

Ch 1: Entrepreneurship



✓ **Concept of Entrepreneur:**

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

French Words; “Entre” & “Prendre”; “between” & “to take”; **to undertake**; Risk

“An entrepreneur is a person who buys factor services at certain prices with a view to selling its product at uncertain prices.”

-Richard Cantillon.

“The person who starts a new business or does some business in **new manner.**”

-Mr. Schumpeter

- **non-fixed income** earners who pay **known costs of production** but earn **uncertain incomes**, to an **unknown demand** for their product.
- ✓ **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 Development:**

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:

- **an employee** who is tasked with developing an innovative idea **within a company**
- Risk v/s Reward

✓ Difference between Entrepreneur and Intrapreneur:

BASIS FOR COMPARISON	ENTREPRENEUR	INTRAPRENEUR
Meaning		
Approach	Intuitive	Restorative
Resources	Uses own resources	provided by the company
Capital	Self raised	Financed by the company
Enterprise	Newly established	An existing one
Dependency	Independent	Dependent
Risk	entrepreneur himself	Taken by the company
Works for	Creating a leading position in the market	Change and renew the existing organizational system and culture

• Entrepreneurship and Manager:

An entrepreneur owns a company, while a manager is the company employee.

Particulars	Entrepreneur	Manager
Meaning		
Position in the company	owners of the company	employees of the company
Risk	bear all financial and other risks	They do not bear any financial risks
Focus	focus on starting the business and expanding the company	focus on the daily smooth functioning of the company
Motivation	achievements of the company.	Their motivation comes from the power that comes with the position.
Reward	profit	salary
Nature of decisions	They are risk-takers, calculated risks	reluctant to take risks
Decision making	decisions tend to be intuitive	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 and Entrepreneurship

BASIS FOR COMPARISON	ENTREPRENEUR	ENTREPRENEURSHIP
Meaning	is a person, having an innovative idea, and takes every step to turn the idea into reality, while bearing the risks.	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
Growth	Seeks growth for the business venture	Drives economic growth and job creation
Mindset	Possesses an entrepreneurial mindset	Reflects a culture of innovation

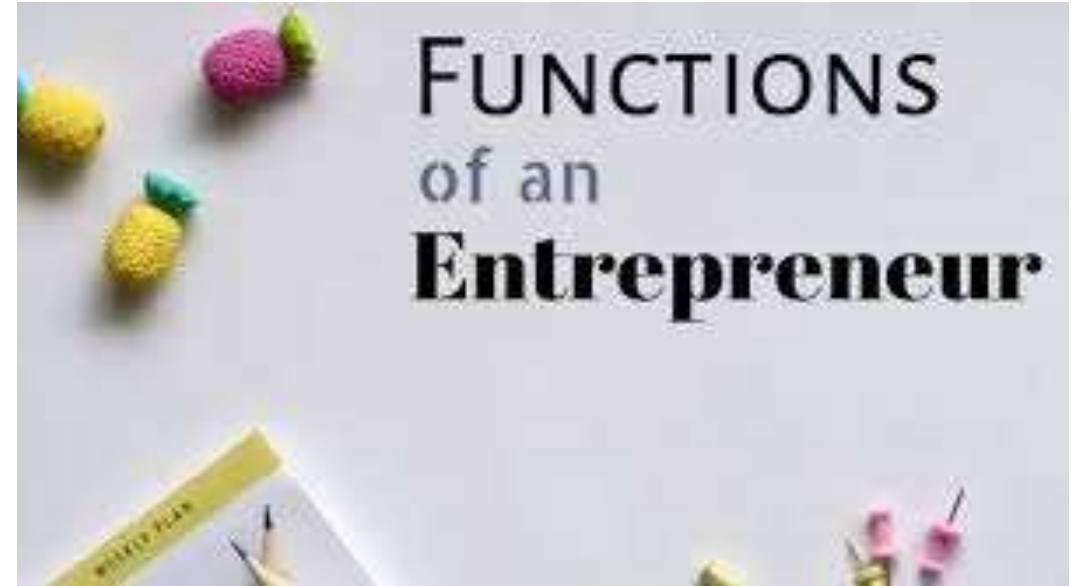
✓ Attributes and Characteristics of successful entrepreneurs:

1. Curiosity
2. Willingness to Experiment
3. Adaptability
4. Decision making
5. Self-Awareness
6. Risk Tolerance
7. Persistence
8. Innovative Thinking
9. Long-Term Focus
10. Creativity
11. Leadership
12. Communication
13. Flexibility



- **Functions of *Entrepreneur*:**

- *Idea Generation*
- *Business Objectives*
- *Financing*
- *Market Research*
- *Manpower Recruitment*
- *Procurement of raw material and machinery*
- *Ownership determination*
- *Project Implementation*



• Classification of *Entrepreneurs*:

A. According to the Type of Business:

1. Business Entrepreneur:
2. Trading Entrepreneur:
3. Industrial Entrepreneur:
4. Corporate Entrepreneur:
5. Agricultural Entrepreneur:

B. According to the Technology use:

1. Technical Entrepreneur:
2. Non-technical Entrepreneur:
3. Professional Entrepreneur:

C. According to the Entrepreneur and Motivation:

1. Pure Entrepreneur:
2. Induced Entrepreneur:
3. Motivated Entrepreneur:
4. Spontaneous Entrepreneur



D. According to the Growth and Entrepreneurs:

- 1. Growth Entrepreneur:**
- 2. Super-Growth Entrepreneur:**

E. According to the Entrepreneur and Stages of Development:

- 1. First-Generation Entrepreneur:**
- 2. Modern Entrepreneur:**
- 3. Classical Entrepreneur:**

