corrective actions. It is wise to have a good business plan so that the management does have a reference with which it can have a healthy comparison of the actual result achieved.

5. **Arranging financial resources**

A business plan can be much helpful and instrumental in acquiring adequate business financing. Like we stated already, banks and lenders look for a proper business plan before lending you any sort of finance. A business plan should be prepared in such a manner that the banks will have a clear understanding of the business perspective that the owner has. The lenders will be able to get to the root of the actual vision shared by the promoters and the methods of operation that will be employed.

6. **Keep your goals ’SMART’**

No, we are not referring to SMART as in the word intelligent. We mean your goals in the business plan should be S-M-A-R-R-T (Specific, Measurable, Actionable, Realistic, and Time-Bound) to achieve success.

7. **Performing SWOT Analysis**

SWOT Analysis is one of the best options you would want to go with when it comes to focus on an effective business plan. Having perfect knowledge of the strengths and weaknesses of your organization helps you come up with a better insight into the realistic goals. The SWOT analysis also takes into account the opportunities and threats that the organization can come to face to face. This will assist you to focus on the positive factor and take corrective actions against the negatives.

8. **Marketing Analysis**

Marketing forms an integral part of a business and so does with the business plan. This part of the business plan should be focused on determining the potential of your product or service while letting the business owners know more about future customers. The marketing analysis part of the business plan should ideally provide you with a means of understanding your industry as a whole.

In essence, a perfect business plan is what would help you configure your business in a more positive manner. It would help you foresee the unforeseen circumstances and take corrective action even before you face the situation in actual.

✓ **Marketing Analysis**

A market analysis provides insights into potential customers and your competition.
The core components of the market analysis are:

- **Industry analysis:** Assesses the general industry environment in which you compete
- **Target market analysis:** Identifies and quantifies the customers that you will be targeting for sales
- **Competitive analysis:** Identifies your competitors and analyzes their strengths and weaknesses

- **Industry analysis**

The industry analysis is the section of your business plan where you demonstrate your knowledge about the general characteristics of the type of business you're in. You should be able to present statistics about the size of the industry, such as total country sales in the last year and industry growth rate over the last few years. Is the industry expanding, contracting, or holding steady? Why? Who are the major industry participants? While you might not compete directly against these companies (they are likely to be large national or international corporations), it's important that you can identify them, and have a good understanding of their market share and why they are or aren't successful. You should also be able to discuss the important trends that may affect your industry. For example, significant changes in the target market, in technology, or in other related industries may affect the market's perception of your product or your profitability.

- **Target market analysis**

How do you determine if there are enough people in your market who are willing to purchase what you have to offer and at the price you need to charge to make a profit? The best way is to conduct a methodical analysis of the market you plan to reach. You need to know precisely who your customers are or will be. For example, if you sell to consumers, do you have demographic and other information that paints a picture of who they are?

- Age, generation/life stage, gender
- Average income ranges
- Typical education and occupations
- Geographic location

- Family makeup
- Lifestyle information (e.g., hobbies, interests, recreational/entertainment activities, political beliefs, cultural practices, etc.)

Additionally, consider the market size and your target consumers' motivations and purchasing potential.

- **Competitive analysis**

Gathering competitive intelligence is the practice of discovering and analyzing useful information about your competitor's business. Competitive intelligence is important because it helps businesses understand their competitive environment and the opportunities and challenges it presents.

Basic information every company should know about their competitors includes:

- Each competitor's size and market share, as compared to your own
- How target buyers perceive or judge your competitors' products and services
- Your competitors' financial strength, which affects their ability to spend money on advertising and promotions, among other things
- Each competitor's ability and speed of innovation for new products and services

There may be a wealth of other facts that you need to know, depending on the type of business you have. For example, if you're in ecommerce, you'll want to know how fast your competitors can fulfill a typical customer's order, what they charge for shipping and handling, and so on.

✓ **Development of product / idea**

Bringing a new product to life can be challenging. You know that you have an idea that can bring value to a target market, but you aren’t exactly sure how to bring your product to that market.

New product development refers to the process that goes into bringing a new product to market, from brainstorming an idea to understanding if it fits into the market, ironing it out to prototyping to final commercialization. Although it can be a rather lengthy process that sometimes requires iteration, it’s all done to ensure that your product is the best it can be before it reaches your customers and solves their needs in the best possible way.

Let’s discuss the different stages involved in new product development.

1. **Idea Generation**
2. **Research**
3. **Planning**
4. **Prototyping**
5. **Testing**
6. **Product Development**
7. **Commercialization**

1. **Idea Generation**

The new product development process begins with idea generation, where you brainstorm an idea (or ideas) that will help you solve an existing customer problem in a new and innovative way. As you’re coming up with ideas that will help you solve customer needs, it’s important to have a robust understanding of your target market and the pain points they have that you want to solve.

2. **Research**

Once you've developed a product idea, the next step is conducting research. There are various steps you can take to do this, like:

Market research: to understand the current sentiment in your industry and if there are any holes that your product will fit into, and if there will even be demand for it.

Competitor analysis: to understand if customers think there are things your competitors' products or services lack that you can incorporate into your product to better fit your target market's needs.

During this stage, you can also get early feedback from customers about what they think of your ideas before coming up with a final definition for your product. One of the best ways to get this feedback is through surveys, where you can easily and quickly collect information from existing customers

3. Planning

The third stage is planning, where you formulate a final product idea/definition based on your initial idea and research and begin coming up with your plans to bring it to life. When you define your final product, you'll want to begin planning for what you'll need in order to create it. For example, if you're creating a physical product, you'll need to source the necessary materials or find production partners that will assist in manufacturing. Planning also involves coming up with a marketing strategy that will help you effectively market when your product is completed, pricing models that make sense for your product, and that your customers will pay. It's also critical to identify the teams that will be involved in your product development process that will help bring it to market, from the marketing teams that will promote your product to any possible external partners that will assist with production.

4. Prototyping

The prototyping phase is when you come up with a sample product that is a mockup of what will be created during mass production. This prototype is often referred to as a minimum viable product (MVP), which is a basic version of your tool, still similar to your final product that will help you get a sense of how it functions and identify any areas that need to be improved. You may make multiple prototypes and go back and forth between this stage and the testing stage before you have a finalized prototype.

5. **Testing**

Before launching your product you need to test it to ensure it will work as advertised and effectively solve your customer needs. So, during this stage, you'll share your prototypes with target audiences and ask for actionable feedback on how the product works. Essentially, you want your product to be used in situations that are similar to real-world use cases so you know exactly what works and what doesn't. Sometimes the results of your testing will require you to go back and make changes to your prototype, as mentioned above. Once you feel as though your prototype is finished and ready to solve your customer needs, you'll begin product development.

6. **Product Development**

This stage involves creating the final product that will be commercialized once completed. You'll use the insights gained from testing your MVP to make final touches to your prototype, and begin mass production. Depending on your type of business, you'll likely have a different process for product development. For example, if you're a SAAS business, your internal software development or programming teams will likely work to finalize code. If you create a physical product, you may outsource labor for certain components and assemble final products in your warehouse. Whichever your process is, your planning stage should've helped you identify how your product development will go.

7. **Commercialization**

The final stage of your new product development process is commercialization, where **you introduce your products to marke**t. This is the culmination of your brainstorming, research, iteration, where your audiences can finally make use of what you created. You'll enact your marketing plans to make your audiences aware of your new product, and enact campaigns that will entice them to become customers. Although this is the final stage, many businesses launch their products and, over time, return to make improvements to their products based on customer feedback and market changes to ensure they're always providing the best possible customer experience.

- ✓ **Resources of development of product / idea**

No one can come up with an idea and, in the very first instance, convert it into a business opportunity and start a small business on that basis. The majority of good business opportunities do not come suddenly. It comes from an established mechanism to generate many ideas so that at least one idea has the potential for a business opportunity. It requires a series of steps to finalize it into a profitable business.

Resources of development of product / idea:

1. **Customers**

Prospective customers know best what they want and the habits/tastes that will be popular shortly. New product or service ideas may come from customers' reactions to the present product and the expected product idea. Contacts with prospective consumers can also reveal the features that should be built into a product or service. The attention to the customers can take the form of informally monitoring potential ideas and needs or formally arranging surveys among prospective customers.

2. **Existing organization**

Competing products and services of existing organizations and evaluation thereof is a successful source of new ideas. Frequently, this analysis uncovers ways to improve on these offerings, resulting in a new product that has more market appeal. The analysis of profitability and break-even level of various industries or organizations indicate promising investment opportunities which are profitable and relatively risk-free. An examination of the capacity utilization of various industries provides information about the potential for further investment.

3. **Distribution channels**

Member of the distribution channels; intermediaries, transient customer preference, and possible expectations may be a good business idea. Not only do channel members frequently have suggestions for completely new products, but they can also help in marketing the entrepreneur's newly developed products.

4. **Research and Development**

The entrepreneur's own "research and development" is the largest source of new ideas. It may be a more formal endeavor connected with one's current employment or an informal laboratory in the private premises. Formal institutional research and development are often better equipped, enabling the entrepreneur to conceptualize and develop successful new product ideas.

5. **Trade Shows, Fairs aid Exhibitions**

These sources display new products and innovations in processes and services. An innovative entrepreneur can get product ideas to adapt or modify and produce with indigenous materials and technology.

6. **Focus Groups**

Focus groups are good sources of product ideas. A moderator leads a group of people through an open, in-depth discussion rather than simply asking questions to solicit participant response; for a new product area, the moderator focuses the group's discussion in either a directive or a nondirective manner. The group of 8 to 14 participants is stimulated by comments from other group members to conceptualize and develop a new product idea to fulfill market needs. This is an excellent method for initially screening ideas and concepts too.

7. **Brainstorming**

The brainstorming method for generating new product ideas is based on the fact that people can be stimulated to greater creativity by meeting with others and participating in organized group experiences. This method would be effective if the effort focuses on a specific product or market area.

8. Checklist Method

A new idea is developed through a lot of related issues or suggestions. The entrepreneur can use the list of questions or statements to guide the direction of developing entirely new ideas or concentrating on specific “idea” areas. The checklist may take any form and be of any length.

9. Market Gap Analysis

Market gap analysis is a powerful method used to uncover areas in the market in which the needs and wants far exceed the supply. This method has a hopper or gathering effect of converting everyday information into bunches of lucrative product and service gaps that few have thought of before.

10. Life-style analysis Method

Entrepreneurs can use lifestyle analysis effusively for product-service ideas. Lifestyle is a person’s pattern of living expressed in his or her psychographics. It involves measuring consumers’ major activities (work, hobbies, shopping, sports, social events), interests (food, fashion, family, recreation), and opinions (about themselves, social issues, business, products). The lifestyle analysis will help entrepreneurs understand new needs and want under the changed conditions. It will also reflect the changing consumer values that may be a good source of product-service ideas.

- ✓ **Product development capabilities:**

The quality of a product that provides unique value to consumers is often affected by the firm's product development capability. In some cases, firms that introduce new consumer electronics and appliances such as digital photo frames, specialized equipment, software, or high-end sporting goods have a well-known track record of introducing improved versions of their products over time. In other cases, firms are either unknown or have made limited improvements to products that have been in the market for a relatively long time.

When a firm develops new product versions by improving quality or performance over time, sales of a first (early) generation product often hinder the profitability of subsequent versions. Consumers who buy the first-generation product will have lower willingness to pay (WTP) for a new generation of the same product because they already have a functioning product.

When launching the first product, a firm therefore faces the choice of employing price skimming (i.e., charging a high price and selling to a limited number of consumers with high WTP) or price penetration (i.e., selling the product to a broad set of consumers including those with low WTP). Price penetration may restrict the ability to charge higher prices for second-generation products because most potential buyers already have a first-generation product. We use the term “target breadth” as a shorthand term to describe the marketer's choice of price skimming or price penetration described above.

A firm with a high PDC sets prices so that it sells both first- and second-generation products to consumers with a high WTP. In contrast, a firm with a low PDC focuses on intertemporal price discrimination and sells to each consumer type only once.

When consumers are forward-looking, the launch strategies of firms change independently of their PDC. The change in strategy is driven by a reduced WTP of consumers for first-generation products.

✓ Product development strategies

Product development strategy refers to the methods and actions used to bring new products to a market or modify existing products to create new business. Developing a product has several steps, from producing an idea of distributing products to customers. Each stage requires a strategy to be successful and generate revenue for a business.

Some companies may focus on adapting their current products while others may mostly create innovations, but both types of product development require a clear strategy to implement. Here are some useful product development strategies for introducing a product and remaining competitive within your market:

1. Modify an existing product
2. Increase product value
3. Offer a trial
4. Specialize and customize
5. Create package deals
6. Create new products
7. Find new markets

1. Modify an existing product

Creating a new version of an existing product with slight changes can provide your market with the motivation to purchase an upgrade. Modifying one of your existing products and focusing on the updates in your marketing influences customers to try the newer version of the product. This strategy focuses on determining which features consumers would like to see improved and making those changes.

2. Increase product value

Many companies engage customers by including additional value with the purchase of a product. You can increase value by including **a larger quantity of products**, **adding**

customer support or **offering premium features**. New customers may be drawn to your product because of the added benefits, while existing customers may purchase your products again to receive a better deal.

