UNIT - 5

Strategic Perspectives in Entrepreneurship

STRATEGIC GROWTH IN ENTREPRENEURSHIP:

The key with any growth strategy is to be deliberate. Figure out the rate-limiting step in your growth, and pour as much fuel on the fire as possible. But for this to be beneficial, you need to take the following steps:

1. Establish a value proposition.

For your business to sustain long-term growth, you must understand what sets it apart from the competition. Identify why customers come to *you* for a product or service. What makes you relevant, differentiated and credible? Use your answer to explain to other consumers why they should do business with you.

For example, some companies compete on "authority" -- Whole Foods Market is the *definitive* place to buy healthy, organic foods. Others, such as Walmart, compete on price. Figure out what special benefit only *you* can provide, and forget everything else. If you stray from this proposition, you'll only run the risk of devaluing your business.

2. Identify your ideal customer.

You got into business to solve a problem for a certain audience. Who is that audience? Is that audience your ideal customer? If not, who are you serving? Nail down your ideal customer, and revert back to this audience as you adjust business to stimulate growth.

3. Define your key indicators.

Changes must be measurable. If you're unable to measure a change, you have no way of knowing whether it's effective. Identify which key indicators affect the growth of your business, then dedicate time and money to those areas. Also, A/B test properly -- making changes over time and comparing historical and current results isn't valid.

4. Verify your revenue streams.

What are your current revenue streams? What revenue streams could you add to make your business more profitable? Once you identify the potential for new revenue streams, ask yourself if they're sustainable in the long run. Some great ideas or cool products don't necessarily have revenue streams attached. Be careful to isolate and understand the difference.

5. Look to your competition.

No matter your industry, your competition is likely excelling at something that your company is struggling with. Look toward similar businesses that are growing in new, unique ways to inform your growth strategy. Don't be afraid to ask for advice. Ask yourself why your competitors have made alternate choices. Are they wrong? Or are your businesses positioned differently? The assumption that you're smarter is rarely correct.

6. Focus on your strengths.

Sometimes, focusing on your strengths -- rather than trying to improve your weaknesses -- can help you establish growth strategies. Reorient the playing field to suit your strengths, and build upon them to grow your business.

7. Invest in talent.

Your employees have direct contact with your customers, so you need to hire people who are motivated and inspired by your company's value proposition. Be cheap with office furniture, marketing budgets and holiday parties. Hire few employees, but pay them a ton. The best ones will usually stick around if you need to cut back their compensation during a slow period.

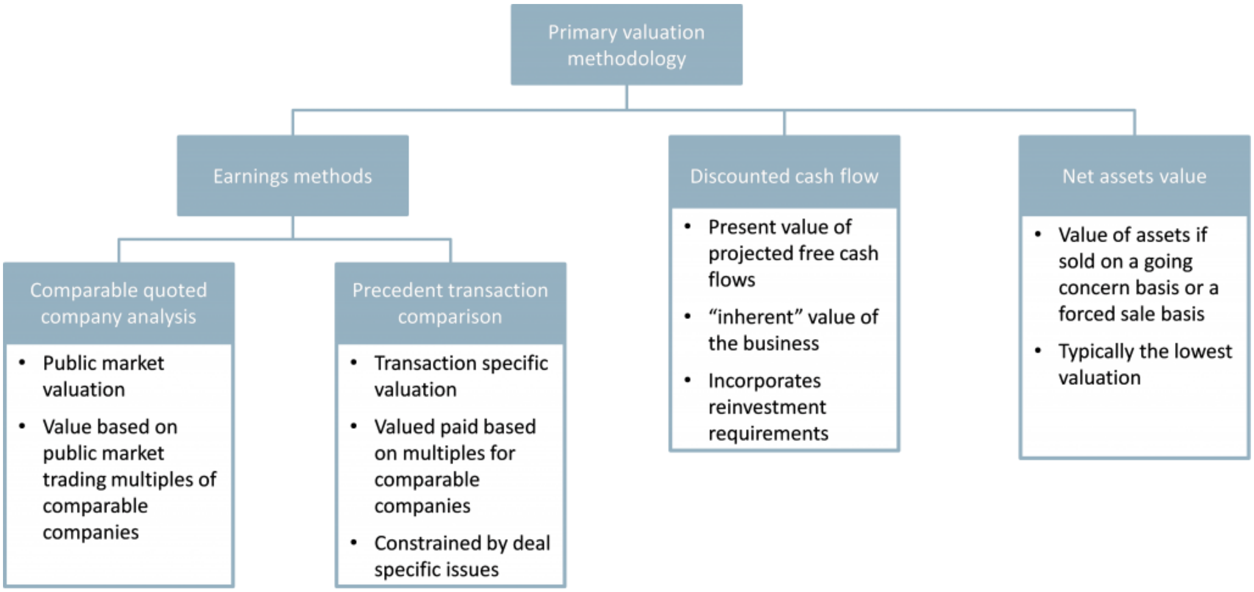
Developing a growth strategy isn't a one-size-fits-all process. In fact, due to changing market conditions, making strategic decisions based on someone else's successes would be foolish. That's not to say that you can't learn from another company, but blindly implementing a cookie-cutter plan won't create sustainable growth.

