Study material on Entrepreneurship Skills

4th Semester – Mandatory course – CVMU

Chapter 1: Entrepreneur and Entrepreneurship:

- Entrepreneur is a person who creates a business enterprise.
- Entrepreneurship is the process of creating a business enterprise.

Entrepreneurship is the creation or extraction of value. It is a key to economic development, industrial development, regional growth, employment etc.

The process of designing, launching and running a new business, which is often initially a small business, or as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks to make a profit."

Entrepreneurship is an act of being an entrepreneur. The owner or manager of a business enterprise who, by risk and initiative, attempts to make profits. Entrepreneurs act as managers and oversee the launch and growth of an enterprise.

Entrepreneurship typically focus on the launching and running of businesses, due to the high risks involved in launching a start-up, a significant proportion of start-up businesses have to close due to "lack of funding, bad business decisions, government policies, an economic crisis, lack of market demand, or a combination of all of these."

Entrepreneurship is also viewed as change, which may include other values than simply economic ones. Entrepreneurship is a key to economic development.

Various views:

- An individual who bears the risk of operating a business in the face of uncertainty about future conditions. - Britanica Encyclopedia
- Entrepreneur is the one who innovates, and introduces something new in the economy. – Joseph A. Schuumpeter
- Entrepreneur searches for change, responds to it and exploits opportunities. Innovation is the specific tool of entrepreneur. – Peter F Drucker
- Entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield. – J B Say
- Entrepreneurship is not only about starting of businesses, but it is an attitude to life. – Matt Hancock
- Everyone can tell you the risk, entrepreneur can see the reward. – Robert Kiyosaki
- True entrepreneur is a doer, not a dreamer. – Nolan Bushnell

An entrepreneur has the ability to find and act upon opportunities to translate inventions or technologies into products and services:

The entrepreneur is able to recognize the commercial potential of the invention and organize the capital, talent, and other resources that turn an invention into a commercially viable innovation.

Manager and Entrepreneur

Manager	Entrepreneur
Salaried employee	Own Boss
Executes decisions given by management	Take own decisions
He is an Employee	Hires employees
Fixed reward	Uncertain reward
Loss of talent as an employee, due to limited working freedom	Put ideas in practice with Innovation

Process / Stages of Entrepreneurship: There are five steps of Entrepreneurship development.

1. Perceiving, identifying and evaluating an opportunity
2. Drawing up a business plan
3. Marshalling (organizing) resources
4. Creating an enterprise
5. Consolidation and management

<u>Importance of Entrepreneurship</u>

Creation of Employment-

Entrepreneurship generates employment. It provides an entry-level job, which is required for gaining experience and training for unskilled workers.

Innovation-

It is the hub of innovation that provides new product ventures, market, technology and quality of goods, etc., and increase the standard of living of people.

Impact on Society and Community Development- A society becomes greater if the employment base is large and diversified.

It brings about changes in society and promotes facilities like higher expenditure on education, better sanitation, fewer slums, a higher level of homeownership. Therefore, entrepreneurship assists the organization towards a more stable and high quality of community life.

Increase Standard of Living- Entrepreneurship helps to improve the standard of living of a person by increasing the income. The standard of living means, increase in the consumption of various goods and services by a household for a particular period.

Supports research and development- New products and services need to be researched and tested before launching in the market.

Therefore, an entrepreneur also dispenses finance for research and development with research institutions and universities. This promotes research, general construction, and development in the economy.

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B S Venkata Rao has developed 5 stages for Entrepreneurship development.

1. **Stimulation**: This stage includes the creation of an industrial atmosphere, policy statement emphasizing the role of small industry, wide publicity of indusrial development programmes, and formation of special schemes and creation of support institutions.
2. **Identification**: This stage is necessary to identify prospective entrepreneurs. The prospective entrepreneurial force can be identified in rural artisans, factory workers, persons with formal training in engineering and technology, and graduates in business administration and management.
3. **Development**: This stage would include organisation of motivation and managerial training programmes along with advice on technology, formulation of bankable project, location, and so on.
4. **Promotion:** This stage would include government policy initiatives tor promoting small entrepreneurship.
5. **Follow up:** This stage includes reviewing the policies and programmes or n government and seeking follow up with a view to making them more effective.

Entrepreneurship Cycle: M. P. Akhori suggested the cycle entrepreneurial develop consisting of the following components for the promotion and development of entrepreneurship.

Entrepreneurial Devlopment Cycle

1. Stimulatory activities: These activities ensure the emergence of entrepreneur in the society. They prepare the background for the entrepreneurship people to start to sprout a looking for entrepreneurial pursuits. They generate initial motivation and offer opportunity to acquire skill.

- Entrepreneurial education
- Planned publicity for entrepreneurial opportunities
- Identification of potential entrepreneurs through scientific methods
- Motivational training to new entrepreneurs
- Help and guidance in selecting products and preparing project reports
- Evolving locally suitable new products and processes

- Availability of local agencies with trained personnel for entrepreneurial counselling and promotions
- Creating entrepreneurial forums Recognition of entrepreneurs

2. Support activities: These activities help a person to develop into an entrepreneur. They nurture and help entrepreneurship to grow.

- Registration of unit Arranging finance
- Providing land, shed, power, water, and so on.
- Guidance for selecting and obtaining machinery
- Supply of scarce raw materials
- Getting licences/import licences
- Providing common facilities
- Granting tax relief or other subsidy
- Offering management consultancy services
- Help marketing the product
- Providing information

Sustaining activities: These activities are all those that help in the continuous and efficient functioning of entrepreneurship.

- Help modernization
- Help diversification/expansion/substitute production
- Additional financing for full capacity utilization
- Deferring repayment/interest
- Diagnostic industrial extension/consultancy services
- Production units legislation/policy change

Characteristics of Entrepreneurship:

1. **Ability to take a risk**- Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks, which is an essential part of being an entrepreneur.
2. **Innovation-** It should be highly innovative to generate new ideas, start a company and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but in a more efficient and economical way.
3. **Visionary and Leadership quality-** To be successful, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality, a lot of resources and employees are required. Here, leadership quality is paramount because leaders impart and guide their employees towards the right path of success.
4. **Open-Minded-** In a business, every circumstance can be an opportunity and used for the benefit of a company.
   For example, Paytm recognized the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilized the situation and expanded massively during this time.

5. **Flexible-** An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service, as and when needed.
6. **Know your Product-**A company owner should know the product offerings and also be aware of the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market, or whether it is time to tweak it a little. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.

Knowledge and Skills requirement for an Entrepreneur:

- Idea generation & scanning of the best suitable idea
- Determination of the business objective
- Product analysis and market research
- Determination of form of ownership
- Completion of promotional formalities
- Raising necessary funds
- Procuring machine & material
- Recruitment of men power
- Undertaking the business operations

Characteristics of a successful Entrepreneur

These characteristics are required to become a successful entrepreneur. Creativity, Innovation, Dynamism, Leadership, Team building, Motivation, Problem solving, Goal orientation, Risk taking and decision making ability, Commitment

1. Creativity

- Creativity is the ability to bring something new into existence.
- Innovation is the process of doing new things, but creativity is a prerequisite to innovation.
- The creativity process for an idea involves 5 stages.
    - Germination: seeding process, invest in R & D
    - Preparation: focus on idea, creative people embark, solving problem
    - Incubation: stage of thinking it over, nurture the idea
    - Illumination: idea resurfaces as a realistic creation, opportune incident (fitting event)
    - Verification: stage of development that refines knowledge into application.

2. Innovation:

- It is an act that endows (provides) resources with a new capacity to create wealth. Innovation indeed creates a resource.
- A small scale enterprise today need not remain small forever. There are chances for the unit to grow from small to large. Entrepreneur should be futuristic and innovative.

3. Dynamism:

- Innovation with dynamism constitutes a potential prosperity. Dynamism revises the targets of the enterprise upwards time and again.

- The enterprise may open up with new vistas (views), better product mix, charismatic product image stimulating steady growth. A sole entrepreneur should promote a second line of decision-making mechanism to prevent a void being created in his absence.
- A dynamic entrepreneur believes in action rather than depending on paper correspondence. An engineer at heart, should update his knowledge of various functions. An efficient entrepreneur must be good at managing change.

4. Leadership

- Leadership is a basic quality of an entrepreneur. This spirit keeps him paces forward in any field.
- A **great leader** possess a clear vision, is courageous, has integrity, honesty, humility and clear focus. **Great leaders** help people reach their goals, are not afraid to hire people that might be better than them and take pride in the accomplishments of those they help along the way."
- Four types of leadership: Direct, Coach, Support, and Delegate.