3. **Offer a trial**

Offering a free or less expensive sample version of your product can convince customers to try your product who might not have otherwise purchased the full version. This method relies on the quality of the product by assuming that many of the customers who experience the free trial will purchase the full version. Offering a trial can show customers how they can benefit from the rest of your products.

4. **Specialize and customize**

Many products can be specialized to target a specific customer group or customized to create a unique and personal gift. Allowing customers to personalize your product to fit their needs and lifestyle can encourage them to choose that product over a competitor who only offers a generic version.

5. **Create package deals**

You can encourage customers to purchase more of your product by creating package deals. This strategy exposes customers to a variety of your products through sample packs or assortments that could solve different problems for the customer. Package deals can also introduce customers to a product they may not have otherwise purchased and encourage them to buy it in the future.

6. **Create new products**

Another way to develop a product line is to create a new product that relates to your market. When creating new products, be mindful of what customers are looking for without discouraging them from buying your other products. Any new products should supplement what your existing product does for the customer instead of replacing the original, encouraging customers to buy multiple products from your business.

7. **Find new markets**

Many products can be successfully sold in multiple markets. One product development strategy is to consider marketing an existing product to a different market or demographic. This could include targeting businesses instead of individual consumers, marketing toward a different age group or expanding your product geographically.

- ✓ **Identifying attributes of strategic resources**

What are strategic resources?

Strategic resources are assets within a company that help it excel in its market. These can be physical assets, like products or services they provide, or intangible, like workforce quality. Strategic resources give companies a competitive advantage against others, hoping to achieve certain goals.

- **Attributes of strategic resources**

There are four main attributes of strategic resources:

Valuable

Rare

Difficult to imitate

Irreplaceable

Valuable

A strategic resource has a value that people or companies desire. At a company, this might include people or assets that help increase productivity. This value improves the overall effectiveness or efficiency of a company and can increase the company's value itself. Companies might also have a specific product that is a top seller in the market, bringing increased value as it outperforms its competition.

Rare

A resource's rarity means that few others can acquire it. This often naturally increases its value along with the companies as only certain companies or individuals may have it. Rather than physical assets, this can also mean resources like company culture. For example, if a company offers benefits that are uncommon within their particular industry, this can be a rare resource.

Difficult to imitate

Resources that are difficult to imitate often help raise the standards within a market. This often means that someone at a company has a piece of specific knowledge or rights over an asset that can make it difficult for other companies to copy or produce. These types of resources often include intellectual property or branding, as companies often own the rights to IP and brand elements like logos and design.

Irreplaceable

Similar to the other characteristics, being irreplaceable means that other companies might not be able to achieve the same strategic goals as a company. Even when substituting for similar strategies, any changes to or imitations of the specific resource can lead to a decline in quality. Companies with irreplaceable resources can ensure they keep these in place to maximize effectiveness and business performance.

- **Types of strategic resources**

Here are some of the common types of strategic resources:

Financial resources

More than just cash to spend on new products, advertisements or wages, substantial financial resources can be a strong strategic resource. This might mean a company's ability to maintain funding or credit through several sources while operating efficiently. Financial resources as strategic resources mean having better availability to some of these resources than their competition. You might find a competitive edge here if you can access new machinery, tools or products sooner than others.

Intellectual property

Intellectual property includes the resources that people within a company create. These can include inventions or artistic creations like designs or literature. Although all intellectual property isn't necessarily strategic resources, it becomes one when the creators have superior ideas that are rare in a particular field. Often companies will pursue patents or trademarks for their IP to make it difficult to replicate in a market. Strategic intellectual property often helps organizations create products more efficiently than the competition does.

High-performing staff

As strategic resources include company culture and how employees perform, high performing staff can be a strong resource. Companies can create this through training opportunities, skill assessments or unique benefits that encourage employees to work more efficiently. One way to develop high performance as a strategic resource is to invest in hiring individuals who already excel at their jobs, requiring less training or onboarding time.

There are two main types of resources:

Tangible resources:

Tangible resources are those you can touch, like vehicles, equipment or cash.

Intangible resources:

Intangible resources are those you cannot touch. These can include components like company culture or employee knowledge.

- ✓ **Opportunity analysis:**

Opportunity analysis is a process used to identify and assess **potential opportunities in business**. This includes analyzing the need for a new product or service, evaluating the potential of an existing product, and researching the best strategies for achieving success in a given market. When done right, it can be essential to the success of any business strategy.

When starting a new business, it is important to first conduct an opportunity analysis. This will help you determine if there is a market for your product or service, and if so, what the potential demand might be. It will also give you insights into what your competition may be offering, and what kinds of marketing strategies you'll need to pursue in order to stand out from the crowd.

The following are some factors to consider when performing opportunity analysis:

Competitive analysis

You need to know your competition because it is never a good idea to go fighting in a war when you don't know who your opponent is. When performing opportunity analysis, the direct and indirect competition must be determined and identified so you know who you are up against. This is important because you don't want to offer what your competition is offering and you don't want to sound like your competition either. It will help you with product differentiation when you perform competitive analysis and can enable you to make use of an opportunity that your competition hasn't thought about yet. Performing a SWOT analysis is also helpful to uncover opportunities.

Environment analysis

When performing opportunity analysis, you need to think of the environment; both internal and external. The internal environment deals with your business environment which includes processes and resources. The external environment deals with anything that you cannot control such as your customer and how they perceive what you offer. Analyzing your internal environment helps you know what tools you have and how you are at an advantage. The key is to maximize the use of your internal environment effectively so you can excel in the opportunity. Analyzing your external environment enables businesses to understand external factors that can impact the opportunity they want to capitalize on.

Customer analysis

Customers are complex and they can be tough to convince because they know they are important. For this reason, opportunity analysis needs to include customer analysis. Without this, the analysis will be incomplete. Who are your customers? Who are you aiming to keep happy? What is the target market? All these questions need to be answered if you want to analyze customers thoroughly. You can only build the right brand message if you know your customers thoroughly. This can be easier said than done but it is vital to spend time and resources in understanding customers to find out as much about them as possible. This can help understand whether the opportunity is worth spending time on or not.

✓ Innovator or Imitator:

An innovative entrepreneur is someone who uses creative thinking and a willingness to take risks to develop unique business models with the potential to bring financial gains while effectively solving their target audience's specific needs. They are not afraid to think outside the box and explore new ideas to create something that meets customer demands and stands out from the competition. Entrepreneurs that are innovative have the capacity to think beyond the box and introduce fresh, original concepts to the market. They are motivated by a desire to have a good influence and come up with original, non-traditional solutions to challenges. Innovative businessmen are not scared to question the existing system and take chances in order to realise their vision. They are constantly looking for methods to enhance their goods and services since they are passionate about developing something better and fresh. They are always trying and improving, embracing change, and utilising new tools and strategies. These businessmen frequently develop new markets and make disruptive changes to their businesses as a consequence of their inventive attitude. Simply put, these are the innovators who constantly push themselves to think creatively and attempt to challenge the market. They innovate by launching new goods, devising innovative production techniques, discovering fresh markets, or re-designing the business. Innovative business owners use strategic thinking to place themselves in a competitive sector. The capacity to plan is essential for creative business entrepreneurs. To succeed, an entrepreneur must operate logically and realistically. Original ideas come from strategic thinkers. In order to put their ideas into action, they develop an implementation strategy that contains the necessary tools. The ability to see how their ideas fit into a bigger perspective is a characteristic of innovative entrepreneurs. Due to the fact that these entrepreneurs can only function if a particular level of growth has been accomplished in a country and people desire modifications and improvements to their present goods and services, innovating entrepreneurship is expected in developed countries.

Imitative entrepreneurs are those who follow the successful models and strategies of other successful businesses. Rather than taking risks and innovating, they look to what has worked in the past and try to replicate it in their own business. They may copy a product, a business model, a marketing strategy, or a combination of these elements. Imitative entrepreneurs often focus on improving the efficiency and scalability of existing ideas rather than generating new ones. While they may not have the same level of creativity or risk-taking as innovative entrepreneurs, they still play an important role in the economy by taking existing ideas and making them accessible to a wider audience. Additionally, they may bring a new perspective and make modifications that improve upon the original idea. While not as groundbreaking as innovative entrepreneurship, imitative entrepreneurship can still be a valuable and viable path for those looking to start a business.

Imitative entrepreneurs might not come up with ground-breaking innovations, but they might make little adjustments to current patterns of operation or goods. These improvements may involve streamlining business operations, boosting consumer satisfaction, upgrading pricing policies, or raising product quality. Imitative business owners aim to take a piece of the market and outbid established companies in the sector by making these small tweaks.

Such entrepreneurs are typically found in developing countries where they mimic innovation in terms of production elements that are already widespread in developed nations. Compared to innovative entrepreneurs, these entrepreneurs experience less potential risks.

SWOT Analysis

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats, and so a SWOT analysis is a technique for assessing these four aspects of your business.

SWOT Analysis is a tool that can help you to analyze what your company does best now, and to devise a successful strategy for the future. SWOT can also uncover areas of the business that are holding you back, or that your competitors could exploit if you don't protect yourself.

A SWOT analysis examines both internal and external factors – that is, what's going on inside and outside your organization. So some of these factors will be within your control and some will not. In either case, the wisest action you can take in response will become clearer once you've discovered, recorded and analyzed as many factors as you can.

Let's look at each area in more detail:

Strengths
Strengths are things that your organization does particularly well, or in a way that distinguishes you from your competitors. Think about the advantages your organization has over other organizations. These might be the motivation of your staff, access to certain materials, or a strong set of manufacturing processes.

Your strengths are an integral part of your organization. What do you do better than anyone else? What values drive your business? What unique or lowest-cost resources can you draw upon that others can't? Identify and analyze your organization's Unique Selling Proposition (USP), and add this to the Strengths section. Then turn your perspective around and ask yourself what your competitors might see as your strengths. What factors mean that you get the sale ahead of them? Remember, any aspect of your organization is only a strength if it brings you a clear advantage. For example, if all of your competitors provide high-quality products, then a high-quality production process is not a strength in your market: it's a necessity.

Weaknesses
Weaknesses, like strengths, are inherent features of your organization, so focus on your people, resources, systems, and procedures. Think about what you could improve, and the sorts of practices you should avoid. Once again, imagine (or find out) how other people in your market see you. Do they notice weaknesses that you tend to be blind to? Take time to examine how and why your competitors are doing better than you. What are you lacking?

Opportunities

Opportunities are openings or chances for something positive to happen, but you'll need to claim them for yourself! They usually arise from situations outside your organization, and require an eye to what might happen in the future. They might arise as developments in the market you serve, or in the technology you use. Being able to spot and exploit opportunities can make a huge difference to your organization's ability to compete and take the lead in your market.

Think about good opportunities that you can exploit immediately. These don't need to be game-changers: even small advantages can increase your organization's competitiveness. What interesting market trends are you aware of, large or small, which could have an impact? You should also watch out for changes in government policy related to your field. And changes in social patterns, population profiles, and lifestyles can all throw up interesting opportunities.

Threats

Threats include anything that can negatively affect your business from the outside, such as supply-chain problems, shifts in market requirements, or a shortage of recruits. It's vital to anticipate threats and to take action against them before you become a victim of them and your growth stalls. Think about the obstacles you face in getting your product to market and selling. You may notice that quality standards or specifications for your products are changing, and that you'll need to change those products if you're to stay in the lead. Evolving technology is an ever-present threat, as well as an opportunity!

Always consider what your competitors are doing, and whether you should be changing your organization's emphasis to meet the challenge. But remember that what they're doing might not be the right thing for you to do. So, avoid copying them without knowing how it will improve your position. Be sure to explore whether your organization is especially exposed to external challenges. Do you have bad debt or cash-flow problems, for example, that could make you vulnerable to even small changes in your market? This is the kind of threat that can seriously dam

Strengths 1. What is our competitive advantage? 2. What resources do we have? 3. What products are performing well?	**Weaknesses** 1. Where can we improve? 2. What products are underperforming? 3. Where are we lacking resources?
Opportunities 1. What new technology can we use? 2. Can we expand our operations? 3. What new segments can we test?	**Threats** 1. What regulations are changing? 2. What are competitors doing? 3. How are consumer trends changing?

A SWOT analysis is a great way to guide business-strategy meetings. It's powerful to have everyone in the room discuss the company's core strengths and weaknesses, define the opportunities and threats, and brainstorm ideas. Oftentimes, the SWOT analysis you envision before the session changes throughout to reflect factors you were unaware of and would never have captured if not for the group’s input.

❖ Internal and External environment analysis:

✓ Internal environment analysis:

Internal environment analysis or internal analysis is the process of assessing of internal resources and capabilities of an organization to know its strengths and weaknesses. The organizational internal factors such as goals, policies, resources, structure, culture, etc. are the source of strengths and weaknesses that resides in different functional units such as HR, marketing, finance, production, accounting, and R&D.

Internal strength and weakness together with potential opportunities and threats and a clear mission statement provide a base for a sound objective and strategy formulation. The internal environment analysis seeks to give the answers to the following questions.

- How well the current strategy is working?
- What is our current situation?
- What are our strengths and weaknesses?
- How many resources are available?

The internal environment refers to the conditions and resources within the organization. It is also called a firm or resource environment. The internal environment is controllable by the manager in the long run. It determines the relative strengths and weaknesses of the firm. Strengths are the positive internal characteristics of the firm which are helpful for achieving desired goals. And, weaknesses are the negative internal characteristics that might restrict the organization's performance.

