Module 5

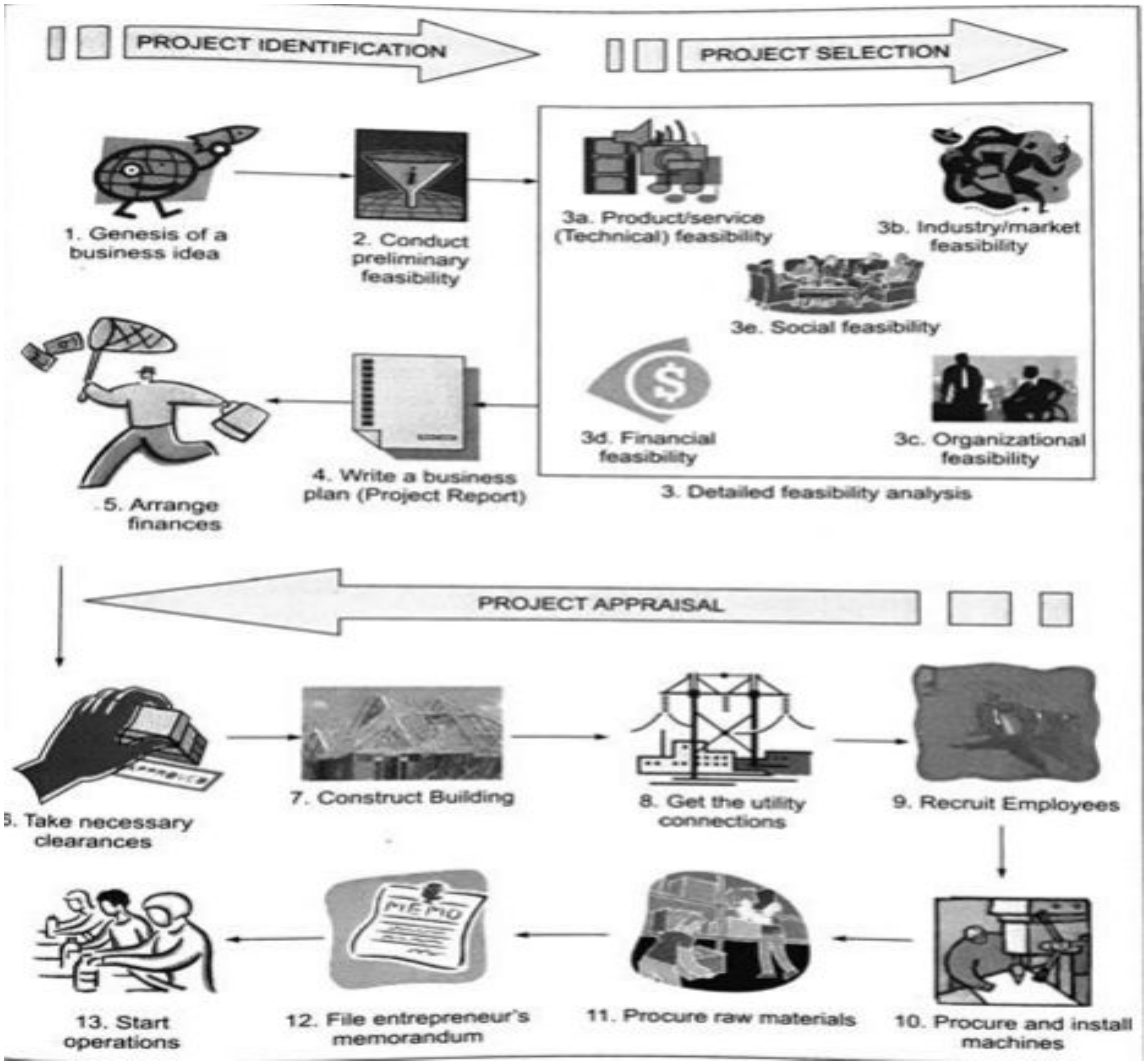
Chapter 8: Preparation of Project

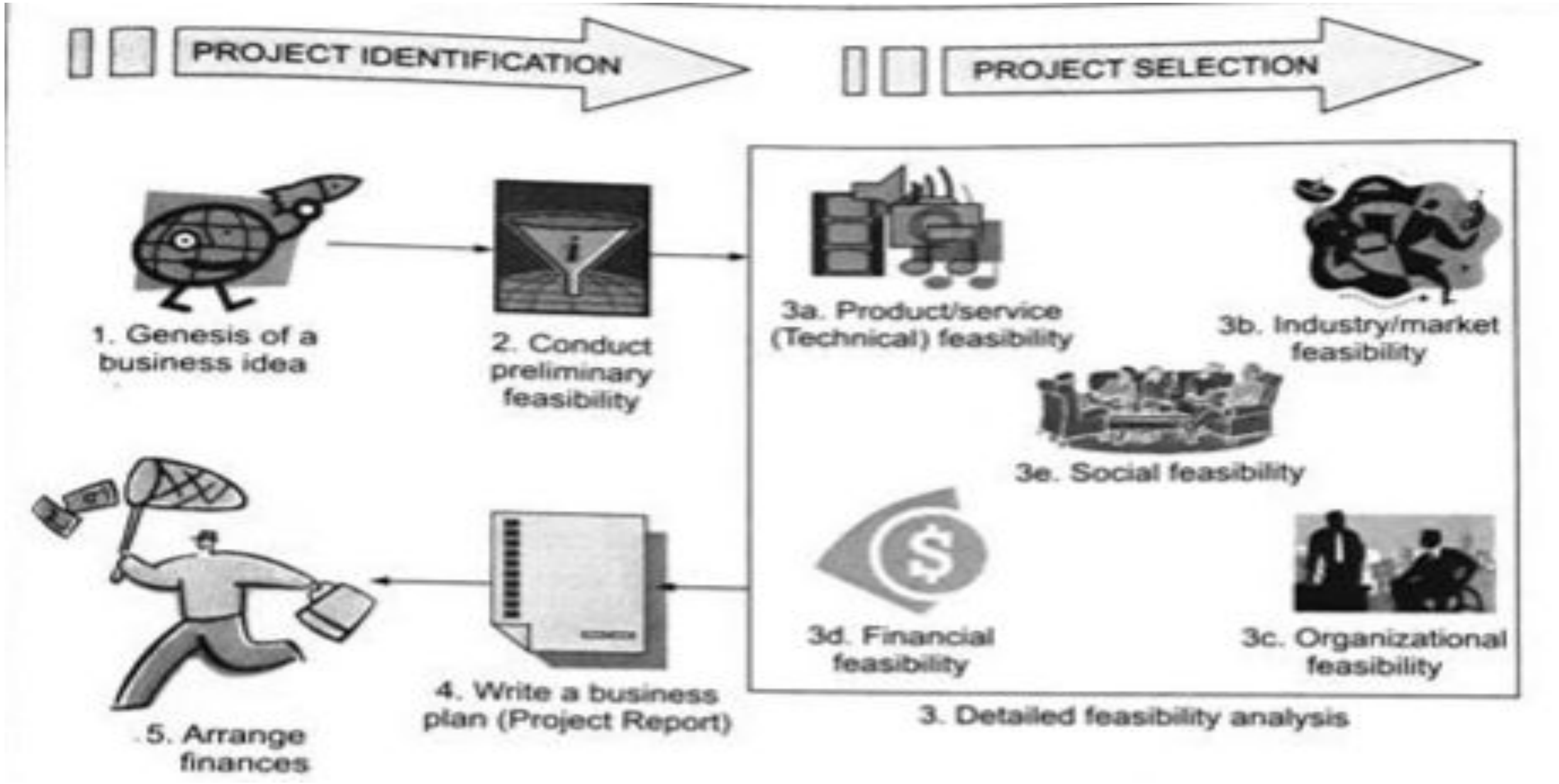
Meaning of Project:

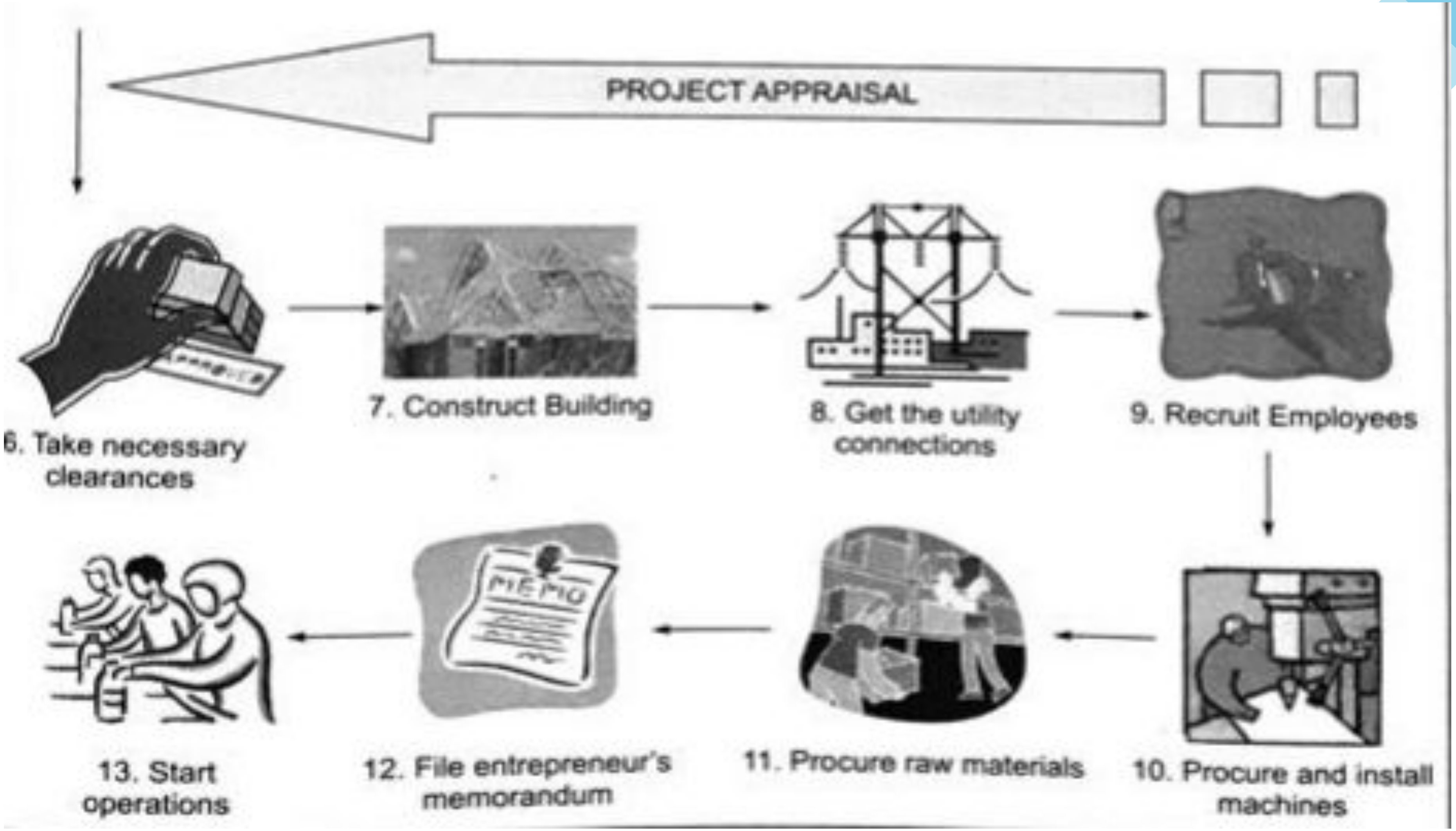
- A **project** is a temporary endeavour undertaken to create a unique product or service.
- A project can be considered to be the achievement of a specific objective, which involves a series of activities and tasks which consume resources.
- In the context of entrepreneurship, a project is a business venture.
- The term **temporary endeavour** indicates that the project would be over as soon as the unique product or service gets created. In case of entrepreneurship, the project is completed when the new venture gets started and sees the light of the day.

- The word **unique** signifies that tasks undertaken on a day-to-day routine basis cannot be considered as a project. There has to be some uniqueness in the tasks to constitute a project.
- The term **specific objective** is important here, because a clearly spelt-out objective is imperative for a project, which the project team strives to achieve.
- The phase **series of activities and tasks** implies that a project requires activities and tasks to be undertaken in a sequence as per their precedence requirements.
- The term **consume resources** means that the activities and tasks of a project should be real, i.e. cannot be completed without using various types of resources like men, machines, and materials.

Steps to start an SSI in India:




PROJECT IDENTIFICATION
PROJECT SELECTION
1. Genesis of a business idea
2. Conduct preliminary feasibility
3a. Product/service (Technical) feasibility
3b. Industry/market feasibility
3e. Social feasibility
3d. Financial feasibility
3c. Organizational feasibility
3. Detailed feasibility analysis
4. Write a business plan (Project Report)
5. Arrange finances


PROJECT APPRAISAL
6. Take necessary clearances
7. Construct Building
8. Get the utility connections
9. Recruit Employees
10. Procure and install machines
11. Procure raw materials
12. File entrepreneur's memorandum
13. Start operations

- The initial steps(1 to 4) r safe as the ones that we discussed under the session”Stages of Entrepreneurship” .
- The project identification happens in steps 1 and 2, while the project selection is done in Step 3.
- Project appraisal is done in Step 4(when internal reviews of the business plan are done) and Step 5(when the entrepreneur approaches the external investors for funding).
- However, the steps in project appraisal are the same as in project selection viz.
  - Product/service (technical) feasibility,
  - Industry/market feasibility,
  - Organizational feasibility,
  - Financial feasibility, and
  - Social feasibility.

In project appraisal, a team of experts review these find types of feasibility studies included by the entrepreneur and the project report.

- The team of experts try to assess if the entrepreneur has made a genuine effort to collect relevant data and analyse the same meticulously in order to create a viable business plan.
- The project report thus constitutes a major scrutiny object for these experts to a certain the feasibility of the project and accordingly grant/deny funding.
- The section on “Content” of the project report further highlights out the various sections of the report should be organised in the report.
- Step 1 to 4 (refer Stages in Entrepreneurship)

Step 3e: Social feasibility study is important to assess the receptivity of the local population in the region to business activity.

