

Entrepreneurship Essentials

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Manoj Kumar Mondal Rajendra Mishra School of Engineering Entrepreneurship IIT Kharagpur

Topic: Introduction - Motivation

Lecture #: 01 (06.01.2025)

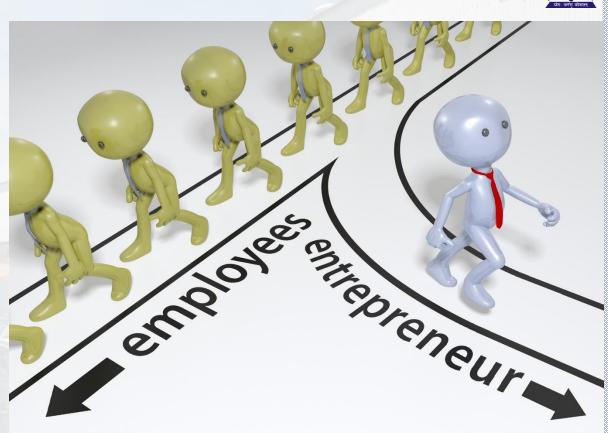


Questions to Be Answered

- Why should one learn entrepreneurship?
- Techno-economic contributions of entrepreneurs?
- Why should one aspire to become an entrepreneur?
- Roles of entrepreneurs in the progression of our civilization?
- Entrepreneurship and GDP growth?
- What makes the present situation perfect for startups?
- Is it the right time to start a startup?
- Can we compete with global companies?

10 5 days

- Entrepreneurship stands as the cornerstone of innovation, economic growth, and societal progress.
- It embodies the spirit of individuals who dare to dream, create, and transform ideas into tangible realities.
- It makes life better for individuals and promote sustainability.





Why Should One Learn Entrepreneurship



Solving problems and creating wealth

Solving key problems bogging the society.

Personal, family, and societal development and growth

Job creation, government income, GDP growth





Prepare for top jobs

Contemporary firms are progressively seeking individuals possessing entrepreneurial attributes.





Corporate entrepreneurship

Be successful in Corporate Entrepreneurship that refers to the practice of fostering an entrepreneurial mindset, innovation, and risk-taking within a large organization to drive business growth and create new opportunities.



Motivation to study entrepreneurship



01

To become entrepreneur

Entrepreneurship equips one with the essential skills and mindset needed to identify opportunities and create innovative solutions, ultimately leading them to become successful entrepreneurs. It fosters a sense of autonomy and resilience, enabling students to pursue their entrepreneurial ambitions with confidence and adaptability.

02

To become job-market-fit

Studying entrepreneurship equips students with the skills and mindset necessary to navigate and excel in the dynamic and competitive modern corporate world. It fosters critical thinking, creativity, and a proactive approach, enabling students to innovate and lead effectively in various business environments.

03

To prepare to be corporate entrepreneur

Corporate entrepreneurship, also known as intrapreneurship, involves fostering an innovative and entrepreneurial spirit within an established organization to drive growth and adapt to market changes. It empowers employees to take initiative, develop new ideas, and create value, leading to improved competitiveness and long-term success for the company.



Create Something New and Feel the Sense of Achievements

What do you want to achieve?

Self actualization



- Create a venture
- Give jobs
- Government income
- Nation building
- Create wealth for self, family and community

Esteem

Love and belonging

Safety needs

Physiological needs

Maslow's hierarchy of needs

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Unicorns Born in India in 2024

Krutrim: Founded by Bhavish Aggarwal, Krutrim became India's first AI unicorn in January 2024. It achieved a \$1 billion valuation within a year of its founding after raising \$50 million in a funding round led by Z47.

Porter: Porter became India's third unicorn in 2024.

Rapido: Rapido became a unicorn in August 2024.

Ather Energy: Ather Energy became a unicorn in August 2024.

Perfios: Perfios became a unicorn in March 2024.

RateGain: RateGain became a unicorn in 2024. It is a SaaS and Travel Tech

startup.

Sprinto: Sprinto is a Bengaluru-based startup that is a leading player in security compliance automation. As of April 2024, it was valued at \$104 million.

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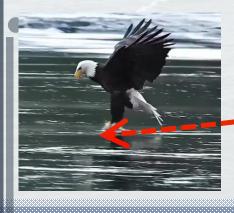
Gautam Adani

Has the eyes of the eagle to identify opportunities

- · Dropped out of college to pursue his dream.
- Family had a poorly performing textile business.
- · He started to manage brother's plastic business.
- Started importing PVC in late 1980s.
- 1994 Adani Exports
- 1995 Adani Port & ...
- 1996 Adani Power







One of the key factors in the rise of the Adani Group has been Adani's ability to identify and capitalize on opportunities in key sectors. He created synergies between businesses to reduce costs, improve efficiencies, and acquire customers.

The First Unicorn of 2023

- Founded in 2021 by Stanford University dropouts Aadit Palicha and Kaivalya Vohra has become the first unicorn of the year in India
- It has raised \$665 million in a Series F round of funding at a valuation of \$3.6 billion.

Quick commerce Hyperlocal delivery





Entrepreneur

- o Dictionary definition of entrepreneur: 'one who organizes, manages, and assumes the risks of a business or enterprise'.
- o Entrepreneurs have a <u>compelling vision</u> or a dream to achieve something extraordinary and a <u>comprehensive plan to execute it</u>.
- They identify opportunities in adversities or translate adversities into opportunities. Failures don't deter them.
- o Identify solutions to workaround the adversities or risks and accomplish desired goals.
- Comfortable with uncertainties and ambiguities, the ability to identify opportunities that others will never see and to focus on them, to be resolute, persevering, brave, open to ideas and advice.