✓ **The components of the internal environment:**

- **Organizational Goals and Policies**
  Goals are the long-term desired outcome of an organization. They are the expected end results. Policies are broad guidelines for organizational activities. An organization with precise and well-communicated goals and policies is regarded as stronger.
- **Organizational Resources**
  Resources are the foundation for strategy. The resources include financial, organizational, physical resources, human, innovation, reputational resources.
- **Organizational Structure**
  It specifies jobs and relationships. It defines job allocation, responsibility, and accountability.
- **Organizational Culture**
  The shared values, norms, behavior, and belief of an organization is organizational culture. It influences how an organization conducts its business.

✓ **Importance of Internal Environment Analysis**

Why internal environment analysis is important? Internal analysis is an effective approach to assessing organizational capability. The assessed information can be used in various ways. Some major ways internal analysis helps organizations are,

Helps to Identify Strengths

The first importance of internal analysis we may consider is that it helps to identify the relative strengths of the organization. The organizational strengths may be in terms of resource availability, innovation, skilled manpower, uniqueness, brand, etc. In addition to identification, it also helps to use these strengths to exploit opportunities and accomplishment of goals.

Helps to Identify Weaknesses

Similar to the strengths, it also identifies the weaknesses of the organization which are weaknesses as compared to its competitors. Once identified, it further prepares the organization to reduce such weakening factors and mitigate external environment threats.

Helps to identify Unique Resources

To be competitive in the market, an organization needs to have unique resources. Unique resources are resources that make a firm different from its competitors. Usually, the unique resources are valuable, inimitable, rare, and difficult to substitute. They help firms to develop core competencies that lead the organization toward sustainable competitive advantage.

Identifies Core Competency

Along with the identification of unique resources, internal environment analysis also helps to identify and develop core competencies. A competency is that in which the firm is well. And, core competency is the sum of that the whole organization is exceedingly well in doing than competitors. They are the most important sources of competitive advantage. They reside in the functional areas of production, marketing, and human resources.

Strategy Formulation

Understanding every aspect of the organization makes the aware manager of capability, competencies, unique resources, strengths, and weaknesses and helps the manager formulate effective strategies.

- ✓ **Tools/Methods of Internal Environment Analysis**

The main tools/methods/techniques of internal environment analysis are mentioned below.

Value Chain Analysis

Value chain analysis is an effective tool to understand how an organization generates value for its customers from its different activities. A business may appear to be a series of interconnected tasks that convert inputs into valuable products for customers. Values chain analysis looks at the various operations, initiatives, and activities that a business uses to produce value for its customers in an effort to understand how that value is created.

Functional Approach

A number of functions are carried out in the organizations. The functional approach of internal analysis attempts to understand the contribution of different functional units such as R&D, Production & Operation, Marketing, Financial, and Human Resources towards the organization's performance.

Resource Based View

The resource view based on strategy states that the competitive advantage of an organization is explained by the distinctiveness of its capabilities. It states that internal resources are more important for a firm than external factors in achieving and sustaining competitive advantage. By this view, organizational performance is primarily determined by its internal resources which are physical, human, and organizational resources.

Resource to Competitive Advantage Pyramid

Resources are the base for building a competitive advantage. The competitive advantage pyramid reflects how resources are a source to achieve competitive advantage. The pyramid includes, from bottom to top – company resources, competitive capabilities, core & distinctive capabilities, strategic assets, and finally competitive advantage.

Benchmarking

Benchmarking is the continuous process of measuring products, service, and practice against the toughest competitors or industry leaders. It helps to know what products, techniques, and practices the competitors are employing and attempts to bridge the gap between their own organization performances with the competitors.

- ✓ **External environment analysis**

What is External Environment Analysis?

External environment analysis or external analysis is the process of analyzing external factors of an organization to understand uncertainty and achieve competitiveness. The main objective of analyzing external environment factors is to be aware of likely **opportunities and threats**. The external environment greatly holds potential opportunities for the firm, if analyzed successfully and aligned strategies with, the firm will enjoy enormous benefits.

External environment analysis focuses on macro-environmental forces which are external to the firm and indirectly affect the firm's operations and performance. Analyzing factors such as political, economic, customers, suppliers, social, technological, competitors, media, legal, ecological, and global, it predicts future possible events in which the firm would be.

Since external environment factors are **uncontrollable by managers** it has been a critical task for every manager to get a competitive advantage, be ahead of competitors, and get market leadership. The organizations which continuously analyze this environment have a better chance to compete in the competition than others.

Techniques/Tools of External Environment Analysis

The main techniques used to analyze the external environment are mentioned below.

A. **PESTLEG Analysis**
B. **Scenario Planning**
C. **Industry and Competitive Analysis**

A. **PESTLEG Analysis**

PESTLEG is the acronym for political, economic, sociocultural, technological, legal, environmental, and global factors. PESTLEG analysis involves the analysis of general environment factors that we mentioned above. These factors are uncontrollable to the firm. They are analyzed to identify the environmental trends and assess possible opportunities or threats.

The following components are analyzed in PESTLEG analysis

Political Factors

Political factors are those actions imposed by the government that affects businesses. Such as understanding whether the country follows a democratic political ideology or totalitarian.

Economic Factors

Economic factor consists of GDP, employment rate, income level, and so on by which you have to decide whether the people have the payment capacity to buy your products.

Socio-Cultural Factors

Factors like beliefs, traditions, views, values, attitudes, habits, preferences, and so forth greatly affect people's choices of purchase and their living style.

Technological Factors

Today, the pace of technological advancement is very high. To be competitive you should use advanced technology and understand how it affects the organization's performance.

Legal Factors

It includes a nation's laws, business laws, constitution, law administration, etc.

Environmental Factors

Management must be aware of changing physical climates and restrict the activities hurting the physical environment.

Global Environment

Global environment is the collection of global phenomena such as global market, global competition, global culture, global opportunities, and global threats.

B. Scenario Planning

Scenario planning is making assumptions on what the future is going to be and how your business environment will change overtime in light of that future. More precisely, Scenario planning is identifying a specific set of uncertainties, different "realities" of what might happen in the future of your business.

It sounds simple, and possibly not worth the trouble or specific effort, however, building this set of assumptions is probably the best thing you can ever do to help guide your organization in the long term. For example, Farmers use scenarios to predict whether the harvest will be good or bad, depending on the weather. It helps them forecast their sales and also their future investments.

Scenario planning might not have such dire consequences in your organization, but if not done, you risk opening the door to increased costs, increased risks, and missed opportunities.

C. Industry and Competitive Analysis

An industry is a group of firms producing products that are close substitutes. The industry environment is considered to be **made up of Porter's five forces** – threats of new entrants & product substitutes, bargaining power of suppliers & buyers, and competitive rivalry.

As compared to the PESTLEG analysis the industry environment has a more direct impact on the firm's performance.

Threats of New Entrants

This concerns the ability of new firms to enter the industry. If the entry cost is very high there is little threat of new competitors entering the industry and vice versa.

Threats of Substitutes Products

This concerns when there are more substitute products in the market, the competition will be intense, the product price will fall down, and customers easily switch vendors. If such happens it poses a strong threat to a firm.

Bargaining Power of Suppliers

Suppliers exert pressure over firms on prices and quality of the products. Suppliers have more power when there is a large & monopoly supplier, few substitutes, powerful brand, etc.

Bargaining Power of Buyers
Buyers always wish to have products of high quality but at low prices. Buyers have more power when there are a large number of buyers, a large number of suppliers, low switching costs, etc.

Competitive Rivalry

It concerns the competitors to increase market share over your firm. When there is a high competition you should opt for quality, low price, differentiation, or search for a new market.

✓ Industry Analysis

Industry analysis, for an entrepreneur or a company, is a method that helps to understand a company's position relative to other participants in the industry. It helps them to identify both the opportunities and threats coming their way and gives them a strong idea of the present and future scenario of the industry. The key to surviving in this ever-changing business environment is to understand the differences between yourself and your competitors in the industry and use it to your full advantage.

Types of Industry analysis:

- **Analysis of competition**
- **Customer and supplier analysis**
- **Analysis of market**
- **Study of the regulatory environment**
- **Study of the value chain**
- **Financial and economic analysis**
- **Technology**

Analysis of competition

This is of utmost importance since this provides an idea about the operational level and quality of products and services that the entity should give to its customers so as to continue operating smoothly. For this, they need to understand the competitor's profile, their strength, weakness, market share, quality of products manufactured, etc and use them as benchmark to compare them with the business. This will help in product and brand positioning, pricing differentiation.

Customer and supplier analysis

This is required to understand the demand and supply and plan business strategy as per the requirement. If supplier's position is strong, it may raise cost and affect sourcing of goods. A strong buyer market will lead to fall in price, raising the requirement of cost control and innovation to maintain good customer base to survive in the market.

Analysis of market

This includes study of various parts of the industry including market trends, size, growth, segmentation in the form or demographics, customer behavior or psychology, geographical environment, etc. It is necessary to use historical data which will help in predicting the future as well.

Study of the regulatory environment
Proper analysis of the rules and regulations that should be followed, the general, laws that govern the industry, and the legal implications of not following them should be done.

Study of the value chain
It is important to study the entire chain starting from the manufacturer to the end customer and identify potential opportunity for cost saving and expansion.

Financial and economic analysis
A major part of the **industry analysis in strategic management** is study of the financial and economic indicators like inflation, currency and interest rate fluctuation affecting the industry, effect of economic cycles, effect of changes in international markets and global competitors in the industry, etc.

Technology
Technological advancement is a very important factor contributing to rapid changes in industrial environment. Thus, any business should track the latest technological developments in the industry in which they are operating so that it is possible to adopt those ideas in the business itself as fast as possible and remain on the same page as the competitors. This will help the business to remain sustainable.

✓ **Porter's 5 Force Model:**

Porter's Five Forces is a model that identifies and analyzes five competitive forces that shape every **industry** and helps determine an industry's weaknesses and strengths. Five Forces analysis is frequently used to identify an industry's structure to determine corporate strategy. Porter's model can be applied to any segment of the economy to understand the level of competition within the industry and enhance a company's long-term profitability. The Five Forces model is named after Harvard Business School professor Michael E. Porter.
Porter's Five Forces model can help you to analyze the attractiveness of a particular industry, evaluate investment options, and assess the competitive environment in your market.

Porter's 5 forces are:

1. Threat of new entrants
2. Bargaining power of suppliers
3. Bargaining power of buyers (customers)
4. Threat of substitutes
5. Competitive rivalry

Porter's Five Forces model is a critical element of strategic analysis that helps companies decide how to shape the balance of competitive forces to maximize profitability.

1. Threat of New Entrants

When an industry starts becoming profitable, it will entice new entrants. If the barriers to entry are low, new entrants can easily capture market share and threaten profitability. New entrants undercut prices and offer valuable alternatives to what your industry currently provides.

A practical example of a new entry and high threat to existing players is Apple's entrance into the music distribution industry with the iPod. Apple entered into a new market, stole market share from existing players, and completely changed the way we consume music and audio content today.

On the other hand, if barriers to entry are high, it's much harder for new entrants to threaten your industry's profitability.

According to Porter, there are **7 main sources that influence the height of entry barriers**:

1. **Supply-side economies of scale:**

Production at higher volumes and low costs per unit force new entrants to come in on a large scale or at a cost disadvantage.

2. **Network effect:**

Buyer's willingness to pay increases as the number of buyers or sellers for the business grows. Customer loyalty or a buyer's preference for a bigger "network" discourages new entrants by limiting buyers' willingness to buy from someone new.

3. **Switching costs:**

The higher prices/costs a customer has to pay to switch from one supplier to another, the higher the entry barrier will be.

4. **Capital requirement:**

The entry barrier can be significant for new entrants on account of the hefty financial investment required. However, investors can provide new entrants with the required capital if the industry returns are high and lower the entry barrier.

5. **Unfair advantage:**

Industry leaders have cost or quality advantages derived from resources that are hard to copy. An example would be patent technology, exclusive access to raw materials sources, a strong brand identity, or a favorable geographical location.

6. **Unequal access to distribution channels:**

Considering the power of existing players, it might be difficult for new competitors to break into existing distribution channels. As an alternative, companies typically bypass traditional distribution channels or create new ones. An example is low-cost airlines that started selling tickets on their own websites.

7. **Government policy:**

Government policy can lower or increase entry barriers for new entrants. Licensing requirements, for example, can increase entry barriers. In contrast, subsidies can make entry easier.

2. Bargaining power of suppliers

Suppliers offer your industry the needed inputs to operate (e.g. components, materials, and services). When the bargaining power of suppliers is high, there's a strong chance your suppliers could set higher prices for those inputs or reduce quality without retaliation. If you have a number of suppliers to choose from, their bargaining power is likely low, so you will not have a problem switching suppliers if needed.

As an example, let's take a look at the automotive industry. Volkswagen Group's suppliers have limited bargaining power due to VW's global presence with suppliers scattered around the globe. On top of that, Volkswagen has at least 1 or 2 backup suppliers for each part and can shift demand between them.

If you don't have the option to choose between a numbers of suppliers, there is no substitute for what the supplier provides, or the switching cost of suppliers is high, they will have stronger bargaining power, and you will have to rethink your business strategy.