5. Team building

- An entrepreneur should have ability to build a team. A team of group of individuals with a common purpose, that is focused and aligned to achieve a specific task or set of outcomes.
- The purpose of team building activities is to motivate the people to work together, to develop their strengths, and to address any weaknesses. So, any team building exercise should encourage collaboration rather than competition. Be sure to incorporate team building into the workplace routines and practices.

6. Motivation:

- **Motivation** is the process that initiates, guides, and maintains goal-oriented behaviors. Motivation involves the biological, emotional, social, and cognitive forces that activate behavior.
- Entrepreneurs have a higher goals and targets. They make plan and attempts for certain achievements. They must be guide by their inner self (self-motivated). They believe in slow and steady wins the race. They keep pace for modern requirements
- They are professional in their thinking and approach. They believe in continued education. They are patient listeners. They take initiative and prepared to give credit to others.

7. Problem Solving

- It is important that an entrepreneur should be able to solve problems and not avoid them.
- A formal problem – solving model
  - Define the problem
  - Gather information
  - Identify different alternative solutions
  - Evaluate alternatives and select the best option
  - Take action
  - Evaluate action plan

- Brainstorming is a creative group problem-solving technique that involves generating large number of fresh ideas.
- Ideas are not analysed or criticised at brain storming session, rather the purpose is to share creative ideas.
- Entrepreneur should facilitate brain-storming amongst employees, when new opportunity is there.

8. Goal Orientation:

- Goal setting is the achievement of targets and objectives for successful performance of an entrepreneur. It helps to measure how every individual and groups are meeting the performance standards.
- Human behaviour is goal directed. Therefore, goal setting is necessary part of all activities. Everyone needs to feel that they have a worthwhile goal that can be reached with the resources and leadership available.

Aspects of goal setting are Clarity of goals, Reformulation of goals, Restating goals, Plan of action, Recognising risks and obstacles, Goal reaffirmation, Goal attainment

9. Risk taking and decision making ability

- Entrepreneurs are persons who take decisions under conditions of uncertainty
- Hence, they are willing to take risk, but never gamble with results.
- Few examples are: Exploring alternative lines of production, New product mix, New combination of input, etc.
- Risk bearing and decision making calls for absolute clarity in thinking and coordinated action.
- An uncertainty is faced not just by a single enterprise, but by all, like the market.

10. Commitment

- One of the subtle qualities of an entrepreneur is his willpower.
- Strong determination with sound thinking fortifies willpower.

Role of Entrepreneurship in Economic Development

Entrepreneurs initiate and sustain the process of economic development in the following ways:

1. Capital Formation:

Entrepreneurs mobilize the idle savings of the public through the issues of industrial securities. Investment of public savings in industry results in productive utilization of national resources. Rate of capital formation increases which is essential for rapid economic growth. Thus, an entrepreneur is the creator of wealth.

2. Improvement in Per Capita Income:

Entrepreneurs locate and exploit opportunities. They convert the latent and idle resources like land, labour and capital into national income and wealth in the form of goods and services. They help to increase net national product and per capita income in the country, which are important yardsticks for measuring economic growth.

3. Generation of Employment:

Entrepreneurs generate employment both directly and indirectly. Directly, self-employment as an entrepreneur offers the best way for independent and honorable life. Indirectly, by setting up large and small scale business units they offer jobs to millions. Thus, entrepreneurship helps to reduce the unemployment problem in the country.

4. Balanced Regional Development:

Entrepreneurs in the public and private sectors help to remove regional disparities in economic development. They set up industries in backward areas to avail various concessions and subsidies offered by the central and state governments. Public sector steel plants and private sector industries by Modis, Tatas, Birlas and others have put the hitherto unknown places on the international map.

6. Economic Independence:

Entrepreneurship is essential for national self-reliance. Industrialists help to manufacture indigenous substitutes of hitherto imported products thereby reducing dependence on foreign countries. Businessmen also export goods and services on a large scale and thereby earn the scarce foreign exchange for the country.

7. Backward and Forward Linkages:

An entrepreneur initiates change which has a chain reaction. Setting up of an enterprise has several backward and forward linkages. For example- the establishment of a steel plant generates several ancillary units and expands the demand for iron ore, coal, etc.

Factors impacting Emergence of Entrepreneurship

Economic Factors	Social Factors	Psychological Factors	Political Factors
• Capital • Labour • Raw material • Market • Infrastructure	• Family background • Education • Attitude of society • Culture value • Caste factor	• Need • Achievement • Withdrawal of status • Motives, Patience, tolerance, willingness, Self confidence etc.	• Government Policies • Banking support • Local government body support

Managerial v/s Entrepreneurial Approach

Entrepreneurial Approach	Managerial Approach
Entrepreneur is visionary and bears all financial risk.	Manager works for salary and do not bear any risk.
The entrepreneur's orientation depends on his/her own perception.	Manager's orientation is administrative domain is operant.
Focuses on starting and expanding of business.	Focuses on smooth functioning of business.
Reward of all efforts is profit.	Remuneration is the salary draws from the company.
Approach of entrepreneur is informal and casual.	Approach of manager is very formal.

Chapter 2. Starting the venture

Generating business ideas

This is the first step in starting a new venture - To generate right type of business idea. The new venture is based on experience or knowledge. Hence, some experience is required or study / knowledge is required. Most common idea generation methods are Brain storming, Market analysis, Think tank, and Looking in to the future.

Brain storming:

- This is a group creativity technique designed by Alex Osborn.
- It generates large number of ideas for the solution of a problem or product development.
- Business ideas should be uncensored. No idea is dumb and impossible.

Market Analysis:

- With using SWOT analysis – adequate business strategy of an entrepreneur will be defined which lead to product development.
- Also known as documented investigation of market –
- Product planning activities, inventory, purchase, work force management, facility expansion, capital equipment, promotional activities, etc.

Think tank:

- The entrepreneur should form own core group from known people.
- This group will involve in decision making of the company.

Looking into the future:

- Observe changing customer needs and societal trends.
- Forecast for the new product development and demand.

Sources of new ideas: Wide variety of sources should be tapped to identify new ideas.

1. Analyse the performance of existing industries
2. Review imports and exports
3. Study plan outlays and government guidelines.
4. Study the suggestions of financial institutions
5. Investigate local resources and skills
6. Analyse economic and social trends
7. Study new technological development
8. Explore possibility of reviving sick units.
9. Attend trade fairs
10. Stimulate creativity for generating new product ideas

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Creative Problem Solving

- Creative problem solving (CPS) is a way of solving problems or identifying opportunities when conventional thinking has failed. It is a key idea generation technique. Currently, though better service quality is important, it is not enough on its own.
- CPS suggests to separate divergent and convergent thinking.
- Divergent thinking involves generating lots of potential solutions and possibilities.
- Convergent thinking involves evaluating these options and choosing the most promising one.

Models of Creative Problem Solving

1. Synectics

Synectics is usually classified as a Creative Problem-Solving (CPS) Technique along with brainstorming and Lateral Thinking. This problem solving methodology inspires thought processes that the subject might not be aware of.

The term "Synectics" has its origins from the Greek language and means the combining of different and supposedly irrelevant elements. Direct analogy, Personal analogy, Symbolic analogy, Fantacy analogy, Game with words, etc.

In Gordon's opinion, it is a way of mentally taking things apart and putting them together to furnish new insights for all problems.

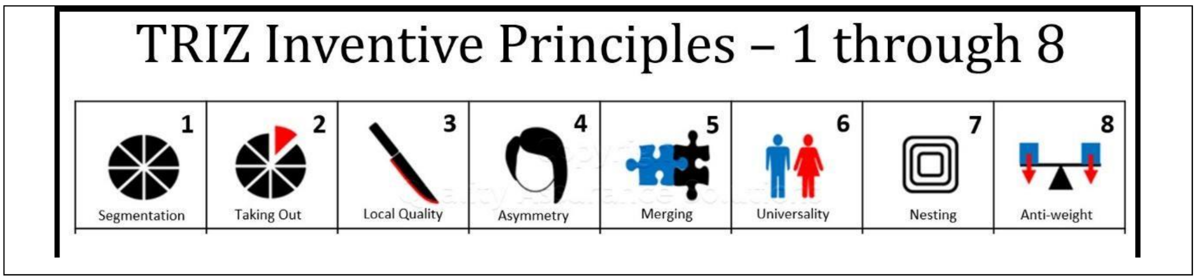
Synectics research has to do with three key assumptions:

1. It is possible to describe and teach the creative process;
2. Invention processes in science and arts are analogous and propelled by the same "psychic" processes;
3. Creativity at the level of individual and group is analogous.

2. TRIZ methodology

TRIZ (or TIPS – Theory of Inventive Problem Solving) was created by Genrich Altshuller and his coworkers. It is a Russian method of problem solving. This strategy is meant to cultivate the creation of patentable inventions. However, the technique is also helpful for developing non-product solutions.

In the beginning, following the invention of bulletproof glass, a trade off happened. Though the glass would prevent the bullet from entering, the former would crack to such an extent that the vision of the pilot or driver behind the glass would be obscured.



1. Segmentation: Transfers a complex task into several simplest tasks
2. Taking out: Eliminate non-essential activities with no added values

3. Local quality: Focus a single object and try to improve
4. Asymmetry: Asymmetric solutions provides better functionality (rather than symmetric)
5. Merging: Bringing together things which happen at the same time / same place
6. Universality: An object can be eliminated by having another object perform the same function
7. Nesting: Putting one thing inside another
8. Anti-weight: Identify a force that cause a negative shift then apply a comppensating force

3. Brainstorming

Brainstorming is an individual or group activity by which attempts are made to determine a conclusion for a particular problem by collecting a list of ideas that its members spontaneously contributed.

4. Mind mapping

This creativity technique both reframes the situation and cultivates creativity. A mind map is a representation of concepts and ideas in a graphical manner. This visual thinking tool assists with structuring information, assisting with better analysis, synthesis, comprehension, recall and engendering of new ideas. The power of the mind map is traceable to its simplicity.

5. Reversal of problem

This approach is about coming up with ideas to solve problems by way of a different/opposite perspective (turning it around: upside-down, inside-out or back to front).

6. Look beyond something's common function

Split an object into all its individual parts. If you have a description suggesting a function (just like the function of a prong is transporting electricity), describe it in a more generic manner by way of shape, size and the make-up of the material (such as rectangular, flat, small piece of metal). If you call an item an electric plug's prong, the description may conceal the fact that the item could also turn into a screwdriver if required.

7. Lateral thinking

Lateral thinking is a manner of thinking that looks for a solution to an obstinate issue through unorthodox elements or methods that would usually be disregarded by logical thinking. To be more precise, "lateral thinking" may be defined as a way to solve problems by a creative or indirect approach, utilizing reasoning that may not be obvious straight away or incorporating ideas that cannot be gathered by utilizing only conventional step-by-step logic

8. SCAMPER

The basis for SCAMPER is the belief that everything new is a variation of something already in existence. SCAMPER is an acronym, and each letter indicates a different method by which the person can toy around with the features of whatsoever it is that is challenging him to come out with new ideas. The letters and their full forms are as follows:

S = **S**ubstitute, **C** = **C**ombine, **A** = **A**dapt, **M** = **M**agnify, **P** = **P**ut to Other Uses, **E** = **E**liminate (alternative is Minify), **R** = **R**earrange (alternative is Reverse)

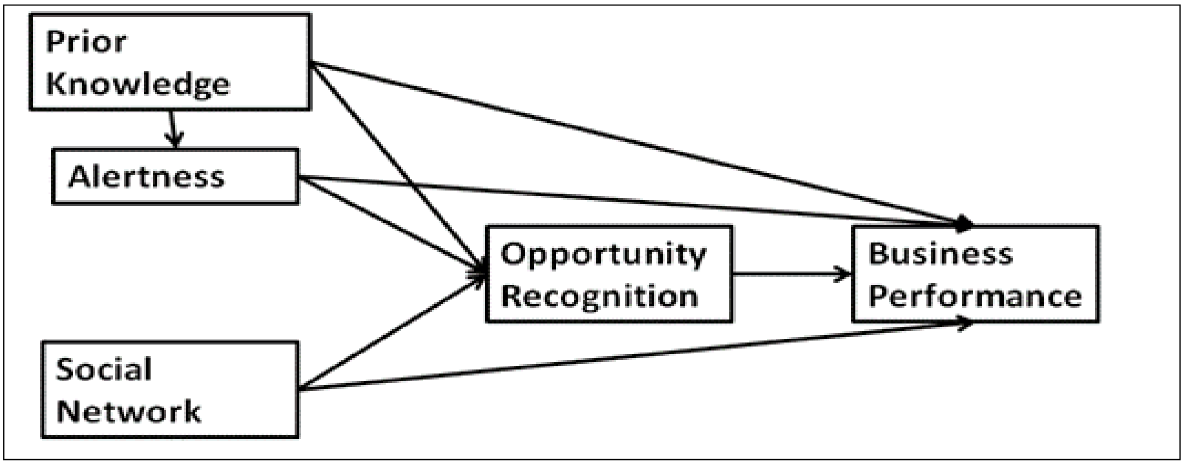
Opportunity Window

New firms can realistically enter in to the market at any time. For example, Google is not the first in the search business and Facebook is not first in social media platform.

Window of opportunity:

Opportunity Recognition

- **Entrepreneurs** discover **opportunities** when they search for them in existing markets. This means they observe technological, economic or social trends.
- Recognizing **opportunities** is a cognitive process. It relies on the ability of people to recognize patterns and connect the dots.



- There are two ways to recognize opportunities: Discovering or Creating.
- It is up to you as an entrepreneur which way is most suitable for you and which actions to take to enable opportunity recognition.
- Entrepreneurs discover opportunities when they search for them in existing markets. This means they observe technological, economic or social trends. Recognizing opportunities is a cognitive process. It relies on the ability of people to recognize patterns and connect the dots.
- Entrepreneurs create opportunities when they engage with others in bouncing ideas back and forth, and each time it becomes more specific what the user needs are and how they are going to be solved. Creating opportunities is a social process. It relies on the ability of entrepreneurs to interact.

Model of Opportunity recognition

- **Opportunity recognition** means proactively brainstorming a new business venture or expansion idea. A small-business owner typically engages in **opportunity recognition** at the point where he realizes he has an idea, strength or capability that matches well with a particular target market.

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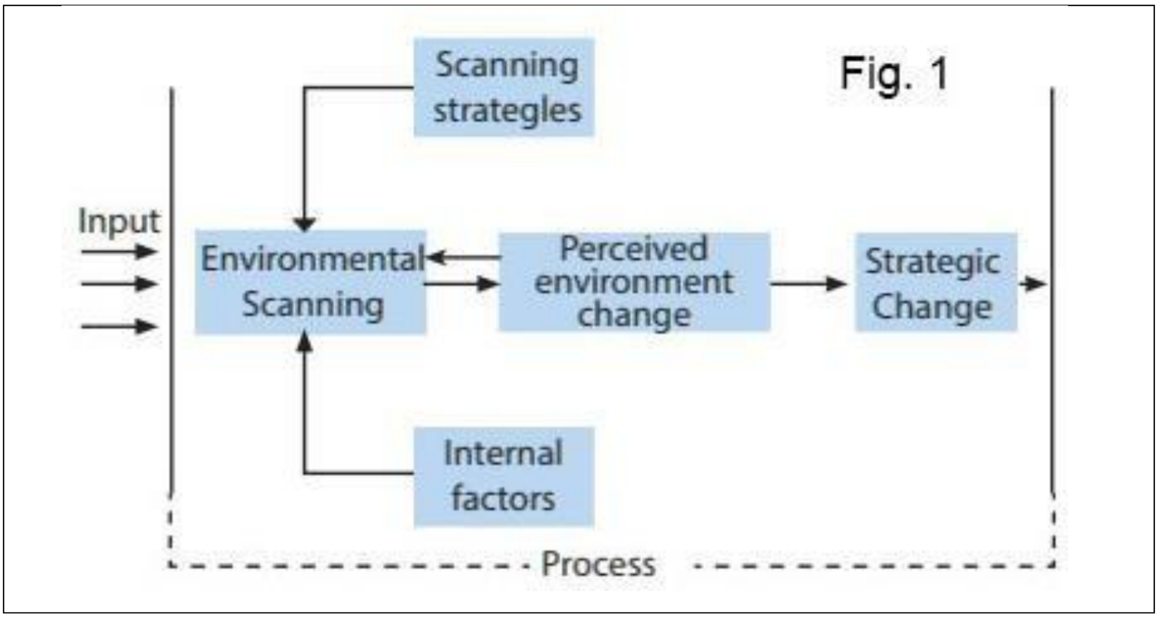
Environmental Scanning

- In any business organization, there is an internal and external environment. They comprise all the factors that can affect the business of a company in any way. It is the analyses of all factors that may affect the future of the organization.
- There are opportunities for the business to grow and threats that may harm the business. So these environments need constant monitoring.
- The purpose of environmental scanning is to provide the entrepreneur with a roadmap to the changes likely to happen in the future. So this way they can adapt the business to overcome the threats and capitalize on the opportunities coming their way.
- Kubr has suggested three approaches, which could be adopted for sorting out information for environmental scanning. Systematic Approach, Ad Hoc Approach, and Processed – Form Approach.



Components of external scanning that could be considered include:

- Trends: What trends are occurring in the marketplace or industry that could affect the organization either positively or negatively?
- Competition: What is your competition doing that provides them an advantage? Where can you exploit your competition's weaknesses?
- Technology: What developments in technology may impact your business in the future? Are there new technologies that can make your organization more efficient?
- Customers: How is your customer base changing? What is impacting your ability to provide top-notch customer service?
- Economy: What is happening in the economy that could affect future business?
- Labor supply: What is the labor market like in the geographies where you operate? How can you ensure ready access to high-demand workers?
- Political/legislative arena: What impact will election outcomes have on your business? Is there impending legislation that will affect your operations?

Competitor and Industry Analysis

Make competitor industry overview and collect some basic data about the sector you plan to operate in, including such relevant metrics as: annual sales, annual unit or volume sales, trend of prices, plant capacity and possibly capacity utilization.

Rivalry among firms is the central force determining a business's competitive position. It is therefore necessary to analyze competitors in a similar way to how you would your own business.

The elements of a competitor analysis are:

- current strategy or positioning;
- strengths;
- weaknesses;
- opportunities;
- threats;
- possible changes in strategy;
- reaction to changes in your business's strategy;
- financial strength;
- operational strength.

Industry and competitive analysis (ICA) is a part of any strategy development in firms and other organizations.

It contains a very practical set of methods to quickly obtain a good grasp of an industry, be it pharmaceuticals, information and communication technology, aluminum, or even the beer industry.

The purpose of ICA is to understand factors that influence the performance of the industry, and as well the performance of firms within the industry.

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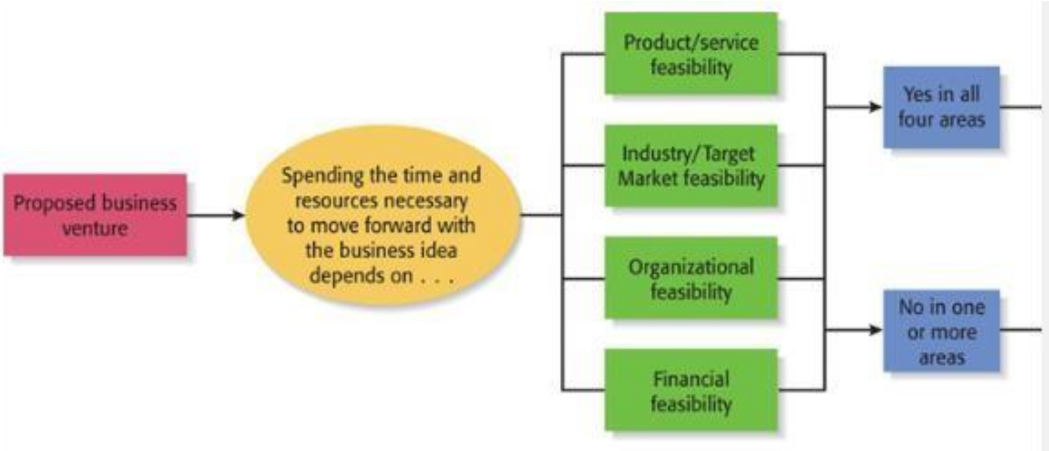
Feasibility Study

Feasibility analysis is the process of determining if a business idea is viable.

It is the preliminary evaluation of a business idea conducted for the purpose of determining whether the business is worth pursuing.

- Market feasibility
- Technical / operational feasibility
- Financial feasibility
- Drawing Business plan
- Presenting business plan to investors
- Preparing Project report



Check feasibility

Product / service feasibility:

Product/service feasibility analysis is an assessment of the overall appeal of the product or service being proposed. Although there are many important things to consider when launching a new venture, nothing else matters if the product or service itself doesn't sell.

Market feasibility

Market feasibility is required to identify the opportunity of the market. If opportunity does not exists (no market), there is no meaning proceeding further. There are 3 primary issues considered while analysing the market. Industry attractiveness, Market timeliness, Identification of niche market

Industry attractiveness

- High rate of growth for past few years
- Essential to customers?
- Longer product life cycle
- High Operating margins
- Less competition

Market timeliness

- Scope of Improvement in product & services
- Good time for new entrant
- Customers are buying
- Price rising trend

Identification of Niche Market

- A smaller market within a large market
- New entrant instead of competing in existing product/market
- Specialised market

Technical / operational feasibility: Technical feasibility involves following aspects.

1. Selection of technology
2. Scale of operation
3. Raw material
4. Technical know-how
5. Collaboration agreement
6. Product mix
7. Selection & Procurement of Plant and machinery
8. Plant layout
9. Location of the project
10. Project scheduling and implementation

Financial Feasibility

- A financial feasibility study projects how much start-up capital is needed, sources of capital, returns on investment, and other financial considerations.
- It looks at how much cash is required, where it will come from, and how it will be spent.
- Financial feasibility consists of major two aspects:
    1. Arriving at the cost of the project
    2. Arriving at the appropriate means of financing of the project

Chapter 3: Marketing Plan

The process of setting the marketing goals and finding the ways to achieve these goal with various activities. Marketing plan can be prepared for product, service or brand. This is a part of overall business plan.

Marketing plan steps

1. Situation analysis
2. Target audience
3. Goals
4. Strategies and tactics
5. Budget breakdown

Features of Good Market plan

- Measurable: The predicted outcome of each activity should be quantified, so performance can be measured.
- Focused: The marketing plan should be highly focused. Here 80:20 rule is followed.
- The plan will focus on 20% products or services or customers, which will account for 80% volume of the business.
- Clear statements of marketing plan.
- Plan should be realistic and achievable.
- The people involved should be committed and must agree with the plan is achievable.

Marketing Research

Market Research provides relevant data to solve marketing challenges that a business will most likely face--an integral part of the business planning process.

In fact, strategies such as **market segmentation** (identifying specific groups within a market) and **product differentiation** (creating an identity for a product or service that separates it from those of the competitors) are impossible to develop without market research.

Market research involves two types of data:

Primary information. This is research you compile yourself or hire someone to gather for you.

Secondary information. This type of research is already compiled and organized for you. Examples of secondary information include reports and studies by government agencies, trade associations or other businesses within the industry.

Successful market research often involves a combination of primary and secondary research, with a mix of both qualitative and quantitative data.

Contingency planning

A contingency plan is a proactive strategy that describes the course of actions or steps the management and staff of an organization need to take in response to an event that could happen in the future.

It also outlines a plan for carrying out the normal business operations after the event has occurred.

A contingency plan is a business document that lays out a course of action a business will take in response to future events.

Contingency is an unexpected event or situation that affects the financial health, professional image, or market share of a company. It is usually a negative event, but can also be an unexpected windfall such as a huge order.

Contingency plans involves Crisis management, Continuity plan, Asset security, Mismanagement, Reorganization

Organizational Plan

Organizational planning is the process of defining a company's reason for existing, setting goals aimed at realizing full potential, and creating increasingly discrete tasks to meet those goals.

There are four phases of a proper organizational plan: strategic, tactical, operational, and contingency.

Forms of ownership: Followings are forms business organizations.

1. Sole Proprietorship
2. Partnership
3. Joint stock company
4. Cooperative society
5. Government company

Proprietorship

The establishment of a business with a single owner, is called proprietorship. It is also known as sole traders. Examples are small shops, news paper agent, electrician, plumbers, chartered accountant, consultant, builder, etc. Followings are characteristics of proprietorship.

- It is the most simple form of business.
- The business enterprise is completely owned by single individual.
- It is most suited for retail shops or small businesses.
- The proprietor and business enterprise are considered as one entity.
- The stability and continuity of the firm depends on capacity, competence and life span of proprietor.
- Quickly decisions can be taken and implemented.

Partnership

Partnership exists when there are 2 or more people are involved as part owners of the business firm.

Maximum people allowed is up to 20. When the firm is initiated, it is advisable to draw a deed of partnership legally. The deed includes the individuals responsibilities, sharing of profit and loss of the business. Any partner can leave the business from any point, than new deed is required. Other characteristics are as following.

- The liability and decision making are shared.
- Skills and experience of partners can complement each other.
- Finance and technical skill can also benefit each other.
- Less formality is required for establishment of firm
- Accounts do not have to disclose publically.
- More number of part owners can manage large investment.
- The partnership suddenly dissolved if one partner dies or goes bankrupt.
- Holidays and illness can be covered by other partners.
- Any dispute / misunderstanding can lead to breakage of partnership.

Co-operatives

Co-operatives involves voluntary association of people, called members, who operates an enterprise collectively. The aim of co-operative may not be necessary to make profit. Co-operatives run on the basis of one member, one vote, irrespective of amount of shares in investment. The main advantages of co-operatives are to support members, goods available with less amount of profit, benefit to the society at large. The main characteristics are as following:

- There is open and voluntary membership for all who work together.
- One member – one vote for election of committee.
- Interest paid on capital is limited.
- The main aim is for the mutual benefit of members.

Joint stock companies

A company has separate legal entity from its owners and will continue to operate even if the owners and managers change. It has perpetual existence. It is owned by share holders who each have liability which is limited to the nominal value of their shares. An entrepreneur conceives a scheme of business with at least 6 more persons to form a company.

Three kinds of companies

- Public Limited company,
- Private Ltd. Company,
- Government company

Public Company

They are larger than private companies, and can be distinguished from private companies like ‘public limited’. Capital Finance is invited to open public for investment. There is no limit to the number of shares holders. Yearly balance sheet is required to submit to Registrar and share holders.

Private Ltd. Company

They are distinguishes as word ‘Pvt. Ltd.’ or ‘Limited’ must be there. Company is owned by share holders but, unlike the public company, shares can not be offered to the public. Maximum number of share holders is limited up to 50.

Government Company

When government invests more than 50% capital and remaining is supported by public. e.g. GSFC, IPCL, etc..

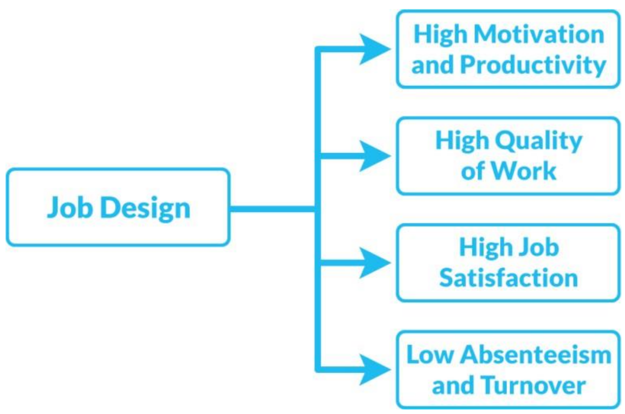
Advantages of Company formation	Disadvantages of Company formation
1. Economies of large scale 2. Limited liability 3. Shares are transferable 4. Economical Administration 5. Democratic 6. Permanent existence 7. Thrift encouraged 8. Legal control 9. Risk spread out	1. Rash (careless) enterprises 2. Share holders indifferent 3. Democratic only in theory 4. Fraud and exploitation 5. Lacking of adaptability 6. Lack of personal touch

Job design

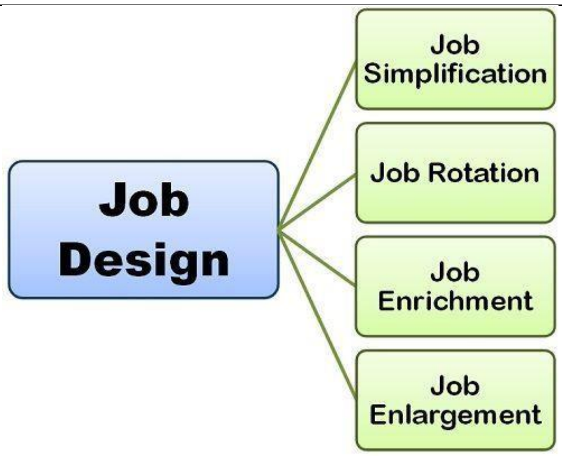
The Job Design means outlining the task, duties, responsibilities, qualifications, methods and relationships required to perform the given set of a job.

In other words, job design encompasses the components of the task and the interaction pattern among the employees, with the intent to satisfy both the organizational needs and the social needs of the jobholder.

The objective of a job design is to arrange the work in such a manner so as to reduce the boredom and dissatisfaction among the employees, arising due to the repetitive nature of the task. There are several important methods and techniques that the management uses while designing the jobs.



Job design criteria



Job Design methods

Designing organizational structure

An organization structure serves various functions of the business. It is designed to serve specific motives. There should also be efforts to match organization structure with changing needs.

A good structure not only facilitates communication but also brings efficiency in different segments.

<u>Identifying Activities:</u> The activities which are required to be performed in achieving organizational objectives should be identified.

<u>Grouping of Activities:</u> The closely related and similar activities are grouped together for departments, divisions or sections. ...

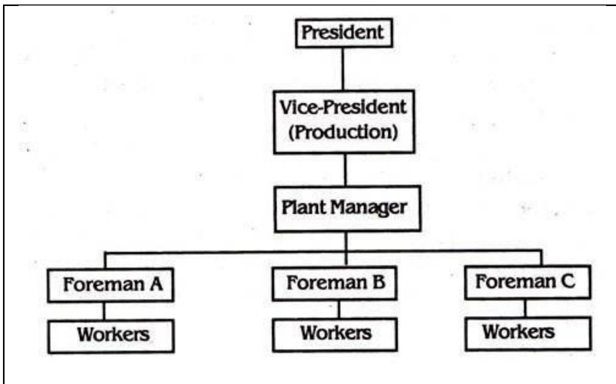
Delegation of Authority: Organizational structure provides following role:

- Encourages Efficiency:
- Communication
- Optimum use of resources
- Job satisfaction
- Creative thinking
- Facilitate management

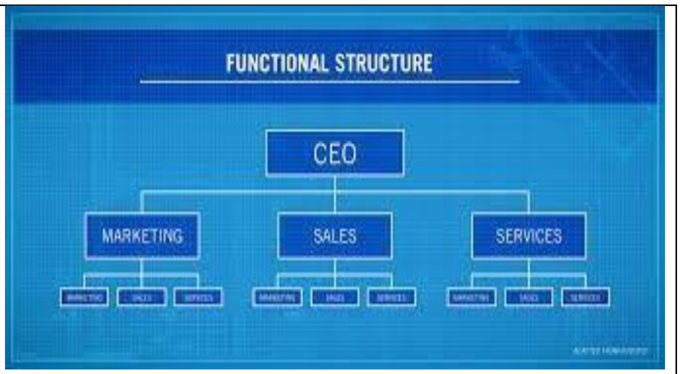
Types of organizational structure

Line organizational structure:

It is one of the simplest types of organizational structures. Its authority flows from top to bottom. Unlike other structures, specialized and supportive services do not take place in these organizations. The chain of command and each department head has control over their departments.



Line Structure



Function Structure

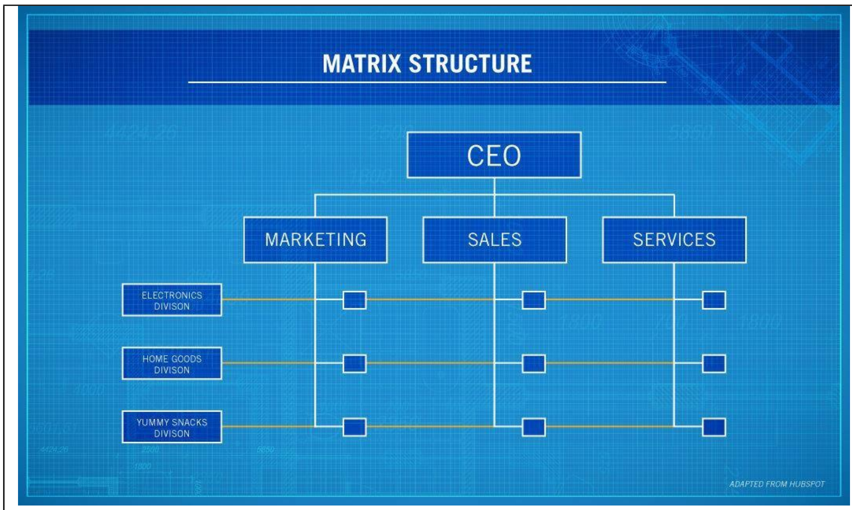
Functional organization

A functional organizational structure is a structure used to organize workers. They are grouped based on their specific skills and knowledge.

It vertically structures each department with roles from the president to finance and sales departments, to customer service, to employees assigned to one product or service.

Matrix organization

A matrix organizational structure is a workplace format in which employees report to two or more managers rather than one manager overseeing every aspect of a project. For example, an employee may have a primary manager they report to as well as one or more project managers they work under.



Matrix Structure

Financial Plan

Financial planning is the task of determining how a business will afford to achieve its strategic goals and objectives. The Financial Plan describes each of the activities, resources, equipment and materials that are needed to achieve these objectives, as well as the timeframes involved.

Financial management is mainly concerned with raising the required funds and utilizing the funds to full extent to yield returns. Financial managers has to take various decisions like, expansion of product, managing sources of finance, raising own fund, business coloboration, merger, etc.

Cash Budget

A cash budget is a budget or plan of expected cash receipts and disbursements during the period.

These cash inflows and outflows include revenues collected, expenses paid, and loans receipts and payments. In other words, a cash budget is an estimated projection of the company's cash position in the future.

Working capital

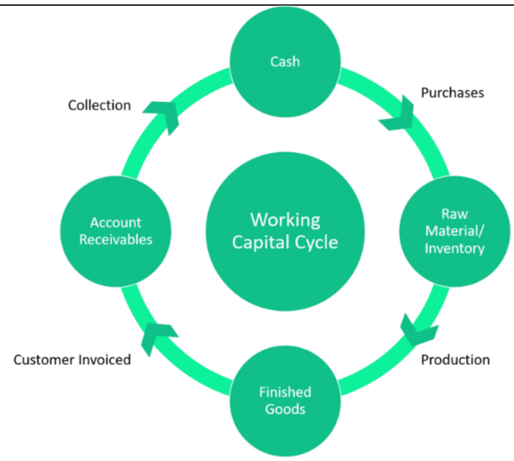
The working capital for an organization is very important parameter for several reasons. Excessive levels of current assets can easily result in a firm realizing a substandard return on investment. However, firms with few current assets may incur shortage and difficulties in maintaining smooth operations.

For small companies, current liabilities are the principal source of external financing. These firms do not have access to the long term capital markets, except mortgage of real assets.

Working capital cycle: Cash – Inventory – finished goods - receivable

Four components of working capital

- Cash Management:
- Receivables Management:
- Inventory Management:
- Accounts Payable Management:



Modes of finance

Finance is one of the critical resource for entrepreneurship. There are several source of finance available to any company.

A business can gain finance from either internal or external sources. The selection of the fund source in depends on the financial strategy pursued by the company, leverage planned by the company, and financial conditions prevalent in the economy and the risk profile.

Sources of finance for business are equity, debt, debentures, retained earnings, term loans, working capital loans, letter of credit, etc. These sources of funds are used in different situations. They are classified based on time period, ownership and control, and their source of generation. General classification can be in following way.

1. Long term finance
2. Medium term finance
3. Short term finance

Debtor / Equity financing:

Debt financing involves the borrowing of money whereas, Equity financing involves selling a portion of equity in the company. The main advantage of equity financing is that there is no obligation to repay the money acquired through it

Equity financing is the process of raising capital through the sale of shares. Companies raise money because they might have a short-term need to pay bills or they might have a long-term goal and require funds to invest in their growth. This is identified as public limited company. Share holders are owners of the company, and taking risk. They elect directors to run the company and have the optimum control over the management of the company.

Characteristics / Advantages

1. They are a permanent source of capital and as such; do not involve any repayment liability.
2. They do not have any obligation regarding payment of dividend.

3. Larger equity capital base increases the creditworthiness of the company among the creditors and investors.
4. Equity shares are very liquid and can be easily sold in the capital market.
5. In case of high profit, they get dividend at higher rate.
6. Equity shareholders have the right to control the management of the company.
7. The equity shareholders get benefit in two ways, yearly dividend and appreciation in the value of their investment.

Disadvantages

1. Equity shareholders get dividend only if there remains any profit after paying debenture interest, tax and preference dividend. Thus, getting dividend on equity shares is uncertain every year.
2. Equity shareholders are scattered and unorganized, and hence they are unable to exercise any effective control over the affairs of the company.
3. Equity shareholders bear the highest degree of risk of the company.
4. Market price of equity shares fluctuate very widely which, in most occasions, erode the value of investment.

Commercial Banks

The term commercial bank refers to a financial institution that accepts deposits, offers checking account services, makes various loans, and offers basic financial products like certificates of deposit (CDs) and savings accounts to individuals and small businesses.

Another role of commercial banks as a financial intermediary is activating various financial markets in the country. Money market, capital market, foreign exchange market and government securities market are benefited by the active role of commercial banks.

Venture Capital

Venture capital funds are pooled investment funds that manage the money of investors who seek private equity stakes in start-ups and small- to medium-sized enterprises with strong growth potential. These investments are generally characterized as very high-risk/high-return opportunities.

Significant features are High Risk, Lack of Liquidity, Long term horizon, Equity participation and capital gains, Venture capital investments are made in innovative projects, Suppliers of venture capital participate in the management of the company

Financial institutions to support Entrepreneurship

1. Industrial Development Bank of India (IDBI)
2. India Infrastructure Finance Company Ltd (IIFCL)
3. Export-Import Bank of India (EXIM Bank)
4. Small Industries Development Bank of India(SIDBI)
5. National Housing Bank (NHB)
6. Industrial Finance Corporation of India (IFCI) etc.

Human Resource plan

Human resource planning enables businesses to meet their current and future demands for talent, allowing human resource managers to anticipate and develop the skills most valuable to an organization, and providing the enterprise with the optimal balance of staff in terms of available skill-sets and numbers of personnel. Manpower planning includes parameters like number of personnel, different types of skills, time period, recruiting methodology, promotion policy, salary structure etc.

Proper planning also provides a path for future development by establishing a reservoir of talent capable of filling leadership roles. And in the long term, human resource planning helps align human capital management more closely with business strategy.

HR Planning Methodology:

1. Analyze the objectives of your organization
2. Make an inventory of current human resources
3. Forecast your HR demand
4. Determine the number and extent of skills gaps
5. Draw up an action plan
6. Integrate and implement the plan
7. Monitoring, measurement, and feedback.

Functions of HRM: Human Resource management functions are:

• Human Resource Planning • Design of the Organization and Job • Selection and Staffing • Training and Development • Organizational Development • Compensation and Benefits • Employee Assistance • Union/Labour Relations • Personnel Research and Information System, etc.

HR Development:

Beginning with the orientation of new employees, talent management and development includes different types of training. Orientation is the first step towards helping a new employee to adjust himself to the new job and the employer. It is a method to acquaint new employees with particular aspects of their new job, including pay and benefit programmes, working hours and company rules and expectations.

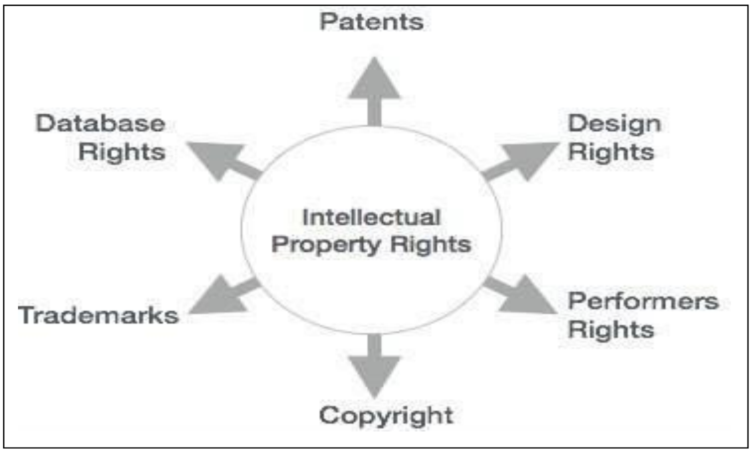
Training and Development programs provide useful means of assuring that the employees are capable of performing their jobs at acceptable levels and also more than that. All the organizations provide training for new and in experienced employee. In addition, organization often provide both on the job and off the job training programmes for those employees whose jobs are undergoing change.

Chapter 4: Legal Issues

A right that is had by a person or by a company to have exclusive rights to use its own plans, ideas, or other intangible assets without the worry of competition, at least for a specific period of time.

These rights can include copyrights, patents, trademarks, and trade secrets.

Intellectual property refers to creations of the mind: inventions; literary and artistic works; and symbols, names and images used in commerce. Intellectual property rights are like any other property right.



They allow creators, or owners, of patents, trademarks or copyrighted works to benefit from their own work or investment in a creation.

Patent

The primary goal of the patent law is to encourage innovation and commercialization of technological advances. Patent law incentivizes inventors to publicly disclose their inventions in exchange for certain exclusive rights. A patent protects inventions.

Meaning of Patent

A patent is a right granted to an inventor by the federal government that permits the inventor to exclude others from making, selling or using the invention for a period of time.

The patent system is designed to encourage inventions that are unique and useful to society.

Congress was given the power to grant patents in the Constitution, and federal statutes and rules govern patents.

A government authority or license conferring a right or title for a set period, especially the sole right to exclude others from making, using, or selling an invention.

Patent Act in India

The Patents Act, 1970 was again amended by the Patents (Amendment) Act, 2005, wherein product patent was extended to all fields of technology including food, drugs, chemicals and micro organisms. ...

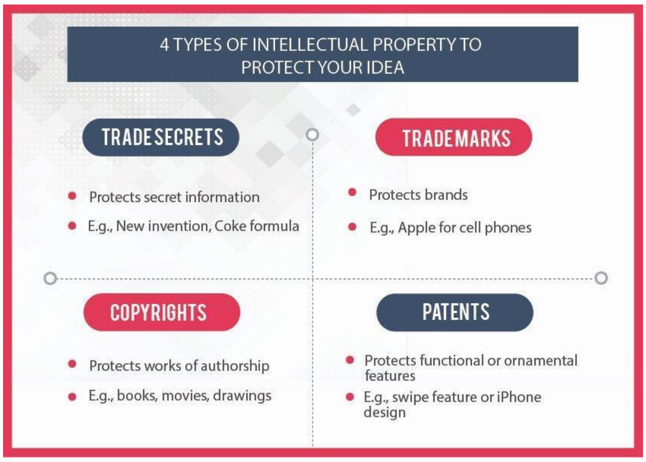
Study material on Entrepreneurship Skills

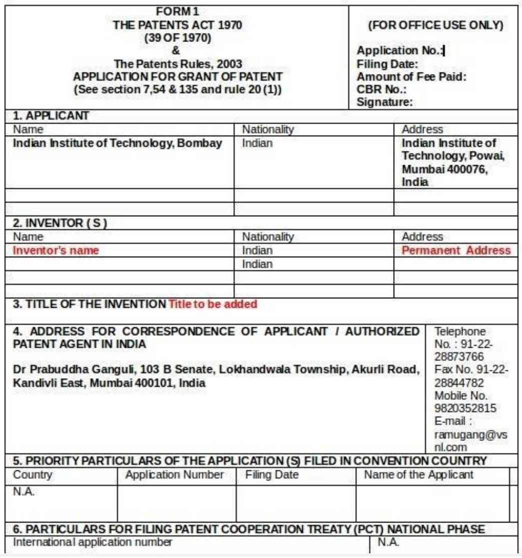
4th Semester – Mandatory course – CVMU

In India, a patent application can be filed, either alone or jointly, by true and first inventor or his assignee.

Example of patentable items

1. Many types of patents exist depending on your needs. Some of these include:
2. Software programme patents
3. Electrical Engineering patents
4. E-commerce system patents
5. Mechanical Engineering patents
6. Method and process patents
7. Design patents





FORM 1 THE PATENTS ACT 1970 (39 OF 1970) & The Patents Rules, 2003 APPLICATION FOR GRANT OF PATENT (See section 7,54 & 135 and rule 20 (1))		(FOR OFFICE USE ONLY) Application No.: Filing Date: Amount of Fee Paid: CBR No.: Signature:
1. APPLICANT		
Name	Nationality	Address
Indian Institute of Technology, Bombay	Indian	Indian Institute of Technology, Powai, Mumbai 400076, India
2. INVENTOR (S)		
Name	Nationality	Address
Inventor's name	Indian	Permanent Address
	Indian	
3. TITLE OF THE INVENTION Title to be added		
4. ADDRESS FOR CORRESPONDENCE OF APPLICANT / AUTHORIZED PATENT AGENT IN INDIA Dr Prabuddha Ganguli, 103 B Senate, Lokhandwala Township, Akurli Road, Kandivli East, Mumbai 400101, India		Telephone No. : 91-22-28873766 Fax No. 91-22-28844782 Mobile No. 9820352815 E-mail : ramugang@vsnl.com

5. PRIORITY PARTICULARS OF THE APPLICATION (S) FILED IN CONVENTION COUNTRY			
Country	Application Number	Filing Date	Name of the Applicant
N.A.			

6. PARTICULARS FOR FILING PATENT COOPERATION TREATY (PCT) NATIONAL PHASE	
International application number	N.A.

Copyright

A copyright is a collection of rights automatically vested to you once you have created an original work.

To understand how these rights can be used or licensed, it is helpful to analogize them to a bundle of sticks, where each stick represents a separate right vested to you as the owner.

These rights include the right to reproduce the work, to prepare derivative works, to distribute copies, to perform the work publicly, and to display the work publicly. Copyright protection extends only to expressions, and not to ideas, procedures, methods of operation or mathematical concepts as such.

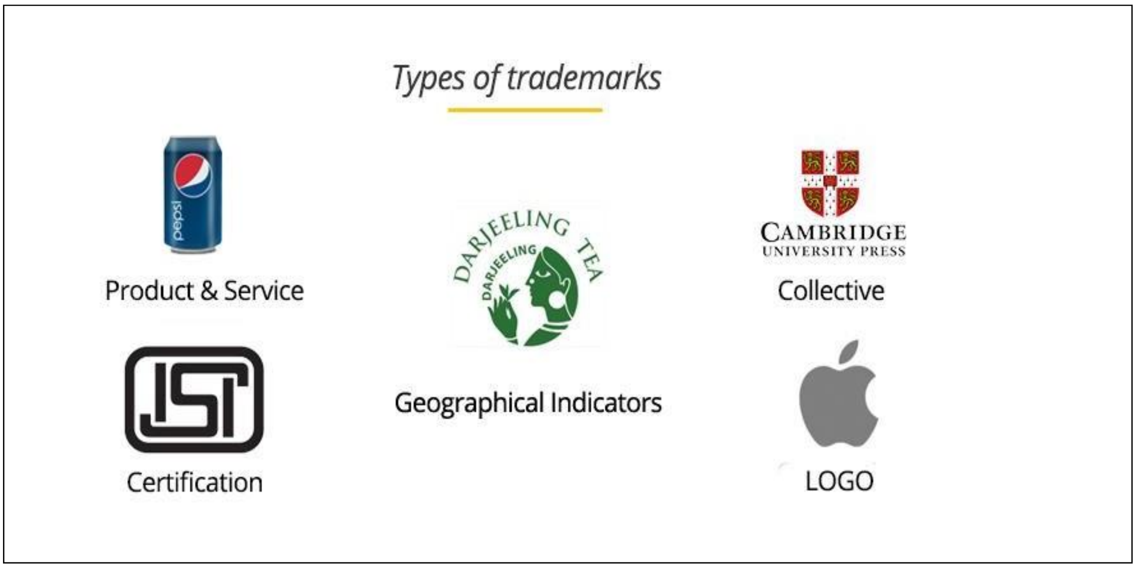
Copyright protects literary, dramatic, artistic, musical and recording. Copyright do not protects expressions of ideas, and facts. Copyright may or may not be available for a number of objects such as titles, slogans, or logos, depending on whether they contain sufficient authorship. Names, titles and short phrases and expressions can't be copyrighted either. This means you can't own the exclusive rights to any slogan, product description, title of work or business name.

Trademark

A trademark is a word, phrase, symbol, and/or design that identifies and distinguishes the source of the goods of one party from those of others.

A service mark is a word, phrase, symbol, and/or design that identifies and distinguishes the source of a service rather than goods.

Examples include brand names, slogans, and logos.



Trade secret

Trade secrets are intellectual property (IP) rights on confidential information which may be sold or licensed.

A trade secret is any practice or process of a company that is generally not known outside of the company. Information considered a trade secret gives the company a competitive advantage over its competitors and is often a product of internal research and development. In general, to qualify as a trade secret, the information must be:

1. commercially valuable because it is secret,
2. be known only to a limited group of persons, and
3. be subject to reasonable steps taken by the rightful holder of the information to keep it secret, including the use of confidentiality agreements for business partners and employees.

Anything that gives you an advantage against a competitor is highly valuable and worth protecting.

Trade secret can be R&D information, Software algorithms, Inventions, Designs, Formulas, Ingredients, Devices, Methods , etc.

Examples of Trade secret:

1. The secret formula for Coca-Cola, which is locked in a vault, is an example of a trade secret that is a formula or recipe.

2. Google search algorithm
3. The New York Times Bestseller list is an example of a process trade secret.
4. Listerine is a popular example of a trade secret used in law schools.
5. Krispy Kreme Doughnuts
6. Mcdonald's big mac special sauce

Licensing

Licensing is a major aspect of Intellectual property.

A license where a technology company, as licensor, grants a license to an individual or company, as licensee, to use a particular technology. A licensing agreement is a partnership between an intellectual property rights owner, known as the licensor, and another who is authorised to use such rights, known as the licensee, in exchange for an agreed payment, known as royalty.

Licensing is a contract between a minimum of 2 parties wherein the licensor agrees to allow the licensee to share the rights enjoyed by the former subject to consideration by the latter. In an intellectual property license, the licensee is permitted to use the intellectual property, however it is subject to conditions and payment of consideration. Since it is a contract, it must satisfy all the essential mentioned under Sections 10 and 11 of the Indian Contract 1872.

Example:

1. Under licensing system, Coca-Cola and Pepsi are globally produced and sold, by local bottlers in different countries.
2. An example would include Walt Disney granting McDonalds a license for McDonalds to co-brand its McDonalds Happy Meals with a Disney trademarked character;
3. An example would include Microsoft granting a license to individual users allowing them to use the Windows operating system;
4. The Coca Cola Company is an example in licensing in Zimbabwe where it has allowed United Bottlers the license of making Coke.

Advantages of licensing

1. It creates an opportunity for passive income. ...
2. It creates new business opportunities. ...
3. It reduces risks for both parties. ...
4. It creates an easier entry into foreign markets. ...
5. It creates self-employment opportunities. ...
6. It offers the freedom to develop a unique marketing approach.

Disadvantages:

1. loss of control (partially or fully) over your invention.
2. relying on the licensee's ability to effectively commercialise your patent.
3. risk of poor strategy or execution damaging the product success.
4. poor quality management damaging your brand or product reputation.

Franchising

The word franchise comes for the old French word 'franchir' which means to liberate or set free. In this sense franchising offers people the freedom to own, manage and direct their own businesses.

Franchising is a form of business expansion involving the exploitation of an intellectual property asset, where the franchisor exercises a great deal of control and offers assistance in the business. Franchising is a key means of bringing branded products and services to the market quickly and on a global scale. It offers a cost effective means of raising capital and expanding quickly. IPRs are inherent to a franchise. Without IPR there can be no franchise.

Advantages of franchising

- Franchises offer the independence of small business ownership supported by the benefits of a big business network.
- No necessity of business experience to run a franchise. ...
- Franchises have a higher rate of success than start-up businesses.

Disadvantages

High initial investment, Limited creativity, Lack of privacy, Decreased profits, Shared information, Less control, Damaged reputation.

Franchising Vs Licensing

Parameter	Franchising	Licensing
Governed by	Security law	Contract law
Registration	Required	Not required
Territorial rights	Offered to franchisee	Not offered: But licensee can sell similar licenses and products in same area
Support and Training	Provided by franchiser	Not provided
Royalty payments	Yes	Yes
Use of logo / trademark	Retained by franchiser and used by franchisee	Can be licensed
Control	Franchiser exercise control over franchisee	Licensor does not have control over licensee
Examples	McDonalds, Subway,	Microsoft office, Softwares,

Study material on Entrepreneurship Skills

4th Semester – Mandatory course – CVMU

Chapter 5: Business Proposal

Successful launching a new business requires careful planning and the outcome of careful business planning are captured in a business plan.

Every business decision should be made on the strength of underlying business idea.

A business plan describes the business vision and objectives as well as the strategy and tactics that will be employed. The business plan should include assumptions and forecasts. Identify the potential risk and likely course of action.

Traditional business plan format (Business Proposal)

The Executive Summary. The Executive Summary should stand on its own as a separate document.

Business Overview. Offer a description of the business, including:

1. The legal structure
2. Business formation history
3. The type of business
4. Location
5. Means of doing business (Internet, storefront operation, mail order)

Operations Plan. Offer an explanation describing how the business will function, including the physical setup and responsibilities for specific tasks.

Market Analysis. Include an overview of the market as a whole, with specific data and charts or graphs, if appropriate.

Products and Services. Describe the products manufactured or sold or the services offered. Classify the different types of products or services

Sales and Marketing. Outline pricing and sales information

Competitive Analysis. Analyze the strengths and weaknesses of your direct and indirect competitors. Demonstrate how you will gain a competitive edge against your competition.

Management Team. Provide pertinent, concise background information on all key players involved in the business.

Financial Plan. Include all financial information, from startup costs to balance sheets. The financial section should outline:

1. The amount necessary to start or maintain the business
2. The amount needed over the next two, three, and even five years
3. Plans to use funds
4. Anticipated need for additional funding
5. Ongoing business expenses, including salaries, insurance costs, promotional expenses, etc.

Projections. Provide projected income statements and balance sheets for at least two or three years.

- **Presenting Business Plan to investors**
- Most business proposal should convey following themes:
    1. Business idea, strategic management of business
    2. Goals, vision and mission of business plan
    3. Security of finance
    4. Operational management
    5. Budgeting requirement

Preparing Project Report

A project report is a written document pertaining to any investment proposal. It contains relevant data, on basis of which the project has been appraised and found relevant to entrepreneur.

Objectives:

1. To identify the requirement of various resources like technical, financial, managerial and operational.
2. To find out the critical components of the project idea. To obtain the opinions of experts from various fields.
3. To facilitate financial appraisal of the project by financial institution, bank and insurance company.

Features of business project report:

1. It is basically y business plan / proposal.
2. It outlines desired business goals.
3. It describes necessary inputs to the enterprise.
4. It explains the mode of utilization of resources.
5. It details the strategies for the execution of the project.

Elements of project report

1. Details of entrepreneur
2. Description of enterprise
3. Inputs for the project
4. Financial aspects – economic viability - Profitability analysis
5. Technical feasibility, Marketing, Demand forecasting etc.

Success Story of Mahesh Gupta, Chairman Kent RO Systems

A mechanical engineer started in 1985, from a small room in his house with just 20,000 which he had saved from his job with IOCL.

His first invention was in the field of petroleum conservation instrument where he earned fame and half a dozen patents to his credit. His turning point came with the establishment of KENT RO SYSTEM in the year 1998 when he charted out on a new enterprise after jaundice gripped his son in a posh colony of South Delhi.

Knowing that jaundice is a water-borne disease, Gupta researched and analyzed all the available water purifiers in the market. He was dissatisfied with available options and decided to make a better quality purifier. After several trials, he made his own water purifier and became confident that is product is good enough to be marketed. "Coming from an engineering background, making my own water purifier was not a difficult task; all I needed to do was export the components. – Mahesh Gupta

The experiment turned into success. And then I thought to bring it out in commercially in the market. I started from scratch with an investment of about 1 lac and a four-member team. Today Kent has grown a 40% market share in RO mineral and has turnover 580 crore and 2,500 employees.

Success Story of Karsanbhai Patel – Man behind NIRMA

The 'Nirma' success story of how an Indian Entrepreneur took on the big MNCs and rewrote the rules of business : It was in 1969 that Dr. Karsanbhai Patel started Nirma and went on to create a whole new segment in the Indian domestic detergent market.

During that time the domestic detergent market only had the premium segment and there were very few companies, mainly the MNCs, which were into this business. Karsanbhai Patel used to make detergent powder in the backyard of his house in Ahmedabad and then carry out door to door selling of his hand made product.

He gave a money-back guarantee with every pack that was sold. Karsanbhai Patel managed to offer his detergent powder for Rs. 3 per kg when the cheapest detergent at that time was Rs.13 per kg and so he was able to successfully target the middle and lower-middle-income segment.

Sabki Pasand Nirma!

Nirma became a huge success and all this was a result of Karsanbhai Patel's entrepreneurial skills. The best case of – Give your consumer what he wants, when he wants, where he wants and at the price he wants, selling will be done quite automatically. This is the marketing 'mantra' of Nirma.

The company that was started in 1969 with just one man who used to deliver his product from one house to the other, today employs around 14 thousand people and has a turnover of more than $ 500 million. In 2004 Nirma's annual sales were as high as 800000 tonnes. According to Forbes in 2005 Karsanbhai Patel's net worth was $640 million and it's going to touch the $1000 million mark soon.

Success Story of Dhirubhai Ambani – Reliance Industries

India's largest private sector company. Created an equity cult in the Indian capital market.

Reliance is the first Indian company to feature in the Forbes 500 list. Dhirubhai Ambani was the most enterprising Indian entrepreneur. His life journey is reminiscent of the rags to riches story. He is remembered as the one who rewrote Indian corporate history and built a truly global corporate group.

Dhirubhai Ambani alias Dhirajlal Hirachand Ambani was born on December 28, 1932, at Chorwad, Gujarat, into a Modh family. His father was a school teacher. Dhirubhai Ambani started his entrepreneurial career by selling "bhajias" to pilgrims in Mount Girnar over the weekends.

After doing his matriculation at the age of 16, Dhirubhai moved to Aden, Yemen. He worked there as a gas-station attendant, and as a clerk in an oil company. He returned to India in 1958 with Rs 50,000 and set up a textile trading company.

In 1992, Reliance became the first Indian company to raise money in global markets, its high credit-taking in international markets limited only by India's sovereign rating. Reliance also became the first Indian company to feature in the Forbes 500 list.

Dhirubhai Ambani was named the Indian Entrepreneur of the 20th Century by the Federation of Indian Chambers of Commerce and Industry (FICCI). A poll conducted by The Times of India in 2000 voted him "greatest creator of wealth in the century". Dhirubhai Ambani died on July 6, 2002, at Mumbai.