✓ Role of entrepreneur in Indian Economy:

- 1. Identifies Business Opportunities:**
- 2. Provides value for economic resources:**
- 3. Increases standard of living of people:**
- 4. Provides employment opportunities:**
- 5. Increases National Income of the country:**
- 6. Increases economic growth:**
- 7. Helps for technological transformation:**
- 8. Increases Exports of the Country:**
- 9. Regional Development:**

✓ **Developing entrepreneurial culture:**

- 1. Develop a Clear Method for Submitting New Ideas and Taking Action:**
- 2. Give Positive Feedback to all Ideas:**
- 3. Allow failure:**
- 4. Reward Innovation that Helps the Bottom Line:**
- 5. Give Your Employees Autonomy:**



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



- **Economic Factors:**

- Capital:
- Labor:
- Raw Materials:
- Market:
- Infrastructure:

- **Non Economic Factors:**

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

✓ **Social Factors:**

- Family Background:
- Education:
- Attitude of the Society:
- Cultural Value

✓ **Psychological Factors:**

- Need Achievement:
- Withdrawal of Status Respect:
- Motives:

✓ **Political Factors:**

- Social Stability
- Foreign Trade Relations
- Taxes
- Budget

Constraints for the Growth of Entrepreneurial Culture:

- Lack of Money Barrier:
- Managing Finances as a Barrier
- Lack of Experience as a Barrier
- Limiting to One Income Source as a Barrier
- Political Barriers:
- Lack of Contacts as a Barrier:
- Corrupt Business Environment as a Barrier:

Entrepreneurship as a career

✓ Factors Favouring Entrepreneurship as a Career Option:

- Greater Need for Independence:
- Desire to Have High Financial Rewards:
- Opportunity to Handle Different Aspects of a Business:
- Desire to Implement Ideas:
- Job Insecurity:
- Family Business:
- Risk-Taking Attitude:
- Lucrative Government Policies:
- Vision to Leave a Long Lasting Mark:

✓ Entrepreneurship as a style of management

➤ Emerging Models of Corporate Entrepreneurship

- **Four Models of Corporate Entrepreneurship**

1. The **Opportunist Model** in Corporate Entrepreneurship
who are prepared for any opportunity

2. The **Enabler Model** in Corporate Entrepreneurship
empowering employees to develop and implement new ideas

3. The **Advocate Model** in Corporate Entrepreneurship
creation of organizational ownership to develop new businesses

4. The **Producer Model** in Corporate Entrepreneurship
aims to protect emerging projects from turf battles

✓ India's start up revolution

• Trends

1. Enhanced Digital Awareness And Acceptance
2. Changing Points Of Business Focus
3. Virtual Health And Wellness Startups Would Be In Demand
4. 5G And High-speed Internet To Be The Need For Startups
5. Ecommerce And Online Education Startups Go Strong

• Benefits of new venture start up

1. Access to a Large Market:
2. Favorable Tax Policies:
3. Creativity:
4. Valuable Relationships:
5. Agility:
6. Flexibility:

✓ The players involved in the ecosystem



1. Problems and Ideas
2. Entrepreneurs
3. Investors
4. People
5. Capital
6. Infrastructure
7. Services
8. Mentorship

✓ **Business incubators:**



Business incubators are institutions that support entrepreneurs in developing their businesses, especially in initial stages.

➤ **Incubation support includes:**

- providing technological facilities and advices
- initial growth funds
- network and linkages
- co-working spaces
- lab facilities
- mentoring and advisory support

✓ **Rural entrepreneurship:**

-business activities in rural areas

□ **Benefits** of Rural Entrepreneurship

1. Reduction in exodus to cities
2. Improving Chances for Success in Rural Development Initiatives
3. Enhances Economic Conditions
4. Generation of employment opportunities
5. Getting foreign exchanges

✓ **Social entrepreneurship:**

-starting a business for the greater social good and not just the pursuit of profits

✓ **The four primary types of social entrepreneurs are**

- **community social entrepreneurs**

-prioritizes the need of a small geographical region

- **non-profit social entrepreneurs**

-entity has a broad stated goal that benefits someone but not necessarily their direct community

- **transformational social entrepreneurs**

-look to scale an operation from a single program to benefitting various areas

- **Global social entrepreneurs**

-aren't limited by borders

✓ **Women entrepreneurship**

- woman or a group of women who initiate, organise and run a business concern
- 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.”

❑ **Challenges for women entrepreneurs**

1. Balancing Responsibilities
2. Limited Funding
3. Inadequate Support System
4. Gender inequality
5. Unfavorable Business Environment

✓ Schemes for Empowering Women Entrepreneurs:



- Women Entrepreneurship Platform (WEP)

-women entrepreneurs for sourcing financing, mentorship, apprenticeship, and corporate partnerships

- Udyogini Scheme

aspiring women entrepreneurs based in rural and underdeveloped areas

- Mudra Loans


- Bharathiya Mahila Bank Business Loan

- Annapurna Scheme

- Stree Shakti Scheme

- Dena Shakti Scheme

- Case studies on Entrepreneurship



Ch 2 : **Theories of Entrepreneurship**

✓ Theories of entrepreneurship:

1. Innovation Theory by Schumpeter & Imitating

2. Theory of High Achievement by McClelland

3. X-Efficiency Theory by Leibenstein

4. Theory of Profit by Knight

5. Theory of Social change by Everett Hagen

✓ Innovation Theory by Schumpeter & Imitating:

- Joseph Alois Schumpeter
- Austrian political economist
- Finance Minister of Austria in 1919
- Professor at Harvard University

- Innovation v/s invention

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**.