3. Bargaining power of buyers (customers)

In Porter's Five Forces model, buyers are your customers. At the expense of industry profitability, strong buyer power can lower prices, put rivals against each other, and demand higher quality or service. The power of customers is higher when they are few in number and have many sellers to choose from. Beyond this, if a large portion of a seller's revenue is determined by a handful of buyers, those buyers will have more leverage.

Things to consider here are:

- How many potential buyers are in your industry compared to the number of sellers?
- Does a handful of buyers make up the majority of your revenue?
- What is the size of the orders you receive?

- How easy would it be for your buyer to switch from one seller to another?

4. Threat of substitutes

All firms in an industry are competing with other industries that make substitute products or services. An example is a messaging app that is a substitute for e-mail. Or an airline website replacing travel agents with its own ticket booking system. If buyers can satisfy their needs with a different product or service from an alternative industry that will put a lid on how high your industry can set its price.

The more attractive a substitute, the firmer the lid on industry profits. If there are many substitutes that can perform a similar function as your product or service, then the threat of substitutes is high. If there are few substitutes that provide the same function as your product or service, the threat of substitution is low.

Things to consider here are:

- How many substitute products/services are in your industry?
- How similar are those products/services from a functional standpoint?
- What differentiates your products/services from those substitutes?
- Are those products/services affordable?
- What is the buyer's cost of switching to a substitute product? Is it low-cost or high-cost?
- Are you able to offer a new product or service that can become a substitute for a market leader? If so, what is it?

5. Competitive rivalry

Although rivals are subject to the same industry forces as yourself, the force of competitive rivalry is often the largest determinant of an attractive industry since it is affected by the four previous forces. In order to capture their share of the market, rivals will compete on price, quality, service, marketing spend, etc. Competitive intensity is the highest when your buyers have plenty of alternatives, there is little service or product differentiation between rivals, and when industry growth is slowing. If the buyer can choose from a fair number of competitors, the buyer can start bidding wars and reduce profits. When there is little differentiation between rivals, your product or service will be perceived as a commodity, and the buyer will purchase solely on price. If an industry's growth is slowing, the existing firms will be in a fight to maintain their piece of the market share.

Things to consider here are:

- What is the number of competitors in your industry?
- Who is your biggest competition?
- What makes your product/service different from your rivals?
- Are there any barriers that would prevent your customers from switching providers? If so, what are they?
- Is your industry shrinking or growing?

Porter's Five Forces framework defines the most important criteria to consider when looking at the competitive landscape of a corporation. High threat levels typically signal that future profits may deteriorate and vice versa. For example, an early startup in a fast-growing industry might quickly become shut out if barriers to entry are not present. Likewise, a company selling products for which there are numerous substitutes will not be able to exercise pricing power to improve its margins, and it may even lose market share to its competitors.

✓ Embryonic companies and spin offs

• Embryonic companies

Every small business develops through four stages -- starting point, development phase, nurturing phase and finally letting the business take off on its own. The starting point is also referred to as the embryonic stage. Similar to a baby being born, a new small business must start from a beginning point of development. The embryonic stage can be characterized by the idea, feasibility, verification, demonstration and commercialization.

Idea

The first characteristic of the embryonic stage in a small business is achieving the idea. This is the most difficult stage because it is when the concept for the business is developed. To come up with ideas, individuals brainstorm business ideas with other individuals in their field. Sometimes ideas come from reading an article or watching something on television. Ideas can also come from working on another project and needing to develop a solution.

Feasibility

A second characteristic is determining the feasibility of the idea or product. Once a business idea is developed, the small business then must determine whether the product or service will actually work for customers. This can be accomplished by setting up a test scenario. For a product, the small business can see how much a prototype would cost to develop and whether it would work for one customer. For a service, the small business can actually demonstrate the service for one customer to determine whether the service works and is needed.

Verification

Verification of the idea becoming an actual product or service is another characteristic. Once feasibility is determined, the small business then develops many prototypes and works with customers to see if the product works well and whether individuals will want to invest in buying it. This is the period when the product can be modified by comments from customers. The small business will want to fine-tune the product before it is mass-marketed to the public to make the best product possible.

Demonstration

A fourth characteristic of the embryonic stage is demonstrating that the product or service works for a multitude of customers. Once the product is modified based on the verification stage, the small business then works to ensure that the product can be manufactured efficiently and at a low cost. The small business also works on developing selling approaches that can be used in regional markets to sell the product in masses. This can be done efficiently with television, radio or print advertisements.

Commercialization

Once all of the above is achieved, the final characteristic of the embryonic stage is obtaining the financial funding to market the product or services on a full-scale national campaign at the lowest cost possible. Investment money is needed for purchasing manufacturing equipment, creating mass amounts of the product, marketing and paying employees. This can be a considerable amount of money that can be obtained through small business loans and venture capitalist investments.

- **Spin offs**

A spinoff is an independent company created when a parent company issues shares in an existing business or division to parent company shareholders. A parent company creates a spinoff expecting that it will be worth more as an independent entity than it was as part of the parent company. A spinoff is also known as a spinout or starburst. A parent company may form a spinoff when it projects that a new, independent entity will be worth more than it was as part of the company.

A parent company will spin off part of its business if it expects that it will be lucrative to do so. The spinoff will have a separate management structure and a new name, but it will retain the same assets, intellectual property, and human resources. The parent company will continue to provide financial and technological support, in most cases.

A parent company distributes shares in a division or subsidiary to parent company shareholders and creates a wholly separate business entity.

Why Spinoffs Happen

A spinoff may occur for various reasons. But the overall belief is that it will be more profitable as an independent entity than it was as a part of the parent company. And, the parent company may then be better positioned to achieve greater value, as well.

- A company may conduct a spinoff so that it can focus its resources and better manage the areas of the business that have greater long-term potential.
- Businesses wishing to streamline their operations often spinoff less productive or unrelated subsidiary businesses. For example, a company might spin off one of its mature business units that is experiencing little or no growth so that it can focus on a product or service with higher growth prospects.
- Alternatively, if a portion of the business is headed in a different direction and has strategic priorities different from the parent company, it may be spun off to provide value as an independent operation.
- A company that hoped sell a business unit but is unable to interest buyers in it may spin it off instead. Doing so may provide more value to shareholders.

Risks of Spinoffs

The downside of spinoffs is that their share price can be more volatile and can tend to underperform in weak markets and outperform in strong markets.

Example:

1. Eicher Motors - Eicher Motors, the parent company of Royal Enfield motorcycles, spun off its truck and bus manufacturing business in 2008 to create a new company called VE Commercial Vehicles Ltd (VECV).
2. Reliance Industries Ltd spun off its financial services business and list it on the Indian exchanges, Jio Financial Services.

✓ Seven domains of John Mullins

Can you imagine buying a car without first taking it for a test drive? Or buying a home without first inspecting every room? In everyday life, it's instinctive to test products and to look at them from different angles before parting with your money. This helps you confirm that you're making the right choice.

The same should be true before you start a business, or launch a new project or product. You need to look at it thoroughly, and examine it from a number of different perspectives. After all, you could be about to invest several years of your life into the venture, and it would be heart-breaking if it failed for reasons that you could have foreseen at the outset.

Mullins' Seven Domains Model helps you explore the impact of seven key factors – or "domains" – on your planned venture. In turn, this helps you think about whether the idea is viable. John Mullins, an entrepreneur and professor at London Business School, developed the Seven Domains Model and published it in his 2003 book, "The New Business Road Test." It was created for entrepreneurs interested in starting new businesses. However, you can also use it within your organization to decide whether to pursue a new product, or launch a new project.

The model separates your proposed new venture into seven "domains": **four** that look at the small-scale (micro) and large-scale (macro) aspects of your **market and industry**, and **three** that focus on your **team**.

Let's look at the seven domains, and explore how you can use them to analyze your potential venture.

1. Market Domain/Macro Level: Market Attractiveness

This domain looks at market attractiveness from a macro (large-scale) perspective.

Look at the whole market. How big is it, in terms of the number of customers, the value of sales, and the quantity of units sold? Then, look at trends within the market. Has it grown in recent years? If so, is this growth likely to continue?

What you're doing here is checking that the market is big enough to give you the growth you want, and that it's growing healthily – after all, it's much easier to grow a business in a growing market than it is in a declining one.

2. **Market Domain/Micro Level: Sector Market Benefits and Attractiveness**

Realistically, it's unlikely that your venture will meet the needs of everyone in the market. You'll be more successful if you target your idea at one market sector or segment, and aim to meet its needs fully.

To identify this segment, look at the market on a micro level. Think about the following questions:

- Which segment of the overall market is most likely to benefit from your venture?
- How is your venture or product different from others already servicing this segment?
- What trends is this segment showing? Is it growing, and, if so, is this growth set to continue?
- What other market segments could you access if you're successful in this one?

Look for qualitative and quantitative data. Talk to prospective customers to gather feedback on their needs, and to find out how well competitors are meeting these. Then, look for data on the sector you're targeting, for example, by reading analysts' reports and market research reports.

3. **Industry Domain/Macro Level: Industry Attractiveness**

It's now time to look at how attractive your industry is on a macro level.

To do this, first define the industry that you will be competing in, and then ask yourself how easy it is to enter this industry. If it's easy to get into, you can quickly be flooded with competitors if you are seen to make a success of your business.

Next, look at your competition. Is rivalry in this market fierce or civilized? Are organizations stealing ideas from others in the industry? Take time to gather intelligence about your potential competitors to see what they're up to.

Last, look at buyers and suppliers. How much power do they have? Are they setting their own terms and conditions because of this power? If so, how will this affect your offering?

4. **Industry Domain/Micro Level: Sustainable Advantage**

Once you've looked at your industry from a macro level, it's time to examine it close up.

Start with a USP Analysis. What can you do to build and sustain a USP? Next, explore the competencies that you'll need, and think about how to develop and sustain these. Then think about how easy it will be for your competitors to duplicate your product or service. Also, what resources do you possess that your competitors don't? What do they have that you don't? This could include patents, established processes, and finances. How will these affect your ability to compete?

5. **Team Domain: Mission, Aspirations, Propensity for Risk**

In this domain, located in the center of the model, you're going to analyze commitment – yours, and that of your team – to this idea. Think about why you want to start this business. Are you passionate about this idea, and, if so, why? What do you want to do with this business – are you ambitious for it, or do you want it to be a "lifestyle business"? What are your personal goals and values, and how does this venture align with these? And are you prepared to take the risk and put in the hard work needed to build this business?

Explore the motivations of your team, too. What are they hoping to achieve, and why? Do their motivations align with yours? And are they prepared to work really hard to make the business a success? Money and/or reputations could be at stake if the venture fails, so think about attitudes towards risk within the team.

6. **Team Domain: Ability to Execute on Critical Success Factors**

You now need to identify the Critical Success Factors (CSFs) for the business, and think realistically about whether your team can deliver on these.

Start doing this by thinking about these questions:

- Which decisions or activities will harm the business significantly if you get them wrong, even when everything else is going right?
- Which decisions or activities will deliver disproportionately high benefits or enhance performance, even if other things are going poorly?

Then look at the knowledge and skills of the team that you've put together. How certain are you that you and your team can deliver successfully on these CSFs? If you see a gap in skills or abilities, who can you bring on board to fill this gap?

7. **Team Domain: Connectedness up, Down, Across Value Chain**

This last domain is all about your connections and how important they are to the success of your business.

First, look at your suppliers and investors. Who do you know that can supply you with the resources you need to pursue this venture? How good are your relationships with these people?

Next, look at your potential customers and distributors. In what ways can you capitalize on your connections here?

Last, look across the value chain. Do you know any of your competitors personally? If so, how could this relationship help or hinder your venture? And could these people be partners if you thought about them differently?

✓ Identifying the right business model canvas

What Is a Business Model Canvas?

A Business Model Canvas (BMC) is a single-page template used to outline the goals and objectives of a business. As a strategic management tool, a BMC can help business owners and other stakeholders develop new business models or evaluate existing models.

A business model canvas is a visual representation of a business model, highlighting all key strategic factors. In other words, it is a general, holistic and complete overview of the company's workings, customers, revenue streams and more. The actual business model canvas definition was first proposed by Alexander Osterwalder, a Swiss entrepreneur, and consultant, but has gone to be used around the world.

What's the Purpose of a Business Model Canvas?

Other than providing a general overview of the business model, these canvases enable companies to visualize and analyze their strategy. This includes updating the model as the company evolves, such as changes in the market, new streams or expansions. The business model canvas provides the central, common source of knowledge through which each department can add their unique input from their respective domains.

It is a template that defines the business - specifically, how each section interacts with the others. For example, understanding the value proposition, the target customer and the channels through which they are engaged all need to be analyzed together, not just in individual vacuums. Alternatively, the business model canvas can be used by organizations to plan, assess or execute new models altogether. In this way, the canvas highlights the key essentials and ensures that no vital factors are forgotten. If the canvas is incomplete, then the respective strategy is also incomplete.

- **Elements/ Components of a Business Model Canvas**

1. **Key partners**

A business's key partnerships include stakeholders, joint ventures, and strategic alliances that will help the business carry out its objectives. This is also the place to consider suppliers.

