



**BUS – 401**

**Business and Entrepreneurship  
Assignment**

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# Table of Contents

Business .....	4
Meaning .....	4
Scope of Business .....	4
Major forms of business ownership .....	4
Future of IT business in Bangladesh.....	5
Management.....	6
Meaning .....	6
Major Functions of Management.....	6
Strategic planning process .....	6
Control Process .....	7
Finance.....	7
Meaning .....	7
Scope .....	7
Major Functions of Finance .....	8
Time Value of Money-Discounting .....	11
Compounding Techniques .....	12
Accounting.....	13
Accounting Equation .....	13
Expanded Accounting Equation .....	13

Further Expansion.....	14
Definitions and Relationships .....	14
Accounting Cycle .....	15
Major Areas of Accounting .....	17
Marketing.....	17
Meaning .....	17
Core Marketing Concepts .....	18
Marketing Orientations .....	18
Scope of marketing .....	19
Major Functions of Marketing .....	21
Marketing Management Tasks.....	23
Entrepreneurship .....	24
Meaning .....	24
Theories .....	24
Process .....	27
Preparing a new business plan .....	28

# **Business**

## **Meaning**

Business refers to activities that present goods or services as products for consumers to fulfill their needs, wants, or demands, making a profit in a lawful and ethical manner.

## **Scope of Business**

There are major branches that can assist in generating profit. These include industry, commerce, trade, and support activities. Goods are products sold for monetary gain. Goods can be tangible items such as cars, televisions, or soda. Services are actions or work performed for monetary compensation. Such as haircuts, hotel stays, or roller-coaster rides.

## **Major forms of business ownership**

- Sole Proprietorship:
  - Advantages: Easiest to start, least regulated, owner keeps all profits, taxed once as personal income.
  - Disadvantages: Limited to owner's life, capital limited to owner's wealth, unlimited liability, hard to transfer ownership.
- Partnership:
  - Advantages: Two or more owners, more capital, relatively easy to start, income taxed once.
  - Disadvantages: Unlimited liability, dissolution upon death or wish to sell by one partner, hard to transfer ownership.
- Corporation:

- Advantages: Limited liability, unlimited life, separation of ownership and management, easy ownership transfer, easier to raise capital.
- Disadvantages: Potential agency problems, double taxation (corporate rate and dividends taxed at personal rate, dividends not tax deductible).

## **Future of IT business in Bangladesh**

The IT business in Bangladesh is poised for significant growth, with several key factors contributing to its bright future:

- **Economic Growth:** According to the World Economic Forum, Bangladesh's economy is expected to become the 24th largest by 2030, with ICT driving this growth.
- **Government Support:** According to Bangladesh Investment Development Authority, Strong government support and favorable policies are expected to help the IT sector reach USD 5 billion by 2025.
- **Skilled Workforce:** A young, tech-savvy workforce proficient in English, combined with reliable communication and power infrastructure, supports the industry's expansion.
- **Digital Emphasis:** There is a growing emphasis on digital technology, cybersecurity, artificial intelligence, robotics, healthcare, and IT, which is driving the market's growth.

These factors indicate a promising direction for the IT industry in Bangladesh, with opportunities for career growth and economic development. The country's commitment to digitalization and scalable IT infrastructure, along with the adoption of emerging technologies, positions Bangladesh as a significant player in the global IT landscape.

# Management

## Meaning

Management is a set of activities directed at an organization's resources to achieve organizational goals efficiently and effectively. These activities include planning, decision-making, organizing, leading, and controlling

## Major Functions of Management

- **Planning:** setting long-term and short-term goals for the business, and strategies to achieve them.
- **Organizing:** efficiently arranging operations and resources to use them effectively.
- **Controlling:** monitoring and taking corrective action when necessary.
- **Leading:** guiding work teams or groups through new processes or product development, and representing the organization externally.