➤ 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

➤ **Imitating:**

- copying the practices of other firms
- whether those other firms are in the same industry being entered or from related industry
- imitate the practices of a successful firm

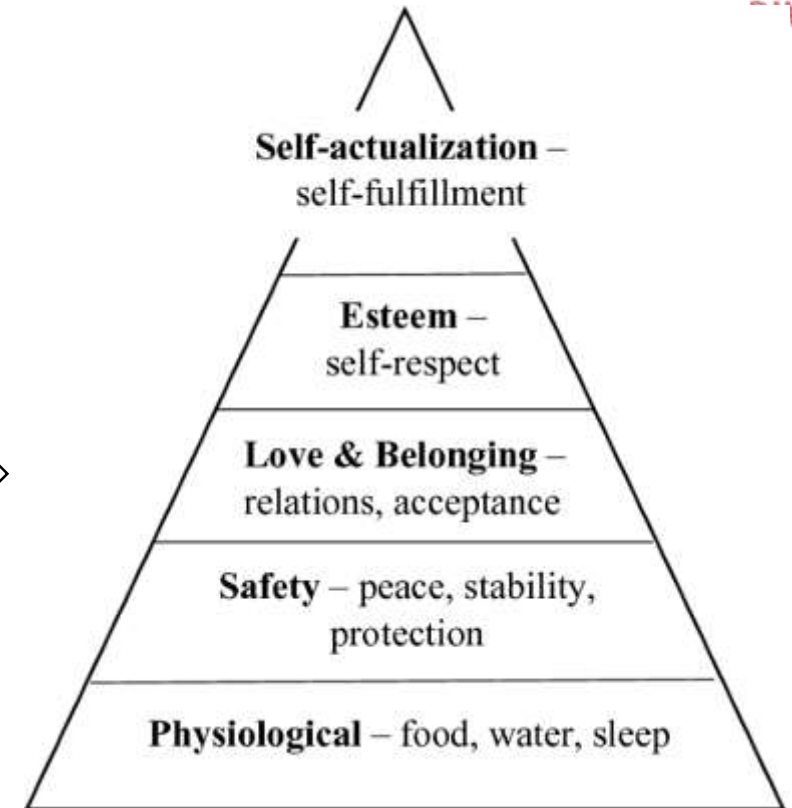
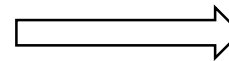
Ex:

- MI vs Apple
- Insta stories vs Youtube shorts vs FB stories vs Snapchat

✓ Theory of high achievement by McClelland

- David McClelland
- American psychologist
- Developed theory in 1960s

✓ based on **Abraham Maslow's Theory of Human Motivation**



✓ **Theory of high achievement by McClelland :**

✓ Everyone is driven by one of three needs:

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

✓ ***Need for Achievement (nACH)***

- means you're motivated by completing tasks you set out for yourself or that someone else sets out for you
- hope to exceed expectations and are pleased when they surpass their Peers
- will change the situation if feel like it is not meeting their needs
- do not like working in groups



✓ *Need for Affiliation (nAFF)*

- means you're motivated by your connections with others
- motivates interpersonal relationships and emotional connections
- prefer working in groups
- tend to avoid situations in which they may face rejection or uncomfortable boundaries



✓ *Need for Power (nPOW)*

- they are motivated to influence others and take control
- extreme example of Hitler, suitable: A coach
- do not seek to implement a dictatorship but hope to motivate others
- If they were able to effectively delegate tasks in the workforce, they were often able to be successful leaders.



✓ X-Efficiency Theory by Leibenstein

- Proposed by Harvey Leibenstein, born in Ukraine, American economist
- professor at Harvard University

✓ What Is Efficiency?

- Fewer the i/p used to obtain given o/p
- a company getting the maximum outputs from its inputs
- It is about avoiding waste

✓ What Is X-Efficiency?

- degree of efficiency maintained by firms under conditions of imperfect competition
- X is unknown
- X-Efficiency deals with the way organisation uses its resources

- **Leibenstein identifies 2 main roles of Entrepreneurship**

1. Input completion
2. Introduction of new ones

✓ Theory of profit by Knight

- proposed by Frank. H. Knight
- American economist
- University of Chicago

□ This theory deals with:

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

- **Risk v/s Uncertainty**

- risk can be classified as a **calculable** and **non-calculable** risk
- risks due to the fire, theft, or accident are calculable- **calculable**
- changes in tastes, changing preferences of consumers, strikes, increased competition, changes in government policy, **non-calculable**
- *This incalculable area of risk is the **uncertainty**.*

- believed **profit as a reward** for uncertainty-bearing, not to risk bearing
 - profit is the return to the entrepreneur for bearing the uncertainty
 - Due to the uncertainty of events, the decision-making becomes a crucial
-
- 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:

- Holloway, Minnesota, United States
 - *“Theory of social change: How Economic growth begins (1964)”*
-
- This theory is a psychological explanation
 - Hagen considers **withdrawal of status, withdrawal of respect**, as a trigger for personality development.
 - It occurs when the member in the group perceive that their efforts and purposes in the life are not valued by the other members.

- 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



- **Entrepreneurship Development:**

- is the process of enhancing the entrepreneurial knowledge and skills via structured training programmes
- deals with the study of entrepreneurial behaviour, dynamics of business, and its development and expansion
- focuses on training individuals who are interested in commencing their venture or expanding their existing one



✓ What is a competence?