Why value your enterprise?

Entrepreneurs need to put a value on their business in order to **raise finance or equity.** Investors need to put a value on the businesses to **ensure adequate return on investment.**

There are a number of other reason to value a business including: assisting with bank negotiations, buying out shareholders and creating share options for employees.

It is useful to have several valuation methodologies in your toolbox to provide a rational basis for determining valuation. No valuation method should be used in isolation. Below we outline some of the methods and suggest ways in which they might be used:



It is important to understand which methods are most appropriate for the size of your business, and also for your ambitions – social and otherwise:

Method	Definition	Recommended business size	Pros	Cons
Earnings method: Comparable quoted companies	Analysis of value using a comparable quoted companies	Medium and large	Uninflated by transaction matters Based on current, up to date information Valuation includes market conditions	Difficult to find truly comparable quoted company Future maintainable earnings need to be adjusted for exceptional or unusual items Valuation needs to be adjusted for known differences
Earnings method: Precedent transactions	Analysis of value using recent relevant transactions	Small, medium and large	Doesn’t rely on listed/publicly traded companies Realistic – deals were done based on that value	Finding truly comparable company Market conditions at the time influence value (e.g. Bubble, specific buyer rationale) Historical perspective Availability of information
Discounted cash flow (DCF)	A company’s future cash flow discounted to get the present value of cash flows	Medium and large	Gives intrinsic value – less reliant on external ‘noise’ and relative metrics Helps to identify key sensitivities and drivers of growth / cash	Subjectivity of projections and in particular, discount rate and terminal value Does not produce a market valuation Assets have to be managed to achieve future earnings
Net assets value	The value of the assets acquired	Small, medium and large	Accurate valuation method if the company were to be bought with the intention of being wound up Useful if the company has significant assets	Does not consider the trading of the company - the assets of the company and the company itself are two separate things Limited usage – only used in isolation if the company is being bought to be wound up Often gives the lowest valuation – i.e. minimum the seller will sell for

THE FINAL HARVEST OF A NEW VENTURE:

Harvesting is the final phase in the entrepreneurial value creation process, which includes building, growing, and harvesting. Harvesting is the process entrepreneurs and investors use to exit a business and liquidate their investment in a firm. While all three phases are important pieces of the entrepreneurial process, many entrepreneurs who fail to execute a successful harvest do not realize the full benefits of their years of labor. Harvesting is the means for capturing or unlocking value, reducing risk, and creating exit options. It is about more than money, as it also involves personal and non-financial considerations. As a consequence, even upon realizing an acceptable monetary value for the firm, an entrepreneur who is not prepared for the lifestyle transition that accompanies the harvest may come away disappointed with the overall outcome. Thus, crafting a harvest strategy is as essential to the entrepreneur's personal success as it is to his or her financial success.

COMPARISON OF ENTRY STRATEGIES FOR SUCCESSION IN PRIVATELY HELD BUSINESS:

	Advantages	Disadvantages
Early Entry Strategies	Intimate familiarity with the nature of the business and employees is acquired. Skills specifically required by the business are developed. Exposure to others in the business facilities acceptance and the achievement of credibility. Strong relationships with constituents are readily established.	Conflict results when the owner has difficulty with teaching or relinquishing control to the successor. Normal mistakes tend to be viewed as incompetence in the successor. Knowledge of the environment is limited, and risk of inbreeding are incurred.
Delayed Entry Strategy	The successor’s skills are judged with greater objectivity. The development of self- confidence and growth independent of familial influence are achieved. Outside success establishes credibility and serves as a basis for accepting the successor as a competent executive. Perspective of the business environment is broadened.	Specific expertise and understanding of the organization’ key success factors and culture may be lacking. Set patterns of outside activity may conflict with those prevailing in the family firm. Resentment may result when successors are advanced ahead of long-term employees