- This is especially true in certain tribal areas, where the government is trying to promote industrial activity in its pursuit of equitable distribution, while the local community is still not prepared for the same.
- Even in big cities, common public rallies against industrial activity which results in pollution of various kinds-air pollution, noise pollution, land pollution, river pollution, etc.
- Therefore, it is important that the entrepreneur make a realistic assessment of how the new business would have an impact upon the local population.
- Industrial waste treatment plants should be planned in order to circumvent such problems in future.

- If a project results in acquisition of land which requires displacement of the local population, the consideration of associated costs and consent of the people concerned become imperative.
- This would have a direct impact upon the fixed cost(capital investments) of the project.
- The positive social aspects related to a project should also be properly identified-employment generation, use of local natural resources, provision of affordable products/services produced by the venture to the local population etc.
- These positive aspects of the business help in convincing the government agencies for support in the form of subsidies and concessions.
- If the production process involves the usage of natural resources (like wood) of the region, proper planning for restoration(e.g. Tree plantations) should be done in advance and associated cost should be taken into considerations

Step 5: Arrange Finances:

- The entrepreneur can arrange finances from 3 primary sources:

1. Lenders,
2. Angels, and
3. Venture capitalists.

- Lenders are usually the banks and financial institutions which provide debt to the entrepreneurs on the basis of some collateral. They assess the capability of the new venture to repay the interest and principal loan amount.
- The "Angel" investor is generally a wealthy individual, who becomes personally involved with a startup company-loaning expertise, experience, and money.

- Venture capitalist are the persons who invest in the startup venture with the expectation of profitability or/and growth. They are the Equity Partners in the venture, who sit on the Board of Directors, act as advisors to the management, and expect about 45 to 60% of annual return on investment over the coming 3 to 5 years.
- The project report(business plan) is a powerful tool to convince the “powers that be” to shell out money for funding the startup venture.

- Financial assistance in India for MSME units is available from a variety of institutions.
- The important ones are:

1. Commercial/Regional Rural/Cooperative Banks
2. SIDBI: Small Industries Development Bank of India
3. SFCs/SIDCs: State Financial Corporation(e.g. Delhi financial corporation)/State Industrial Development Corporations.

- Long-term and medium-term loans are provided by SFCs, SIDBI, and SIDCs.
- This type of financing is needed to fund purchase of land, construction of factory building/shed, for purchase of machinery and equipment.
- The short-term loans are required for working capital requirements, which fund the purchase of raw materials and consumables, payment of wages and other immediate manufacturing and administrative expenses.
- Such loans are generally available from commercial banks. (Loan up to 1 crore)

- The details of the documentation that need to be provided with the loan applications are indicated below:

1. Documentation of loan application
2. balance sheet and profit loss statement for last 3 consecutive years of firms owned by promoters
3. income tax assessment certificates of partners/directors
4. proof of possessions of land/building
5. Architect’s estimate for construction cost
6. partnership deed/memorandum and articles of association of company
7. project report
8. budgetary quotations of plant and machinery

- A sanction or reduction letter is issued by the bank after its assessment of the application.

Step 6: Take necessary clearances:

- An entrepreneur as to obtain several clearances or permissions depending upon the nature of his unit and products manufactured.

a. Regulatory or taxation clearances
b. Environment and pollution related clearances
c. Product specific clearances

a. Regulatory or taxation clearances:

1. Registration under Sales Tax Act-Commercial Tax Officer of area concerned
2. Registration under Central Excise Act-Collector of Central Excise or his nominee for area
3. Payment of income tax-ITO of the area concerned
4. Registration of partnership deed-Inspector General of area concerned
5. Calibration of weights and measures- Weights and Measures Inspector of state
6. Power connection-Designated Officer of State Electricity Board
7. Employee strength exceeding 10 with power connection or 20 without power-Chief Inspector of factories

b. Environment and pollution related clearances:

- The method of granting consent under water and air pollution to SSI units as been simplified.
- Except for 17 critical polluting sectors given below, in all other cases, SSI units will merely have to file an application and obtain an acknowledgement which will serve the purpose of consent:

1. Fertilizer(nitrogen/phosphate)
2. Sugar
3. Cement
4. Aluminium
5. Petrochemical
6. Thermal power
7. Oil refinery
8. Sulphuric acid
9. Fermentation and Distillery
10. Tanneries
11. Copper smelter
12. Zinc smelter
13. Iron and Steel
14. Pulp and Paper
15. Dye and dye intermediates
16. Pesticides manufacturing and formulation
17. Basic drugs and pharmaceuticals

c. Product specific clearances:

1. Establishing a printing press- District Magistrate
2. Licence for cold storage construction- Designated official in State
3. Pesticides-Central/State Agricultural Department- Ministry of Agriculture
4. Drugs and pharmaceuticals- Drug licence from State Drug Controller
5. Safety matches/Fireworks- License under Explosives Act from Directorate of Explosives, Nagpur
6. Household electrical appliances-Licence from Bureau of Indian standards
7. Wood Working Industry with an 8km from forest-District Forest Officer
8. Milk processing and Milk products manufacturing units-approval under Milk and Milk products order from State Agricultural/Food Processing Industries Department about designated capacity.

Step 7: Construct building:

- Once an industrial plot for the unit is secured, then the next job is that to find suitable architect.
- Design of factory buildings asked to be in consonance with the type of industry and should have an appropriate plant layout.
- An architect's estimate of building construction is essential for loan applications.
- Further, architect's certificate for money spent on building is needed for disbursement of loan.

Step 8: Get the utility connections:

- Among the utilities of prime importance are power and water.
- In many cases, getting power connection causes delay in setting up of plant. Therefore, it is imperative to commence work on these aspects with diligent follow up.
- Power connections are generally of either LT(Low tension) or HT (High tension) type.
- If connected load is up to 75 HP, LT connection is provided. For connected loads of 130 HP or higher, only HT connection is provided.
- A formal application needs to be made in a specified form to the state electricity board.
- Water connection is also obtained likewise by applying in advanced informal forms. The water supply can be augmented by installation of tube-well.

Step 9: Recruit employees:

- The project report created in the earlier step contain details about the manpower and personal requirements.
- The recruitment and selection of staff should be done in a planned manner.
- Example: the engineers and technicians should be on board by the time procurement and installation of machinery and equipment commences.
- This would be useful, as these experts would be able to give their valuable advises in relation to the missionary and equipment to be procured.
- They would also assist in the installation and trial runs of the machinery and equipment.

Step 10: Procure and install machines:

- The machines and equipment to be used in the production/service process are extensively analysed during the technical feasibility study done earlier.
- However, this issue should be revisited again at this stage of deciding about the technology to be utilised in the process.
- The opinion of the engineers hired, external experts and government agencies like DICs should be taken into consideration before making a final choice.
- International trade fairs and engineering fairs are often useful places to visit in this regard, to gain first-hand experience.