- A competence is an **underlying characteristics** of a person, which results in effective and/or superior performance in a job.
- 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



✓ Entrepreneurial competency:

- **Entrepreneurial competency** is a set of skills and behaviour needed to create, develop, manage, and grow a business venture.
- also includes the ability to handle the risks that come with running a business

✓ Major Entrepreneurial Competencies:

1. Initiative
2. Sees and Acts on Opportunities
3. Persistence
4. Information Seeking
5. Concern for High Quality of Work
6. Commitment to Work Contract
7. Efficiency Orientation
8. Systematic Planning
9. Problem Solving
10. Self-Confidence
11. Monitoring
12. Concern for Employee Welfare



✓ **Developing Competencies**

❑ Steps to develop entrepreneurial competencies:

1. Competency Identification and Recognition
2. Gaining knowledge and understanding
3. Competency Assessment
4. Competency Mapping
5. Comparison of competencies
6. Self-assessment
7. Application in real-life situations
8. Feedback

✓ Entrepreneur Training and developing

• What is Entrepreneurial Training?

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

• Objectives of Entrepreneurial Training

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)

- EDP is an effort of converting a person to an entrepreneur by passing him through thoroughly structured training.
- EDP is not just a training programme but it is a complete process to make the possible transformation of an individual into an entrepreneur



✓ Objectives of EDP

1. To Promote First Generation Businessman and Industrialists
2. To Create Awareness about Availability of Resources
3. To Promote Small, Cottage & Local Industries
4. To Encourage Self Employment Tendencies
5. To Provide Knowledge about Government Plans and Programmes
6. To make a successful entrepreneur
7. To provide training to operate business
8. To create awareness about marketing
9. To develop entrepreneurs in all areas of the country
10. To remove Doubts of Entrepreneurs, Give Solutions

✓ **Role of EDP**

1. Stimulatory Role
2. Supportive Role
3. Sustaining Role
4. Socio-economic Role

1. Stimulatory Role:

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

- This includes:
- developing managerial, technical, financial, and marketing skill
- inculcating personality traits
- promotes and reforms entrepreneurial behavior and values
- identifying a potential entrepreneur applying scientific methods
- motivational training and building a proper attitude
- strengthening the motive of a person and giving recognition
- the valuable know-how of the local products and the processes help in the selection of products, preparation of project reports

2. Supportive Role:

It helps in the following ways:

- registration of the business
- procurement of fund
- Incubation support
- Team building and team development support
- Mentorship and guidance from industry experts
- Providing tax relief, subsidy, government schemes etc.
- guidance in product marketing
- support for management consultancy

3. Sustaining Role:

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

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

4. Socio-economic Role:

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

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

✓ **Contents of EDP:**



It consists of the following inputs:

General Introduction to Entrepreneurship:

Role, behaviour, facilities available etc

Motivation Training:

sometimes successful entrepreneurs are also invited

Management Skills:

like finance, marketing, human resource, and production

Support System and Procedure:

support available from different institutions and agencies for setting up and running enterprises

Fundamentals of Project Feasibility Study:

guidelines on the effective analysis of feasibility or viability of the particular project

Plant Visits:

to familiarize the participants with real life situations

✓ **Methods of EDP**

- **Financial management exercises**

With this, you can directly monitor every incoming transaction, without the need to come directly to the place of business

- **Leadership training**

Without the ability to lead, of course you will find it difficult to direct the team you work with effectively

- **Customer service training**

better the service you provide, the higher the customer satisfaction

- **Soft skill development exercises**

related to emotional intelligence, business ethics, teamwork, communication, and the ability to solve problems

- **Compliance Training**

such as licenses and tax provisions

- **Marketing Training**

what kind of tips you need to do to promote your products and services effectively

✓ Execution/ phases of EDP:

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

✓ Pre-training phase

- 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.

✓ **Training phase**

- 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.

✓ **Follow-up phase**

- 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.

- **DIC**

- **District Industries Centre**

- 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.
- 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:

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

- **Small Industries Service Institutes**

- SISIs have been set up by the government in state capitals and other big cities

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

- Guidance in financial requirements:
- Trade and market information:
- Project Reports:
- Training Programme:
- Modernization:

✓ EDII



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

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

✓ **NIESBUD:**

- **National Institute for Entrepreneurship and Small Business Development**
- 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:**

- Standardizing and systemizing the processes of selection, training, support and sustenance of potential and existing entrepreneurs.
- Support and motivate institutions/organizations in carrying out training and other entrepreneurship development related activities.

- 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.
- Providing vital information and support to trainers, promoters and entrepreneurs by organizing research and documentation activities relevant to entrepreneurship and skill development.
- Creating a holistic environment to train the trainers, promoters and consultants in diverse areas of entrepreneurship and skill Development.
- Offering consultancy nationally/internationally for promotion of entrepreneurship and small business development at national and international level.
- Providing national/international forums for interaction and exchange of ideas for policy formulation and its refinement at various levels.
-
- Sharing experience and expertise in entrepreneurship development across national frontiers to create awareness on it at national level.
- Interchanging international experience and expertise in the field of entrepreneurship development for mapping its development at international levels too.

✓ **NEDB:**



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

✓ **Role of NEDB:**

- Identifying and removing entry barriers for potential entrepreneurs (first generation and new entrepreneurs) including study on entrepreneurship development.
- Focusing on existing entrepreneurs in micro, tiny and small sector and identify and remove constraints to survivals, growth and continuously improve performance.
- Facilitating the consolidation, growth and diversification of existing entrepreneurial venture in all possible ways.

- Supporting skill up gradation and renewal of learning processes among practicing entrepreneurs and managers of micro, tiny, small and medium enterprises.
- 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.