Corporate Entrepreneurship

- a) Corporate entrepreneurship is a process by which teams within an established company conceive, foster, launch, and manage a new business that is distinct from the parent company but leverages the parent's assets, market position, capabilities, or other resources.
- b) Under the Corporate Entrepreneurship environment, employees within the organization are encouraged to behave as entrepreneurs, be creative, and proactive, and embrace calculated risk to achieve higher goals in pursuing disruptive innovation within the larger mission of the organization using the resources, capabilities, and security of the company to draw upon.
- c) Under Corporate Entrepreneurship (Intrapreneurship), a person within a large corporation takes direct responsibility for turning an idea into a finished product through assertive risk-taking, proactive leadership actions, and disruptive innovation.
- d) Intrapreneurship has evolved as a corporate management style integrating risk-taking, innovative approaches, and motivational techniques more traditionally the province of ENTREPRENEURSHIP in the work culture.
- e) a person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation.



Why Fortune 500 Companies Fail.

- 50% of Fortune 500 companies of 2000 are extinct today
- Most common answer: they lost their entrepreneurial essence.
- Remaining entrepreneurial is hard for a large company.
- Fail to preempt the market, failing to envision customers' changing needs, innovate to meet them, craft proactive strategies, loss of culture to change management (adaptability), calculated risk-taking, loss of vision of leadership.
- A leader develops leadership potential of individuals, succeeds in communicating shared vision from the top to the bottom.



Entrepreneurial Essence

Vision and Innovation: the ability to envision new possibilities, anticipate market needs and innovate to create unique products and services disrupting existing markets.

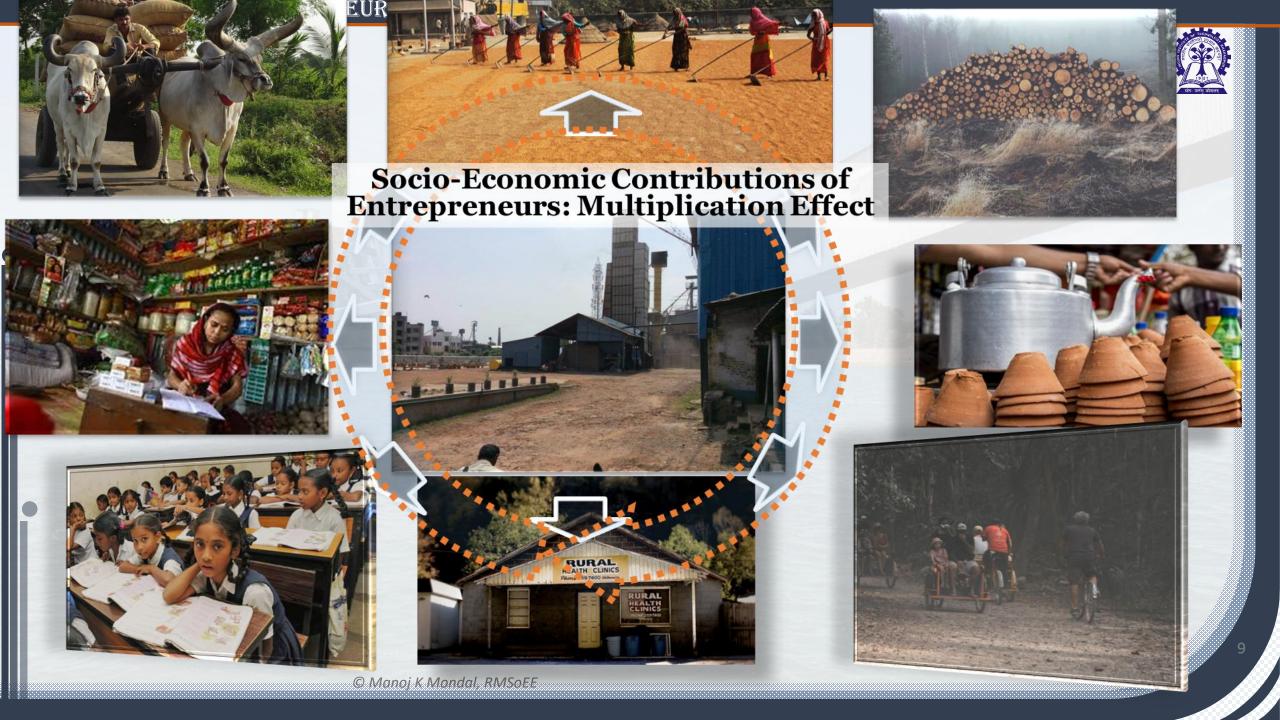
Assertive Risk-Taking: willing to take calculated risks, comfortable with uncertainty and are prepared to invest time, money, and resources into ventures with no guaranteed outcomes.

Resilience and Perseverance: The essence of entrepreneurship includes the resilience to overcome challenges, the perseverance to continue striving towards goals despite difficulties, failures and setbacks.

Opportunity Recognition: They have a keen eye for market gaps, unmet needs, and future possibilities which they turn into viable business ventures preempting the competition.

Value Creation: At its core, entrepreneurial essence is about creating value, first for the customers and then for themselves, employees, investors, and society.

Leadership and Adaptability: Entrepreneurs must lead their ventures, build effective and committed team, empower them, set priorities, communicate effectively, and share the vision. They are adaptable to changing environments and evolving business landscapes, ensuring sustained growth and success.

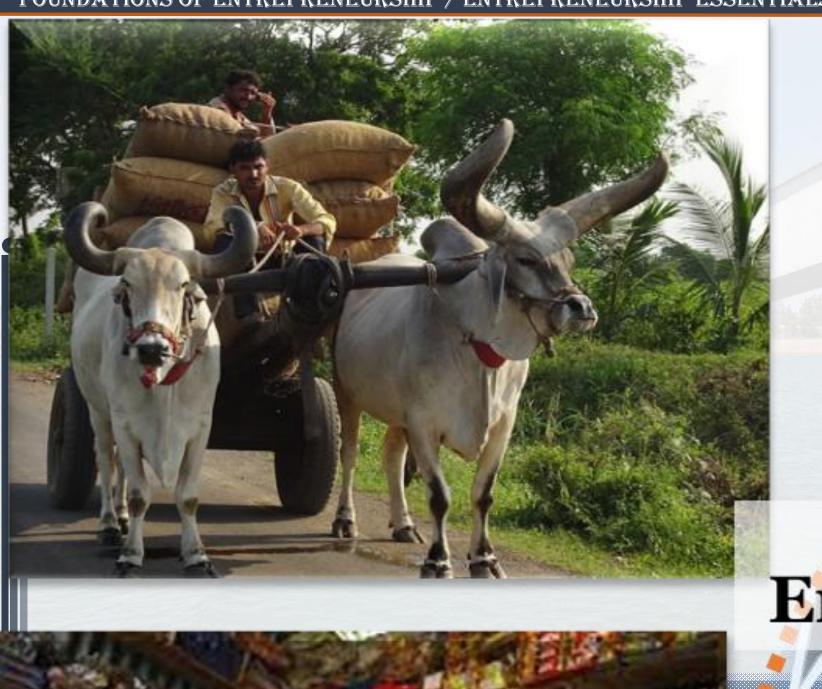


Socio-Economic Contributions of Entrepreneurs: Multiplication Effect

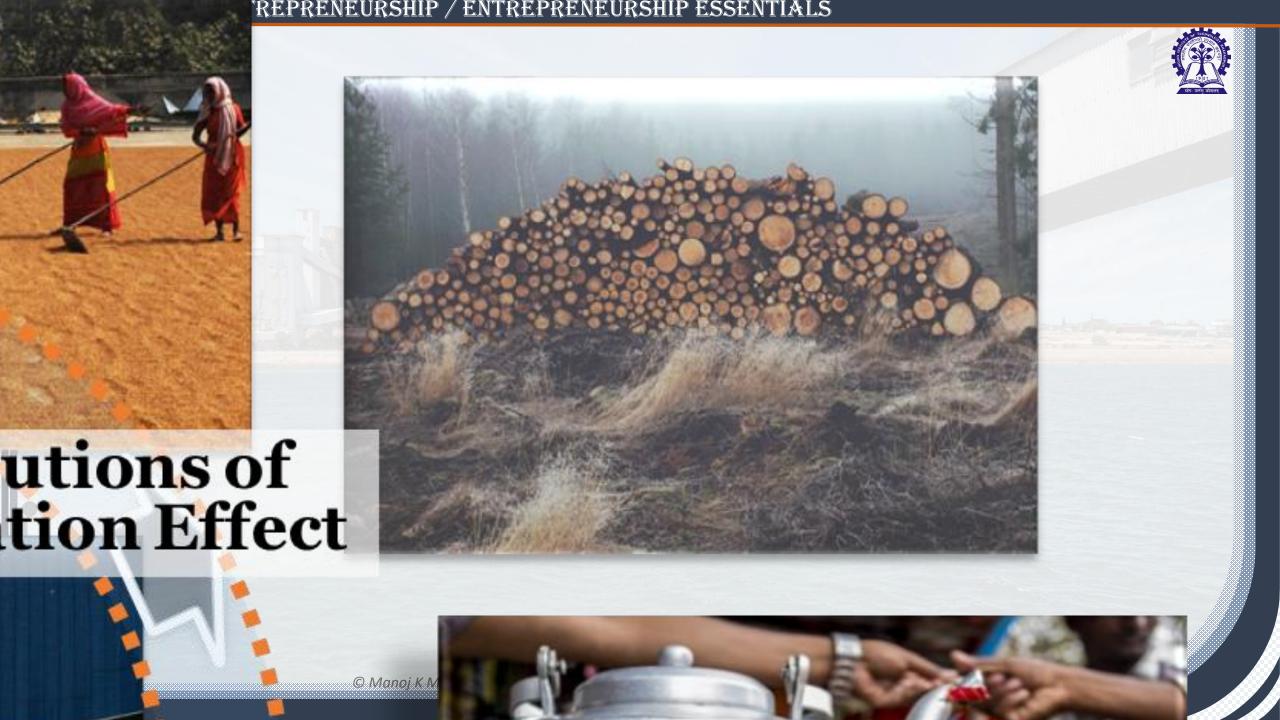




Socio-Economic Contributions of Entrepreneurs: Multiplication Effect FOUNDATIONS OF ENTREPRENEURSHIP / ENTREPRENEURSHIP ESSENTIALS















Definition of Some Keywords

- Entrepreneur and entrepreneurship
 - Characterized by innovation, vision, alleviate pain, assertive risk taking, scalable model
- Value proposition
- GDP
- Velocity of money
- Value of money



Founders have three main traits:

- > an insurgent's mission,
- > an owner's mindset, and
- **>** obsession with the front line.

Entrepreneurs identify opportunities in adversities. Opportunities without much risk will vanish in no time.



Capability and Readiness to Adapt to Changes

- Charles Darwin noticed that the species that survives is the one that is most adaptable to externalities and not necessarily the strongest or the most intelligent. This is very true in today's business world. But very few corporate leaders are amenable to the constant rapid changes.
- Never has this been more true, than in today's highly competitive and rapidly changing business world.
- Large, established companies are being forced to find new ways to adapt to increasing pressure from smaller, faster and more agile companies. These new players are identifying and exploiting opportunities by disrupting markets, taking market share and threatening the very existence of established businesses.



Some of the Serious Crisis that Humanity Faces Today

- The COVID-19, Monkey pox, HMPV
- Growing inequalities
- Lost diversity, and
- Climate change

are some of the existential crisis that are threatening the humankind.



Crisis and Opportunities

· Winston Churchill is credited to have said:

"Never let a good crisis go to waste".

Crisis opens up new opportunities



Types of Business Ventures

- Innovation- and Vision-Driven Entrepreneurship characterised by easy scalability and growth of the business model.
- Corporate Entrepreneurship or Intrapreneurship
- Small Business
- The large corporate entities and cooperatives.
- Social Entrepreneurship
 - For profit enterprise
 - Not-for profit enterprise

Vaibhav Agrawal -Uttar Pradesh IT Grad Revamps Dad's Kirana Store, Turns it Into a Rs 5 Cr Startup



- Refurbished the store systematically organising the products. Use analytics of the customer behaviour and inventory management.
- Customer footfall and consumer spending increased. Analyzed the supply and demand of products with seasonal variations.
- The unexpected improvement became popular through wordof-mouth. Other grocery owners requested to refurbish their stores. Start of journey...
- Until January 2021, Vaibhav has created or revamped 100 grocery stores from 12 cities across India. "Majority of them belong to Tier II and Tier III cities. Grocers are interested to change for the better. But they could not adapt to the fast-changing business world. About ₹100 crore NW now.

https://www.thebetterindia.com/248640/kirana-grocery-stores-vaibhav-agrawal-kamla-store-the-kiryana-store-

company-startup-business-success-story-him16/ - February 04, 2021



Innovation and Entrepreneurship

Entrepreneurs use innovation

- To develop solutions to alleviate problems persisting in a group of people.
- To create differentiation in products or services gaining competitive advantage.
- · To alleviate risks.
- Use factors of production efficiently to delineate superior value propositions and, in the process, innovate new business models.
- Innovation can be perceived in many contexts and not merely in products and services development. Doing anything differently that makes better value for customers may be termed innovation.



Innovation and Entrepreneurship

- Schumpeter Propounded
- Creative Destruction as a way of innovation and entrepreneurship. It leads to superior economic growth and value for the society.



Innovation and Entrepreneurship

• Innovation disrupts existing business model by introducing better products with superior value proposition at increasingly higher speed.

Fortune 500 firms in 1955 vs. 2014.

- In about 60 years, almost <u>88% of the Fortune 500</u> companies no longer feature in the list because they have either become bankrupt or are no longer significant.
- And we're all better off because of that dynamic 'creative destruction.'

Innovate or Perish

• Every new employee gets a copy of the "Facebook's little red book" that famously says:

"If we don't create the thing that kills Facebook, someone else will"

It's a way to communicate the history, mission, and values of the company.

One of the last pages says:

"Embracing change' isn't enough. It has to be so hardwired into who we are that even talking about it seems redundant. The internet is not a friendly place. Things that don't stay relevant don't even get the luxury of leaving ruins. They disappear."

Facebook was not originally created to be a company.





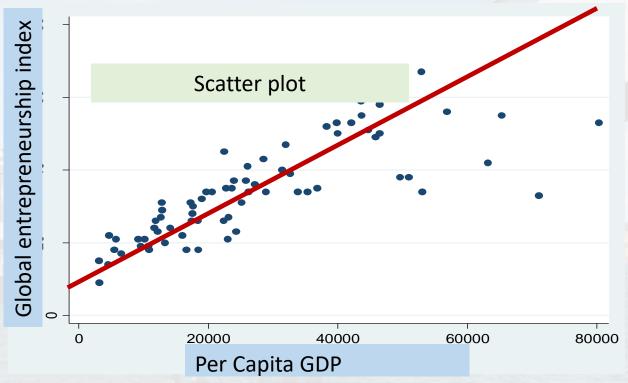
The Vision

- Vision is where the company wants to be or what it aspires to accomplish in the long run.
- It relates to the dream and passion.
- Bill Gates envisioned to see personal computers in every home [and not really the progression of business].
- One of Elon Musk's visions is to see humankind travel to Mars and live there. [But the design of the spacecraft is not part of that vision. But the vision guides the designs.]
- Vision sets the direction for your business planning.
- Founders have to be able to articulate and share a vision. A shared vision is one of the hallmarks of business success.



'Global Entrepreneurship Index' and 'Per-Capita GDP'

Note: Annual GDP is the monetary value of all goods and services produced within the country in a year. Divide that by the number of people to get per-capita GDP.



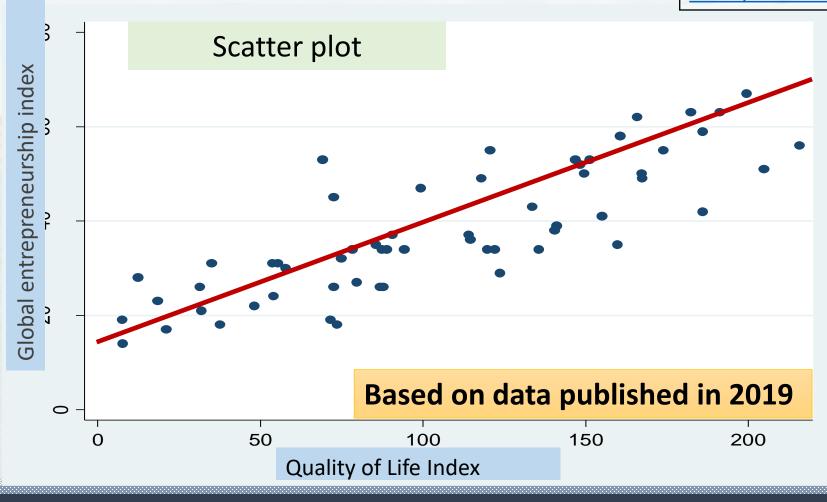
Clearly, countries with higher entrepreneurial activities generate higher percapita GDP, which in turn leads to higher government income that leads to better infrastructure, better healthcare and better public amenities.

Data source https://thegedi.org/2019-global-entrepreneurship-index-data/



'Global Entrepreneurship Index' and 'Quality of Life Index'

Source https://thegedi.org/2019-global-entrepreneurship-index-data/





Why should one aspire to become an entrepreneur?

Individualistic choices

- Be own boss autonomy & freedom
- Personal wealth creation
- Economic value creation
- Social responsibility
- Corporate entrepreneurship
- Accomplishment

- Opportunity exploitation
- Solve an acute & agonizing pain
- Deep knowledge in a domain
- No other option but to start a business
- Favorable ecosystem



Economic Contributions of Entrepreneurs

Entrepreneurs

- Increase government income resulting in higher expenditure and more consumption.
- Generate employment.
- Promote savings.
- Increase consumption.
- Stimulate new demand by offering products of higher esteem.

It is important to know what all an entrepreneur executes and facilitates.



Economic Contributions of Entrepreneurs ... contd.

- Improve technological landscape through innovations in all key areas.
- Facilitate diffusion of technologies from abroad into domestic industries resulting in technological self-reliance.
- Bring foreign exchange that increases value for local currency. Increased forex reserves provide enormous power to a nation while increasing purchasing power to its citizens.
- Improve quality of life of citizen.
- Earn foreign exchange



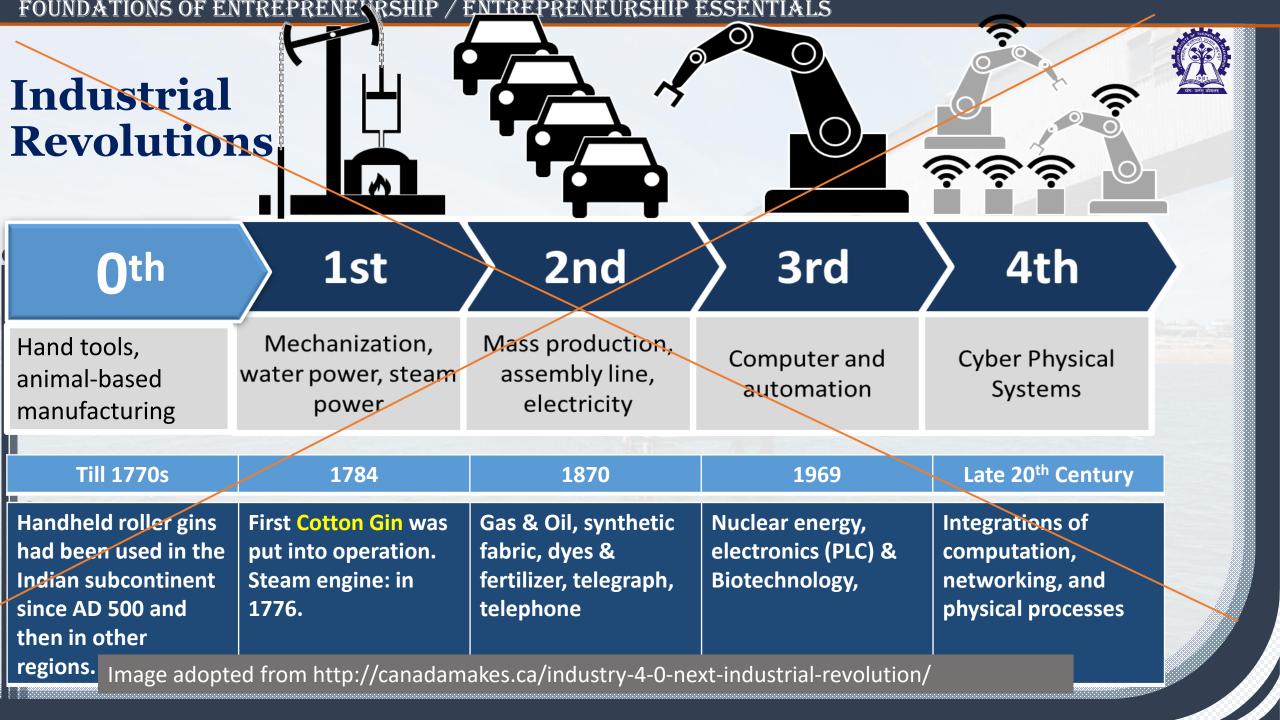
Reliance Industries Ltd.

Reliance Industries contributes about 10% of the direct tax collection of our country.

Reliance Jio's disruptive entry will expand India's per capita GDP by about 5.65%, says a report by Harvard Business School*.

Imagine that we have many more such companies. The GDP and government's income would soon multiply.

Appeared in the Mint on 06 April 2018











Industry 4.0

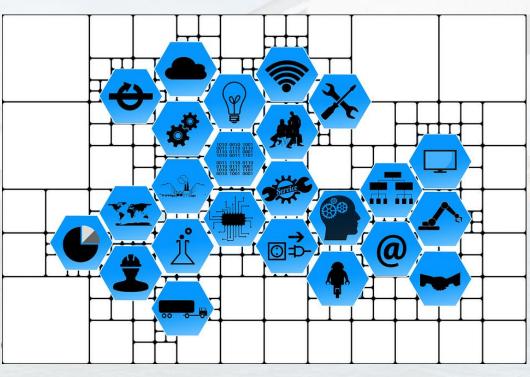


- Industry 4.0: started during 1990s.
- IoT, additive manufacturing, Cloud computing, AI, e-vehicles, Autonomous vehicle, Business intelligence, Smart machines, etc.



Industry 4.0

- Business intelligence
- Smart factory
- Cloud computing
- Big data
- · AI-ML
- Digitization
- Blockchain
- Electronic healthcare
- Autonomous transportati
- Cryptocurrency





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Historical GDP of India vis-à-vis the World



_						
	Year	GDP (1990 dollars)	% of world GDP	Population	% of world population	Period
	1	33.750	32.00	70.000	30.3	<u>Classical era</u>
	1000	33.750	28.00	72.500	27.15	Early medieval era
	1500	60.500	24.35	79.000	18.00	Late medieval era
	1600	74.250	22.39	100.000	17.98	
	1700	90.750	24.43	165.000	27.36	Early modern era
	1820	111.417	16.04	209.000	20.06	
	1870	134.882	12.14	253.000	19.83	Colonial era
	1913	204.242	7.47	303.700	16.64	(British era)
	1950	222.222	4.17	359.000	14.11	Republic of India



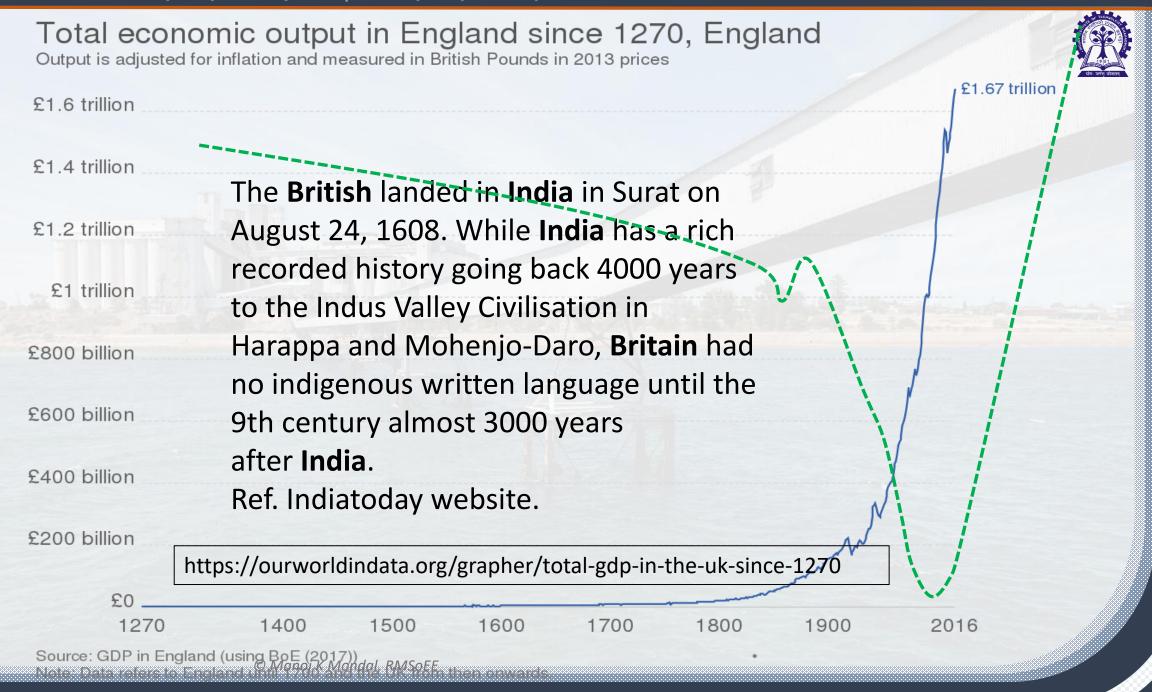
Historical GDP of India vis-à-vis the World

Fig 2 Global economy – Estimated relative size (1990 GK Dollars) (%)

	China		India	China+ India	Britain	Japan	US	
1400	30.0%		25.0%	55.0%	1.0%	3.0%	N/A	
1500	24.9%		24.4%	49.3%	1.1%	3.1%	N/A	
1700	22.3%		24.5%	46.8%	2.9%	4.1%	0.1%	
1900	11.1%		8.6%	19.7%	9.4%	2.6%	15.8%	
1930	7.5%		6.4%	13.9%	6.7%	3.4%	21.8%	
1950	3.8%	П	4.1%	7.9%	6.4%	3.0%	26.8%	
1970	4.2%		3.1%	7.3%	4.0%	6.7%	20.4%	
1990	5.5%		3.7%	9.2%	3.2%	7.8%	19.4%	
2000	9.1%		5.2%	14.3%	3.3%	7.1%	22.2%	
2015	17.1%		9.0%	26.1%	2.6%	4.8%	17.5%	

Source: Stephen Broadberry, Hanhui Guan, David Li, 'China, Europe and the great divergence', July 2014; TED data base, September 2015; Maddison Data base, 2013, Macquarie Research, January 2017

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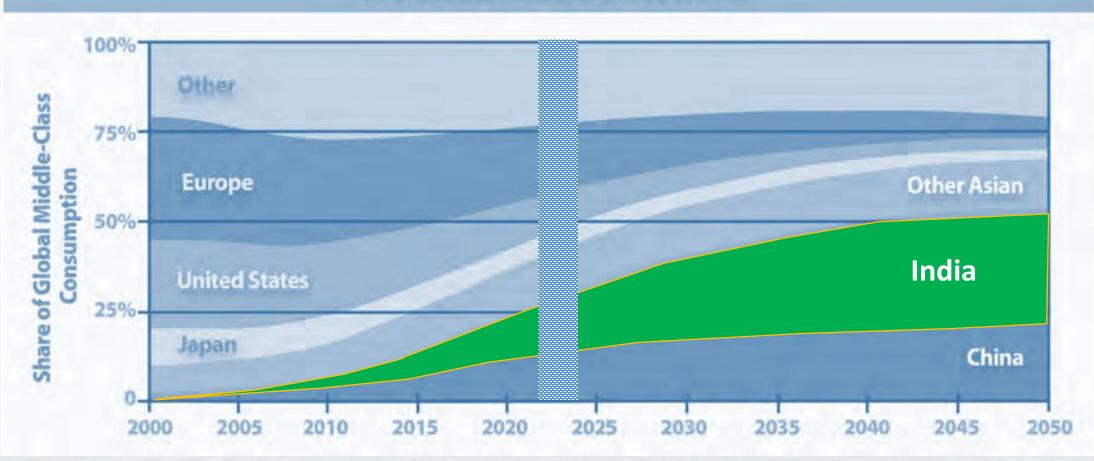


What went wrong?

- · We were under seize
- We lost our entrepreneurial zeal
- It made us risk averse
- Now our parents motivate us to think of a government job to be the most coveted career objective.
- In the process, we have become victims of many myths
- · Data on failure rate of startups intimidate us
- The imperial world focused on R&D and entrepreneurial venture creation to achieve growth.







The shift in global middle-class consumption in the first half of the twenty-first century. Source: Homi Kharas 2010, OECD Working Paper No. 285 on the *Celtel. biz* website at https://tinyurl.com/y7b2pn8b.



Myths that we are victims of and the reality

- Myth: Entrepreneurs are born, not made
- Fact: Dhirubhai Ambani, Narayana Murthy, Sunil Bharti Mittal, Sabir Bhatia, Steve Jobs, John D. Rockefeller, Andrew Carnegie
- Myth: It takes a lot of money to start a business
- Facts: More than 80 percent of new ventures are bootstrapped.
- Myth: Entrepreneurs are born in business families
- Entrepreneurship is mostly associated with 'First Generation Entrepreneurs'.
- Myth: Entrepreneurs are extroverts
- Fact: Blake Masters and Peter Thiel have shown that 10 out of 11 successful entrepreneurs are introvert. Book Zero to One



Is failure so obvious?

• 42% of the well funded ventures fail as they want to sell something that nobody wants to buy.

Remedy: Validated learning

29% of the well funded ventures fail as they run out of cash

Remedy: Understand finance and do the projected cash flow.

• 23% fail due to disharmony among founders

Remedy: follow the time-tested team building process



"All I Want To Know Is Where I'm Going To Die So I'll Never Go There." – Charlie Munger



Causes of Failure





- Running out of money
- No market need
- Disharmony among founders
- Outcompeted
- Flawed business model
- Lack of Focus





Factors Affecting Success of a Venture

Timing



Most important

Victor Hugo

Most powerful whose time has come



Execution



Makes all the difference

Google and Yahoo



Team



Complementary skills

Should know well



Idea & Business Model



But business model is central



Funding



Too many startups fail

For running out of fund





The greatest success factor

- Timing
- Bill Gross provided evidence that timing is the single biggest reason for success of a venture.
- Victor Hugo said: There is one thing that all the military in the world cannot defeat that is an idea whose time has come.
- Why the present time is so great



Why the present time is so great

- India now has the consumption power
- If we do not create capability, our dependence on foreign goods will only increase making others richer.
- · We have demographic advantages.
- · We are rich in natural resources.
- No dearth of knowledge workers.
- · Government policies are very favorable.
- Matured ecosystem in place.



• More than 125 of the Fortune 500 enterprises have their Global Capability Centers in India. Poised to have 70% of them soon.

• "The scale of technology talent that they need can only be addressed from India." – Said ANSR, a company that helps Fortune 500 enterprises build, scale, and run Global Capability Centers.



Can we compete or is it just pipe dream?

- Hero Motor, Bajaj, TVS has driven competition out whichever markets they entered.
- We are already the global producer of pharmaceuticals.
- Several Indian companies have reported early success towards possible treatment of COVID.
- · We are about to emerge a semiconductor hub.
- We are playing leading role in the technology sphere.
- USA, Australia, and others have expressed to purchase Tejas.
- · Our indigenous passenger aircraft show promise.
- We are about to lead in space technologies.



Do you have the elements to successfully create and grow a venture?

- Almost all the qualities of successful entrepreneurs such as leadership qualities, people skill, empathy, finance, marketing, strong peer network, tolerance to ambiguity can be inculcated to a large extent.
- <u>Unless you start, you will never know what you are really capable of.</u>



"If you're not failing, you're probably not really moving forward."



- "Fail early, fail often, but always fail forward."
- John C. Maxwell, Failing Forward: How to Make the Most of Your Mistakes



Intrapreneurship/ Corporate Entrepreneurship

Process or strategies of intrapreneurship or corporate entrepreneurship within a company:

Employees within the organization who are creative, proactive, have the gumption to embrace calculated risk to achieve higher goals can pursue disruptive innovation within the larger mission of the organization using the resources, capabilities and security of the company to draw upon.



Success of Zerodha

- Zerodha started operations on the August 15, 2010, to break barriers that traders and investors face in terms of cost, support, and technology. By using disruptive pricing models and in-house technology, Zerodha has become the biggest stockbroker in India in terms of 7.5+ million clients, which is about 15 per cent of all Indian retail trading volumes.
- "We always knew there was an opportunity to disrupt the existing broking or income venture. The way the businesses were set, the incentives were not aligned with the customer."
- "There is a way to disrupt, just operationally, even if it's not a product. There are things that can be done that are right for the customer,"
- Calling themselves "custodians of the customer"
- "In financial services, intermediaries make their buck by making things complex and opaque. The first thing we wanted to do was to make it transparent,"
- Zerodha is derived from the Sanskrit word Rodha which means Obstructions. The name Zerodha means 'No Obstructions'.



Some Books You Can Reffer

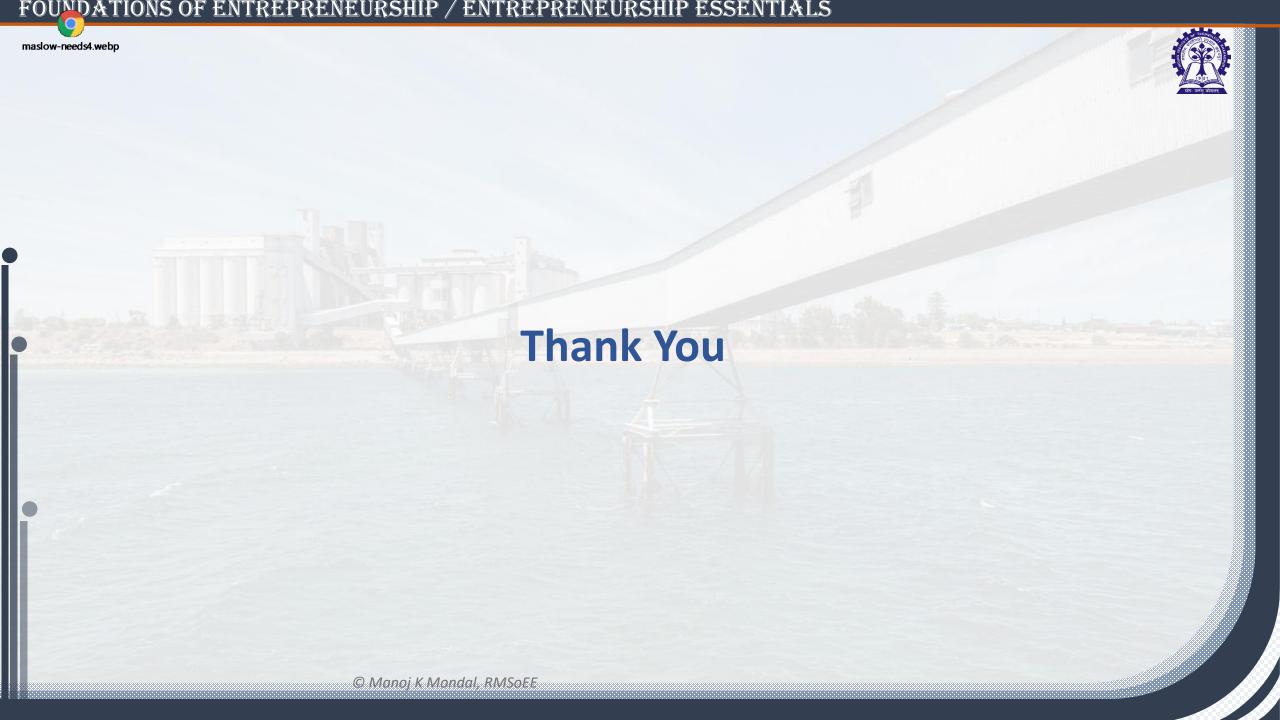
- ☐ The hard thing about hard thing by Ben Horowitz
- ☐ Zero to One by Peter Thiel and Blake Masters
- ☐ Good to Great by James C Collins
- ☐ Four Steps to Epiphany by Steve Blank
- ☐ The E-Myth Revisited by Michael E Gerber

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Anand Shanwal - cbinsight

- What do Uber, Facebook, and Starbucks have in common?
- They all have strong business moats key competitive advantages that set a company apart and make it hard for competitors to enter.
- It's what drove Amazon to post \$96B in revenue in Q3'20. It's how Google has maintained its hold on over 85% of the search engine market.
- Today, the most durable business moats are being built on advantages like network effects, data, and repeat engagement within a product ecosystem.



- Ranjan kumar iit Kharagpur ENTROPIC (emotion ai)
- YELLO.AI CUSTOMER experience management



JURY - WOMEN IN TECH





MANOJ KOHLI COUNTRY HEAD SOFTBANK INDIA, SOFTBANK GROUP INTERNATIONAL



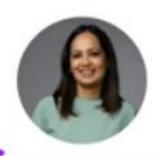
Dr. ROHINI SRIVATHSA
NATIONAL TECHNOLOGY OFFICER
MICROSOFT INDIA



PADMAJA RUPAREL
CO-FOUNDER INDIAN ANGEL
NETWORK & FOUNDING PARTNER
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CHIEF EXECUTIVE OFFICER
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REEMA JAIN CHIEF DIGITAL OFFICER VODAFONE - IDEA LTD

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IMPORTANT AREAS TO CONSIDER FOR FINANCIAL ANALYSIS

VERTICAL ANALYSIS

Compares numbers within the same period.

CAPITAL STRUCTURE

Mix of liabilities and equity to finance assets.

LIQUIDITY

Ability to pay obligations in a timely manner.



HORIZONTAL ANALYSIS

Trend analysis means comparing numbers with a comparison period.

PROFITABILITY

Ability to generate earnings.

EFFICIENCY

Ability to use assets and manage liabilities effectively.



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