Step 11: Procure raw materials:

- Procurement of raw materials should be done by the time installation of machinery and equipment starts taking place.
- Some raw materials would be required for trial runs of the missionary during the installation stage itself.
- If some raw material is to be sourced from abroad, order should be placed well in advance keeping in view the lead time involved.
- The idea here is to neither keep too high an inventory of raw materials, nor too low.
- Too high an inventory unnecessarily ties up the working capital, while too low and inventory may disrupt the production process.

Step 12: File entrepreneur’s memorandum:

- The entrepreneur’s memorandum form is available with the district industries centers(DICs) and can be submitted there by the entrepreneurs.
- The form is in 2 parts:

a. First part is to be filled by entrepreneurs whose ventures are still in planning stages

b. Second part is to be filled, when they start their actual operations.

- The forms submitted are evaluated by the DICs on following aspects:

a. The unit has obtained all necessary clearances-weather statutory or administrative, e.g. drug licence under drug control order, NOC from Pollution Control Board, if required, etc.

b. Unit does not violate any locational restriction in force, at the time of evaluation.

c. Value of plant and machinery is within prescribed limits.

d. Unit is not owned, controlled or subsidiary of any other industrial under-taking as per notification.

- Thus, filling this form is beneficial to the entrepreneur in getting feedback from the DICs if any local norms are in force, which may have unintentionally been overlooked/violated by the new venture due to lack of information.

Step 13: Start operations:

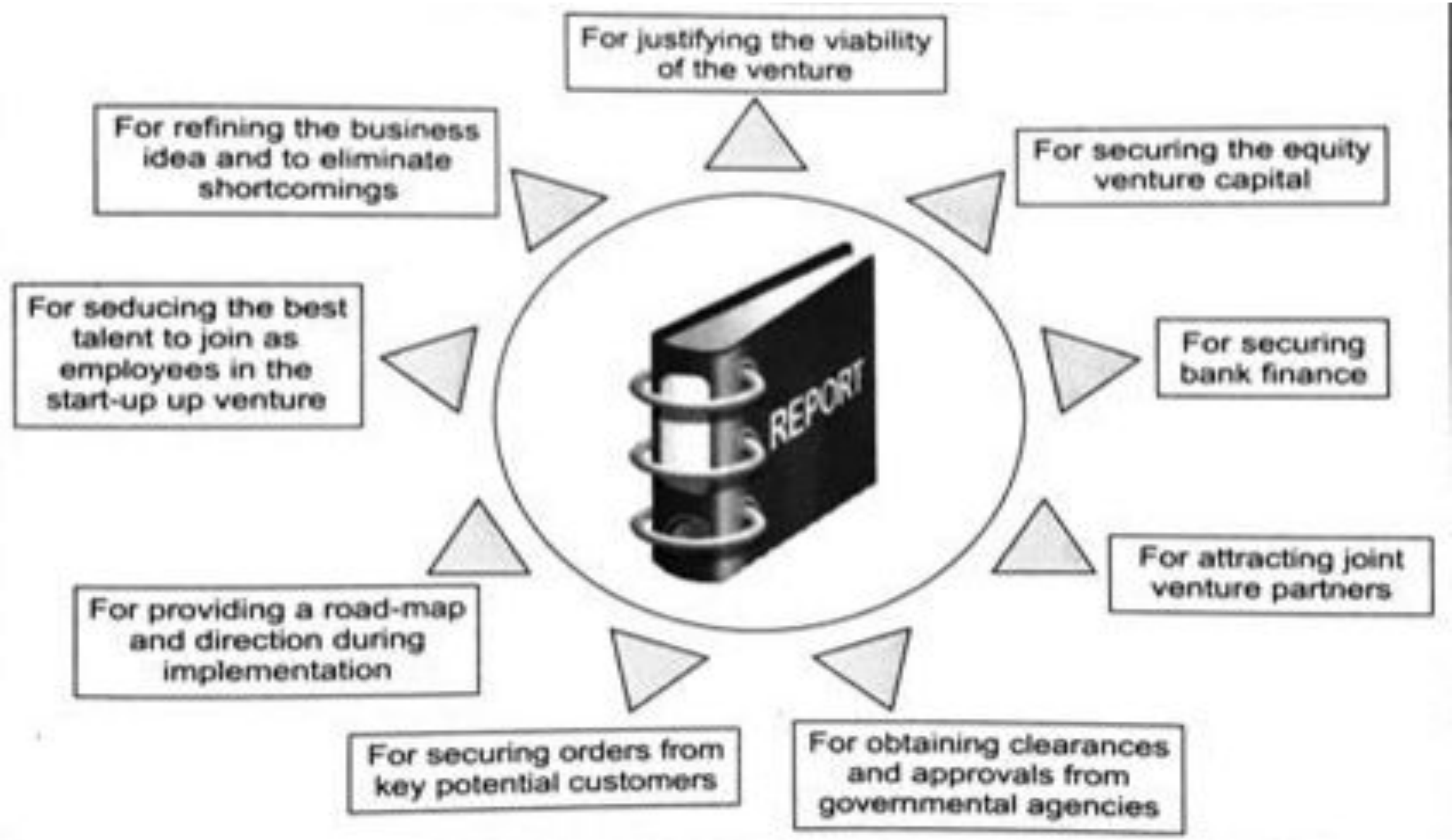
- Last but not the least, the unit should start its operations.
- The initial production/operation should be done on the basis of demand projection arrived at earlier in the project report/business plan.
- The inventory of the finished goods produced should be carefully planned to make sure that it is neither too high nor too less.
- As with raw materials, a large finished goods inventory unnecessarily ties up the working capital, while too less an inventory may result in customers going back disappointed due to non-availability of stocks

Project Report:

- In the Indian context, a project report for an entrepreneurial venture is same as the business plan.
- Many state governments in India provide subsidies to the entrepreneurs in the preparation of project report.
- Some of these states are Assam, Goa, Himachal Pradesh, Jammu and Kashmir, Kerala, Maharashtra, Meghalaya, Manipur, and Tripura.
- The subsidies offered vary from 100% to 50% with some ceiling on subsidies.

Need and Significance of Report:

- The figure enumerates the need and significance of the project report.



- The need and significance of project report:

1. For refining the business idea and to eliminate shortcomings.
2. For justifying the viability of the venture.
3. For securing the equity venture capital.
4. For securing bank finance.
5. For attracting joint venture partners.
6. For obtaining clearances and approvals from governmental agencies.
7. For securing orders from key potential customers.
8. For providing a road map and direction during implementation.
9. For seducing the best talent to join as employees in the startup venture.

1. For refining the business idea and to eliminate shortcomings:
   - The project report is a means to put the business idea in black and white, to meticulously think-through the various intricacies, and to eliminate any shortcomings in the business plan.
2. For justifying the viability of the venture:
   - The project report serves as a powerful mechanism to justify the viability of the venture before the venture partners, family, friends and relatives will link to invest as Equity Partners in the venture.
   - It becomes a good reality-check before the process of convincing outsiders about the feasibility of the project commences.
3. For securing the equity venture capital:
   - There are Angel investors and silent partners who invariably require the business plan in the form of project report before considering sanction of equity venture capital for the project.