■ ROLES:

1. **Knowledge Sharing:**
2. **Network Expansion:**
3. **Topical Guidance:**
4. **Encouragement and Support:**

✓ Innovation and Entrepreneurship

- 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
- **Innovation:**
 - Innovation plays a crucial role in promoting growth, enabling organizations to adapt to evolving market trends
 - it also includes improvements and enhancements to existing products, services, or ideas
 - Innovation requires fresh thinking, creativity, and the ability to identify opportunities for change and improvement
 - innovation is distinct from invention
 - A well-defined innovation strategy and effective management are crucial to capitalize on entrepreneurial opportunities and drive growth

- **Entrepreneurship:**

- Business entrepreneurs play crucial roles as leaders, innovators, pioneers, and inventors, driving economic, technological, and social advancements within their industries
- 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

Who is an Innovative Entrepreneur?

- a responsibility over a person's shoulder to generate and bring new ideas into business which can later be converted into life-changing products.
- An innovative entrepreneur is a person who has the potential of designing and bringing innovative products into 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.

• 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**
- It uses problem-solving ability to overcome the challenges faced
- **Design thinking and entrepreneurship go hand in hand**

What are its Phases/Stages?

Phase 1: Empathize

Phase 2: Define the Problem

Phase 3: Ideate

Phase 4: Prototype

Phase 1: Empathize

- Observation, curiosity and willingness to be aware and address the problem are key approaches to empathizing
- know their needs and the root cause of problems

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
- 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**
- 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
- Developing a digital or physical prototype is the best method to state your thoughts
- Converting ideas into reality might take some time

Phase 5: Test

- 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

Examples of Design Thinking and Entrepreneurship:

- Netflix
- Airbnb
- App for auto negotiations

Role of consultancy organizations in promoting Entrepreneurs



1. facilitating the business
2. evaluating the marketing scenario
3. effective utilization of the resources
4. highlighting the opportunities
5. bringing in the required changes in the processes
6. with identifying important training programs and technologies for benefiting the entrepreneurs
7. overcome business challenges
8. develop a business strategy
9. improve customer satisfaction
10. better market your digital product
11. contribute to the business process improvements and internal processes
12. creating a solid business plan

✓ Problems and difficulties of Entrepreneurs



A. Marketing:

1. Generating Traffic and Leads
2. Retaining Customers
3. Budgeting For Your Marketing Campaigns
4. Incompetent Marketing Team

B. Finance

1. Fund shortages / low cash flows
2. Lack of available capital
3. Management of business vs. personal finances
4. Tax compliance & auditing

C. Human Resource

1. Recruiting the right people
2. Training and induction:
3. Keeping hold of your best people
4. Neglecting conflict resolution

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
2. Lack of expertise
3. Time constraint
4. Intellectual property concerns

F. External problems:

1. Inflationary Pressures
2. Labor Shortages
3. Finding the Right Business Location
4. Dealing with Competition
5. Raw material supply
6. Water
7. Communication
8. Transport bottlenecks
9. Pending payment recovery

Mobility of Entrepreneurs

- Meaning
- **Category of Entrepreneurial Mobility**
 - A. Occupational mobility and
 - B. Location mobility.

A. Occupational Mobility

- ✓ Intergeneration occupational movement:
- ✓ Intra-generation occupational movement:

B. Location Mobility

Factors affecting Entrepreneurial Mobility



- Political factors
- Legal factors
- Taxation
- Availability of Capital
- Labour Markets
- Raw Materials
- Infrastructure



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

✓ Introduction to various incentives, subsidies and grants



Incentives:

- An incentive is **something that encourages a person or organization to do or achieve something**
- Incentives are usually given in cash or in kind
- **Examples of incentives: Money, Reward, Prizes etc**

Subsidies:

- A subsidy is **a financial incentive given by the government to individuals or businesses**
- 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.

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

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

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.

Technology Upgradation Fund Scheme (TUFS) – Textile Sector



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.

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.

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.

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

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

- **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.

- **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.

- **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

- 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**
- can engage in manufacturing, services, development of software, repair, remaking, reconditioning, re-engineering including making of gold/silver/platinum jewelry and articles

Benefits of Export Oriented Units

- 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.

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.

- **Problems faced by women entrepreneurs**

Balancing Responsibilities

Limited Funding

Inadequate Support System

Gender inequality

Unfavorable Business Environment

Role of women entrepreneurs

- Generating employment
- Development of economy
- Optimum Utilization of resources
- Improvement in quality of life

Reasons for low women entrepreneurs:

- Professional Mentorship
- Funding
- Over Dependence on Intermediaries
- Family Ties
- Lack of Education
- Social Attitudes

✓ **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
- 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.

✓ **Characteristics of SSI:**

Ownership

Management

Labour intensive

Flexibility

Limited reach

Resource utilisation

INSTITUTIONAL FRAMEWORK FOR SMALL SCALE INDUSTRIES

A. National Level Institutions

- Small Industries Development Organisation (SIDO)
- Small Industries Service Institutes (SISIs)
- National Small Industries Corporation (NSIC)
- National Institute of Small Industry Extension Training (NISIET)
- National Institute for Entrepreneurship and Small Business Development (NIESBUD)
- Small Industries Development Bank of India (SIDBI)

B. State Level Institutions

- Directorate of Industries
- District Industries Centres
- State Small Industries Development Corporations (SSIDCs)

- **Role of SSI in the economy**
- Employment
- Total production
- Make In India
- Export oriented
- Public welfare
- Seedbed for large scale industries

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

- Lack of funds
- Lack of business plan
- Lack of internal controls
- Lack of expertise
- Choosing wrong location
- Rapid expansion without solid plan
- Lack of professionalism

Preventive measures for failure of SSI in India

- Improvement in the methods and techniques of production
- Equitable allocation of raw materials, imported components and equipment
- Provision for adequate finance
- Marketing assistance
- Provision for industrial education and training

Turnaround strategies:

- Turnaround strategy is a process of restructuring and transforming the company from loss to profitability
- to change company fortune

✓ **Types of Turnaround Strategies**

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

Start Up India

- Launched on 16th January, 2016
- with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators instead of job seekers
- **three pillars**
 - Providing funding support and incentives to the various start-ups of the country.
 - To provide Industry-Academia Partnership and Incubation.
 - Simplification and Handholding.

