

# ROLES OF ENTREPRENEURS IN RELATION TO THE ENTERPRISE



# ROLES OF ENTREPRENEURS IN RELATION TO THE ECONOMY



# ENTREPRENEURSHIP V/S MANAGEMENT

TRAITS	ENTREPRENEURSHIP	MANAGEMENT
AUTHORITY	Owner of the company	Works as an employee
DECISION MAKING POWER	Has full decision making power	Works as per the instructions given by the authoritative entity
LEVEL OF RISKS	Sole risk bearer	Risk of losing job

FOCUS	Think of the future and works accordingly	Works in the present
OBJECTIVE	To make profit	To complete the project in hand
COMMITMENT	Commitment towards the whole company and it's employees	Towards the completion of project in hand
INCENTIVES	Overall	Salary and festive incentives
REWARDS	On the basis of value of work	On the basis of performance

# ENTREPRENEURIAL MOTIVATING FACTORS



## INTERNAL FACTORS

Govt. Assistance

Market Demand

Available Resources

# EXTERNAL FACTORS

## Project Preparation & Marketing Analysis

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1. **Qualities of a good Entrepreneur**
2. SWOT and Risk Analysis.
3. Concept & application of PLC, Sales & distribution Management.
4. Different Between Small Scale & Large Scale Business
5. Market Survey
6. Method of marketing
7. Publicity and advertisement
8. Marketing Mix



# Qualities of a good Entrepreneur

- Entrepreneurship is the result of the entrepreneurial talent of individuals.
- The success of entrepreneurs is still a debatable question, but to set up a business is an art, and not everyone knows to master this art.
- Enlisted are some of the qualities that will help one master the skill of being a good entrepreneur.

# Qualities of a good Entrepreneur

1.Desire to Excel

2.Hard Work & Persistent

3.Self Confidence

4.Self-discipline

5.Risk-taking ability

6.Creative thinking

# Qualities of a good Entrepreneur

8. Good Human Relations Ability

9. Decisiveness

10. Passion

11. Goal oriented mindset

12. Leadership qualities

13. Strong commitment

14. Negotiation skills

# Qualities of a good Entrepreneur

## 1. **Desire to Excel**

1. The entrepreneur should always engage in competitions with self imposed standards with themselves to emerge the best version of themselves
2. Entrepreneurs who successfully build new enterprises possess an intense level of strong determination and willingness to work hard.
3. They possess a capacity to work for long hours and in spurts of several days with less than normal amount of sleep.
4. Through their hard work and intense desire to complete a task or solve a problem or overcome hurdles, they can able to achieve the never ending goal of excellence.

# Qualities of a good Entrepreneur

## 2. Hard Work & Persistent

1. Entrepreneurs are not thwarted by their defeats. They look at defeat as an opportunity for success.
2. They are determined and persistent in what they do to make all of their endeavors succeed, so will try and try again until it works the expected.
3. Every step they take, they calculate and analyse the outcomes and ensure that if there was a better way to do so, they will try and do the better part.

# Qualities of a good Entrepreneur

## 3. Self Confidence

1. Entrepreneurs must have confidence and belief in themselves to achieve their desired objectives.
2. They strongly believe that they can beat any one in the field.
3. They do not believe in status quo, rather they believe that the events in their life are self-determined and have little belief in fate.
4. What ever the situations and consequences, one must not loose confidence in self.

# Qualities of a good Entrepreneur

## 4. Self-discipline

1. These individuals are focused on making their businesses work, and eliminate any hindrances or distractions to their goals.
2. They have overarching strategies and outline the tactics to accomplish them.
3. Successful entrepreneurs are disciplined enough to take steps every day toward the achievement of their objectives.
4. They take full credit for the success and assume full responsibility for the failure of the enterprise.

# Qualities of a good Entrepreneur

## 5. Risk-taking ability

1. An entrepreneur must be a moderate risk taker and learn from failures.
2. The successful entrepreneurs are neither high risk takers, nor gamblers. They work in between the two extremes.
3. They take moderate challenging risk to attain moderate returns which are influenced within their abilities and decisions.
4. Never be afraid of taking risks with clients if needed.



# Qualities of a good Entrepreneur

## 6. Creative thinking

1. Entrepreneurs realize that every event and situation is a business opportunity. Ideas are constantly being generated about workflows and efficiency, people skills and potential new businesses.
2. One facet of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries.
3. An entrepreneur must be innovative and creative. At the same time they must be realistic in nature.
4. They are able to do better analysis of situations and act accordingly

# Qualities of a good Entrepreneur

## 7. Communication Ability

1. An entrepreneur must be well-versed with the art of communication.
2. It is that skill through which both the sender and receiver understand each other and are being understood.
3. Entrepreneur are required in many situations to influence customers, employees, suppliers, creditors, and government and make them think in his way and act accordingly.
4. An entrepreneur who can effectively communicate and convince the above people will be more likely to succeed than the entrepreneur who does not.

# Qualities of a good Entrepreneur

## 8. Good Human Relations Ability

1. Entrepreneurs must have the abilities to maintain and establish good relations with customers, employees, suppliers, financiers and other people related with the business to run it effectively and efficiently.
2. Emotional stability, tactfulness and warm human relations are some important qualities which bring success to an entrepreneur.
3. An entrepreneur who maintains good human relations is much more likely to succeed in his business than the individual who does not practice such relations.

# Qualities of a good Entrepreneur

## 9.Decisiveness

1. Do you exercise sound judgment under pressure? When you're an entrepreneur, you don't have room to procrastinate—and the same is true for employees.
2. The decision making ability of a entrepreneur is a key skill. They must be able to take the right decision at the right time for themselves and the employees.

# Qualities of a good Entrepreneur

## 10.Passion

1. Passion is the most important trait of the successful entrepreneur.
2. They genuinely love their work.
3. They are willing to put in those extra hours to make the business succeed because there is a joy their business gives which goes beyond the money.
4. The successful entrepreneur will always be reading and researching ways to make the business better.

# Qualities of a good Entrepreneur

## 11.Goal oriented mindset

1. Successful entrepreneurs always keep one eye on the big picture, and this ability can make you a better employee.
2. The entrepreneur should have a goal for themselves and their enterprise.
3. They must track the progress being made and set goals to reach new heights in their work.

# Qualities of a good Entrepreneur

## 12. Leadership qualities

1. A great leader can create a great team.
2. An entrepreneur must possess good leadership qualities to become a successful entrepreneur because leadership is the important aspect of entrepreneurship.
3. The entrepreneur must have an ability to lead so that he can induce the people to work with confidence and zeal.
4. It is an aid to authority and helps in better utilization of manpower.

# Qualities of a good Entrepreneur

## **13.Strong commitment**

1. Entrepreneurs know that if something needs to be done, they should start it themselves.
2. They are set to be committed to their work.
3. They believe their efforts and are committed to take necessary feedbacks and ideas.
4. They set the parameters and make sure that projects follow that path.
5. They are proactive, committed and believe in their team.



# Qualities of a good Entrepreneur

## 14. Negotiation skills

1. Persuasiveness can make you a better negotiator, which gives you an edge when going after a plum assignment, raise, or promotion.
2. One must have the ability to convince the client or the team to make them believe in the purpose of a thought or plan of action.
3. These skills will go a long way to get funds or even sell a product to a customer.

# Qualities of a good Entrepreneur

## 15.Motivation

1. An entrepreneur should have a strong motivation towards the achievement of a task and must be able to exert considerable efforts in getting things done by others.
2. They should be a person who likes working with people and has skills in dealing with them.
3. They have to motivate people to act, through his interpersonal skills. Motivating self, is a very important quality to done.
4. Adopting this mindset and being able to demonstrate your motivation to an employer is crucial

# SWOT & RISK ANALYSIS

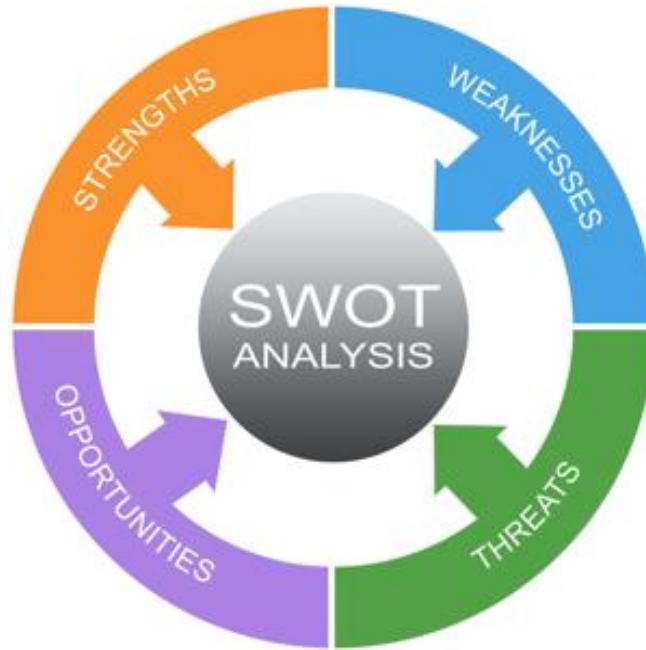


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## SWOT Analysis

- SWOT stands for **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats.





## SWOT Analysis

**Strengths and weaknesses** are internal to your company Things that you have some control over and can change.

Examples include who is on your team, your patents and intellectual property, and your location.

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**Opportunities and threats** are external Things that are outside your company, market. You can take advantage of opportunities and protect against threats, but you cannot control them.

Examples include competitors, prices of raw materials, and customer shopping trends.

## SWOT Analysis- organizer

- A SWOT analysis organizes your top strengths, weaknesses, opportunities, and threats into an organized list and is usually presented in a simple two-by-two grid. It can be done at a personal level also.





SWOT analysis will help you to be armed with a solid strategy for prioritizing work that you need to do to grow your business.

SWOT analysis will force you to look at your business in new ways and directions, while we feel that we know enough about our enterprise or

You will look at your strengths and weaknesses, and how you can leverage them to take advantage of the opportunities and threats that exist in your market.

For best results, you'll want to gather a group of people who have different perspectives on the company.

Select people who can represent different aspects of your company, from sales and customer service to marketing and product development.

Everyone should be involved while doing a company's SWOT analysis. Innovative companies even look outside their own internal ranks when they perform a SWOT analysis and get input from customers to add their unique voice to the mix.

Risk analysis is the process of identifying and analyzing potential issues that could negatively impact key business initiatives or projects. This process is done in order to help organizations avoid or mitigate those risks.

The process involves understanding various threats involved in the course of work and how to effectively deal with them.

Performing a risk analysis includes considering the possibility of events caused by either natural processes or adverse events.

Enterprises and other organizations use risk analysis to:

- anticipate and reduce the effect of harmful results from adverse events;
- evaluate whether the potential risks of a project are balanced by its benefits to aid in the decision process when evaluating whether to move forward with the project;
- plan responses for technology or equipment failure or loss from adverse events, both natural and human-caused; and
- identify the impact of and prepare for changes in the enterprise environment, including the likelihood of new competitors entering the market or changes to government regulatory policy.

identify, rate and compare the overall impact of risks to the organization, in terms of organizational impacts

enhance communication and decision-making processes as they relate to information

improve security policies and procedures and develop cost-effective methods for improving information security policies and procedures;

put security controls in place to mitigate the most important risks;

increase employee awareness about security measures and risks by highlighting best practices in the risk analysis process; and

identify gaps in security and determine the next steps to eliminate the weaknesses and improve security

## Steps in risk analysis process

1. Conduct a risk assessment survey.
2. Identify the risks.
  - Use SWOT analysis for identification.
3. Analyse the risks.
  - Understanding their likelihood.
4. Develop a risk management plan
  - The risk analysis should produce control recommendations that can be used to mitigate, transfer, accept or avoid the risk.
5. Implement the risk management plan
  - Starting with the highest-priority risk, resolve or at least mitigate each risk so it's no longer a threat
6. Monitor the risks

## Analysis- Strengths

Strengths are internal, positive attributes of your company. These are within your control.

- What business processes are successful?
- What assets do you have in your team? knowledge, education, network, skill, reputation?
- What physical assets do you have, such as customers, equipment, technology, patents?
- What competitive advantages do you have over your competition?

## Analysis- Weaknesses

Weaknesses are negative factors that detract from your strengths. These are things that you might need to improve on to be competitive.

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- Are there things that your business competitive?
- What business processes need imp
- Are there tangible assets that your needs, such as money or equipmen
- Are there gaps on your team?
- Is your location ideal for your succe



Opportunities are external factors in your business environment that are likely to contribute to your success.

- Is your market growing and are there factors that will encourage people to buy more of what you are selling?
- Are there upcoming events that your business can be able to take advantage of to grow?
- Are there upcoming changes to regulations that might impact your company positively?
- If your business is up and running, do you think highly of you?

## Analysis- Threat

Threats are external factors that you have no control over. You may want to consider putting in place contingency plans for dealing with them if they occur.

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- Is there a potential competitors who may enter the market?
- Will suppliers always be able to supply the materials you need at the prices you need?
- Could future developments in technology impact the way you do business? Is consumer behavior changing in a way that could negatively impact your business?
- Are there market trends that could become a threat to your business?

## Self Analysis



Answer the questions for self to do a personal SWOT analysis.

The background is a blurred image of a wooden desk. A hand is visible on the left, holding a smartphone. Another hand is on the right, pointing at a document. The document contains various charts and graphs, including a pie chart and a bar chart. There are also some sticky notes and markers on the desk.

# *Sales & Distribution Management*

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## What is sales Management

- Sales management is defined as the planning, direction, and control of personal selling including recruiting, selecting, equipping, assigning, routing, supervising, paying, and motivating as these tasks apply to personal sales force.
- Sales management originally referred exclusively to the direction of the sales force.
- Sales management is the way the sales of a product are directed into the market.

Sales refer to the exchange of goods or services for an amount of money or its

Selling helps an organization achieve its business goals. Thus, managing sales is a critical activity.

A sales manager would need to ensure that the salesforce employees are motivated to perform the selling function in a way that will help the organization attain its goals

The sales team continuously monitors the changes taking place in the external environment such as competitors, customers, government and other regulatory agencies, advances technology and industry trends.

## Sales and Distribution management

- The trends that have shaped the sales function include shorter product life cycles, longer and more complex sales cycles, reduced customer loyalty, intense competition among manufacturing firms, rising customer expectations, increasing buyer expertise, an electronic revolution in communications, and the entry of women into the sales force.
- Sales management is the attainment of sales goals in an effective and efficient manner through planning, staffing, training and controlling organizational resources.
- In addition to having a strong sales function, companies should also have efficient distribution channels to make the products available to the end consumer.
- Sales and Distribution management are the most important components of the marketing mix. Sales managers are accountable for generating revenue that meets the corporate objective.



## Advantages and Importance

Sales management inspires sales

It is the backbone of the marketing system

It manages the sales force

Aids in training the salespeople

To establish brand image and goodwill

To better manage the sales data

To evaluate the performance

The motivation of the sales force

Important element of national income

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Helps in recruiting sales personnel

## What is Distribution Management

- The management of the efficient transfer of goods from the place of manufacture to the point of sale or consumption.
- Distribution management compasses such activities as warehousing, materials handling, packaging, stock control, order processing, and transportation
- A Distribution Management System (**DMS**) is a collection of applications designed to monitor & control the entire distribution network efficiently and reliably.
- It acts as a decision support system to assist the control room and field operating personnel with the monitoring and control of the electric distribution system

## Distribution Management

Distribution management is critical to a company's ability to successfully and operate profitably.

Executing it successfully requires effective management of the entire distribution

The larger a corporation, or the greater the number of supply points a company has, the more it will need to rely on automation to effectively manage the distribution network.

Modern distribution management encompasses more than just moving products from point A to point B.

It also involves gathering and sharing relevant information that can be used to identify opportunities for growth and competitiveness in the market.

## Sales and Distribution management

- Management of distribution channels involves efficient channel design, conflict management and implementation of sophisticated channel information systems which will enhance the process of making the products available to the end consumer in a timely manner.
- Marketing channels are the pathways through which a product or service is made available to consumers.
- Distribution management is an art of designing channel, choosing channel partners and promoting the product or service through the channel

## Advantages and Importance

Keeps things organized. With a proper management system in place, retailers would be aware if they are to hold stock in their own locations or move it, especially if the seller lacks proper storage space.

A distribution management system also makes things easier for the consumer.

Putting a proper distribution management system in place also alleviates any potential for errors in delivery, as well as the times products need to be delivered.

Helps to understand strategies to price products regionally  
communication used by a seller to inform, persuade, and/or remind buyers and potential buyers about the seller's goods, services, image, ideas, and the impact it has on society.

Product placement becomes efficient



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## What is a Small Scale Business

- The definition of a small business is an independently owned and operated company that is limited in size and in revenue depending on the industry.
- Can be established with low investment
- Small businesses are **privately owned corporations, partnerships, or sole proprietorships** that have fewer employees and/or less annual revenue than a regular-sized business or corporation.
- Examples of small business are: Tea stalls, Meal service, network marketing, Jams and Pickles, Kiosks.



Enlisted are some small businesses

Caregiver service (Service oriented)

Agricultural goods and harvesting

Skin and beauty treatment-(Small business idea for men and women)

Handicrafts-(Creative small business idea in India)

Employee background checks

Renting scooters and motorcycles

Maintenance (electronics)

## What is a Large scale Bussiness

- A large business would have an economic group consisting of **large profit-making corporations** especially with regard to their influence on social or political policy with a very profitable enterprise.
- Big business involves large-scale corporate-controlled financial or business activities. As a term, it describes activities that run from "huge transactions" and larger audience.
- A large enterprise is an enterprise that checks at least one of the following two conditions: has at least 5000 employees; has an annual turnover greater than 1 crore rupees.

Enlisted are some Large Scale Businesses

Bharti Enterprises ( Telecommunications, Insurance, Digital TV, Solar Energy, Real Estate, Real Estate, etc.)

Birla Corporation Ltd( Customer goods, finance, etc.)

Larsen & Turbo (L&T- Manufacturing goods, information technology)

Reliance ADA Group (financial services, telecom, construction, power, entertainment, health care, manufacturing, defense, aviation, and transportation services.)

Tata Group (Automotive, Airlines, Chemicals, Defense, FMCG, Electric Utility, Finance, Home Appliances, Hospitality, IT Services, Locomotives, Retail, Real Estate, Steel, and, Telecommunications)

## Differences between Small & Large scale business

S No.	Characteristic of Comparison	Small Scale Business	Large scale Business
1	Equity	By the family of the business owner	Held by large number of investors
2	Management	Managed by the owner	Designated managers manage the business
3	Decision Making	All the decisions are taken by the owner directly	Decision-making power is distributed in the hierarchy
4	Funding	Limited options	A wide range of options available for funding (investors, companies, stocks)
5	Planning	Short term goals with sustainability plan	Long term goals for sustainability

## Differences between Small & Large scale business

S No.	Characteristic of Comparison	Small Scale Business	Large scale Business
6	Working capital cycle	Shorter working capital cycle	Longer working capital cycle
7	Volume of production	Limited quantity	Mass production
8	Market opportunities	Limited	Unlimited
9	Customer base	Limited but recurrent	Diverse range, large sector of the society
10	Risk	Unlimited risk	The risk is limited to the proportion of stake held by a person



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## What Is a Market?

A market is a place where two parties can exchange of goods and services. The parties are buyers and sellers. The market may be physical like a marketplace where people meet face-to-face, or virtual like an online market where there is no direct physical contact between buyers and sellers.

## What is Market Survey?

Market survey is the research and analysis of a particular product/service which includes understanding customer inclinations which focuses on identifying buying potential. Market surveys are conducted to get feedback from the target audience about their characteristics, expectations, and requirements.



## Types of Markets

**1. Physical Markets** - Physical market is a set up where buyers can physically meet the sellers and purchase the desired merchandise from them in exchange of money. Shopping malls, department stores, retail stores are examples of physical markets.

**2. Non Physical Markets/Virtual markets** - In such markets, buyers purchase goods and services through internet. In such a market the buyers and sellers do not meet or interact physically, instead the transaction is done through internet. Examples are Rediff shopping, eBay etc.

**3. Auction Market** - In an auction market the seller sells his goods to the highest bidder.

**4. Market for Intermediate Goods** - Such markets sell raw materials required for the final production of other goods.

**5. Black Market** - A black market is a setup where illegal goods and weapons are sold.

**6. Knowledge Market** - Knowledge market is a set up which exchange of information and knowledge based products.

**7. Financial Market** - Market dealing with the exchange of financial

## How Markets Work

- Markets are arenas in which buyers and sellers can gather and interact. It can be physical arena or virtual arena.
- As such, a market in a state of perfect competition, among other things, is necessarily characterized by a high number of active buyers and sellers.
- The market establishes the prices for goods and other services. These rates are determined by supply and demand
- Supply is created by the sellers, while demand is generated by buyers.
- Markets try to find some balance in price when supply and demand are themselves in balance.

- Entrepreneurs specialize at creating innovative ideas for new products and services, but ideas that sound good on paper are not always good in practice.
- Determining what consumers want and designing products and services that fulfil those wants is essential to the success of a business.
- Businesses use market surveys to gather information that aids in market research.
- Market research describes the gathering and analysis of market data, such as consumer preferences, trends in market prices and the presence of competing products.
- A market survey can describe any study that gathers information directly from consumers by asking them questions about their preferences, habits and experiences.

- The purpose of a market survey is to provide business managers with insight about their target customers, such as how much money they spend on certain types of products, whether they use competing products and the interest level for new products
- Market surveys can be administered in several ways. Paper surveys or questionnaires that businesses hand out in public or mail to consumers are common forms of market surveys (Example: Restaurants).
- Some conduct oral market surveys over the phone, while others conduct surveys electronically via email, on official websites or through third-party websites dedicated to market surveys.

Gain critical customer feedback

Understand customer inclination towards purchasing products

Enhance existing products and services

Make well-informed business decisions



Understanding the demand and supply chain of the target

Developing well-thought marketing plans

Understanding and determining customer expectations

Accurate and timed launch of new products

Obtain information about customer demographics



- Since market is a heterogenous mix of selling and buying parties, multiple factors may effect the potency of surveys
- The effectiveness of market surveys can be limited by a variety of underlying factors.
- The way market researchers phrase survey questions can have a large impact on the way consumers respond, so researchers that pose leading questions can get skewed results.
- In addition, consumers may not always answer truthfully, and they may feel pressured to answer in a certain way to please researchers.

# Methods of Marketing

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Marketing helps improve sale of products and increase profits for the company



For businesses to win market share and stay relevant they consider many types of marketing strategies. Each market can communicate to a target market the benefits and features of a product.

Marketing strategies can also communicate an overall value to customers. In many cases, this is the core of building equity and goodwill in your target markets



1. Cause Marketing
2. Close Range Marketing (CRM)
3. Relationship Marketing
4. Transactional Marketing
5. Scarcity Marketing
6. Word of Mouth Marketing
7. Call to Action (CTA) Marketing
8. Viral Marketing
9. Diversity Marketing

11. Mass Marketing

12. Seasonal Marketing

13. PR Marketing

14. Online Marketing

15. Email Marketing

16. Evangelism Marketing

17. Event Marketing

18. Offline Marketing

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19. Outbound Marketing



21. Inbound Marketing

22. Freebie Marketing

23. Newsletter Marketing

24. Article Marketing

25. Content Marketing

26. Tradeshow Marketing

27. Search Marketing

28. Direct Marketing

29. Niche Marketing

31. Community Marketing

32. Social Media Marketing

33. Cross -Media Marketing

34. B2B Marketing

35. Promotional Marketing

36. Ambush Marketing

37. B2C Marketing

38. Cloud Marketing

39. Mobile Marketing

40. Alliance Marketing

41. Reverse Marketing

42. Telemarketing

43. Free Sample Marketing

44. Direct Mail Marketing

45. Database Marketing

46. Personalized Marketing

47. Affinity Marketing

48. Cultural Marketing

49. Humanistic Marketing

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50. Guerrilla Marketing

## Marketing Methods

- The enlisted methods help in improving marketing areas for your company.
- Each method has its outreach to a specified group of audience.
- It is based on the market reach that the marketing strategy is designed and executed.



# Publicity

# &

# Advertisement

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## What is Publicity?

- Publicity something that attracts the attention of the public : attention that is given to someone or something by newspapers, magazines, television news programs, etc. the activity or business of getting people to give attention to someone or something
- Publicity comes from reporters, columnists, and journalists. It can be considered as a part of public relations.



The term publicity is a combination of two words **public and visibility**. It is a flow of information or fact, regarding general awareness about a subject or any burning issue.

It is **used to draw the attention of the people**, for any subject with **broadcast media, print media or social media**.

Publicity can be printed or just aired. It is either be positive or negative and real as well. It is an entirely unbiased opinion as it comes from an unbiased source.



## Characteristics of Publicity

**1. Meaning:** Publicity is not a paid form of mass communication that involves getting the response of buyers by placing commercially significant news in mass media.

**2. Non-paid Form:** Publicity is not a paid form of communication. It is not directly

**3. Various Media:** Mostly, publicity can be carried via newspapers, magazines, radio,

**4. Objective:** Sales promotion is undertaken for a variety of purposes. Example: new product launch, check

**5. Credibility/Social Significance:** Publicity has high degree of credibility or reliability from mass media independently. It is given as news for social interest.

**6.Part of Public Relations:** Publicity is a part of broad public relations efforts and a relations includes improving, establishing, and maintaining direct relations with all. It can help improve public relations.

**7. Control of Company:** Company has no control over publicity in terms of message, frequency, information, and medium. It comes through mass media like radio, news television, etc;

**8. Costs:** Publicity can be done at much lower cost than advertising. Company need little amount to get the event or function publicized.

**9. Effect:** Publicity message is more likely to be read, viewed, heard, and reacted to with a high degree of believability as it is given by the third party.

**10. Repetition:** Frequency or repetition of publicity in mass media depends upon significance or the value for news. Mostly, it appears only once.

## Importance Of Publicity



1. Credibility

2. Greater readership

3. Contains more information

4. Cost benefit

## What is Advertisement?

- Advertising is a marketing communication that employs an openly sponsored, non-personal message to promote or sell a product, service or idea.
- Sponsors of advertising are typically businesses wishing to promote their products or services.
- Advertisements are of great importance for any business activity as it attracts people to use the particular service.



Advertising is to advertise (make aware) a product or service for commercial purposes.

Advertising is what a company says about its own product  
is what others say about a product

Advertising is under the control of the company

Advertising always speaks the goodness about a product, to target audience to buy it.

**Paid Form:** Advertising requires the advertiser (also called sponsor) to pay to create message, to buy advertising media slot, and to monitor advertising efforts.

**Tool For Promotion:** Advertising is an element of the promotion mix of an organization.

**One Way Communication:** Advertising is a one-way communication where brands communicate with the customers through different mediums.

**Personal Or Non-Personal:** Advertising can be non-personal as in the case of TV, radio, newspaper advertisements, or highly personal as in the case of social media and other digital marketing.

- **Print Advertising:** Newspaper, magazines, & brochure advertisements, etc.
- **Broadcast Advertising:** Television and radio advertisements.
- **Outdoor Advertising:** Hoardings, banners, flags, wraps, etc.
- **Digital Advertising:** Advertisements displayed over the internet and digital devices.
- **Product/Brand Integration:** Product placements in entertainment media like TV show, YouTube video, etc.



## To The Customers

- Convenience: Targeted informative advertisements make the customer's making process easier as they get to know what suits their requirements.
- Awareness: Advertising educates the customers about different products in the market and their features. This knowledge helps customers compare products and choose the best product for them.
- Better Quality: Only brands advertise themselves and their products. There are no advertisements for unbranded products. This ensures better quality to the customer. No brand wants to waste money on false advertising.

## To The Business

- Awareness: Advertising increases the brand and product awareness among the people belonging to the target market.
- Brand Image: Clever advertising helps the business to form the desired brand image and brand personality in the minds of the target audience.
- Product Differentiation: Advertising helps the business to differentiate its product from those of competitors' and communicate its features and advantages to the target audience.

## To The Business

- **Increases Goodwill:** Advertising reiterates brand vision and increases the goodwill of the brand among its customers.
- **Value For Money:** Advertising delivers the message to a target audience and tends to be value for money when compared to other elements of the promotion mix.

**Reduces Per-Unit Cost:** The wide appeal of advertisements increases the demand which benefits the organization as it capitalizes on the economies of scale.

**Helps In Brand Building:** Advertisements work effectively in brand building. Brands are preferred over those which doesn't.

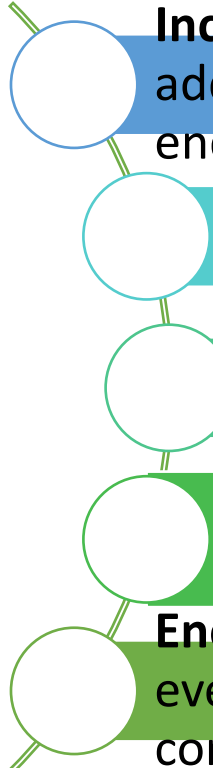
**Helps In Launching New Product:** Launching a new product is easy when it is backed by advertisement.

**Boosts Up Existing Customers' Confidence In The Brand:** Advertisements boost u

**Helps In Reducing Customer Turnover:** Strategic advertisements for better products and better service helps reduce customer turnover.

**Attracts New Customers:** Attractive advertisements help the brand attract new customers and expanding the business.

**Educates The Customers:** Advertisements inform the customers about products existing in the market and also educates them in what they should look for in an apt product.



**Increases The Costs:** Advertising is an expense to the business and is added to the cost of the product. This cost is eventually borne by the end consumer.

**Confuses The Buyer:** Too many advertisements with similar claims often confuses the buyer in what to buy and should he buy the product or not.

**Is Sometimes Misleading:** Some advertisements use smart strategies to mislead the customers.

**Only For Big Businesses:** Advertising is a costly affair and only big businesses can afford it. This makes small businesses out of competition with big businesses who get to enjoy a monopoly in the market.

**Encourages The Sale Of Inferior Products:** Effective advertisements even lead to the sale of inferior products which aren't good for the consumers.

## DIFFERENCES BETWEEN ADVERTISING & PUBLICITY

S No.	Basis of Comparison	Advertising	Publicity
1	Meaning	The activity of generating advertisements of products and services to commercialize them is known as Advertising.	The activity of providing information about an entity, i.e. a product, an individual or a company to make it popular is known as Publicity.
2	What is it?	It is what the company says about its product.	It is what others say about the product.
3	Cost involved	Very expensive marketing tool.	Free of cost.
4	Given by	Company and its representative	Third Party (Most of the times)

## DIFFERENCES BETWEEN ADVERTISING & PUBLICITY

S No.	Basis of Comparison	Advertising	Publicity
5	Is it under the control of the company?	Yes	No
6	Which type of message it conveys?	Positive	It may be positive or negative.
7	Credibility and Reliability	Less	Comparatively more
8	Focus on	Target Audience	Awareness
9	Repeatation	Yes	No



## Key Take-Aways

- Every firm has its own choices to advertise and invest on publicity for a product.
- It is important that a right team is in place to take the right decisions on advertising and publicizing goods.
- Feedback receival and implementation are key for a product's success and sales in the market.
- It is always important to focus on the investment made for into advertising and publicity. It must incur minimal cost to enhance profits.

# MARKETING MIX



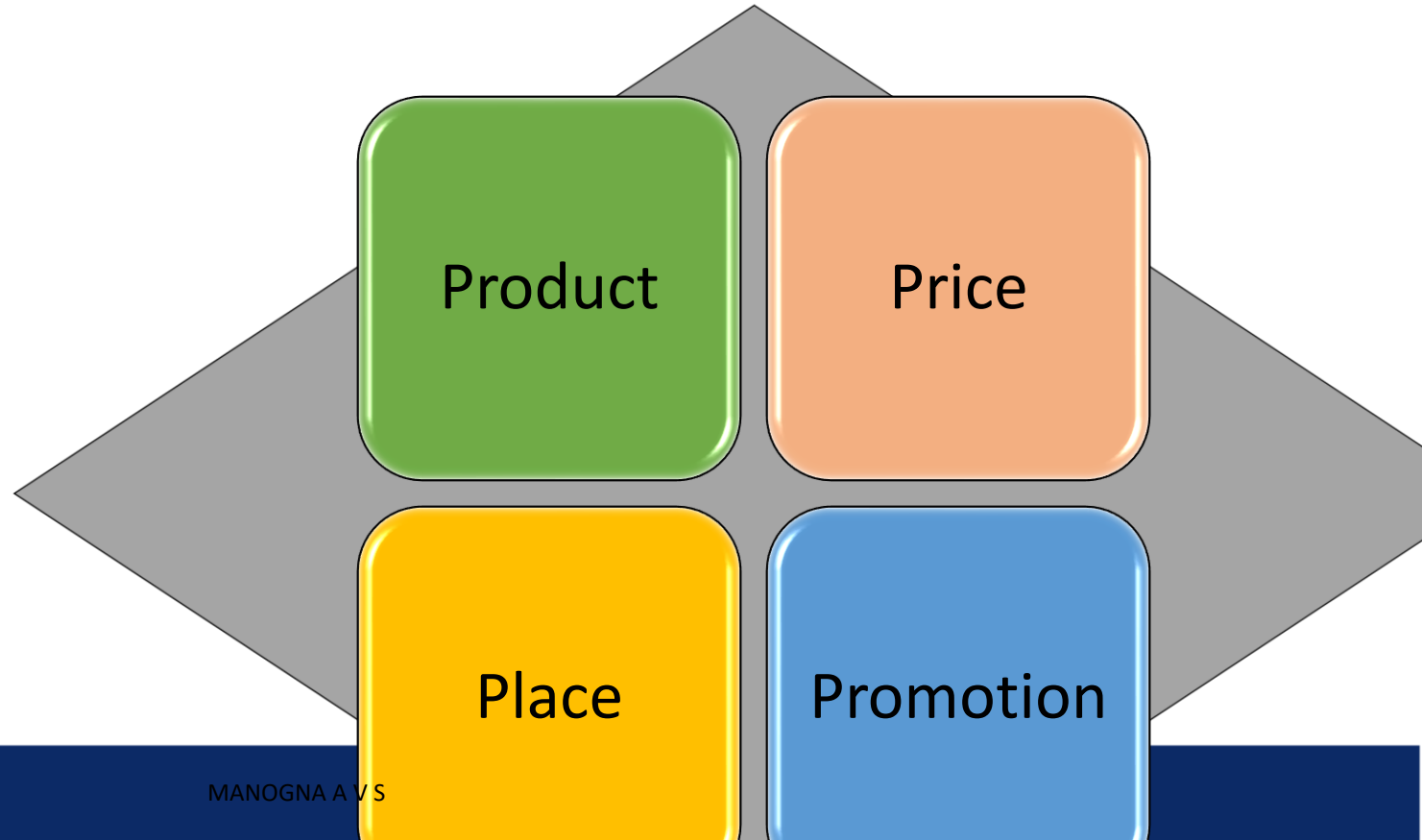
## Contents

1. Qualities of a good Entrepreneur
2. SWOT and Risk Analysis.
3. Concept & application of PLC
4. Sales & distribution Management.
5. Different Between Small Scale & Large Scale Business
6. Market Survey
7. Methods of marketing
8. Publicity and advertisement
9. **Marketing Mix**

## Marketing Mix

- Marketing is a continually evolving discipline and as such can be one that companies find themselves left very much behind the competition if they stand still for too long.
- Where once there were 4 Ps to explain the mix, nowadays it is more commonly accepted that a more developed 7 Ps adds a much-needed additional layer of depth to the Marketing Mix with some theorists going even going further.
- Simply put the Marketing Mix is a tool used by businesses and Marketers to help determine a product or brands offering. The 4 Ps have been associated with the Marketing Mix since their creation by E. Jerome McCarthy in 1960.

## The Marketing Mix 4 Ps



## The Marketing Mix 4 Ps

### **Product**

- The Product should fit the task consumers want it for, it should work, and it should be what the consumers are expecting to get.

### **Price**

- The Product should always be representing good value for money.
- This does not necessarily mean it should be the cheapest available; one of the main tenets of the marketing concept is that customers are usually happy to pay a little more for something that works well for them.

## The Marketing Mix 4 Ps

### **Place**

- The product should be available from where your target consumer finds it easiest to shop. This may be High Street, Mail Order or the more current option via e-commerce or an online shop.

### **Promotion**

- Advertising, PR, Sales Promotion, Personal Selling and, in more recent times, Social Media are all key communication tools for an organization.
- These tools should be used to put across the organization's message to the correct audiences in the manner they would most like to hear, whether it be informative or appealing to their emotions.

The extended 7 Ps:



Image source: in-business.org.uk

inBusiness  
[www.in-business.org.uk](http://www.in-business.org.uk)



## The extended 7 Ps

- Apart from the 4 Ps: Product, Price, Place & Promotion, the following have been introduced in the late 70's.
- Extended Marketing Mix was introduced in 1981 by Booms & Bitner

### **People**

- All companies are reliant on the people who run them from front line Sales staff to the Managing Director.
- Having the right people is essential because they are as much a part of your business offering as the products/services you are offering.

### **Processes**

- The delivery of your service is usually done with the customer present so how the service is delivered is once again part of what the consumer is paying for.

### **Physical Evidence**

- Almost all services include some physical elements even if the bulk of what the consumer is paying for is intangible.

Institutions Support for Entrepreneurship



## **Introduction**

The central and state governments supports entrepreneurial activities in various ways.

Services like financing, technical guidance, equipment support, training, marketing and providing subsidy and grants are supported by several institutions.



Industrial Development Bank of India (IDBI)

These institutions provide financial support to



Industrial Finance Corporation of India (IFCI)

promote and develop small industries and entrepreneurs.



Small Industries Development Bank of India (SIDBI)



National Small Industries Corporation Ltd

State Small Industries Corporation (SSIC)

Regional Rural Banks (RRBs)

State Financial Corporations (SFCs)

State Industrial Development Corporations (SIDCs)

Cooperative Banks and Gramin Banks

## Institutions for Technical Guidance

These institutions are set up to help entrepreneurs seek technical guidance and support for small scale industries

Small Industries Development  
Organisation (SIDO)

District Industries Centres (DICs)

Technical Consultancy  
Organisations (TCOs)

Small Industries Service  
Institutes (SISIs)

State Small Industries  
Development Corporation  
(SSIDCs)

## Institutions for Training

These institutes are set-up one in each state to provide consultancy and training to small and prospective entrepreneurs

Small Industries  
Service Institute  
(SISI)

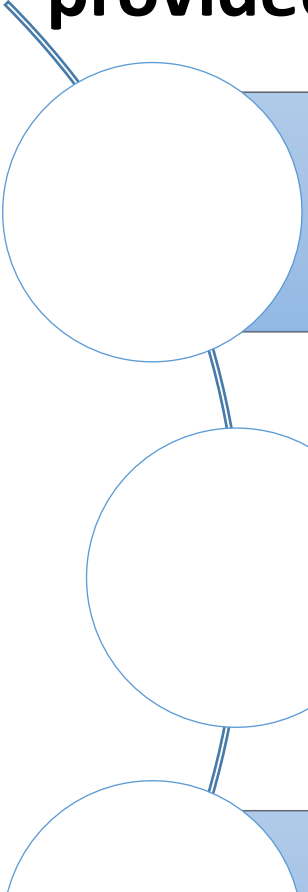
National  
Agriculture  
Development  
(NARD)

Council for  
Advancement of  
Peoples Action and  
Development

District  
Centr



# Support for Innovation and Entrepreneurship provided by Government of India



Several initiatives and policies have been undertaken by the Government of India to support innovation and entrepreneurship.

Job creation is one of the biggest challenges India faces. With its young demographic, we have a lot of potential to innovate, raise capital, and create jobs for the benefit of our nation.

On the other hand, realizing the importance of women entrepreneurship, the Government of India has ensured that all policies are providing support to women entrepreneurs.

Startup India

Click here to visit website



Launched in Jan 2016 with a motive to support aspiring entrepreneurs

Promotes entrepreneurship by mentoring, nurturing and facilitating

'Fund of Funds' help startups acquire access to funding

Provides opportunity for startups to innovate and excel without

Provides a comprehensive four-week free online learning program

Make in India

Click here to visit website



edunet  
foundation

The Make in India initiative was launched in September 2014.

This was started to replace outdated and obstructive structure with transparent and modern systems

It was an invitation to potential partners and investors around the world to create and grow in the Indian manufacturing sector.

This has led to new confidence in India's capabilities among potential partners abroad and within the country and citizens.

Swathi Kallesh

This has helped get investments, promote innovation, develop skills, protect intellectual property, and create jobs.

Digital India

Click here to visit website



**Digital India**  
Power To Empower

edunet  
foundation

This initiative was launched in July 2015 to modernize the Indian economy and transform India into a digitally empowered society

Focuses on making high speed internet available across the country

Improves citizen participation in digital and financial space and supports ease of doing business

Make India's cyberspace more safe and secure.

## Pradhan Mantri Kaushal Vikas Yojana

Click here to visit website



Launched in July 2015 is an initiative of the Ministry of Skill Development & Entrepreneurship (MSDE)

Focuses on training the youth in industry-relevant skills and provide certification

Assessment and training fees is borne by the Government

Individuals with prior learning experience or skills will also be assessed and certified  
Recognition of Prior Learning (RPL)

Few of the other initiatives

Atal Innovation Mission (AIM)

Stand-Up India

Trade-related Entrepreneurship Assistance and Development (TREAD)

Department of Science and Technology (DST)

Biotechnology Industry Research Assistance Council (BIRAC)

Support to Training and Employment Programme for Women (STEP)

Image and website courtesy: Google

# PROCESS OF SETTING UP A BUSINESS





# BUSINESS ACTIVITY





# WHAT IS INVESTMENT PROCUREMENT?

**A survey by the IBM Institute for Business Value, and Oxford Economics reveals that 90 PERCENT OF STARTUPS FAILS WITHIN THE FIRST 5 YEARS.**

SOURCE: <https://www.ibm.com/thought-leadership/institute-business-value/report/startupindia>



All business ventures need a particular fuel to run.....

## CAPITAL.

It is the lifeline for any new entrepreneur, to start a business. A lot of new businesses fail due to lack of proper funding.

## INVESTMENT PROCUREMENT:

The process of arranging for the financial investment required to start your business.

In the consecutive modules, we will learn about the ways to do the same.



# PROJECT FORMULATION





# PROJECT FORMULATION:

- A pre-investment report
- Stepping stone of investment procurement
- Done so that **investing decisions can be made**
- Done **PRIOR** to investing in a business
- Examines the project idea from the stand point of its **objectives, social impacts** and **financial** and **technical viability**
- **A MUST-DO FOR ALL NEW ENTREPRENEURS**

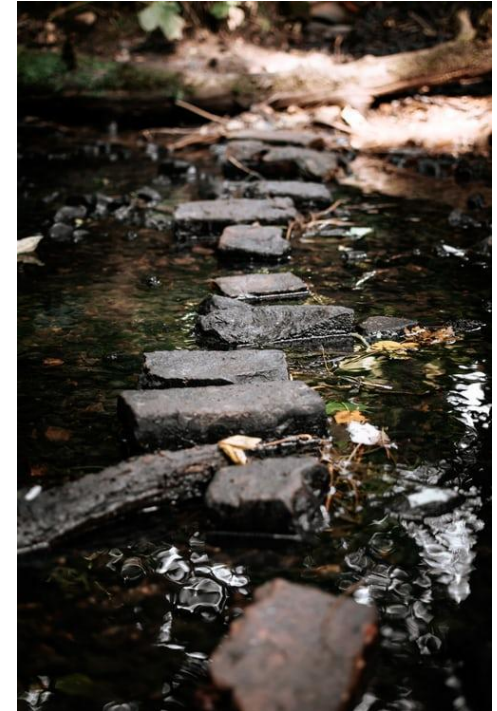
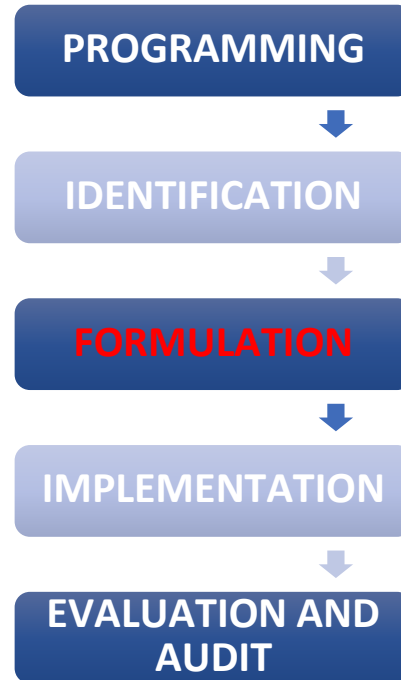


Image source: UNSPLASH

# THE 5 STAGES OF A PROJECT LIFE CYCLE:



# NECESSITY OF PROJECT FORMULATION:



**To select the appropriate technology**



**To select the appropriate manpower**



**To ensure uninterrupted raw material  
and power supply**

Image source: UNSPLASH



**To choose the correct technical, financial  
and managerial service providers**

# NECESSITY OF PROJECT FORMULATION:



**To select the correct logistics and transportation facilities**



**To gauge ability to acquire resources**



Image source: UNSPLASH

**To ensure legal compliance (industrial relations, licensing, foreign collaboration, import/export) etc.**

## CONSIDERATIONS DURING PROJECT FORMULATION:

- Product description/service description
- Market survey results
- Production unit details
- Business location
- Nature of business (online/offline/blended)



Image source: UNSPLASH

## CONSIDERATIONS DURING PROJECT FORMULATION:

- Raw material and utilities detail
- Capital cost calculation (initial cost)
- Working cost calculation (to actually run the business)
- Manufacturing /Service providing costs
- Transportation and storage costs



Image source: UNSPLASH

# FUNDING OPTIONS FOR ENTREPRENEURSHIP



# FUNDING IS NEEDED TO/FOR:

- Develop **prototype** product
- **App/website** development
- Team **hiring**
- **Legal** and **consulting** fees
- **Raw materials** and **equipments**
- **Licenses** and **certifications**
- **Working** capital
- **Marketing** and **sales**
- **Administrative** expenses



Image source: UNSPLASH



# TYPES OF FUNDING:

- **Equity financing**

- Investors hold company **shares**
- They receive part of business **profits**
- They may have right to take **business decisions**

- **Debt Financing**

- Investor **gives loan** to the entrepreneur
- Investor gets **regular interest** on **loan** (also principal)
- Investor has **no say** in the company decisions

- **Grants**

- Granted by **Central Government, State Governments, Corporate Challenges, Grant Programs** of Private Entities
- Money **granted** to generate **employment**
- **No return** required in terms of loan interest or dividends

# WAYS TO FUND YOUR BUSINESS:

- **FUNDING METHODS**

- BOOTSTRAPPING

- CROWDFUNDING

- ANGEL INVESTOR

- VENTURE CAPITAL

- BUSINESS INCUBATOR

# WAYS TO FUND YOUR BUSINESS:

- **FUNDING METHODS**

- CONTEST WINNINGS

- BANK LOANS

- NBFC

- GOVERNMENT PROGRAMS

- OTHER QUICK WAYS

## BOOTSTRAPPING:

- **Self-funding**
- Funding by **family/friends**
- Ideal for **new** businesses
- Less **formalities** involved



Image source: UNSPLASH

## CROWDFUNDING:

- Entrepreneur puts up a **detailed description** of the business on a **crowdfunding platform**.
- Interested investors pledge to **pre-buy** products ,or
- To **donate** money
- Some crowdfunding **websites** in India: *Rangde, Faircent, Ketto* and many others



Image source: UNSPLASH

## ANGEL INVESTOR

- Individual/a **network** of people with **surplus** cash
- **Interested** in **investing** in upcoming ventures
- Expect **high** business **equity** shares (up to **30%**)
- May also **offer mentorship**
- Have helped companies like *Yahoo, Google and Alibaba*



Image source: UNSPLASH

## VENTURE CAPITAL:

- **Professionally** managed funds
- Invest in highly **promising** ventures
- Invest against **equity** (shares of the business)
- Appropriate for a business **already generating revenue**
- **Downside:** May expect **fast** and **large returns**
- **Downside:** May become **too controlling**



Image source: UNSPLASH

## BUSINESS INCUBATORS AND ACCELERATORS:

- Arranged by **larger, established** organizations
- Acts as **nurturer** for a new business venture
- Programme duration : **4 to 8 months**
- Require time **commitment** from business owners
- In India, popular names are *Amity Innovation Incubator, AngelPrime, CIIE, IAN Business Incubator, Villgro, Startup Village and TLabs.*



Image source: UNSPLASH



## WINNING CONTESTS:

- Some of the popular **startups contests** in **India** are *NASSCOM's 10000 startups, Microsoft BizSparks, Conquest, NextBigIdea Contest, and Lets Ignite*
- An **innovative** idea with a **solid** business **plan** has good winning chances
- **Maximizes** the **opportunities** for fundraising



Image source: UNSPLASH

## BANK LOANS:

### WORKING CAPITAL LOANS

- helps a company to fund the **everyday** operations.
- covers **short-term** financial needs.
- Meet **immediate** financial needs
- Pay off **small** amounts
- Taken **after** business starts running

### TERM LOANS

- taken when you need funds for **starting** a new business
- Loan term can be **up to 10 or 20 years**
- Requires more **paperwork** and background **checks**
- Often needs **collaterals** (some valuable object held by the lender as security)

## NBFC:

- **Non-Banking Financial Companies**
- Gives out **smaller amount** loans
- Ideal for **micro** business entrepreneurships
- Ideal for those who **can not** get a **bank loan**
- Borrower should do a **thorough check** on the NBFC beforehand
- NBFC must be **compliant** with the **Reserve Bank of India** regulations

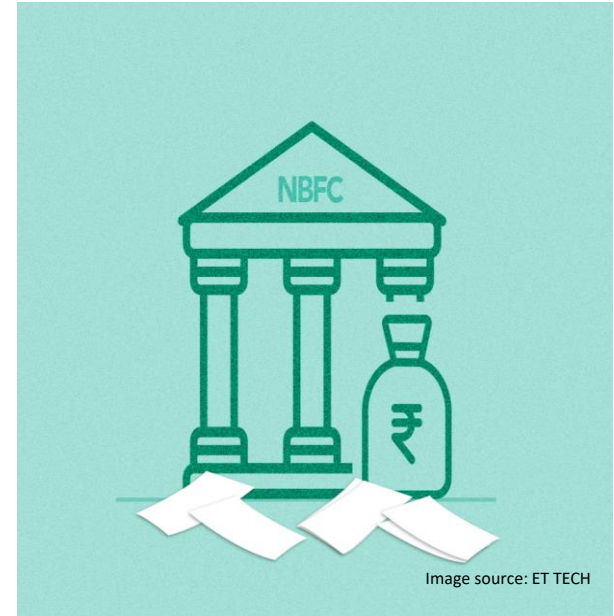


Image source: ET TECH

## GOVERNMENT PROGRAMS:

Please refer to **“GOVERNMENT PROGRAMS FOR BUSINESS FUNDING IN INDIA”** Module.

## OTHER QUICK OPTIONS



**PRE-SELLING PRODUCTS**



**SELLING ASSETS**



**BUSINESS CREDIT CARDS**

# ESTIMATION AND COSTING FOR NEW ENTREPRENEURS



## STARTUP COSTS:

- Expenses incurred **before the business starts to run**
- Helps to **secure** loans and investors
- Helps in **profit estimation**
- Conducts **breakeven analysis** (expenses=cost)
- Identifies possible **tax exemptions** and **deductions**
- Helps to understand how much **cash** there is **in hand** , and how long it will **last**



Image source: UNSPLASH

## START-UP COSTS

### ONE TIME EXPENSES

- Permits and licenses
- Equipments and supplies
- Logo and website design
- Brochure ,business card printing
- Signage
- Rental property security deposit
- Infrastructure improvement

### RECURRING EXPENSES

- Rent
- Payroll
- Taxes
- Legal services
- Loan repayment
- Insurance payments
- Utilities
- Marketing costs



## ASSETS (THEY **WILL NOT GIVE ANY TAX DEDUCTIONS**):

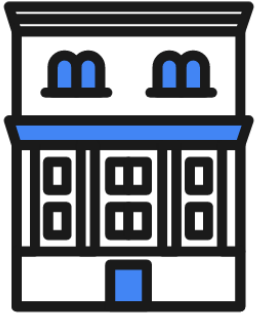
- Starting **inventory**
- Computers or other **tech equipment**
- Office **equipment**
- Office **furniture**
- **Vehicles**



Image source: UNSPLASH

## STEPS FOR ESTIMATION AND COSTING:

1) Determine your type of business:



**BRICK AND MORTAR STORE**



**ONLINE PRODUCT SELLING**



**SERVICE PROVIDERS**

ESTIMATION DEPENDS UPON THE TYPE OF BUSINESS.

## II) Estimate the expenses for your type of business:

- Some expenses are **pre-defined** and set (like **licensing fees**)
- Some others may be **negotiable** (rent, payroll)
- Consult **mentors**, **vendors**, and **service providers** to see what **similar** companies **pay** for expenses.

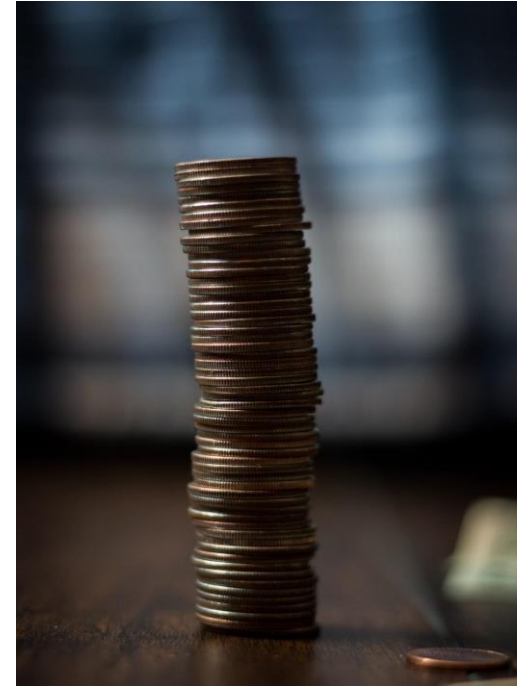


Image source: UNSPLASH

#### IV) Utilize your startup cost estimation to secure funding

- Make a **detailed, formal report**
- Make each kind of expense a **separate category**
- Keep a **margin** for **unexpected** cost **fluctuations**
- Try **matching** the cost estimation against **expected revenue** calculated



Image source: UNSPLASH

III) Add up your expenses for a full financial picture:

- Divide expenses into **ONE-TIME** and **RECURRING** expenses
- Identify the **assets** and their costs
- **Do not leave behind** any cost, however insignificant it might be

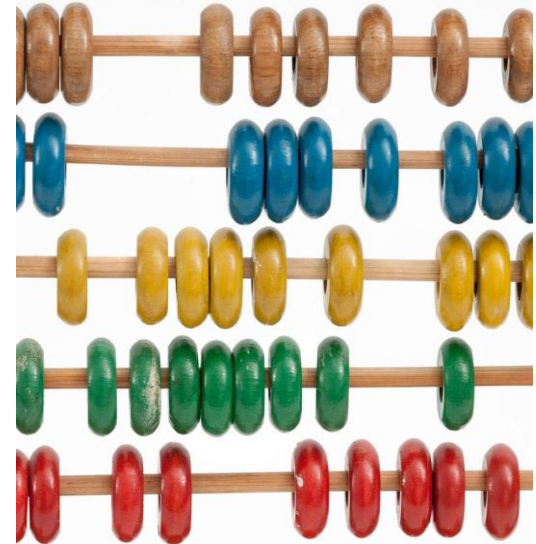


Image source: UNSPLASH

# CONCEPT OF ENTREPRENEURSHIP



# ENTREPRENEURSHIP

The art of designing, organizing, managing and implementing the idea or a small business company in the market space in order to make profit by taking risks.

This includes having a vision, developing an idea, raising funds, skillful manpower, physical space, advertisement and market research.

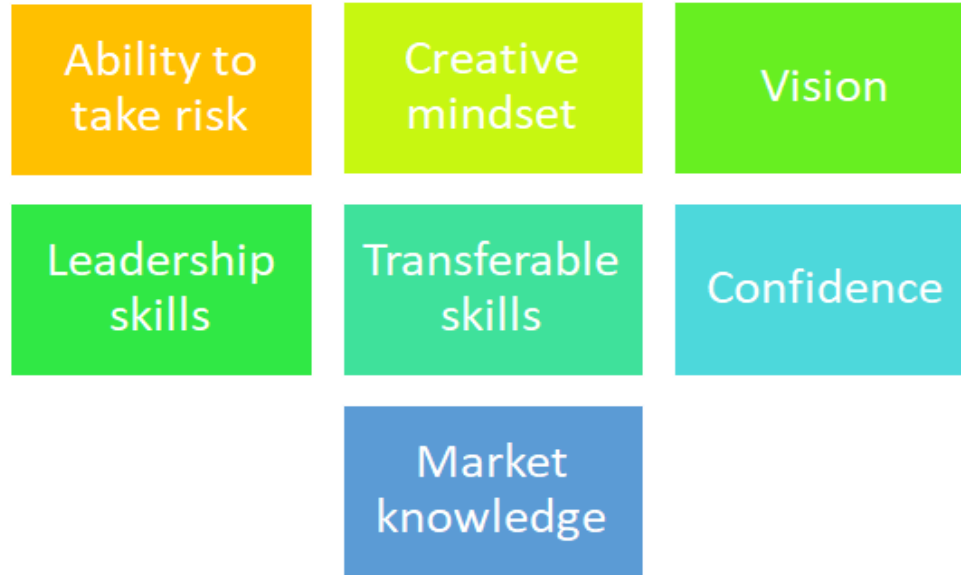
# ENTREPRENEUR

Entrepreneur is an individual or a source of new and innovative ideas which brings growth in the economy. An individual who bear losses and profits, is a risk taker and an initiator.

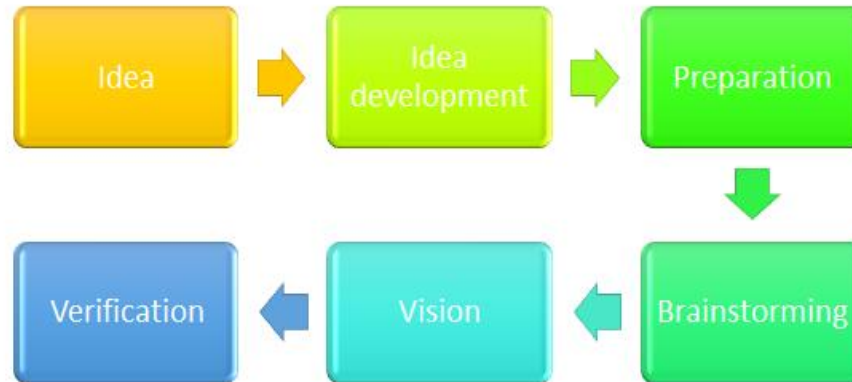
An entrepreneur studies the market and comes up with a unique solution to the problems faced by the customers.



# CHARACTERISTICS OF AN ENTREPRENEURSHIP



# ENTREPRENEURIAL STAGES



# STATE TRUE/FALSE

- ☐ An Enterprise is run by a single entity.
- ☐ In initial phase the entrepreneur cannot act leniently towards his enterprise.
- ☐ An enterprise can be set up overnight.
- ☐ The main idea of the enterprise should have a social impact towards the society.
- ☐ An enterprise has nothing to do with the economy, it is all about personal benefits.
- ☐ For a successful business endeavor it is important have a unique idea driving it.
- ☐ Before starting a startup it is important to study market and its trends.

# ENTREPRENEURSHIP V/S MANAGEMENT

TRAITS	ENTREPRENEURSHIP	MANAGEMENT
AUTHORITY	Owner of the company	Works as an employee
DECISION MAKING POWER	Has full decision making power	Works as per the instructions given by the authoritative entity
LEVEL OF RISKS	Sole risk bearer	Risk of losing job

FOCUS	Think of the future and works accordingly	Works in the present
OBJECTIVE	To make profit	To complete the project in hand
COMMITMENT	Commitment towards the whole company and it's employees	Towards the completion of project in hand
INCENTIVES	Overall	Salary and festive incentives
REWARDS	On the basis of value of work	On the basis of performance

# ENTREPRENEURIAL MOTIVATING FACTORS



## INTERNAL FACTORS

Govt. Assistance

Market Demand

Available Resources

# EXTERNAL FACTORS

# ROLES OF ENTREPRENEURS IN RELATION TO THE ENTERPRISE





# ROLES OF ENTREPRENEURS IN RELATION TO THE ECONOMY



# PROCESS OF SETTING UP A BUSINESS



# BUSINESS ACTIVITY