4. For securing bank finance:

- The debt quotient of the funding is to be secured from the banks and financial institutions. The project report is a mandatory requirement for this purpose.

5. For attracting joint venture partners:

- In some instances, some existing firms may be willing to partner with you to create a joint venture, for which they would require the project report to assess the “fit” between the firms, intellectual property protection, synergies which would be created, etc.
- Example: the Bharthi Group(Airtel) is planning a joint venture with Walmart in the retailing space.

6. For obtaining clearances and approvals from governmental agencies:

- In certain industries, government clearances are required, and the project report becomes an essential document in such instances.
- Example: there are some environmental clearances required for chemical industries.

7. For securing orders from key potential customers:

- The risk involved in a new business venture can be minimized up to a great extent of some potential key customers are willing to commit orders at the outset.
- It is easier said than done unless the customers are indeed convinced about the credibility and viability of the startup venture. The project report serves as an excellent tool in this regard.

8. For providing a road map and direction during implementation:

- The project report becomes a major help during the project implementation stage to provide necessary information to one and all about exactly what the original plan of the project is.
- This is especially true for key employees and partners in the firm who join at a later stage when the project is already under implementation

9. For seducing the best talent to join as employees in the startup venture:

- The best of talent in the industry usually prefers to work for establish firms and multinational corporations rather than for startup ventures, which of course have some degree of risk involved in them.
- The entrepreneur may like to showcase the project report before potential employees for key positions to convince and seduce them towards the merits of joining the startup firm.

Contents of Project Report:

- The contents of a project report would depend upon the kind of business being proposed.
- However, in general, the contents would be more or less similar to the one listed.
- It is advisable that the entrepreneur should align the contents of the project report as per the unique requirements of the new proposed venture rather than following the set standard format.

1. Cover Page
2. Table of Contents
3. Executive Summary
4. Company Information and Industry
5. Products or Services (Technical Plan)
6. Marketing Plan
7. Manufacturing/Operations Plan
8. Management Team (Organizational Plan)
9. Project Timeline (Network Diagram)
10. Critical Risks and Assumptions
11. Social Plan
12. Exit Strategy
13. Financial Plan
14. Conclusion
15. Appendices

1. Cover page:

- The cover page of the project report should contain the title of the project on top and the name/address (including phone numbers, website address and email ID) so that the readers of the report (like investors) main easily contact you when required.

2. Table of contents:

- The table of contents are compiled after the main body of the project report is finalized.
- Each topic covered in the report should be enumerated in the table of contents with the page number of the starting page of the topic clearly mentioned against it. The various appendices used in the report should also be enumerated with page numbers.
- The idea here is that the reader of the report should not find it difficult to locate a topic of interest.

3. Executive summary:

- The executive summary should be written after the main part of the project report is ready.
- It should not be more than 2 pages in length, ask the idea here is to entice the usually time-poor reader (say, potential investor) to read the main part of the report.
- Thus, the executive summary should briefly summarise the key issues related to the project.
- Care should be taken not to incorporate any new points in the executive summary which have not been covered in the main body of the report.

4. Company information and industry:

- Here you should explain the ownership form of your company, the reasons for venturing into the proposed business, how you plan to satisfy the needs and expectations of the potential customers and the existing competitors in the industry.
- A Strength-Weakness-Threat-Opportunity (SWOT) analysis, whereby the strengths and weaknesses of the proposed venture in addition to the threads and opportunities offered by the environment should be explained.
- One should not hesitate to candidly share the weaknesses of the proposed venture as otherwise the report would appear unrealistic.

5. Technical plan:

- In this section of the report, you should highlight the key facets of the technical feasibility performed earlier during the feasibility analysis.
- You should justify the choice of your product/service.
- It is important to highlight what uniqueness/innovation the proposed product/serves as compared to the ones already existing in the marketplace, i.e. how your company would gain a competitive advantage.
- You should include the key drawings and photographs of the product in the appendices of the report with clear indication about its location in this section of the report.
- Any patents obtained for the innovations brought about should be mentioned here.

6. Marketing plan:

- This section of the report would draw heavily from the industry/market feasibility study done earlier.
- Here, you would need to describe your pricing policy, findings off the marketing research done, viz. how large is the market for your proposed product/service, how you plan to promote the product, how you plan to sell the product, and so on.
- You would also need to elaborate upon your target market, i.e. any particular region you would target initially.
- Any particular market segment targeted initially should be identified here, for example children/adolescents/youth/college going students/working professionals/housewives etc.
- If your product would be bundled together with some after-sales-service, you would explain about the aspects of the related warranty policy.

7. Operations Plan:

- This section describes the manufacturing/service-delivery process to be utilised for production/rendering of the product/service chosen.
- Here, we should explain about any innovations brought about in the process, which makes it better compared to that of the competitors.
- The machinery and equipment to be utilised in the process should be detailed out.
- We should also cover aspects like where the facility would be located, which factors are conducive to the location selected by us, is there easy availability of skilled labour in that region, what would be the capacity of the facility, what would be the layout of the facility, would there be a scope for expansion of the facility in future, which part of the production process would be outsourced, what would be your purchasing/supply chain/inventory management policies, what kind of quality management system you would establish, and so on.

8. Organizational Plan:

- An impressive list of names that would be a part of our management team, would increase the impact factor of our project report.
- We would need highlight how the technical skills and business management skills coupled with suitable qualifications and experience of these people in the team would complement each other's profile.
- We should include the resumes of these people in the appendices of the report.
- An organizational structure showing the various positions these people would fill in, should also be included in the appendices.

- In addition, it should be highlighted as to why these people in the management team are willing to take up these positions despite much lesser compensation than what they can command in other established firms.
- This will make the case of our proposed venture stronger, when senior people in the management team show confidence and joining our startup firm.
- This part of the report bank heavily upon the organizational feasibility study done earlier.

9. Project Timeline (Network Diagram):

- In network diagram, various activities in a project are sequentially organised and the time duration required for the execution of the project has arrived at by estimating the time duration of various activities.
- This diagram should be included in the appendices of the report and should be summarised in this part to provide an overview to the readers about the timelines proposed to be followed in the project.
- This will give a realistic idea to the readers about the gestation period involved in the proposed business venture.
- Care should be taken to arrive at realistic time estimates rather than over ambitious ones, has this may have ramifications on the risk associated with the project.

10. Critical risks and assumptions:

- In a business plan, there are several assumptions made.
- For example, the sales projections and forecasts new innovative product may be based upon expert opinion rather than past sales data.
- Similarly, there may be many types of risks like an established competitor reducing the price of its similar products drastically to prevent other’s from entering the market.
- All such risks and assumptions should be candidly shed in this section of the report rather than adding them from the readers.
- If the readers discover any such risks which were overlooked or intentionally omitted from the report, the credibility of our report would be severely impacted.
- Ideally, we should include the contingency plans to circumvent some major risks involved. This would improve our position in the project report.