Website: <https://www.startupindia.gov.in/>

Registration for Startup India

- 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.
- 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.
- 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.
- 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.
- 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?

- 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

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

Make in India

- launched in September 2014
- **Make in India initiatives:**
 - Make in India – Schemes
 - Skill India
 - **Startup India**
 - Digital India
 - Pradhan Mantri Jan Dhan Yojana (PMJDY)
 - Smart Cities
 - AMRUT
 - Swachh Bharat Abhiyan
 - Sagarmala
 - International Solar Alliance (ISA)
 - AGNII



- Focus on **25 Sectors**

- **Objectives of Make in India:**

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

• **Make in India – Advantages**

- Generating employment opportunities.
- Increasing the GDP by expanding economic growth.
- When FDI inflows become more, the rupee will be strengthened.
- Small manufacturers will get a thrust, particularly when investors from abroad invest in them.
- When countries invest in India, they will also bring with them the latest technologies in various fields.
- Due to the various initiatives taken under the Mission, India has moved up the ranks in the EoDB index.
- 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?

- establishment of a new commercial business, social business or other such form of businesses

Steps involved in starting a new venture

1. Evaluate your business goals
2. Conduct market research
3. Business structure and logistics
4. Get funding for your small business
5. Design prototypes and get feedback
6. Put together your leadership team
7. Develop your product
8. Get the word out
9. Plan for business growth

Entrepreneurship development cycle

- is the combination of all **support activities and assistance** that are conducted and provided continuously for the development of entrepreneurship

- **Stimulating assistance:**
- **Supportive assistance:**
- **Sustaining assistance:**

Stimulating assistance:

- to **encourage potential entrepreneurs**
- 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.

Supportive assistance:

- **enable to conduct their operations**
- 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;

Sustaining assistance:

- **to continue their enterprise successfully**
- Help modernization;
- Help in diversification;
- Policy change;
- Creating a new opportunity for marketing;
- Need-based common facilities centers.

Business Planning Process:

What is Business Planning?

- the process whereby an organization's leaders figure out the **best roadmap for growth and document their plan for success**
- 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

What is a **business plan**?

- **written document** that provides an outline and resources needed to achieve success

Business plan as an entrepreneurial tool

- To help you with critical decisions
- To avoid the big mistakes
- To prove the viability of the business
- To secure financing
- To reduce risk

Elements of a Business Plan

- ✓ Executive summary:
- ✓ Products and services:
- ✓ Market analysis:
- ✓ Marketing strategy:
- ✓ Financial plans and projections:

Marketing Analysis

- **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

Development of product / idea

- the process that goes into bringing a new product to market

✓ Different **stages involved in new product development**

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

Resources of development of product / idea

1. Customers
2. Existing organization
3. Distribution channels
4. Research and Development
5. Trade Shows, Fairs and Exhibitions
6. Focus Groups
7. Brainstorming
8. Checklist Method
9. Market Gap Analysis
10. Life-style analysis Method

Product development strategies

- ✓ Modify an existing product
- ✓ Increase product value
- ✓ Offer a trial
- ✓ Specialize and customize
- ✓ Create package deals
- ✓ Create new products
- ✓ Find new markets

Identifying attributes of strategic resources

What are strategic resources?

- 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

Attributes of strategic resources

- Valuable
- Rare
- Difficult to imitate
- Irreplaceable

Types of strategic resources

- **Financial resources**
 - **Intellectual property**
 - **High-performing staff**
-
- Tangible resources:
 - Intangible resources:

Opportunity analysis:

- process used to identify and assess **potential opportunities in business**
- 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

☐ **Factors to consider when performing opportunity analysis:**

- ✓ Competitive analysis
- ✓ Environment analysis
- ✓ Customer analysis

SWOT Analysis

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?

Internal and External environment analysis:

❑ Internal environment analysis:

- process of assessing of internal resources and capabilities of an organization
 - internal factors such as goals, policies, resources, structure, culture, etc. are the source of strengths
 - weaknesses that resides in different functional units such as HR, marketing, finance, production, accounting, and R&D
-
- How well the current strategy is working?
 - What is our current situation?
 - What are our strengths and weaknesses?
 - How many resources are available?

The components of the internal environment:

- Organizational Goals and Policies
- Organizational Resources
- Organizational Structure
- Organizational Culture

Importance of Internal Environment Analysis

- Helps to Identify Strengths
- Helps to Identify Weaknesses
- Helps to identify Unique Resources
- Identifies Core Competency
- Strategy Formulation

Tools/Methods of Internal Environment Analysis

- **Value Chain Analysis**

to understand how an organization generates value for its customers from its different activities

- **Functional Approach**

to understand the contribution of different functional units

- **Resource Based View**

physical, human, and organizational resources

- **Resource to Competitive Advantage Pyramid**

The pyramid includes, from bottom to top – company resources, competitive capabilities, core & distinctive capabilities, strategic assets, and finally competitive advantage

- **Benchmarking**

process of measuring products, service, and practice against the toughest competitors or industry leaders

External environment 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**
- **uncontrollable by managers**
- focuses on macro-environmental forces
- such as political, economic, customers, suppliers, social, technological, competitors, media, legal, ecological, and global