2. **Key activities**

The key activities of a business are all of the tasks and responsibilities that need to be done in order to make the business model work, including its revenue streams. This might include production tasks, marketing or networking activities, and problem-solving.

3. **Key resources**

Your key resources are the primary assets you will need to complete your key activities. This could include employees, finances, equipment, or intellectual property.

4. **Value proposition**

The value proposition of a business is the unique offering or solution that a business offers its customers. A value proposition might be a new product or service customers can't get anywhere else, or an improved version of an existing product or service.

5. **Customer relationships**

This building block involves defining the customer's relationship to the business and examining the customer experience. Some businesses require personal assistance, while others are self-service.

6. **Customer segments**

This involves defining the customer base, or the types of people (or businesses) the company will target. The more specific the target customer demographics, the easier it is to understand the customer journey and meet customer needs. It is possible to have multiple customer types, and it's important to list them and rank them by importance.

7. **Channels**

Channels are how businesses communicate with and market to their customers. This includes distribution channels for getting goods or services to a customer. Channels can be owned by the business, such as a company website or storefront, or may be owned by partners or third parties, such as retailers or partners who stock the business's product and even word-of-mouth marketing.

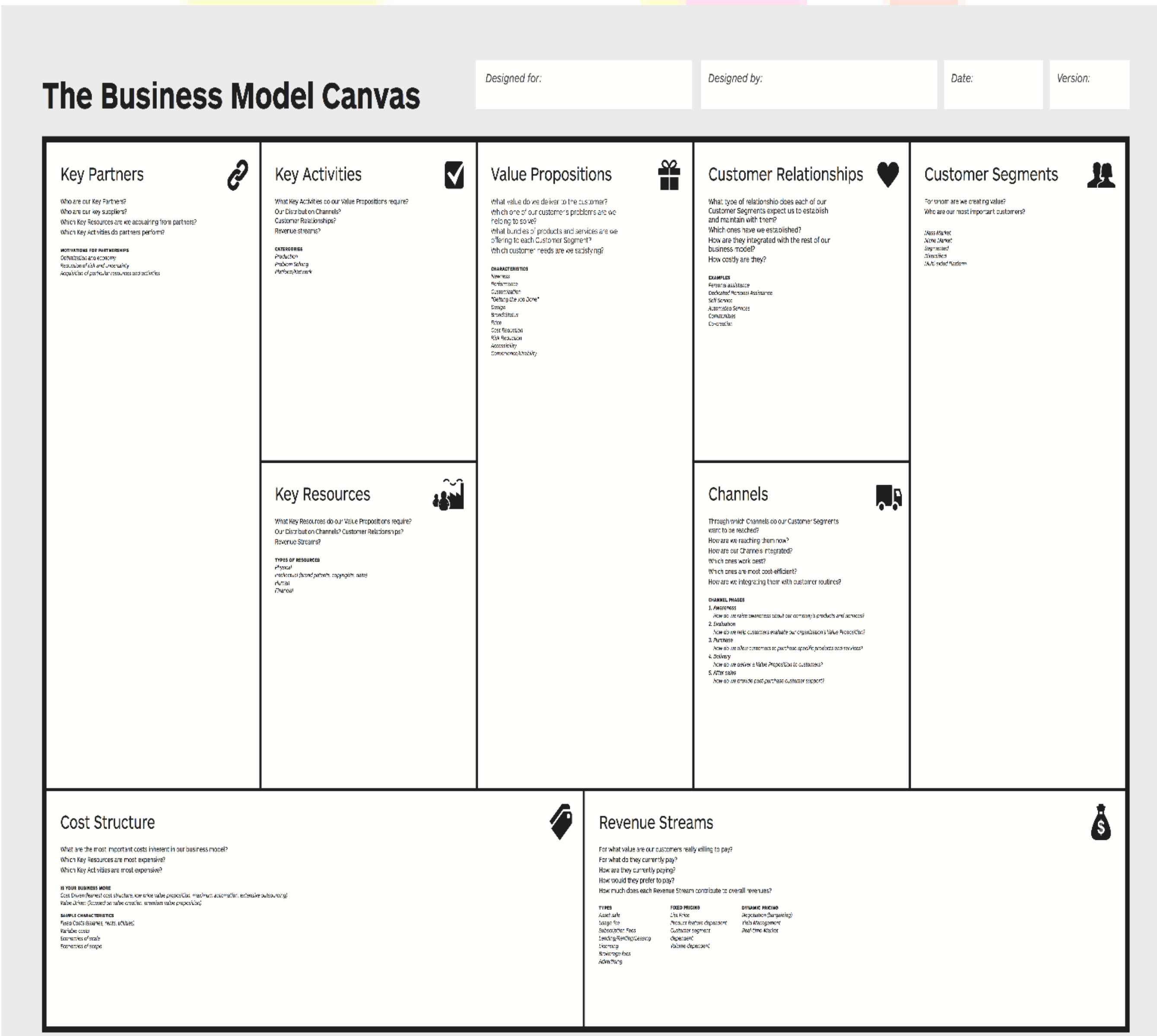
8. **Cost structure**

The cost structure defines all the costs the business will incur during operation, including variable costs and fixed costs. Consider the costs of starting a new business along with the daily costs of maintaining an existing business.

9. **Revenue streams**

A company's revenue streams are the ways that the business makes money. This could be through single transactions, like selling assets, or through recurring sales, such as monthly subscription fees.

A business model canvas is an effective way to bring all the elements of your strategy together, from initial costs to customer & revenue streams. Doing so helps bring in all departments in your company and allows for a broad, but deep, an overview of the intended business model. Whether its propose updates to an existing strategy or developing an entirely new company, the canvas is one of the best ways to get an initial overview and assess directions as early as possible.



✓ **Opportunities in Emerging/Transition/Decline industries**

- **Opportunities in Emerging industries**

What Is an Emerging Industry?

An emerging industry refers to companies that are formed around a new product or idea that is in the early stages of development.

An emerging industry typically consists of just a few companies and is often centered around new technology. Emerging industries frequently come into existence when one technology begins to eclipse and replace an older technology.

Stocks of companies in emerging industries are often volatile and can experience wide price swings. It can be hard to value such companies, especially if they have little revenue or have yet to make a profit.

Barriers to Entry

Barriers to entry in an emerging industry can be relatively high because of the level of expertise required to compete in the new field. Examples of these barriers include scarce resources to manufacture a company's products, inability to take advantage of economies of scale, lack of sufficient financing, government restrictions, and competition from established companies.

Characteristics of an Emerging Industry

1. Minimal competition

An industry that is in its early stage of development may only consist of a few businesses. As a result, competition among the businesses is minimal.

2. Lots of growth potential

New industries can expand the job market by creating jobs for individuals. If the industry becomes profitable, it can continue to grow and expand. For example, 3D printers and autonomous vehicles are newly-created technologies and are considered one of the latest trends in the technological world that continue to demonstrate growth potential.

3. High risk and high volatility

Developing a business in an emerging industry is risky if it cannot secure enough funding to cover costs for operations. It is also difficult to find clients or consumers because they are unfamiliar with the new product, which will make them hesitant to purchase or invest in it.

4. High prices due to the absence of economies of scale

Businesses can achieve economies of scale when the efficiency in their production processes allows them to produce more units of a product at a lower price. Businesses in an emerging industry lack economies of scale, as they are still in the process of creating an efficient supply chain and distribution channel.

5. Barriers to entry

Entry into the market may be easy because there are few competitors. As long as companies possess adequate financial resources and the knowledge to develop a similar product, they will be able to enter the market.

Examples of Emerging Industries

Nowadays, many emerging industries are putting their focus on new technologies. Examples include robotics, virtual reality, 5G networks, artificial intelligence, and self-driving cars, electric vehicles etc

Also, emerging industries in the past are considered well-established industries today. In the 1990s, the internet was a new technology that became increasingly popular, creating the dotcom bubble.

- **Opportunities in transition industries**

Industrial transition often involves a process by which traditional structures are replaced by modern industries.

Positive industrial transition is the outcome of processes reflecting the ability of a firm, an industry, a region or a national economy to respond to new market pressures and create new opportunities for workers. On the other hand, failure to respond to a constantly changing market environment can result in economic decline, unemployment and rising inequalities, environmental externalities and falling land values. The objective of transition management is to help structurally weaker regions onto a dynamic growth path by means of innovation-promoting measures.

Industrial transition is neither automatic nor instantaneous. The most significant costs related to the adjustment process are associated with structural unemployment and environmental degradation, which in turn can generate significant adverse consequences for social welfare, especially where lasting over many decades.

Industrial transition depends on many factors. Transition can be continuous or disruptive and can affect strong and weak regions and touches rural areas as much as urban areas. Industrial transition can result in different growth rates and structural adjustment pathways. Given the important role of maintaining institutional and social capital, local actors, stakeholder groups, civil society initiatives and promoters with a high level of personal commitment can play an essential role in industrial transition. In addition to firms (particularly SMEs), universities and intermediary organisations, civil society organisations that are involved in regional development projects as well as policymakers are important drivers of positive transition outcomes.

Successful industrial transition requires technological, industrial and institutional change to occur simultaneously. The infusion of new technology is necessary for industrial change, but hardly sufficient. The big challenge for policymakers in regions in industrial transition lies in strengthening appropriate competencies and resources for innovation at the firm level, to encourage local actors to engage with innovation processes and to ensure broad networks, strong interaction and knowledge exchange between actors across different policy domains.

Strategies for managing industrial change

Preparing for the future of work

Preparing for the future of work in industrial transition requires a policy strategy that combines skills and employment policies with those that stimulate investment in new sources of employment and productivity growth. Tapping into new and emerging sources of growth and employment can help regions in industrial transition avoid being locked-in to old industries and help create job opportunities that increase productivity, wages and ultimately prosperity.

Broadening and diffusing innovation

The introduction of new technologies leads to more efficient production processes and lower costs as well as the development of new products and the creation of new demand. Diffusing innovation through to low-performing firms requires enhancing the ability of firms to identify, absorb and build on technologies over the long term.

Innovative entrepreneurship for new industrial path development

In the context of a knowledge-based economy and in the face of technological uncertainty, the role of entrepreneurship will be greater than ever. However, in order for innovative entrepreneurship to successfully diversify local economies, a range of barriers needs to be overcome in regions in industrial transition. Barriers include a weak entrepreneurship culture based on a long tradition of contract work in manufacturing, a lack of existing risk capital for innovative companies to scale up and underutilised knowledge networks.

Transition towards a climate-neutral economy

The transition to a climate-neutral economy will not affect every region in the same way. The progressive phasing out of carbon-intensive and extractive industries will present particular challenges for many traditional industrial regions because they are frequently characterised by weak economic diversification and firms operating in carbon-intensive sectors often count for a large share of employment. In such situations, ensuring a just transition requires achieving deep emission reductions while minimising the impact on workers and poorer households.

Examples:

Diesel cars are being less produced, more focus is on electric cars and vehicles, to ensure environmental sustainability.

- **Opportunities in declining industries**

What Is a Declining Industry?

A declining industry is an industry where growth is either negative or is not growing at the broader rate of economic growth. There are many reasons for a declining industry: consumer demand may be steadily evaporating, the depletion of a natural resource may be occurring or there may be emergent substitutes because of technological innovation.

An industry is said to be in decline when it does not keep pace with the rest of the country's economic growth. Important factors that can cause an industry's decline are changing consumer preferences, technological innovation, or the emergence of substitutes.

Example,

1. The decline in the traditional newspaper sector due to digital media emergence has led to the growth of new professions and industries such as digital marketing, social media management, and online journalism.

2. Recordable media manufacturing.

3. DVD

4. Internet cafe

Strategy Options in a Declining Industry

Harvesting Strategy

A firm in a declining industry may choose to employ a harvesting strategy to earn the maximum possible amount of cash from the business.

This strategy involves sacrificing market position in return for bigger near-term cash flows or current profitability. When a firm adopts a harvesting strategy, it cuts down the budget substantially.

Also, reinvestment is rarely made, new equipment is not purchased (rather old ones are used as long as possible), and priority is given on the extensive use of existing facilities of the firm.

To obtain greater cash flows, advertising expenses are cut down. Reduced carefully and less-essential customer services are curtailed.

Divestiture Strategy

Another strategic option for a firm in a declining industry is to sell it out. The firm may divest or sell off a portion of its assets like equipment, land, stock of materials, etc.

The cash proceeds can be used for improving the core business. Or, the firm may dispose of the business entirely.

Niche/ Focus Strategy

A focus strategy concerns itself with the identification of a niche market. Any industry, whether emerging or maturing or declining, may have several niches (a small segment of a market that generally remains unserved or inadequately served by competitors).

A firm in a declining industry can look for niche markets where it can operate a business profitably. Some of these niche markets may be growing despite stagnation in the industry as a whole.

Differentiation Strategy

A firm can place more emphasis on the differentiation strategy of products based on quality improvement and innovation. Differentiation can rejuvenate demand through alluring customers to the firm's products innovation-based differentiation is also helpful for a firm in a stagnant/declining industry to survive easy imitation by the competitors

Low-Cost Strategy

A firm may also follow a low-cost strategy by driving costs down.

If the costs can be reduced continuously in an innovative way, it can help the firm improve its profit margin arid return-on-investment.