11. Social plan:

- Social plan assuming more and more importance in today's times.
- In this part of the report, we should explain our project would result in employment generation, skill development of local people, provision of goods and services produced by the company to the local population, utilization of local raw material resources, etc.
- The government agencies support products in many ways which help in community development, especially in rural and un-industrialised regions of the country.
- Many financial institutions have a mandate from the government to fund such projects at concessional interest rates.

- This part of the report should also explain how the environmental impact assessment would be performed by the company and all the company would take care of industrial wastes which may be potential environmental hazards.

12. Exit strategy:

- This is a negative aspect of the proposed business venture, but is equally important.
- Here we are expected to formulate a strategy for exiting the business in case things go haywire.
- The investors are most interested to know about this strategy as to how they would recover their money from a failed business venture.
- We would need to present various possibilities year like divesting the business as a going concern to an established business house; in case there are no buyers for the business, we may need to liquidate the various tangible assets of the firms and sell them off to separate buyers, etc.
- A realistic exit survey would instill a sense of security in the mines of the lenders who are planning to invest in our venture.

13. Financial plan:

- This is the most important part of the report, as the content of all the previous sections would be integrated here to come up with the numbers in monetary terms.
- The possible sources and uses of capital for the venture, the projections of revenue and costs in terms of rupees, the break-even analysis, etc. would be required here.
- Key financial ratios should be arrived at, for example, the debt-equity ratio, etc. to present realistic picture of the financial aspects involved in the project.

14. Conclusion:

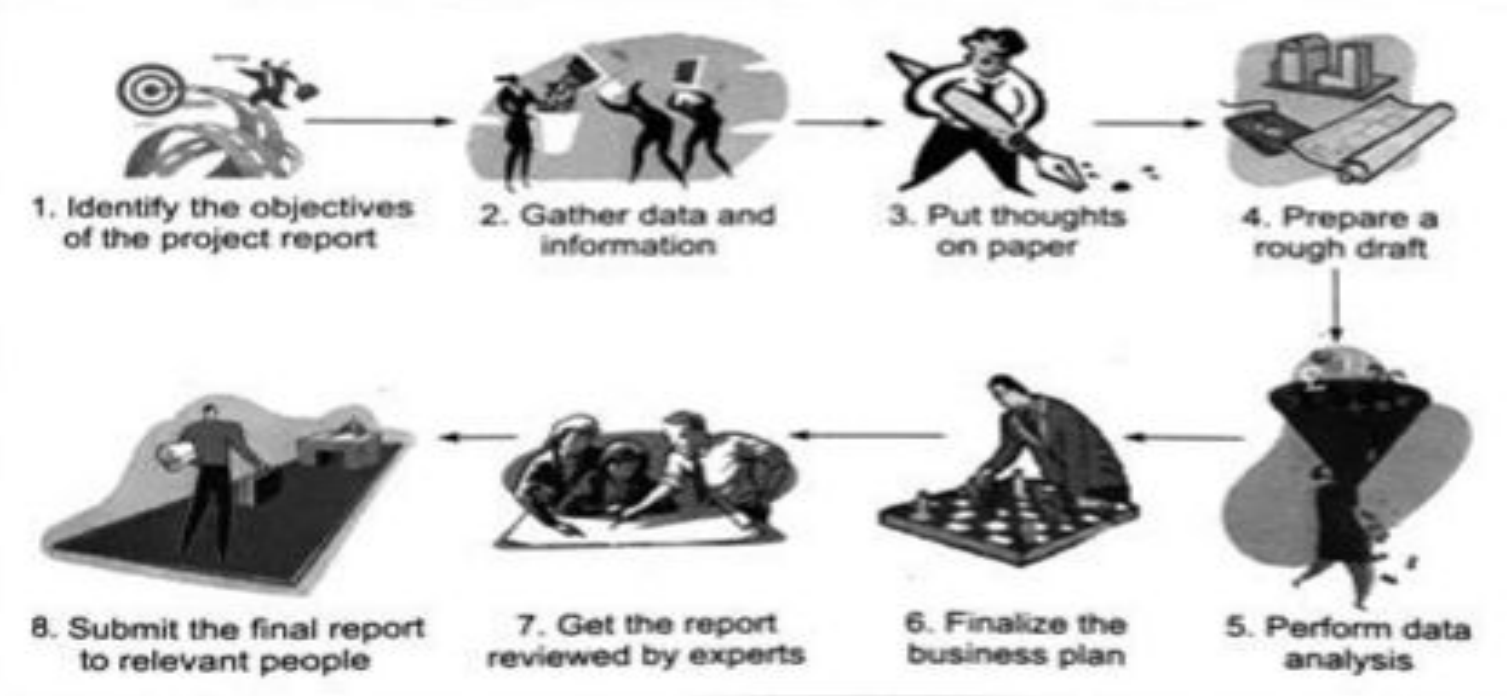
- The conclusion of the report should summarise the key aspects of the report in a concise manner.
- It should end the report on a positive note so that the readers think favourably for the proposed venture.

15. Appendices:

- Appendices follow the conclusion of the report and contain the supplementary data which is important, but cannot be incorporated in the main body of the report as it would disrupt the flow of the storyline there.
- Appendices should be clearly marked with letters like A, B, C, …, etc. with suitable titles of the content presented in them.
- Saxena and Sodhi present a specimen proforma of a project report as shown in table 8.1(refer textbook page no: 304-306)
- Content of the project report would vary from project to project as per its unique features.
- Therefore, care should be taken by entrepreneurs, not to blindly follow a standard proforma or format of a project report, but to rationally tweak it as per the unique requirements of the project.

Formulation of Project Report:

- The figure shows the various steps in the formulation of the project report:



1. Identify the objectives of the project report:

- A project report can have various objectives.
- For example: an objective can be to secure funding from a venture capitalist.
- The other objective can be to convince some potential business partners.
- Another objective can be to convince a potential client for placing an order.
- There is no harm in having multiple objectives.
- However, it may be beneficial to customise the report if there is clarity on the audience to whom it would be presented.
- Therefore, it is important to identify the purpose and objective of the report as the first and its formulation.

2. Gather data and information:

- A good project report should contain reasoning backed with data and therefore, it is imperative that the entrepreneur tries to collect data from all possible sources.
- The data could be related to market trends, product pricing, customer preferences, competitors and so on.
- At this stage of report formulation, the approach should be to gather as much data and information as possible without worrying too much about which data would be incorporated where in the final version of the report.

3. Put thoughts on paper:

- Having gathered enough data and information, it is time for crystallising the thoughts.
- At this stage, the sequence of thoughts is not important.
- Whatever tentative structure for the business plan is in mind, the entrepreneur should put thoughts on paper accordingly.
- The approach here should be to create enough content to be critically examined at the later stage.

4. Prepare a rough draft:

- At this stage, the content returned earlier should be categorised into sections and the sequence of such sections should be decided upon.
- The grammatical and typological errors have to be corrected.
- If there are some information gaps here and there, these should be removed by incorporating relevant data collected earlier.

5. Perform data analysis:

- The data incorporated in the report as to be analysed using appropriate tools to convert it into useful information.
- Break even analysis, revenue projections, proforma financial statements, etc. should be done and suitably summarised in the report.
- Care should be taken to avoid superfluous or unreliable data during the analysis as it may reflect negatively upon the project later.

6. Finalise the business plan:

- In this leg of formulation, the calculations in the data analysis done earlier should be meticulously reviewed, the rough draft of the report should be properly formatted, any typos and grammatical error should be rectified and the data to go in appendices should be decided upon.
- This is the time to write the executive summary of the report, the table of contents and the cover page.
- It is necessary that the old report is reviewed a couple of times to identify any glitches which might have prevailed before the printing of the report is done.

7. Get the report reviewed by experts:

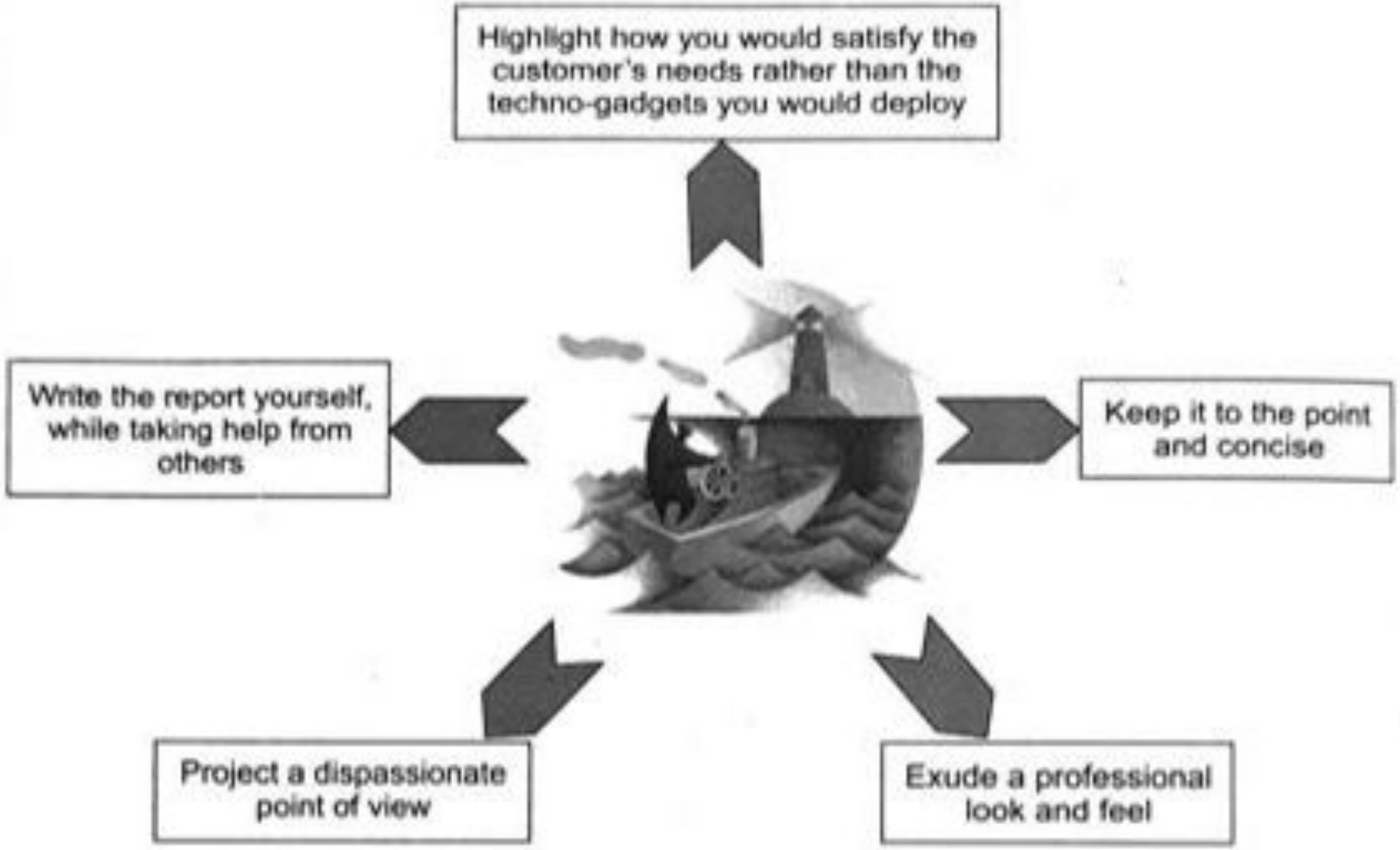
- It is always good to have views of others on our project report.
- Therefore, we may take the help of experts, friends, academicians etc. to review the report of us.
- The recommendations made by them should be carefully considered by us and if necessary, changes should be incorporated in the report.

8. Submit the final report to relevant people:

- The formulation of the report culminates in submission of the report to the relevant people like the potential investors.
- In most instances, people receiving the report would be experts in their own right.
- Therefore, their comments at the end of the presentation would also be useful in further refining the report for future presentation before another audience.

Guidelines for Project Report

- The figure shows the guidelines for the project report:



1. Highlight how you would satisfy the customer's needs rather than the techno gadgets you would deploy:

- You should be clear about the expectations of the audience to whom the project report would be presented.
- In most instances, these are the potential investors in your venture.
- The investors in small startup ventures are more interested to know how you would target to satisfy the needs and wants of the customers.
- This will give them an idea about the viability of the business and sustenance in the long term.
- Therefore, the project report should have a primary focus upon the customer aspects rather than showcasing the techno-gadgets would deploy in your processes, which is often the case with entrepreneurs from the technical background.

2. Keep it to the point and concise:

- The project report should be neither too short nor too long.
- Ideally, it should be about 40 pages in length, while covering all the major aspects of the proposed ventures.
- The potential investors are usually busy people and may be put off by a report which appears like an encyclopedia of business.
- Your initial rough draft would obviously be longer before you trim it down to the final version, which would be concise.

3. Exude a professional look and feel:

- The external appearance of the report should not be extravagant, otherwise the investors may get an impression that you would drain out their money just like that.
- Imagine a banker receiving a project report with gold-created cover page embossed with diamonds!
- The report should display a professional look and have a neatly typed cover page with elegantly spiral bounded laser-printed main report.
- The business plan presented in the report should add the X-factor to compel the reader-investors to say “Wow!”
- It is always useful to ask second opinions from family and friends while authoring the project report so that the final version may create this “Wow!” effect upon the external investors.

4. Project a dispassionate point of view:

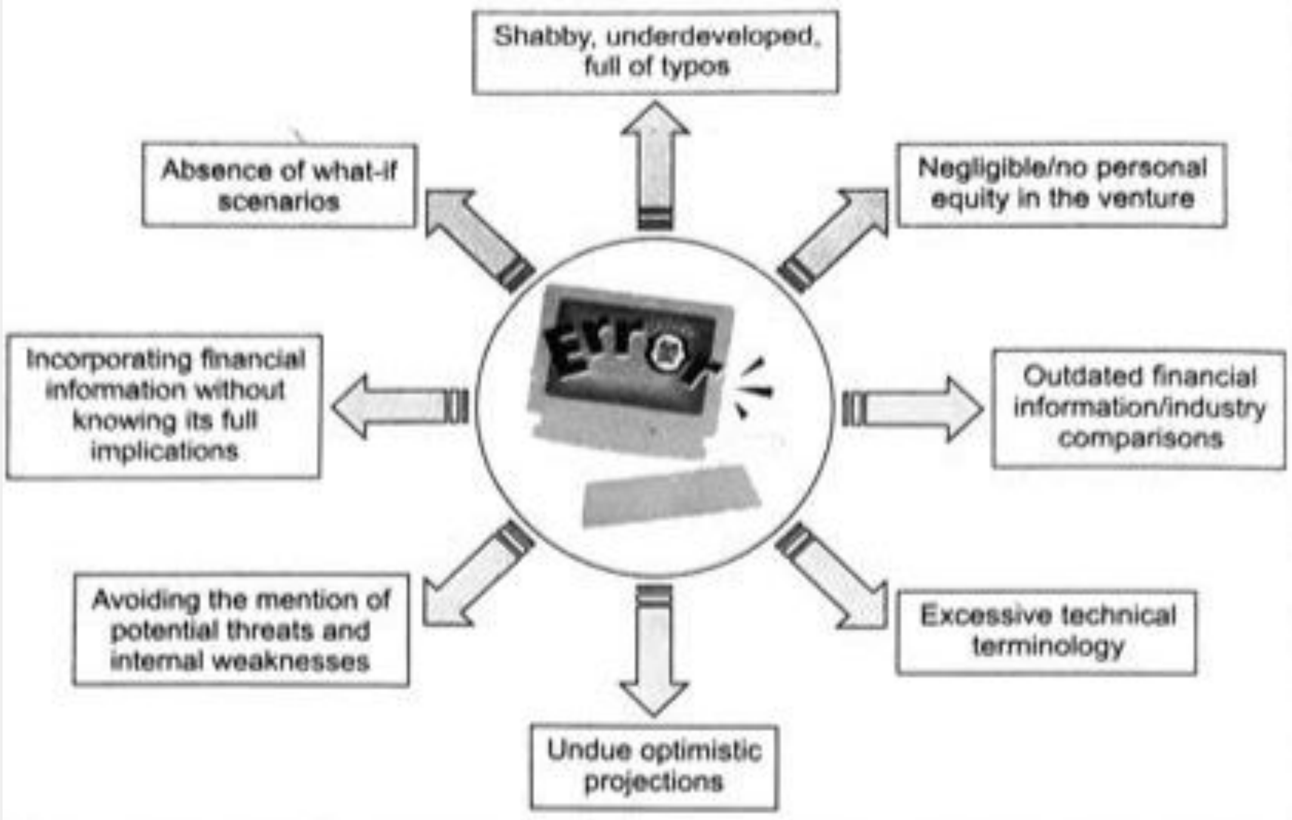
- Avoid using “I” or “we” in the report to detach it from the personal emotions related to the project.
- This enhances the professional appeal of the report by projecting a third person’s point of view.
- Passion is often deemed to cloud the pragmatism of the entrepreneur and hence, this approach helps in clearing this misconception with the investors.

5. Write the report yourself, while taking help from others:

- It is important that you are well-versed with each part of the project report while presenting to the potential investors, as they may pose a myriad of questions to you related to it.
- Therefore, it would be handy if the report is authored by you yourself rather than somebody else.
- Indeed, it may not be possible for you without the help and inputs from many other people.
- That is fine, as long as you understand all the intricacies of the data and information contained in the report.
- It would not be a good idea to use the run-of-the-mill business plan templates commonly available on the Internet. Your report should be exude a freshness expected out of an innovative new venture.

Errors of Project Report:

- A project report is a means to showcase the potential and merits of the proposed business venture.
- Errors in the report may mar the future of the project has the potential investors may get dissuaded to invest in the venture.
- The figure shows the commonly found errors of project reports:



1. Shabby, underdeveloped, full of typos
2. Negligible/no personal equity in the venture
3. Outdated financial information/industry comparisons
4. Excessive technical terminology
5. Undue optimistic projections
6. Avoiding the mention of potential threats and internal weaknesses
7. Incorporating financial information without knowing its full implications
8. Absence of what-if scenarios

1. Shabby, underdeveloped, full of typos:

- As the project report showcases the positive intent and seriousness of the entrepreneur, any tea/food stains on the report made defect this purpose.
- The report be impeccable in external appearance with neat and legible printing.
- An underdeveloped report (“rough” copy) at times is presented in an array to the potential investors, who get discouraged after looking at the under-cooked content.
- Similarly, typing errors galore in the report reflect the non-seriousness of the entrepreneur.

2. Negligible/no personal equity in the venture:

- In some instances, it has been found that the entrepreneurs proposing the project report themselves have a negligible or no personal equity in the proposed venture.
- It does not go down well with the investors who are looking at the report for financing the venture.
- They think that if the entrepreneur is not taking any risk in the venture, why they should share the risk of investing in the venture.

3. Outdated financial information/industry comparisons:

- Some project reports incorporate financial information, which is outdated and industry comparisons which are based upon invalid/ old data.
- This gives the impression of the investor that perhaps the report is not recently treated and the entrepreneur as failed to secure finance from all other avenues before applying to them for the same.

4. Excessive technical terminology:

- Entrepreneurs with technical background at times get carried away in using excessive technical jargons and terminologies in the project report with the intention of impressing the investors with their technical know-how.
- This approach may backfire as many of the reviews of the project report at the investor’s end may not be technically qualified to understand all such terms and thus, may not give their decision in favour of the project.
- Therefore, it is always advisable to use commonly used parlance in the project report.

5. Undue optimistic projections:

- The sales and revenue projections/forecasts for the proposed venture maybe unduly inflated in the report.
- If such projections are not in consonance with the data upon which these are based, the investors may become jittery.
- It is always a good idea to back all projection with solid reasoning and evidence.

6. Avoiding the mention of potential threats and internal weaknesses:

- A “feel-good” report may not go down well with the investors, as their job is to critically examine all aspects of the proposed venture for its viability.
- A complete absence of potential threats and mitigation methods may be perceived negatively by them.
- Similarly, no organization is perfect in all respects and therefore, the investors expect the entrepreneur to highlight the internal weaknesses of the proposed venture.

7. Incorporating financial information without knowing its full implications:

- Often, the entrepreneurs take help of financial experts/Chartered Accountants in compiling the financial part of the project report.
- It is imperative that the entrepreneur understands all the implications of all such information incorporated in the report as during the project presentation, if (s)he is unable to promptly respond to the investor's queries on these aspects, it would reflect badly on her/him.

8. Absence of what-if scenarios:

- The business environment today is highly dynamic.
- It cannot be presumed that the existing competitors in the marketplace would not retaliate to the moose and strategies proposed to be pursued by the new venture.
- Often, the project reports miss out to include the what-if scenarios to highlight the steps to be taken in case a strategy does not work as expected.
- All the assumptions made should be backed by suitable reasoning and alternative courses of action in various scenarios should be suggested in the report to impress the potential investor/ financiers with the knowledge and prudence on part of the entrepreneur with respect to the macro-economic environment.