Techniques/Tools of External Environment Analysis

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

A. PESTLEG Analysis

- political, economic, sociocultural, technological, legal, environmental, and global

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
- is identifying a specific set of uncertainties, different “realities” of what might happen in the future of your business.
- might not have such dire consequences
- but if not done, you risk opening the door to increased costs, increased risks, and missed opportunities

C. Industry and Competitive Analysis

- made up of Porter’s five forces

Industry Analysis

- is a method that helps to understand a company's position relative to other participants in the industry
- helps them to identify both the opportunities and threats

✓ 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**

Porter's 5 Force Model:

model that identifies and analyzes five competitive forces that shape every **industry** and helps determine an industry's weaknesses and strengths

- ✓ Threat of new entrants
- ✓ Bargaining power of suppliers
- ✓ Bargaining power of buyers (customers)
- ✓ Threat of substitutes
- ✓ Competitive rivalry

Embryonic companies and spin offs

✓ **Embryonic companies**

- starting point, development phase, nurturing phase and finally letting the business take off on its own
- starting point is also referred to as the embryonic stage

• **characterised by**

- Idea
- Feasibility
- Verification
- Demonstration
- commercialization

✓ 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
- 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

Example:

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).

Reliance Industries Ltd spun off its financial services business and list it on the Indian exchanges, Jio Financial Services.

Seven domains of John Mullins

- buying a car without first taking it for a test drive
- What about business?
- published it in his 2003 book, "The New Business Road Test."
- 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**

Seven domains...

- 1. Market Domain/Macro Level: Market Attractiveness**
- 2. Market Domain/Micro Level: Sector Market Benefits and Attractiveness**
- 3. Industry Domain/Macro Level: Industry Attractiveness**
- 4. Industry Domain/Micro Level: Sustainable Advantage**
- 5. Team Domain: Mission, Aspirations, Propensity for Risk**
- 6. Team Domain: Ability to Execute on Critical Success Factors**
- 7. Team Domain: Connectedness up, Down, Across Value Chain**

Identifying the right business model canvas

- BMC is a single-page template used to outline the goals and objectives of a business
- BMC is a visual representation of a business model, highlighting all key strategic factors
- help business owners and other stakeholders develop new business models or evaluate existing models
- these canvases enable companies to visualize and analyze their strategy

Elements/ Components of a Business Model Canvas

1. Key partners
2. Key activities
3. Key resources
4. Value proposition
5. Customer relationships
6. Customer segments
7. Channels
8. Cost structure
9. Revenue streams

The Business Model Canvas

Designed for:

Designed by:

Date: _____

Version:

Key Partners



- Who are our Key Partners?
- Who are our key suppliers?
- Which Key Resources are we acquiring from partners?
- Which Key Activities do partners perform?

ABSTRACTS FROM PARTICIPATIONS:
DETERMINANTS AND ECONOMY
 Role of risk and uncertainty
 Allocation of portfolio costs, risk and benefits

Key Activities



- What Key Activities do our Value Propositions require?
- Our Distribution Channels?
- Customer Relationships?
- Revenue Streams?

CLARENCE D. HERRICK
J.P. & N.C. HERRICK
J.P. & N.C. HERRICK
J.P. & N.C. HERRICK

Value Propositions



- What value do we deliver to the customer?
- Which one of our customers' problems are we helping to solve?
- What bundles of products and services are we offering to each Customer Segment?
- Which customer needs are we satisfying?

CHARACTERISTICS
 Affordable
 Noninvasive
 Customization
 Reducing the Job Done
 Design
 Nondestructive
 RPE
 Cost Reduction
 Risk Reduction
 Accessibility
 Comprehensive Analysis

Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Personal assistance
Custodial/Personal Assistant
Nanny Services
AUTOMATED SERVICES
COMPUTERS
Consulting

Customer Segments



For whom are we creating value?
Who are our most important customers?

/Area Market
 /Area Market
 /Area Market
 /Area Market
 /Area Market

Key Resources



What Key Resources do our Value Propositions require?
our Distribution Channels? customer relationships per
Revenue Stream?

• TYPES OF RESOURCES
physical
intellectual (human) resources: knowledge, talent
financial
cultural

Channels



Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels Integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

1. PRESENCE
How do we meet customers' needs for company's products and services?

2. Evaluation
How do we meet customers' evaluate our organization's Value Proposition?

3. Purchase
How do we make customers to purchase goods or services from the company?

4. Delivery
How do we deliver a Value Proposition to customers?

5. After sales
How do we provide costumer with a superior experience?

Cost Structure



What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS MORE
Cost Driven? Earned cost structure, low price value proposition, machine automation, extensive outsourcing
Value Driven? Full cost value creation, premium value proposition

SAMPLE 1: RURAL THIRSTY
 Faint Coats (Rural, 1012, 1012)
 Barbed wire
 Barbed wire
 Barbed wire
 Barbed wire

Revenue Streams



For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

YEARS
 Largest sale
 Largest firm
 Subscription base
 Link/Right/No/No/No/No
 No/No/No
 No/No/No/No/No
 No/No/No/No/No

FIXED PRICING
 • No Price
 • No Price sensitive dependent
 • Customer segment
 • dependent
 • Volume dependent

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Opportunities in Emerging/Transition/Decline industries

✓ Opportunities in Emerging industries

- in the early stages of development
- frequently come into existence when one technology begins to eclipse and replace an older technology

Barriers to Entry

- relatively high

Characteristics of an Emerging Industry

1. Minimal competition
2. Lots of growth potential
3. High risk and high volatility
4. High prices due to the absence of economies of scale
5. Barriers to entry

Examples of Emerging Industries

robotics, virtual reality, 5G networks, artificial intelligence, and self-driving cars, electric vehicles etc

- **Opportunities in transition industries**

- Industrial transition often involves a process by which traditional structures are replaced by modern industries.