Cost reductions may take the form of dropping less essential business-activities, outsourcing some functions to outside companies who can perform those activities cheaply but in a better way, redesigning internal business processes, consolidating unutilized production facilities, closing down high-cost retail outlets, and pruning marginal products.

- **Opportunities at Bottom of the pyramid**

Bottom of the pyramid (BOP), term in economics that refers to the poorest of the economic **human** pyramid, a group of people living in abject poverty.

BOP refers to the lowest socio-economic segment in the world.

The 80 per cent of the population is known as the Bottom of the Pyramid market. The name suggests it is at the bottom of the Pyramid and only constituents to about 30 per cent of the spending.

The market is characterized by the fact that people want maximum utility and highly price-sensitive.

Consumers at BOP:

There are a few **characteristics** which are common to all the consumers in the BOP market and are:

Price-Sensitive

Needless to say, the market segment at the bottom will not have a large disposable income and is highly price-sensitive to the products and services available. An example of this case is dalda ghee's preference over cow's milk ghee due to the price difference.

Value-Conscious

The consumer will also pay more to the product if it is providing more value to the consumer. For example, Vim soap's sale with a plastic coating increased as the consumers perceived this soap will last more than other soaps.

Brand-Conscious

It is a common misconception that this market segment is not brand conscious. The consumer does, in fact, pay a lot of value to the brand. Hence, in conclusion, the consumer in this market is price-sensitive, brand conscious and tries to obtain maximum utility from a product.

- **Opportunities in social sector**

What does social sector mean?

Social sector means all development and welfare activities and includes health, education, water supply, transport, agriculture and allied activities, infrastructure, irrigation, management of natural resources such as water, forest, land, energy, welfare schemes and services, etc. provided by government and non-government entities.

The social sector is usually defined as dealing with social and economic activities carried out for the purposes of benefiting society, and in the main nonprofit, not-for-profit, philanthropic and mission based and nongovernmental organizations are associated with this sector.

Career Opportunities

The social sector today offers a variety of exciting career opportunities for students with a desire to contribute to the development of the country. The sector includes:

- Non-governmental organisations (NGOs), social enterprises, community-based organisations, civil society groups, funding agencies
- Consultancies, CSR departments, Development banks
- Academic bodies, think-tanks/research groups
- Public or government sector
- Bilateral and multilateral agencies (for example, UNO)
- Entrepreneurship & Social Enterprise
- Sustainability and the Environment
- Livelihood & Skill Development
- Women's Empowerment
- Corporate Social Responsibility wing of a Corporate Company
- Human Rights and Public Interest Law
- International Development
- Social Impact Consulting

- **Opportunities arising out of digitalisation**

Digitalisation is a process that results in the digital transformation of a business. It involves moving passed digitisation way beyond digitisation, in fact. With digitisation, you don't simply move from using paper-based systems to digital systems. Instead, you transform your business, blending the physical world with the digital world so they effectively work as one.

Digitalization in business has proven to be almost essential for business success nowadays. It happens when a business starts using digital technologies to change its business model and provide new value-producing opportunities.

A range of technologies is involved in the digital transformation of a manufacturing business. This includes:

- Robots
- Cobots (collaborative robot)
- Software that automates manufacturing processes
- Software that automates other business processes and that integrates those processes with the manufacturing process
- Sensors and semiconductors that are connected to the internet
- Artificial intelligence
- Machine learning
- Data analytics
- Cloud technology
- Collaborative working technologies
- Virtual, augmented, and mixed reality

Business opportunities of digitally transforming your business:

Improved Productivity

Factory automation technologies improve output rates and reduce error rates. Additionally, sensors and machine learning technologies can reduce breakdowns, leading to further improvements in productivity. A good example of this is systems receiving real-time data from sensors that they can then use to predict failures before those failures occur.

More Efficient Use of Resources

The digitalisation of a manufacturing business involves using machines and software to perform functions that are currently performed by people. This allows companies to redeploy and reallocate their resources in a more effective way. For example, if a machine or system fails in a traditional manufacturing environment, the manufacturer may need to call an engineer for support. That engineer may then need to travel to the manufacturing facility to complete the repair.

Not only does digitalisation make it possible for this process to be done remotely: digital twin technologies take it much further. Digital twin technologies allow support engineers to keep a virtual twin of the equipment or machine, updated with real-time data. The engineer will, therefore, know there is a problem at the same time as the manufacturer.

More Effectively Working with Suppliers, Regulators, and Others

By digitally transforming a business, it's possible to build digital bridges with companies and organisations in distribution and supply chains. Automating these processes reduces errors as well as decision-making times. This offers a range of benefits including the more efficient management of raw material stock levels or finished product output.

Improving Communication and Oversight

Digitalisation makes communications more efficient while also adding transparency to communications. Collaborative software and cloud technologies are good, practical examples of this. Digitalisation also means there is no longer a need to be in a physical location to have full management overview of what is going on. Among other things, systems can send reports with real-time data, while it is also possible to remotely operate processes, functions, and systems.

Product Customisation

Product customisation is a manufacturing trend that is going to become bigger and more important to a wider range of companies. However, in a traditional manufacturing setup, even one with extensive robotic automation, it's not possible.

With digitalisation technologies, though, manufacturing businesses can move to small batch and mixed manufacturing, opening the door to product customisation. The benefits of this are substantial including increased revenues, extending the reach of your brand, and building better relationships with customers.

Enhancing the Customer Experience

Opportunities like product customisation enhance the customer experience but there are other ways digitalisation can make this happen too. For example, integrating sales, marketing, and customer service systems with manufacturing systems brings customers closer to the business overall. In addition, some of the technologies mentioned above can also make after sales support more effective. Putting sensors in products for maintenance and product support purposes is a good example. Another is running a digital twin of a product that is on-site with a customer to ensure optimal performance and reduce failure rates.

Product Development

With digitalisation, manufacturers can take customer feedback a stage further with sensors that provide real-time data. This provides invaluable information for engineers and those responsible for product development, i.e. they will know how customers and end users actually use products rather than making assumptions.

- ✓ **Marketing**

Marketing refers to activities a company undertakes to promote the buying or selling of a product or service. Marketing includes advertising, selling, and delivering products to consumers or other businesses. Some marketing is done by affiliates on behalf of a company.

Entrepreneurial marketing is the process of creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. - American Marketing Association (2013)

Marketing is the process through which businesses provide value to clients and forge solid bonds with them to reap value from them in return.

- **Characteristics of Entrepreneurial Marketing**

Customer-Centric Approach

Understanding and satisfying consumer needs are priorities for entrepreneurs. You need to devote time and effort to gathering consumer feedback and performing market research. Also, important to have face-to-face interactions with customers. Entrepreneurs can create goods, services, and marketing strategies that appeal to their target market by using this customer-centric approach. It encourages client happiness and loyalty. A good example is a meal delivery startup that communicates with customers. They perform surveys to learn about their preferences. Which leads to more individualized marketing efforts and more customer satisfaction.

Emphasis on Innovation

Entrepreneurial marketing is closely tied to innovation. Entrepreneurs strive to differentiate themselves by introducing new and unique solutions to the market. They focus on creating products or services that offer value and solve customers' pain points. Innovative marketing strategies and techniques are employed to effectively communicate the value proposition of these offerings to the target market. One notable example is Tesla, which disrupted the automotive industry by introducing electric vehicles with advanced technology, and its marketing campaigns emphasize the innovative features and benefits of its cars.

Authenticity and Storytelling

Entrepreneurial marketing often revolves around authenticity and storytelling. Entrepreneurs understand the power of connecting with customers on a deeper level by sharing their journeys, values, and the story behind their ventures. By authentically communicating their mission and vision, entrepreneurs can build stronger emotional connections with their target audience and foster brand loyalty.

Agility and Adaptability

Entrepreneurs must be agile and adaptable in their marketing strategies. They operate in rapidly changing environments and need to respond quickly to market trends, consumer preferences, and competitive forces. This flexibility allows them to adjust their marketing tactics, messaging, and target audience to stay relevant and seize new opportunities. Consider a digital marketing agency that quickly adapts its strategies to leverage emerging platforms or trends to reach its target market effectively.

- **What Are the 4 P's of Marketing?**

Product, price, place, and promotion are the Four Ps of marketing. The Four Ps collectively make up the essential mix a company needs to market a product or service.

Product

Product refers to an item or items the business plans to offer to customers. The product should seek to fulfill an absence in the market, or fulfill consumer demand for a greater amount of a product already available. Before they can prepare an appropriate campaign, marketers need to understand what product is being sold, how it stands out from its competitors, whether the product can also be paired with a secondary product or product line, and whether there are substitute products in the market.

Price

Price refers to how much the company will sell the product for. When establishing a price, companies must consider the unit cost price, marketing costs, and distribution expenses. Companies must also consider the price of competing products in the marketplace and whether their proposed price point is sufficient to represent a reasonable alternative for consumers.

Place

Place refers to the distribution of the product. Key considerations include whether the company will sell the product through a physical storefront, online, or through both distribution channels. When it's sold in a storefront, what kind of physical product placement does it get? When it's sold online, what kind of digital product placement does it get?

Promotion

Promotion, the fourth P, is the integrated marketing communications campaign. Promotion includes a variety of activities such as advertising, selling, sales promotions, public relations, direct marketing, sponsorship, and guerrilla marketing.

Marketing refers to any activities undertaken by a company to promote the buying or selling of a service. If there is a limited quantity of a product, a company may market itself in an attempt to be better positioned as one of the few who get to buy something.

✓ Finance

Finance is a term for matters regarding the management, creation, and study of money and investments. It involves the use of credit and debt, securities, and investment to finance current projects using future income flows. Because of this temporal aspect, finance is closely linked to the time value of money, interest rates, and other related topics.

Finance is a term broadly describing the study and system of money, investments, and other financial instruments.

Entrepreneurial finance refers to the process of acquiring capital and making financial decisions for a new venture or startup. Entrepreneurial finance is the study of value and resource allocation, applied to new ventures. It addresses key questions which challenge all entrepreneurs: how much money can and should be raised; when should it be raised and from whom; what is a reasonable valuation of the startup; and how should funding contracts and exit decisions be structured.

Entrepreneurs must be flexible, savvy and fast-moving in order to acquire the financing needed to allow them to focus on scaling operations, hiring employees and propelling their business forward. Seeking out money in creative places must be second nature to build and maintain a successful business. Therefore, entrepreneurs should be prepared to explore funding opportunities via business angels, venture capital, bank loans, buyouts and financial bootstrapping.

Key Finance Terms

These are some key finance terms you should be familiar with.

Asset
An asset is something of value, such as cash, real estate, or property. A business may have current assets or fixed assets.

Liability
A liability is a financial obligation, such as debt. Liabilities can be current or long-term.

Balance sheet
A balance sheet is a document that shows a company's assets and its liabilities. Subtract the liabilities from the assets to see the firm's net worth.

Cash flow

Cash flow is the movement of money into and out of a business or household.

Compound interest

Unlike simple interest, which is interest added to the principal one time, compound interest is calculated and added periodically. This results in interest being charged not only on the principal, but also on the interest already accrued.

Equity

Equity means ownership. Stocks are called equities, because each share represents a portion of ownership.

Liquidity

Liquidity refers to how easily an asset can be converted to cash. For example, real estate is not a very liquid investment, because it can take weeks or months to sell.

Profit

Profit is the money left over after expenses. A profit and loss statement shows how much a business has earned or lost for a particular period.

Overall, finance is a broad term that describes a variety of activities. But basically, they all boil down to the practice of managing money—getting, spending, and everything in between, from borrowing to investing. Along with activities, finance also refers to the tools and instruments people use in relation to money, and the systems and institutions through which activities occur.

- ✓ **Organizations and Management**

Organizations and Management focuses on the study of two things: how individuals and groups interact within organizations, and how firms interact with one another and with consumers, employees, communities, and institutions. To understand these processes, scholars draw both on psychology—particularly the study of intergroup processes, power, stereotyping, and emotion—and on sociology, especially the study of categories, identity, interpersonal and inter-organizational relationships, organizations, and stratification.

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manger irrespective of his level or status. According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”.

Think of a team, for example. A manager may be in charge of a certain department whose task it is to develop a new product. The manager needs to coordinate the efforts of his department's team members, as well as give them the material tools they need to accomplish the job well. If the team fails, ultimately it is the manager who shoulders the responsibility.

Two leaders may serve as managers within the same company but have very different titles and purposes. Large organizations, in particular, may break down management into different levels because so many more people need to be managed.

Typical **management levels** fall into the following **categories**:

Top level:
Managers at this level ensure that major performance objectives are established and accomplished. Common job titles for top managers include chief executive officer (CEO), chief operating officer (COO), president, and vice president. These senior managers are considered executives, responsible for the performance of an organization as a whole or for one of its significant parts.

Middle level:
Middle managers report to top managers and are in charge of relatively large departments or divisions consisting of several smaller units. Examples of middle managers include clinic directors in hospitals; deans in universities; and division managers, plant managers, and branch sales managers in businesses. Middle managers develop and implement action plans consistent with company objectives, such as increasing market presence.

Low level:
The initial management job that most people attain is typically a first-line management position, such as a team leader or supervisor — a person in charge of smaller work units composed of hands-on workers. Job titles for these first-line managers vary greatly, but include such designations as department head, group leader, and unit leader. First-line managers ensure that their work teams or units meet performance objectives, such as producing a set number of items at a given quality, that are consistent with the plans of middle and top management.

✓ Ownership

Ownership refers to the legal right of an individual, group, corporation or government to the possession of a thing. The subject of ownership is of two types material and immaterial things. Material ownership is that which is tangible like property, land, car, book, etc. Immaterial ownership is that which is intangible like patent, copyright, trademark, etc.

Ownership is an important right in relation to property. It is one of the basic concepts of jurisprudence law. As a concept of jurisprudence, there are various definitions given by different jurists. Ownership has an important place in both legal and social interests of society. Ownership appears in our legal system when we glance at the claims, privileges, powers and immunities with regard to the things we own.

Starting a business in India requires you to choose a specific business structure. You can look over these five legitimate Business ownerships in India. There are Sole Proprietorship, Partnership Firm, Limited Liability Partnership, Private Limited Company, and Public Limited Company.

- **Kinds of Ownership**

Ownership could be classified as follows:

1. **Sole Proprietorship**
2. **Partnership firm**
3. **Limited Liability Partnership**
4. **Private Limited Company**
5. **Public Limited Company**

1. Sole Proprietorship

A Sole proprietorship is an enterprise owned exclusively by one natural person and in which there is no legal distinction between the owner and the business entity. The entrepreneur exercises his activity without having created a distinct legal person. Here, you don’t require a Permanent Account Number (PAN). For a sole proprietorship, the PAN of the individual (Proprietor) is enough to vouch for the Proprietorship firm.

2. Partnership firm

An organization firm in India is represented by The Partnership Act, 1932. At least two individuals can shape a Partnership firm subject to a limit of a maximum of 20 partners. In an organization, partnership deeds are made and each partner decides upon their capital contribution to the firm. It is also decided on how much profit or loss each partner will share. The working partners of the association are likewise permitted to attract a compensation understanding with The Indian Partnership Act. They are also permitted to buy resources in their name. In such cases, these resources belong to the firm. In case of the sudden death of a partner the partnership may or may not be dissolved.

3. Limited Liability Partnership

Limited liability partnerships (LLPs) allow for a partnership structure where each partner's liabilities are limited to the amount they put into the business. Having business partners means spreading the risk, leveraging individual skills and expertise, and establishing a division of labor. Limited liability means that if the partnership fails, then creditors cannot go after a partner's personal assets or income. LLPs are common in professional businesses like law firms, accounting firms, medical practices, and wealth managers.

4. Private Limited Company

A private limited company is a privately held business entity held by private stakeholders. The liability arrangement, in this case, is that of a limited partnership, wherein the liability of a shareholder extends only up to the number of shares held by them. A private company is a company which is owned by a relatively small number of shareholders or members of a company. Usually, a private company does not offer or trade its shares to the general public on the stock exchanges, but rather the private stock of the company is owned and traded.

5. Public Limited Company

Public Limited Company is governed by the Companies Act of 2013, which defines it as a company which is not a "private company", "has a minimum amount of capital as prescribed" and "has a minimum of seven shareholders". The companies Act regulates the working of Public Limited Company. A Public Limited Company offers shares to the general public and has limited liability. Its stock can be acquired by anyone, either through IPO i.e. initial public offering or via stock market. It is strictly regulated and is required to publish its true financial reports to the shareholders.

- ✓ **Franchising**

A franchise (or franchising) is a method of distributing products or services involving a franchisor, who establishes the brand's trademark or trade name and a business system, and a franchisee, who pays a royalty and often an initial fee for the right to do business under the franchisor's name and system. Technically, the contract binding the two parties is the "franchise," but that term more commonly refers to the actual business that the franchisee operates. The practice of creating and distributing the brand and franchise system is most often referred to as franchising.

A franchisor's brand is its most valuable asset and consumers decide which business to shop at and how often to frequent that business based on what they know, or think they know, about the brand. To a certain extent consumers really don't care who owns the business so long as their brand expectations are met. If you become a franchisee, you will certainly be developing a relationship with your customers to maintain their loyalty, and most certainly customers will choose to purchase from you because of the quality of your services and the personal relationship you establish with them. But first and foremost, they have trust in the brand to meet their expectations, and the franchisor and the other franchisees in the system rely upon you to meet those expectations.

When selecting a franchise system to invest in, you want to evaluate the types of support you will be provided and how well the franchisor is managing the evolution of the products and services so that it keeps up with changing consumer expectations. Some of the more common services that franchisors provide to franchisees include:

- ✓ A recognized brand name,
- ✓ Site selection and site development assistance,
- ✓ Training for you and your management team,
- ✓ Research and development of new products and services,
- ✓ Headquarters and field support,
- ✓ Initial and continuing marketing and advertising.

Examples of Franchising in India

- ✓ McDonald's

- ✓ Monginis
- ✓ Naturals Ice Cream
- ✓ Dominos
- ✓ KFC
- ✓ Pizza Hut
- ✓ Subway
- ✓ Dunkin' Donuts
- ✓ Taco Bell
- ✓ Baskin Robbins
- ✓ Burger King

- ➢ **Advantages of franchising**

- ✓ **For the franchisee**

1. Business assistance
One of the benefits of franchising for the franchisee is the business assistance they receive from the franchisor. Depending on the terms of the franchise agreement and the structure of the business, the franchisee might receive essentially a turnkey business operation. They may be provided with the brand, the equipment, supplies, and the advertising plan essentially everything they need to operate the business.
The franchisee has access to a deep reservoir of business assistance to guide them through the process of owning and operating a business. This knowledge can be essential to running a successful business and makes it much easier than starting a business from scratch.

2. Brand recognition
A big benefit that franchisees receive when opening a franchise is brand recognition. If you start a business from scratch, you would have to build your brand and customer base from the ground up, which would take time. Franchises, on the other hand, are already well-known businesses with established customer bases built in. So when you open a franchise with this recognizable branding, people will automatically know what your business is, what you provide, and what they can expect.

3. Lower failure rate

In general, franchises have a lower failure rate than solo businesses. When a franchisee buys into a franchise, they're joining a successful brand, as well as a network that will offer them support and advice, making it less likely they'll go out of business.

As well, franchises have already proven their business concept, so you have reassurance that the products or services you'll be offering are in demand.

4. Buying power

Another benefit of franchising is the sheer size of the network. If you're operating a standalone business and need to order products or supplies to make your products, you're paying more money per item because your order is relatively small.

However, a network of franchises has the opportunity to purchase goods at a deep discount by buying in bulk. The parent company can use the size of the network to negotiate deals that every franchisee benefits from. A lower cost of goods lowers the overall operation costs of the franchise.

5. Profits

In general, franchises see higher profits than independently established businesses. Most franchises have recognizable brands that bring customers in droves. This popularity results in higher profits. Even franchises that require a high initial investment for the franchise fee see high return on investment.

6. Lower risk

Starting a business is risky. This is true whether a business owner is opening an independent business or purchasing a franchise. That being said, the risk is lower when opening a franchise.

One of the reasons franchise owners face lower risk than independent business owners is the franchise network. Most franchises are owned by established corporations that have tested and proven the business model of the franchise in multiple markets.

7. Built-in customer base

One of the biggest struggles of any new business is finding customers. Franchises, on the other hand, come with instant brand recognition and a loyal customer base. Even if you're opening the first branch of a franchise in a small town, the likelihood is that potential customers are already familiar with the brand from exposure to TV commercials or travel to other cities.

8. Be your own boss

One of the biggest benefits of owning a business is being your own boss. When starting a franchise business, you get to be your own boss with the added benefit of receiving support from the franchise's knowledge base.

Owning a business is hard work, but when you're your own boss, you get to create your own schedule, have autonomy over your career, and potentially work from home.

A franchise gives you the benefit of being your own boss without the risk of starting your own independent business.

- ✓ **For the franchisor**

1. Access to capital

One of the biggest barriers to expansion for small business is the money it costs to expand. And while there are several business loan options, they don't always pan out. Franchising your business will take some time and money on your end, but it also has the potential to make you a lot of money in the form of franchise fees.

Expanding your business as a franchise allows you to expand with little debt. The business expands as capital becomes available from franchisees instead of taking on debt through loans. The franchisor also shares minimal risk with the franchisee because the franchisee puts their name on the deed for the physical location of the business and lowers the franchises overall liability.

2. Efficient growth

Opening the first unit of a business is costly and time consuming. Opening a second unit can be almost as difficult. When that burden is shared with another business owner, it makes the process more efficient and takes the onus off the initial business owner.

When trying to grow your small business, starting a franchise can make opening multiple locations a much simpler process.

3. Minimal employee supervision

One of the big stresses as a business owner is hiring and managing employees. As a franchisor, the only support that you have to provide to the franchisee is training and business knowledge. In general, the franchisor has no hand in the management, hiring, and firing of employees.

This minimal employee supervision allows the franchisor to focus on the growth of the business instead of day-to-day operations. Instead of worrying about whether an employee shows up for their shift or not, the franchisor is focused on the big picture for business success.

4. Increased brand awareness

One of the many benefits of franchising is increased brand awareness. The more locations the brand has, the more people who are aware of the brand. And the more these customers come to know and love the brand, the more profitable and successful the brand can be. This increased brand awareness of a multi-location franchise can be highly beneficial to the franchisor and their franchisees—a win-win.

5. Reduced risk

One of the biggest benefits to the franchisor in a franchise agreement is the ability to expand without an increase in risk. Because the franchisee takes on the debt and liability of opening a unit under the name of the franchise, the franchisor gets all the benefit of an additional location without taking on the risk themselves. Additionally, the franchisor is often further insulated because the franchise is incorporated as a new business entity, leaving the original business owned by the franchisor as a separate entity from the franchise. A franchise lawyer can help to set up the terms for this type of protection within the franchise agreement.

➢ **Disadvantages of franchising**

✓ **For the franchisee**

1. Restricting regulations

While a franchise allows the franchisee to be their own boss, they're not entirely in control of their business, nor can they make decisions without taking into account the opinion of the franchisor.

For most franchisees, the most frustrating disadvantage that they face is that they must follow the restrictions laid out in the franchise agreement. The franchisor can exert a degree of control over the majority of the franchise business and decisions made by the franchisee.

Depending on the franchise agreement, the franchisor can control any of these aspects of the business:

- Business location
- Hours of operation
- Holidays
- Pricing
- Signage
- Layout
- Decor
- Products
- Advertising and marketing
- Resale conditions

These restrictions are put into place to maintain uniformity between the different franchises and the overall brand, but they can also be frustrating and feel limiting for the franchisee.

2. Initial cost

While the initial investment of the franchise fee buys a lot of benefits for the franchisee, it can also be costly—especially if you're joining a very well-known and profitable franchise. While this often translates to larger profits, coming up with this initial money can put a strain on any small business owner.

Even if you opt for a low-cost franchise, you'll likely still have to front a few thousand dollars. While this can be seen as a disadvantage of franchises, it's important to weigh the opportunity against the initial investment and find the right balance for your business. And keep in mind, there are also franchise financing options to help you come up with this initial cost.

3. Ongoing investment

In addition to the initial investment you'll have to provide to start your franchise, there are additional, ongoing costs that are unique to franchises. Within the franchise agreement, the ongoing costs of the franchise should be enumerated. These costs might include royalty fees, advertising costs, and a charge for training services.

You'll want to keep these ongoing fees in mind when you're deciding whether to start a franchise.

4. Potential for conflict

While one of the benefits of owning a franchise is the network of support you receive, it also has the potential for conflict. Any close business relationship, especially when there's an imbalance of power, comes with a risk that the parties won't get along.

While a franchise agreement states the expectations of both the franchisee and franchisor, the franchisee has minimal power to enforce the franchise agreement without a costly legal battle. Whether it's lack of support or simply a clash of personalities, the closeness of the business relationship between franchisor and franchisee is rife for conflict. A franchisor should screen all potential franchisees before entering into business with them, and as the franchisor, you should also use this opportunity to get a feel for the franchisor's personality and management style.

5. Lack of financial privacy

Another disadvantage of franchising is a lack of privacy. The franchise agreement will likely stipulate that the franchisor can oversee the entire financial ecosystem of the franchise. This lack of financial privacy can be seen by franchisee as a disadvantage of owning a franchise; however, it may be less of an issue if you welcome financial guidance.

- ✓ **For the franchisor**

1. Loss of complete brand control

When a business owner opens an independent business, they maintain complete control over their brand and every decision that happens within the business.
When a franchisor allows a franchisee to open a business under their brand, they're giving away (actually, selling) some of the control over their small business branding. While the franchise agreement should contain strong stipulations and rules to guide the decisions made by the franchisee, your franchisees won't be clones of you. They will think and act differently, and your brand could wind up suffering because of it.

2. Increased potential for legal disputes

Any time you enter into a close business agreement with other people, you open yourself to the risk of legal disputes. While a well-crafted and lawyer-approved franchise agreement should limit a lot of the possibilities for legal disputes between the franchisor and franchisees, these disputes are still possible.
Any legal disputes that must be resolved in mediation or through the court system can be costly in both time and money, which takes away from the success of the franchise.

3. Initial investment

While much conversation is devoted to the initial investment that a franchisee must make in the franchise, that ignores the initial cost that is taken on by the franchisor. When a franchisor starts a franchise, there's a startup cost to get the business in operation. A franchisor must make sure that the franchise agreement is written clearly and reviewed by a lawyer experienced in franchise law. You may also hire a franchise consultant for expertise during this process. Starting a franchise requires an initial investment of both time and money on the part of the franchisor.

Overall, like most other business decisions, starting or buying into a franchise has its pros and cons. And not all franchises or franchise relationships are created equally. It's important to do research before choosing the franchise that's right for you and to understand all the advantages and disadvantages of franchising that you may come across as either the franchisee or franchisor.

- ✓ **Alliances:**

A strategic alliance happens when two or more companies enter into an agreement

to work together toward a common goal, while remaining independent. These agreements are designed to complement a specific campaign or project and deliver mutual benefits. The idea is that everyone cooperates together and reaps the benefits of the outcome.
When a strategic alliance is forming, both potential partners agree to share resources, resulting in a strong synergy to execute the project. Working with a premium channel partner can result in a higher profit margin, faster development of products or new technology, and more substantial core competencies.
For example, in a strategic alliance, Company A and Company B will combine their capabilities, respective resources, and core business methods to generate mutual interests in development, manufacturing, and distribution channels.

- **Types of Strategic Alliances**

There are three main kinds:

A. Joint venture
In a joint venture partnership, two parent companies establish a child company. These alliance partners maintain the relationship by sharing resources and equity with a binding legal agreement. Whether formed for a specific purpose or ongoing strategy, a joint venture has a clear objective, and profits are split between two companies.

For example, Company A and Company B are parent companies that form a joint venture by creating Company C (new business), which is the child company. If both parent companies own 50% of the child company, it's a 50-50 joint venture. If Company A owns 65% and Company B owns 35%, this joint venture is referred to as a Majority-owned venture.

Real life example: Tata Starbucks Private Limited, formerly known as Tata Starbucks Limited, is a 50:50 joint venture company, owned by Tata Consumer Products and Starbucks Corporation that owns and manages Starbucks outlets in India. The outlets are branded Starbucks "A Tata Alliance".

B. Equity strategic alliance
When an organization buys equity in another organization, the two organizations are said to have formed an equity strategic alliance. Such a transaction is also known as partial acquisition. An equity strategic alliance is also formed when each participating organization purchases equity in each other's business in a cross-equity transaction.
One example of an equity strategic alliance is Panasonic and Tesla. It began when Panasonic invested $30 million to accelerate battery technology for electric

vehicles. This partnership eventually grew to include building a lithium-ion battery plant in the state of Nevada.

C. Non-equity strategic alliance

Another common type of strategic alliance is called non-equity. In a non-equity strategic alliance, two companies sign a contract agreeing to pool resources, decision-making, and core capabilities. In this case, no separate entity is created, and equity-sharing is taken out of the equation.

Typically, companies form a non-equity strategic alliance to strengthen their value proposition or to cater to more potential customers. The most common example of a non-strategic alliance is the partnership between McDonald's and Coca-Cola.

✓ **Buying an existing business**

Running a small business is not a job for the faint of heart. Entrepreneurs work long hours and take on many different challenges requiring a broad range of business skills. Potential business owners looking for a new venture may choose to build a company from the ground up, or buy an existing company or franchise. Companies with a loyal customer base and steady revenue stream can be enticing, though the initial investment might be higher than starting small and building slowly. Let's look at some of the pros and cons of buying an existing business.

- **Advantages of buying an existing business**

There are several advantages of buying a successful existing business

1. Better financing options

Existing businesses already generate a revenue stream to help cover costs, whereas startups often seek financing to pay expenses before they even open their doors to customers. Often, established businesses have a reputation in the community and a customer base. This gives lenders assurance and can persuade them to offer financing options with more favorable terms. Established businesses may also use assets and inventory as collateral, which can secure favorable financing in comparison to startups.

2. Already established brand

An established business often enjoys brand loyalty with customers and is known in the market. As a new owner, you may have ideas about tweaking the existing brand, but you won't need to make a large investment in marketing to develop something completely new. Adjusting a brand when you already have a loyal customer base is much easier than building a market presence from nothing.

3. Existing customers

Being able to count on a reliable number of customers from the outset is one of the advantages of buying an existing business. The benefit is twofold: a solid customer base and a steady cash flow.

Customer base

A built-in customer base is a huge advantage to an entrepreneur. Customer loyalty can translate into lower marketing expenses and the ability to bring in sales from the get go. Although current customers may expect certain products and features associated with the company's current product line, they will also be interested in learning how the business may change and what new products will be offered. By invigorating the business and adding a fresh perspective, new owners can hope to increase sales and profit.

Cash flow

Bringing in sales from day one also helps generate cash flow, which is vital to new owners trying to develop their businesses. Owners of startups must devote a significant amount of time to finding investors or attracting financing, while buyers of established businesses can focus on running their new company earlier in the process. A steady revenue stream also allows owners to make improvements and upgrades, while startups may need to run on a much leaner budget until they're able to generate more cash from operations.

4. Well-established supply chain

Existing relationships with vendors and other business partners are essential to a smooth business transition. Your supply chain not only provides an important network of business contacts but also can offer help and advice on how to sustain or improve the business. They've been working with the established company for years, and they may know what systems or operations are working well and what needs improvement. Comparatively, owners of startups must spend more time and energy seeking out and creating valuable business relationships and growing them incrementally.

5. Access to trained staff and proven internal processes

Among the many pros of buying an existing business, perhaps none is more critical than starting out with the workforce and established operational systems that presumably made the company attractive enough for you to buy it in the first place.

6. More financial reward in growth

Growing an already established revenue stream can provide a larger payoff compared with initial business generated by a startup. Practically speaking, the energy and effort required to grow either a new or established business by 25 percent may be about the same. The key difference is there can be more financial reward with an existing business purchase because the added revenue stream comes from a larger base of customers. The original owner has lent expertise and knowledge developed over the years to build more efficient processes, which in turn can bring in more profit. Initial investments in marketing, which generally take years to pay off, may also benefit second owners.

7. Greater likelihood of success

80% of small businesses survive their first year — meaning around 20% do not succeed. If a business has weathered the first five years or more, chances are that the original owners did something right or hit upon a product or service with a verified market in the community. When you buy a business that's already successful, you're likely increasing your chances of success compared to an untested startup.

- **Disadvantages of buying an existing business**

1. High cost for the initial investment

Purchasing an existing business can require a sizable investment. Even “inexpensive” industries and online-only businesses have costs.
Buying an established business will often cost more than starting from the ground up. Further, established businesses that are highly profitable will likely cost more than those involving more risk or a "fixer-upper" in need of an investment in technology or modernized equipment. In comparison, when starting your own business, you have the option to start with a smaller investment and grow slowly over time.

2. Dated processes and technology

The existing structure can also be one of the cons of buying an existing business. Overstaffing and inefficient processes are examples of hurdles that must be overcome before the company can achieve its full potential. Ask the current owners about inspecting company systems before the purchase, to get an idea of what needs to be upgraded. If technology appears outdated and needs to be replaced or redeveloped, work this into the overall cost of the business. Sometimes, outdated systems are so entrenched throughout the company that it might be easier to create a new business from scratch.

3. **Existing company reputation and culture**

If the existing business has a poor reputation in the community or many negative customer reviews online, this may pose a challenge for new owners. Inheriting a poor reputation for customer service means new management will need to go the extra mile to make sure they're exceeding expectations. As such, you may not be able to raise prices to keep up with competition. Prior to buying an established business, consider how much effort will be required to reshape negative aspects of a company's reputation or culture, and factor this into your decision.

- **What to consider before buying an established business**

When considering a business purchase, it's important not to cut corners in your evaluation. What you see on the outside may not be a true picture of how the company is run behind the scenes. Keeping the pros and cons in mind can help you spot potential issues, and provide a basis of comparison when evaluating more than one business opportunity. If you're serious about buying an existing business, use a checklist of best practices to give you the best chance at success.

1. Determine the type of business you want to own and run every day

Would you prefer a solo work-from-home endeavor as opposed to managing a retail shop with set hours? Before buying a business, consider the personal commitment and how it will differ from your current job situation. If you've never run a business before, consider buying a franchise that offers more operational guidance and set policies and procedures. Location and industry are big factors in deciding what type of business to purchase. Also, getting up to speed on a job in a new field may require a further investment in training and education.

2. Find out why the owner is selling the business

Early in the evaluation process, ask why the business is up for sale. Are the owners retiring? Do they want to switch careers? Do they want to back away from day-to-day management to pursue other endeavors? Discussions with the current owners should also include questions about how much time they're putting into the business — so you can better decide whether you can do the same.

3. View the opportunity from the inside

One way to find out how the business is currently run is to become part of it on a temporary basis. Shadowing the owner for several days or weeks allows you to evaluate the processes and the training level of current employees. You'll also develop a feel for the overall company culture and decide whether the company is a good fit for your managerial skills.

4. Investigate the business's financial condition

Before committing to an acquisition, it's vital to acquire a full understanding of the company's finances and market value. At the point where you're seriously considering a purchase, ask for the advice of independent financial advisers. Call on accountants, tax professionals, and legal experts to evaluate the pros and cons.

5. Valuing an existing business for sale

An owner selling a business will ask for a price they believe makes a deal financially worthwhile for them. They will also offer information to support their asking price, such as the company balance sheet, cash flow statement, and sales data. Many factors come into play when valuing a business for sale, and different methodologies may be employed. In addition to physical assets and sales numbers, a company's brand and reputation may often contribute to the worth of the business. The balance sheet values are a good starting point, but true insight is only obtained with a deeper analytical dive into the company.

✓ Critical risk contingencies of the proposal

What is a Business Contingency?

A contingency is a potential occurrence of a negative event in the future, such as an economic recession, natural disaster, fraudulent activity, terrorist attack, or a pandemic. In 2020, businesses were hit with the coronavirus pandemic forcing many employees to have to work remotely. As a result, companies needed to implement a remote work strategy. However, for some businesses, working remotely wasn't an option, which led to the implementation of enhanced safety measures for employees and customers to prevent the spread of the virus.

Although contingencies can be prepared for, the nature and scope of such negative events are typically unknowable in advance. Companies and investors plan for various contingencies through analysis and implementing protective measures.

- **Types of Contingency Plans**

A contingency plan is a course of action designed to help an organization respond effectively to a significant future incident, event or situation that may or may not happen. A contingency plan is sometimes referred to as "Plan B" or a backup plan because it can also be used as an alternative action if expected results fail to materialize.

Protecting Assets
Contingencies might also include contingent assets, which are benefits (rather than losses) that accrue to a company or individual given the resolution of some uncertain event in the future. A favorable ruling in a lawsuit or an inheritance would be an example of contingent assets.

Contingency plans might involve purchasing insurance policies that pay cash or a benefit if a particular contingency occurs. For example, property insurance might be purchased to protect against fire or wind damage.

Investment Positions
Investors protect themselves from contingencies that could lead to financial losses related to investing. Investors might employ various hedging strategies such as stop-loss orders, which exit a position at a specific price level. Hedging can also involve using options strategies, which is to buying insurance whereby the strategies earn money as an investment position loses money from a negative event.

The money earned from the options strategy completely or partially offsets the losses from the investment. However, these strategies come at a cost, usually in the form of a premium, which is an upfront cash payment.

Business Continuity and Recovery
As part of a contingency plan for disasters, such as a pandemic, companies need to plan ahead to ensure that the business can operate during and after an event. This type of contingency plan is often called a business continuity plan (BCP) or a business recovery plan.

Typically, a business continuity team is formed to plan for any possible contingencies and manage the continuity and recovery plan during a disruption. Businesses need to identify their critical business functions and perform an analysis of how an event might impact the company's operations and processes. The contingency plan would include implementing the recovery of critical business functions such as systems, production, and employee access to technology such as computers.

Example of a Contingency Plan
As a result of the financial crisis of 2008 and the Great Recession, regulations were implemented requiring bank stress tests to be performed to test how a bank might handle various negative contingencies. The stress tests project how much a bank would lose—if a negative economic event occurred—to determine if the bank has enough capital or funds set aside to survive the event.

✓ Scheduling and milestones in Business Plan

Project scheduling and milestones.

Project scheduling is the process of creating a timeline for a project that outlines the start and end dates for each task, as well as any dependencies between tasks. Project milestones are significant events or accomplishments that occur during the project and serve as a measure of progress.

Steps for effective project scheduling and milestone management:

- **Define project scope and objectives**:
  Clearly define the scope and objectives of the project to ensure that all tasks are aligned with the overall project goals.
- **Identify project tasks:**
  Identify all of the tasks required to complete the project, including any interdependencies between tasks.
- **Establish task duration:**
  Establish the duration of each task, taking into account any resource constraints, task dependencies, and the overall project timeline.
- **Create a project schedule:**
  Create a detailed project schedule that outlines the start and end dates for each task and any dependencies between tasks.
- **Identify project milestones:**
  Identify key project milestones that will serve as a measure of progress and success.
- **Continuously monitor and adjust project schedule:**
  Continuously monitor the project schedule and make any necessary adjustments to ensure that the project remains on track.
- **Communicate project schedule and milestones:**
  Communicate the project schedule and milestones to all stakeholders, including project team members, management, clients, and customers.

Effective project scheduling and milestone management can help project managers ensure that the project is completed on time and within budget, and can also serve as a measure of progress and success.