A **BUSINESS INCUBATOR** is a company that helps new and startup companies to develop by providing services such as management training or office space.[1] The National Business Incubation Association (NBIA) defines business incubators as a catalyst tool for either regional or national economic development. NBIA categorizes their members' incubators by the following five incubator types: academic institutions; non-profit development corporations; for-profit property development ventures; venture capital firms, and combination of the above.

Types of services

Since startup companies lack many resources, experience and networks, incubators provide services which helps them get through initial hurdles in starting up a business. These hurdles include space, funding, legal, accounting, computer services and other prerequisites to running the business.

According to the Small Business Administration's website, their mission provides small businesses with four main services. These services are:

- Plan your Business: Turn your great idea into a great business plan
- Launch your Business: Turn your business plan into a reality (register, file, and start doing business)
- Manage your Business: Master day-to-day operations and prepare for success
- Grow your Business: Find new funding, locations, and customers when business is good and it's time to expand

Among the most common incubator services are:

- Help with business basics
- Networking activities
- Marketing assistance
- Market Research
- High-speed Internet access
- Help with accounting/financial management
- Access to bank loans, loan funds and guarantee programs
- Help with presentation skills
- Links to higher education resources
- Links to strategic partners
- Access to angel investors or venture capital
- Comprehensive business training programs
- Advisory boards and mentors
- Management team identification
- Help with business etiquette
- Technology commercialization assistance
- Help with regulatory compliance
- Intellectual property management

Types of Business Incubators:

There are a number of business incubators that have focused on particular industries or on a particular business model, earning them their own name.

- Virtual business incubator - online business incubator
  - Since the 1950s, an older incubator model required startups to set up at the incubator's site. After the dot-com bubble, the virtual model was born, allowing companies to receive advice on

incubators without physically being at the shop. This new virtual business incubator model has been a major step forward for entrepreneurs, and are especially ideal for those who need the advice that an incubator office provides but who want to maintain their own offices, warehouses, etc.

- Kitchen incubator - a business incubator focused on the food industry
  - Specialty foods are typically high value and low production. Starting a commercial kitchen from scratch is a huge investment. The average food entrepreneur has to invest a lot of money before even making their food product, therefore not making profit for quite some time. Kitchen incubators give culinary entrepreneurs the opportunity to use low-cost kitchen space where they can rent a commercial kitchen space for an hourly or monthly rate. They also help culinary entrepreneurs make a profit by aiding in packaging, marketing, and selling their food products.
- Public incubator - a business incubator focused on the public good
  - Social incubators' goal, similar to all other business incubators, is to provide social entrepreneurs with the tools they need to expand their business. While some businesses avoid their social responsibility, others such as charities need to have the ability to be more business savvy to survive.
- Seed accelerator - a business incubator focused on early startups
  - "Seed accelerators, also known as startup accelerators, are fixed-term, cohort-based programs, that include mentorship and educational components and culminate in a public pitch event or demo day." While traditional business incubators are typically government-funded, accelerators differ in that they can be either privately or publicly funded and focus on a huge variety of industries. Seed accelerators also differ from business incubators in that the application process for seed accelerators is open to anyone, and is highly competitive.

- Corporate accelerator - a program of a larger company that acts akin to a seed accelerator

  - A specific type of seed accelerator which is often a subsidiary or program of larger corporations that act like seed accelerators, sponsored by an established for-profit corporation.

- Startup studio - a business incubator with interacting portfolio companies
  - Startup studio, also known as a startup factory, startup foundry, or a venture builder, is a company that strives to build several companies in succession. This business-building style is referred to as “parallel entrepreneurship”. The startup studio trend really became popular in 2008 and just continued to blossom. Today, there are over 65 startup studios across the world.
- Venture Builder: These are similar to a startup studio, but builds companies internally.
  - Venture-builders are also called tech studios, startup factories, or venture production studios. Unlike incubators and accelerators, venture builders do not take any applications and are a non-competitive program, but rather build companies using their own ideas and resource and assign internal teams of engineers, advisors, business developers, sales managers, etc. to develop them.
- Medical **Incubator**: a business incubator focused on medical devices and biomaterials
  - This type of business incubator focuses on start-up advice for medical devices and biomaterials. Medical technologies are always changing and improving, and therefore this type of incubator is ideal for encouraging innovation and entrepreneurship within the medical field.

WOMEN ENTREPRENEURS IN INDIA:

1. Indu Jain – Chairperson of Bennet, Coleman (TOI)

2. Indra Nooyi – Chairwoman of PepsiCo

3. Kiran Mazumdar Shaw – Founder of Biocon Limited

4. Vandana Luthra – Founder of VLCC

5. Priya Paul – Chairperson Park Hotels

6. Ritu Kumar – World Famous Fashion Designer

7. Shahnaz Hussian – CEO of Shahnaz Herbals

8. Suchi Mukherjee – Founder & CEO of Limeroad

9. Richa Kar – Co-founder of Zivame

10. Aditi Gupta – Founder of Menstrupedia

STRATEGIES TO DEVELOP WOMEN ENTREPRENEURS:

1) Empower the woman leader within.
2) Own your destiny.
3) Be the architect of your career.
4) Advocate unabashedly for yourself.
5) Translate the stories that numbers tell to drive strategic results.
6) Create exceptional teams.
7) Nurture your greatest asset - you.
8) Turn possibilities into realities.

INSTITUTIONS SUPPORTING WOMEN ENTREPRENEUR IN INDIA:

SIDBI

- SIDBI stands for Small Industries Development Bank of India. It is a national level institution which extends facilities for growth of small scale industries. This organization has introduced two special schemes for small scale industries by women.

Mahila Vikash Nidhi

Mahila Udyam Nidhi

- These 2 special schemes for women entrepreneurs provide equity and development assistance to women entrepreneurs.
- They provide financial assistance to women to start entrepreneurial work in the field of Weaving, spinning, Embroidery, Knitting and block printing. Besides the above schemes SIDBI has lunched the following schemes to provide assistance to women entrepreneurs.

- **Marketing Development Fund for Women**
- **Micro Credit Scheme**
- **Women Entrepreneurial Development Programme**

SIDO (Small Industries Development Organization)

- The primary objective of SIDO is to conduct various programmes including Entrepreneurship Development programme for women.
- This organization has introduced various development programmes in the areas of leather goods, TV repairing, screen printing and preparation of circuit boards.

CWEI (Consortium of Women Entrepreneurs of India)

- This is a Voluntary organization consisting of NGOs and individual business enterprises. CWEI was formed in the year 2001 with the basis objective of providing technological up gradation facilities to women entrepreneurs. Besides extending technological up gradation facilities, it facilitates in the sphere of marketing and export support.

WIT (Women India Trust)

- The promoter called Kamila Tyabji has taken initiative for establishment of WIT in 1968. The objective of this trust is to help women entrepreneurs. With the establishment of Kamila Trust in U.K., it has facilitated its members to market their product in London.
- It has also extended export support to the countries like Europe, Australia and Germany.

SEWA (Self Employed Women Association)

- This is trade union of women which was registered under Trade Union Act, in 1972. The primary objective of this organization is to empower women entrepreneurs in rural sector.
- Most of members of this organization are originated from unorganized sector.
- At present SEWA has shifted its operations from rural level areas to global level and receive substantial grant from international organizations like Ford Foundation and UNICEF.

SHGs. (Self Help Groups)

- SHGs is regarded as an association consisting of small group of self employed women entrepreneurs.
- The women entrepreneurs may be either from rural or urban areas. The primary objective of SHG is to take care of welfare of its associated members.
- It provides financial assistance as welfare of its members through financial institutions and non-government organizations.

FIWE (Federation of Indian Women Entrepreneurs)

- FIWE came into existence in the year 1993 on the outcome of resolution in 7th International conference of women entrepreneurs.
- It has helped women entrepreneurs in diversified activities through interaction with various women organizations and associations.

NABARD. (National Bank for Agriculture and Rural Development)

- NABARD is an autonomous organization. The primary objective of NABARD is to provide liberal credit facilities to women entrepreneurs. The followings are some of essential characteristics of NABARD on liberal credit to women entrepreneurs.
- It is launched to provide finance to SHG. It provides facilities on resources and training in NGO Formation.
- It arranges training from bank official on formation of SHG.
- It provides refinance to bank against lending to SHG