Strategies for managing industrial change

- Preparing for the future of work
- Broadening and diffusing innovation
- Innovative entrepreneurship for new industrial path development
- Transition towards a climate-neutral economy

Examples: Diesel cars are being less produced, more focus is on electric cars and vehicles, to ensure environmental sustainability.

- **Opportunities in declining industries**

- A declining industry is an industry where growth is either negative or is not growing at the broader rate of economic growth

- **Example,**

- traditional newspaper, Internet cafe, DVD

- **Strategy Options in a Declining Industry**

- A. Harvesting Strategy**

- cuts down the budget
- reinvestment is rarely made
- extensive use of existing facilities

Divestiture Strategy

- sell it out
- sell off a portion of its assets like equipment, land, stock of materials, etc

Niche/ Focus Strategy

- identification of a niche market
- A firm in a declining industry can look for niche markets where it can operate a business profitably

Differentiation Strategy

- differentiation strategy of products based on quality improvement and innovation

Low-Cost Strategy

- driving costs down
- If the costs can be reduced continuously in an innovative way, it can help the firm improve its profit margin and return-on-investment.

- **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.

- **Characteristics of Consumers**

- Price-Sensitive
- Value-Conscious
- Brand-Conscious

- **Opportunities in social sector**

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.

- **Career Opportunities**

- **Opportunities arising out of digitalisation**

- Digitalisation is a process that results in the digital transformation of a business
- 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.

A range of technologies is involved

- Robots
- Cobots (collaborative robot)
- Software that automates manufacturing processes
- Sensors and semiconductors that are connected to the internet
- Artificial intelligence

Etc etc etc

Business opportunities of digitally transforming your business:

- **Improved Productivity**
- **More Efficient Use of Resources**
- **More Effectively Working with Suppliers, Regulators, and Others**
- **Improving Communication and Oversight**
- **Product Customisation**
- **Enhancing the Customer Experience**
- **Product Development**

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)

What Are the 4 P's of Marketing?

Finance

- Finance is a term for matters regarding the management, creation, and study of money and investments
- Finance is a term broadly describing the study and system of money, investments, and other financial instruments.

Key Finance Terms

- **Asset**
- **Liability**
- **Balance sheet**
- **Cash flow**
- **Compound interest**
- **Equity**
- **Liquidity**
- **Profit**

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
- 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.

Management levels

Top level:

Middle level:

Low level:

Ownership

- Ownership refers to the legal right of an individual, group, corporation or government to the possession of a thing
- Ownership could be **classified** as follows:

Sole Proprietorship

Partnership firm

Limited Liability Partnership

Private Limited Company

Public Limited Company

Franchising

- a franchisor
- a franchisee

Examples of Franchising in India

- Monginis
- Naturals Ice Cream
- KFC
- Pizza Hut
- Subway

Baskin Robbins

Advantages of franchising

- **For the franchisee**
 - Business assistance
 - Brand recognition
 - Lower failure rate
 - Buying power (differentiating when buying as a retailer)
 - Profits
 - Lower risk
 - Built-in customer base
 - Be your own boss

Advantages of franchising

- **For the franchisor**
 - Access to capital
 - Efficient growth
 - Minimal employee supervision
 - Increased brand awareness
 - Reduced risk

Disadvantages of franchising

- **For the franchisee**

- Restricting regulations
- Initial cost
- Ongoing investment
- Potential for conflict
- Lack of financial privacy

Disadvantages of franchising

- **For the franchisor**
 - Loss of complete brand control
 - Increased potential for legal disputes
 - Initial investment

Alliances:

- A strategic alliance happens when two or more companies enter into an agreement to work together toward a common goal, while remaining independent.
- When a strategic alliance is forming, both potential partners agree to share resources, resulting in a strong synergy to execute the project

Types of Strategic Alliances

A. Joint venture

- two parent companies establish a child company
- maintain the relationship by sharing resources and equity with a binding legal agreement
- Starbucks

- **Equity strategic alliance**

- When an organization buys equity in another organization, the two organizations are said to have formed an equity strategic alliance
- Panasonic invested \$30 million in Tesla

- **Non-equity strategic alliance**

- no separate entity is created
- In a non-equity strategic alliance, two companies sign a contract agreeing to pool resources, decision-making, and core capabilities
- McDonald's and Coca-Cola

Buying an existing business

- **Advantages of buying an existing business**
 - Better financing options
 - Already established brand
 - Existing customers
 - Well-established supply chain
 - Access to trained staff and proven internal processes
 - More financial reward in growth
 - Greater likelihood of success

- **Disadvantages of buying an existing business**

- High cost for the initial investment
- Dated processes and technology
- Existing company reputation and culture

What to consider before buying an established business

- Determine the type of business you want to own and run every day
- Find out why the owner is selling the business
- View the opportunity from the inside
- Investigate the business's financial condition
- Valuing an existing business for sale

Critical risk contingencies of the proposal

- *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*

Types of Contingency Plans

- Protecting Assets
- Investment Positions (hedging)
- Business Continuity and Recovery (during and after an event)

Scheduling and milestones in Business Plan

- Project scheduling is process of creating a timeline for a project that outlines the start and end dates for each task

Steps for effective project scheduling and milestone management:

Define project scope and objectives:

Establish task duration:

Create a project schedule:

Identify project milestones:

Continuously monitor and adjust project schedule:

Communicate project schedule and milestones: