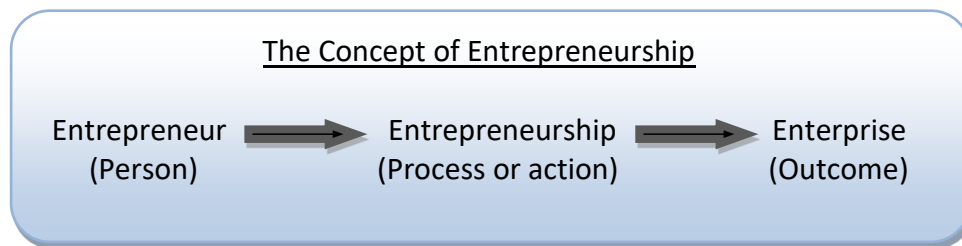

Unit-I

Introduction to Entrepreneurship and Start – Ups

1.1 Entrepreneurship – Definition

An entrepreneur is a person who starts an enterprise. The process of creation is called entrepreneurship. The entrepreneur is the actor and entrepreneurship is the process to build & run the enterprise.



Enterprise

- “Enterprise is a Business Unit.”
- “Enterprise may be defined as an undertaking or adventure involving uncertainty and risk and requiring innovation.”
- An enterprise is a business organization that is formed and which provides goods and services, creates jobs, contributes to national income, and exports and contributes to the overall economic development.

Entrepreneur

- Entrepreneur” is derived from the French word “*entrepreneur*” which means – “to undertake” i.e., person who undertakes the risk of the new enterprise.
- “An entrepreneur is a person who sets up a business, taking on financial risks in the hope of profit.”
- “An entrepreneur is a person who exercises initiative start up to benefit from an opportunity rather than working as an employee.”

Entrepreneurship

- “Entrepreneurship is the activity of setting up a business, taking on financial risks in the hope of profit.”
- “Entrepreneurship is the process of designing, launching and running a new business which is often initially a small business and the people who create these businesses are called entrepreneurs.”

“An entrepreneur is one who always searches for changes, responds to them and exploits it as an opportunity. He believes in increasing the value and consumer satisfaction. Thus, a professional manager who mobilizes resources and allocates them to make a commercial gain from an opportunity is also called an entrepreneur.” - Peter F. Drucker

➤ **Traits of an Entrepreneur (Competencies of an Entrepreneur)**

Entrepreneurs possess a unique set of traits and characteristics that contribute to their success. Here are some common traits of an entrepreneur as outlined by various sources:

1. **Initiative:** One of the most fundamental traits required for entrepreneurs is the ability to take initiative. It is the first step in the enterprise.
2. **Passion:** Entrepreneurs are often deeply passionate about their ideas and ventures, which drives their commitment and determination to succeed.
3. **Risk-taking and Risk Management:** Entrepreneurs are willing to take calculated risks to achieve their goals, even when facing uncertainty and adversity.
4. **Innovation:** They are creative and innovative thinkers, constantly seeking new solutions and opportunities
5. **Persistence:** Entrepreneurs exhibit a strong level of perseverance, overcoming setbacks and challenges that come their way.
6. **Adaptability & Flexibility:** They can adapt to changing circumstances and market conditions, adjusting their strategies as needed. An entrepreneur can be open-minded and flexible in the face of change.
7. **Vision:** Entrepreneurs have a clear vision of what they want to achieve and can articulate it to others, inspiring confidence and support.
8. **Leadership & Motivator:** They often possess strong leadership qualities, enabling them to build and lead effective teams, they should be able to guide and motivate his/her entire team and lead them to success in business.
9. **Networking:** Entrepreneurs are skilled networkers, establishing valuable connections and partnerships that can benefit their venture.
10. **Enterprise Management Competencies:** The enterprise may be small or big but it demands management abilities on the part of its owner or manager. Various management functions such as production, marketing, finance, directing, staffing etc. are crucial functions to entrepreneurs.
11. **Customer Focus:** They prioritize understanding and meeting the needs of their target customers, driving product or service development.
12. **Problem Solving:** Entrepreneurs identify and solve problems, which can lead to the development of unique business solutions

These traits collectively contribute to the success of entrepreneurs in navigating the challenges and opportunities of the business world.

1.2 Functions of Entrepreneurship

Entrepreneurship plays a multifaceted role in society, contributing to job creation, innovation, inspiration, and economic development:

1. **Job Creation:** Entrepreneurs are pivotal in generating employment opportunities, reducing unemployment rates, and fostering economic stability. For instance, a tech startup can hire software developers, marketers, and customer support staff, contributing to job growth.
2. **Innovation:** Entrepreneurs are often at the forefront of innovation, introducing new products, services, and processes that drive progress and competitiveness in various industries. A prime example is Apple Inc., which revolutionized the technology industry with products like the iPhone and iPad, setting new standards and inspiring competitors

3. **Inspiration:** Successful entrepreneurs serve as role models and sources of inspiration, encouraging others to pursue their business ideas and contribute to economic growth. Elon Musk, the founder of Tesla and SpaceX, serves as an inspiration for aspiring entrepreneurs looking to tackle ambitious projects in the automotive and aerospace sectors
4. **Economic Development:** Entrepreneurship contributes to economic growth. Consider the impact of small businesses in a local community, providing goods and services, generating income by increasing exports and decreasing imports to improve GDP, and contributing to the overall prosperity of developing Countries like India.

These functions highlight the vital role of entrepreneurship in fostering economic vitality, driving innovation, creating employment opportunities, and motivating individuals to pursue their business ideas.

1.3 Types of Entrepreneurship

Clarence Danhof, a management theorist, categorized entrepreneurs into different types based on their characteristics and motivations.

1. **Innovative Entrepreneurs:** These entrepreneurs are known for their creativity and innovation. They introduce new products, services, or processes that disrupt existing markets. Examples include tech pioneers like Steve Jobs, co-founder of Apple.
2. **Imitative Entrepreneurs:** Imitative entrepreneurs replicate existing successful business models or ideas in their local or regional markets. They may not introduce groundbreaking innovations but adapt proven concepts effectively.
3. **Fabian Entrepreneurs:** Fabian entrepreneurs are cautious and risk-averse. They prefer gradual growth and tend to avoid major risks. They focus on stability and long-term sustainability.
4. **Drone Entrepreneurs:** These entrepreneurs lack innovation and prefer to follow established norms. They may not actively seek growth or change and are content with routine business operations.

These categories help us understand the diversity in entrepreneurial approaches and mindsets. While some entrepreneurs are driven by innovation and disruption, others prioritize stability and risk avoidance. Clarence Danhof's classification provides valuable insights into the world of entrepreneurship.

➤ **Modern-day Classification of Entrepreneurship**

Entrepreneurship takes on various forms and can be categorized into different types based on its nature and purpose. Here are some common types of entrepreneurships.

1. **Small Business Entrepreneurship:** This type involves starting and running small businesses, often serving local markets. Examples include local shops, restaurants, and service provider.
2. **Social Entrepreneurship:** Social entrepreneurs focus on addressing social or environmental issues while still maintaining financial sustainability. Organizations like TOMS Shoes, which donates a pair of shoes for each one sold, exemplify this type.

3. **Corporate Entrepreneurship (Intrapreneurship):** In this form, employees within large organizations exhibit entrepreneurial behavior by developing and implementing new ideas and projects. An example is Google's "20% time" where employees are encouraged to work on personal projects.
4. **Scalable Startup Entrepreneurship:** Scalable startups aim for rapid growth and often seek venture capital funding. Famous examples include Airbnb and Uber, which disrupted traditional industries
5. **Online Entrepreneurship:** This type involves creating and running online businesses, such as e-commerce stores, blogs, and digital marketing agencies. Examples include Amazon and Facebook.
6. **Tech Entrepreneurship:** Tech entrepreneurs focus on creating and innovating technology-based products or services. Companies like Apple and SpaceX fall into this category.

These are just a few examples, and entrepreneurship can manifest in many other forms depending on the industry, goals, and innovative ideas of the individuals or organizations involved.

1.4 Intrapreneurship

Intrapreneur, also called inside entrepreneur, or an entrepreneur within a large firm, who uses entrepreneurial skills without incurring the risks associated with those activities.



- An intrapreneur is nothing but an entrepreneur within the boundaries of the organization. An intrapreneur is an employee of a large organization, who has the authority of initiating creativity and innovation in the company's products, services and projects, redesigning the processes, workflows and system with the objective of transforming them into a successful venture of the enterprise.
- **Example - Google's Intrapreneurship program:**
all the employees are empowered and encouraged to spend 20% of their time on projects that interest them and that they think will benefit Google and their customers. The Google "Innovation Time Off" Intrapreneurship program For a Google employee, to participate in the program, he/she needs to submit a project proposal with a timeline of Google's newest products and services such as Gmail, Google news, Orkut, inbox and AdSense were all originated through this program.
- India has witnessed numerous success stories of intrapreneurship in major business group like TATA, E-Choupal by ITC etc. These stories showcase how individuals within organizations have initiated innovative projects that have led to significant achievements

➤ Comparisons of Entrepreneurship and Intrapreneurship

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

➤ Motivation for Intrapreneurship

Intrapreneurship, the practice of entrepreneurial activities within an established organization, is driven by various motivations:

1. **Innovation:** Intrapreneurs are often motivated by the opportunity to innovate and bring new ideas to life within their workplace. They seek to create positive change and improve existing processes.
2. **Personal Growth:** The chance to develop new skills and gain experience motivates intrapreneurs. Intrapreneurship provides a platform for individuals to expand their knowledge and capabilities.
3. **Problem Solving:** Intrapreneurs are often driven by a desire to solve problems and address challenges within their organization. They see opportunities for improvement and feel a sense of responsibility to find solutions.
4. **Recognition:** Recognition and rewards for successful intrapreneurial efforts can be strong motivators. This can include promotions, bonuses, or public acknowledgment of achievements.
5. **Autonomy:** Some individuals are motivated by the autonomy and freedom to work on projects they are passionate about. Intrapreneurship often allows for more independence compared to traditional roles.
6. **Impact:** Intrapreneurs are driven by the opportunity to make a significant impact on their organization. They want to see their ideas come to fruition and create positive change.

1.5 Types of Business Structures

Business is defined as an human activity directed towards producing or acquiring wealth through buying and selling of goods.

➤ Classification of Business:

Business activities can be also classified according to size or ownership on the following grounds/basis: 1. Activity 2. Size 3. Ownership

- In now days volume of the capital invested is a strong parameter to categories enterprises as:
1. **Manufacturing Enterprises**-The enterprises engaged in the manufacture or production of goods pertaining to any industry employing plant and machinery in the process of value addition to the final product. they are **defined in terms of investment in Plant & Machinery**.
 2. **Service Enterprises**:-The enterprises engaged in providing or rendering of services and are **defined in terms of investment in equipment**.

1.6 Similarities and differences between entrepreneurs and managers

| Parameters | Entrepreneur | Manager |
|-----------------------------------|---|---|
| Meaning | An entrepreneur is a person who builds a new organisation by gathering data (i.e. land, labour and capital) for manufacturing purposes. | By the term 'manager' we mean a person who gets the things done through his assistants, with the purpose of achieving business goals efficiently. |
| Focuses on | Setting up a business | Running the daily operations |
| Status in organisation | Owner | Employee |
| Kind of benefit applicable | Profit earned from running business | Salary earned from managing daily business operations |

Similarities:

- **Leadership:** Both entrepreneurs and managers exhibit leadership qualities. They guide teams toward achieving organizational goals.
- **Decision-Making:** Both are involved in decision-making, but entrepreneurs make strategic decisions for the long-term success of the business, while managers make operational decisions.
- **Goal-Oriented:** Entrepreneurs and managers work towards achieving specific objectives for the organization.
- **Risk Management:** Both deal with risks, but entrepreneurs often take calculated risks when starting a venture, while managers focus on minimizing risks within established processes.
- **Adaptability:** In today's dynamic business environment, both need to adapt to changes and challenges.

Differences:

- **Ownership:** Entrepreneurs typically own the business or a significant part of it, while managers work for the organization.
- **Initiative:** Entrepreneurs are initiators; they conceive and create new business opportunities. Managers implement and execute existing business plans.
- **Innovation:** Entrepreneurs are often innovators, introducing new products or services. Managers focus on efficient operations.

- **Responsibility:** Entrepreneurs bear ultimate responsibility for the success or failure of their ventures. Managers have responsibility for specific functions or teams.
- **Longevity:** Entrepreneurs may have a high tolerance for risk and are willing to endure uncertainty. Managers work within established structures.
- **Rewards:** Entrepreneurs can reap substantial financial rewards if their ventures succeed. Managers receive salaries and bonuses but don't typically share in the business's profits.

In summary, both entrepreneurs and managers are crucial for an organization's success, but they have distinct roles and responsibilities based on ownership, initiative, and risk tolerance. Entrepreneurs are often the driving force behind the creation of new businesses, while managers ensure the efficient operation of existing ones.

1.7 7-M Resources

The "7-M Resources" refer to a set of essential elements or factors necessary for the success of a business venture. These resources can be categorized as follows:

1. **Manpower:** Skilled and motivated human resources.
2. **Money:** Adequate financial resources for operations and growth.
3. **Machinery:** Necessary equipment and technology for production.
4. **Materials:** Essential supplies and raw materials.
5. **Methods:** Effective processes and strategies for business operations.
6. **Market:** A clear understanding of the target market and customer needs.
7. **Motivation:** Entrepreneurial drive and commitment.

Each of these resources plays a critical role in ensuring the sustainability and profitability of a business. For example, having a skilled workforce (Manpower) can lead to higher productivity, while understanding the Market helps in catering to customer demands effectively.

These resources are interrelated and should be managed efficiently to achieve business goals. Entrepreneurs and business managers need to assess, allocate, and optimize these resources to create a successful enterprise.

1.8 Micro, Small, Medium Enterprise/ MSME - Industry Registration Process

The Indian micro and small enterprise (MSEs) sector plays a pivotal role in the country's industrial economy.

Definitions of Micro, Small & Medium Enterprises In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

Composite Criteria of MSME Classification: Investment in Plant & Machinery/equipment and Annual Turnover

| CLASSIFICATION | MICRO | SMALL | MEDIUM |
|--|---|---|--|
| Manufacturing Enterprises and Enterprises rendering Services | Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover ; not more than Rs. 5 crore | Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover ; not more than Rs. 50 crore | Investment in Plant and Machinery or Equipment: Not more than Rs.50 crore and Annual Turnover ; not more than Rs. 250 crore |

*Revised Classification applicable w.e.f 1st July 2020 from <https://msme.gov.in/know-about-msme>

The registration process for Micro, Small, and Medium Enterprises (MSMEs) in India can be summarized as follows:

1. **Visit the Udyam Registration Portal:** Access the official Udyam Registration portal (<https://udyamregistration.gov.in/>).
 2. **Provide Aadhar Number:** Use your Aadhar number for registration.
 3. **Fill in business and personal Details:** Enter name of the enterprise, type of organization, PAN, location, and other relevant information.
 4. **Verify Aadhar:** After submission, an OTP will be sent to your Aadhar-linked mobile number for verification.
 5. **Validation & Approval:** Once validated, your MSME certificate will be generated with a unique Udyam Registration Number (URN).
- **Benefits of Registration:** MSME registration provides various benefits, including access to government schemes, subsidies, and easier access to loans and credit facilities.

1.9 Startup India, Standup India and SSIP Gujarat & Startup Registration Process

Startup India, Standup India, and SSIP Gujarat are initiatives that promote entrepreneurship and innovation in India, with a focus on Gujarat. Here's a brief overview and the startup registration process:

- **Startup India:** This is a nationwide initiative to support and nurture startups in India. While it's not limited to Gujarat, it provides various benefits, including tax exemptions and funding opportunities, to registered startups across the country. To register, visit the [Startup India Scheme](#) portal.
- **Standup India:** This is another nationwide initiative but with a focus on promoting entrepreneurship among women and scheduled caste/scheduled tribe communities. It encourages bank financing for greenfield enterprises. The registration process is often facilitated through banks.
- **SSIP Gujarat (Student Startup and Innovation Policy):** This initiative is specific to Gujarat and aims to encourage innovation and entrepreneurship among students. It offers

various incentives and support for student startups. You can find more details and application forms on the [SSIP Gujarat](#) website.

- **Startup Registration Process:**

Before proceeding, it's advisable to visit the respective websites or consult with local authorities for the most up-to-date information and guidance on the registration process for these initiatives. Each initiative offers unique benefits to entrepreneurs and startups to support their growth and success.

Registering your startup with Startup India involves several steps. Here's a concise overview of the process:

1. **Eligibility Check:** Ensure your business meets the eligibility criteria set by Startup India. This typically includes having a unique business idea and being incorporated as a private limited company or a registered partnership firm.
2. **Online Registration:** Visit the official Startup India website and create an account. Provide essential details about your business and its founders.
3. **Document Submission:** Upload the required documents, including the Certificate of Incorporation/Registration and a brief pitch about your business. Ensure all documents are in PDF format.
4. **Recognition Number:** Once your application is reviewed and approved, you will receive a recognition number. This serves as your Startup India recognition.
5. **Benefits Access:** With the recognition number, you can access various benefits and schemes provided by Startup India, such as tax exemptions and funding opportunities.
6. **Compliance:** Continue to meet the compliance requirements to retain your startup status and benefits.
7. **Networking:** Leverage the Startup India network to connect with other startups, mentors, and investors to grow your business.

It's important to note that the exact steps and requirements may vary, so it's advisable to refer to the official Startup India website or consult with a legal or business expert to ensure a smooth registration process for your startup.