## Strategic planning process

- Making
  - Setting the organization's goals and deciding the best methods and steps to achieve them.
- Organizing
  - Determining how best to group activities and resources.
- Leading
  - Motivating members of the organization.
- Controlling

- Monitoring and correcting activities.

## **Control Process**

The control process in management involves the following key steps:

- **Setting Standards:** Establishing performance standards based on organizational objectives.
- **Measuring Performance:** Monitoring and recording actual performance or outcomes.
- **Comparing Performance:** Assessing how well actual performance matches the set standards.
- **Taking Corrective Action:** Making adjustments to align performance with standards if discrepancies are found.

# **Finance**

## **Meaning**

The study of finance integrates practical application with strategic planning, covering both the science and art of managing finances. At the individual level, it pertains to the choices people make regarding their expenditures, savings, and investments of their earnings.

## **Scope**

- **Managerial Finance:** Involves duties of financial managers in businesses, including financial planning, extending credit to

customers, evaluating large expenditures, and raising money to fund operations.

- **Financial Markets:** Deals with cash flows to the firm, different types of markets (dealer vs. auction, listed vs. over-the-counter securities), and major exchanges like NYSE and NASDAQ.
- **Investments:** Focuses on financial assets like stocks and bonds, assessing risk versus return, and asset allocation, with job opportunities in areas such as stockbroking and portfolio management.
- **International Finance:** Specializes within the areas of corporate finance, investments, and financial institutions, requiring familiarity with exchange rates, political risk, and international customs. Fluent foreign language skills are beneficial.

These areas encompass a broad range of activities and decisions related to managing money, investments, financial institutions, and the global financial environment.

## **Major Functions of Finance**

- **Financial Planning and Forecasting**

Financial planning and forecasting involve creating detailed plans for the financial future of a business, including setting financial goals, budgeting, and projecting future revenues and expenses. It helps businesses anticipate financial needs and identify potential financial challenges. By analyzing past financial performance and market trends, companies can make informed predictions about future financial conditions. Effective planning ensures that resources are allocated efficiently to support strategic objectives. This process is critical for guiding business decisions and ensuring long-term financial stability.

- **Cash Management**



Cash management refers to the process of collecting, managing, and utilizing cash efficiently to meet a company's liquidity needs. It includes monitoring cash flow to ensure the company has enough liquidity to meet its short-term obligations and optimizing the use of surplus cash. Effective cash management helps prevent cash shortages and maximizes the interest earned on idle funds. Techniques such as cash flow forecasting, liquidity management, and investment in short-term instruments are commonly used. Proper cash management is vital for maintaining the solvency and operational efficiency of a business.

- **Determining the Capital Structure**

Determining the capital structure involves deciding the right mix of debt and equity financing for a company. This decision affects the company's overall cost of capital and risk profile. A well-balanced capital structure can minimize the cost of financing while maximizing the company's value. Factors influencing this decision include the company's financial condition, market conditions, interest rates, and the cost of equity. The goal is to achieve an optimal balance that supports the company's growth and operational needs while managing financial risks.

- **Funding Sources**

Identifying funding sources entails exploring various options to raise capital for business activities. These sources include internal funds, equity financing, debt financing, and hybrid instruments. Each funding source has its advantages and disadvantages, impacting the company's balance sheet, ownership structure, and financial health. The choice of funding source depends on factors such as the cost of capital, the impact on control and ownership, and the repayment terms. Strategic selection of funding sources is crucial for supporting business expansion and ensuring financial flexibility.

- **Forecasting Cash Flows**

Forecasting cash flows involves predicting the amount of cash that will flow in and out of the business over a specific period. This process helps businesses plan for future cash needs, avoid liquidity crises, and make informed investment decisions. Accurate cash flow forecasts are essential for budgeting, financial planning, and assessing the company's ability to generate sufficient cash to meet its obligations. Techniques used include analyzing past cash flow patterns, considering market conditions, and adjusting for anticipated changes in operations. Effective cash flow forecasting supports financial stability and operational efficiency.

- **Income Distribution**

Income distribution is the process of allocating the net profit earned by a business among various stakeholders, including shareholders, employees, and reinvestment into the business. Decisions about income distribution involve balancing the need to reward shareholders with dividends and the need to reinvest profits for growth. Factors influencing these decisions include the company's profitability, cash flow, and future investment opportunities. Proper income distribution policies can enhance shareholder satisfaction and ensure sufficient resources are available for business expansion.

- **Investing the Business Capital**

Investing the business capital involves allocating funds to different assets or projects to generate returns and support business growth. This includes investments in fixed assets, new technologies, research and development, or financial instruments. The objective is to achieve a balance between risk and return that aligns with the company's strategic goals. Investment decisions are based on factors such as expected returns, risk assessment, and alignment with long-term objectives. Effective capital investment is crucial for maintaining competitiveness and achieving sustainable growth.

- **Financial Command**

Financial command refers to the overall control and oversight of a company's financial activities and strategies. It involves setting financial policies, monitoring financial performance, and ensuring compliance with financial regulations. Strong financial command ensures that financial resources are used efficiently, financial risks are managed, and financial goals are met. It requires effective communication and coordination among different departments and levels of management. Financial command is essential for maintaining financial discipline and achieving strategic business objectives.

- **Pricing & Price Control**

Pricing and price control involve setting and adjusting the prices of products and services to achieve business objectives such as maximizing profits, market share, and customer satisfaction. It includes strategies for determining optimal pricing, considering factors

## **Time Value of Money-Discounting**

The concept of **Time Value of Money (TVM)** and **discounting** are fundamental in finance.

- **Time Value of Money:** The principle that a sum of money is worth more now than the same sum in the future due to its potential to earn returns.
- **Discounting:** The process of determining the present value of a future payment or stream of payments.
- **TVM Formula:** The formula for TVM considers the present value (PV), future value (FV), interest rate (i), number of compounding periods per year (n), and number of years (t):

$$FV = PV\left(1 + \frac{i}{n}\right)^{n \times t}$$

- **Impact of Inflation:** Inflation negatively affects TVM as it decreases the purchasing power of money over time.

These concepts help in evaluating the opportunity cost of investing or borrowing funds and determining the present worth of future cash flows. Understanding TVM and discounting is crucial for making informed financial decisions.

## **Compounding Techniques**

In treasury markets, compounding is a method for determining the future worth of an investment or loan. This process includes the reinvestment of earned interest from an investment or the accumulation of interest charges to a loan's main sum, which allows the interest to compound. The treasury markets utilize various compounding methods, such as:

**Simple interest:** This is interest calculated solely on the initial amount of an investment or loan, without the interest compounding on itself.

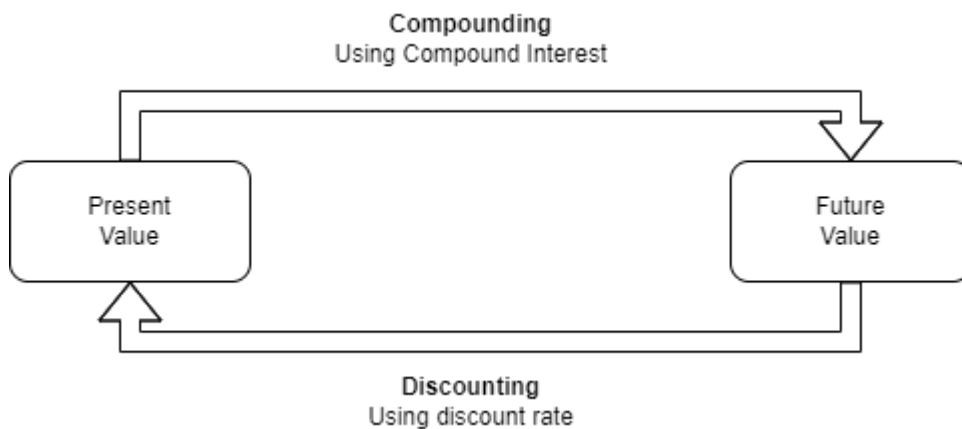
**Annual compounding:** Commonly used in treasury markets, this method involves adding interest to the principal at the year's end, with subsequent interest calculations based on the updated total.

**Semi-annual compounding:** This approach applies interest to the principal twice annually, offering more frequent compounding opportunities than the annual method.

**Quarterly compounding:** With this method, interest is compounded four times yearly, leading to more frequent compounding than the semi-annual technique.

**Monthly compounding:** The most frequent compounding method, monthly compounding, adds interest to the principal every month, totaling

twelve compounding periods within a year, surpassing the frequency of quarterly compounding.



## Accounting

### Accounting Equation

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

This is the foundational equation of accounting, indicating that everything a company owns (assets) is financed either by borrowing money (liabilities) or by contributions from the owners (equity).

### Expanded Accounting Equation

$$\text{Assets} = \text{Liabilities} + \text{Contributed Capital} + \text{Retained Earnings}$$

This expands the basic equation by splitting equity into more specific components: contributed capital and retained earnings.

1. **Contributed Capital (Common Stock):** This is the capital that shareholders invest in the company. It is also known as paid-in capital or common stock.
2. **Retained Earnings:** These are the profits that the company has earned over time and retained in the business rather than distributing them as dividends.

## Further Expansion

**Assets = Liabilities + Common Stock – Dividends + Revenues – Expenses**

Here, the equation is expanded further to show the impact of dividends, revenues, and expenses on the company's financial position.

1. **Common Stock:** Part of contributed capital, representing the amount shareholders have invested.
2. **Dividends:** These are the earnings distributed to shareholders. Paying dividends reduces retained earnings and therefore equity.
3. **Revenues:** These are the earnings from the company's primary operations, such as sales of goods or services. Revenues increase retained earnings.
4. **Expenses:** These are the costs incurred to generate revenues, such as salaries, rent, and utilities. Expenses decrease retained earnings.

## Definitions and Relationships

- **Equity = Contributed Capital + Retained Earnings**

Equity is the sum of contributed capital and retained earnings. Contributed capital is the money invested by owners or shareholders. Retained earnings are the accumulated profits that have been kept in the business.

- **Net Income = Revenues – Expenses**

Net income (or net profit) is calculated as total revenues minus total expenses. Net income affects retained earnings because profits increase retained earnings, while losses decrease them.

## Accounting Cycle

The goal of the accounting cycle is to develop an accurate account of a company's financial position. Below are the eight steps of the accounting cycle.

- 1. Identify and analyze transactions:** The first step in the accounting cycle is to identify and analyze all transactions made during the accounting period, including expenses, debt payments, sales revenue and cash received from customers. During this initial stage, companies go through every transaction that affects their financials, though this should be an ongoing step for companies that are continuously creating customer invoices, buying inventory, paying bills, making payroll and collecting cash.
- 2. Record transactions in a journal:** The next step is to record the details of all financial transactions, in chronological order, as journal entries, whether in an actual book or in an accounting program. With double-entry accounting, each transaction is recorded as a debit and corresponding credit in two or more subledger accounts. Exactly when the transaction is recorded depends on whether the business prefers the accrual accounting method or the cash accounting method.
- 3. Post transactions to a general ledger:** Once journal entries are recorded and approved, they are posted to the general ledger. The GL is the master record and summary of all financial transactions, broken down by account.
- 4. Determine the unadjusted trial balance:** Closing balances of all the accounts in the GL at the end of an accounting period are reflected in a trial balance. At this point, the trial balance doesn't reflect any adjustments that need to occur if errors — i.e.,

unbalanced debits and credits — are caught. That's why it's considered "unadjusted."

- 5. Analyze the worksheet:** This step identifies errors and anomalies that may have occurred up until this point by lining up debits and credits from various accounts in a single spreadsheet. If the numbers don't balance, a bookkeeper or accountant will need to review the transaction data entered into the journal and adjust entries accordingly.
- 6. Adjust journal entries and fix any errors:** This step is a continuation of the two previous steps. If an error was made, it has to be corrected and recorded as an adjusting journal entry that reflects a change to a previously recorded journal entry. Additionally, manual adjustments are recorded in this step, such as accruals for expenses incurred that didn't make it into the AP system before that account was posted to the GL, or for reconciling items uncovered during the account reconciliation process.
- 7. Create financial statements:** Once adjustments are made and account balances have been corrected, financial statements can be created. Financial statements are accounting reports that summarize a company's activities and performance for a defined period of time, such as monthly or quarterly. The three key financial statements that companies generate are the income statement, the balance sheet and the cash flow statement.
- 8. Close the books:** This is the final stage of the accounting cycle, locking in the accounting period. Closing the books resets temporary accounts on the income statement, such as revenue and expenses, to zero balances, meaning that they don't carry into the next accounting period. Net income or loss from the income statement is transferred to the retained earnings account, which is a permanent account on the balance sheet that carries over to the next period. Of note, the resetting of accounts to zero doesn't apply to a soft close.



## Major Areas of Accounting

the major areas of accounting:

**The three major areas of accounting are:**

1. **Financial Accounting:** This involves the recording, summarizing, and reporting of the economic activities and events of an organization. It's primarily used by external users such as investors, creditors, and others outside the company.
2. **Management Accounting:** This area of accounting is focused on providing information for internal use by management for decision-making, performance evaluation, and operational control.
3. **Auditing:** This is the process of examining an organization's financial statements and the accounting systems, operations, and records that produced them. Auditors express a professional, independent opinion of whether a company's financial statements are presented fairly in accordance with Generally Accepted Accounting Principles (GAAP).

## Marketing

### Meaning

Marketing is the process of promoting, selling, and distributing products or services to meet customer needs. It involves market research to understand target audiences, segmentation to tailor efforts, and product development to create value. Branding differentiates products, while pricing strategies ensure competitiveness. Promotion raises awareness through various channels, and effective distribution makes products accessible. Customer Relationship Management (CRM) builds loyalty, and sales efforts convert interest into purchases. Analytics track

performance for continual improvement, with digital marketing leveraging online platforms for precise targeting and real-time feedback. Overall, marketing connects businesses with customers and drives growth.

## **Core Marketing Concepts**

- Needs, wants, and demands
- Target markets, positioning, segmentation
- Offerings and brands
- Value and satisfaction
- Marketing channels
- Supply chain
- Competition
- Marketing environment
- Marketing planning

## **Marketing Orientations**

Market orientation is a business marketing strategy that focuses on its customer base to design and sell products and services. The strategy involves analyzing and researching the customers' requirements, concerns, and suggestions concerning the particular product or service the enterprise deals with. This way, the enterprise will be aware of the trends

in customer preferences. It will enable the company to modify or design its product or services according to customer preferences.

In a marketing-oriented organization, the primary focus is on understanding customer behavior, conducting market research, and gathering insights to create products or services that meet specific customer demands. This approach recognizes that customers have diverse needs and aims to deliver superior value and satisfaction.

1. **Production orientation:** This approach aims to maximize production efficiency while reducing costs to align with customers' pricing preferences.
2. **Product orientation:** It's a strategy that prioritizes quality, assuming consumers will purchase and use products as long as they maintain high quality.
3. **Sales orientation:** This concept prioritizes customers with the sole aim of boosting sales.
4. **Societal orientation:** It encompasses strategies and manufacturing methods that acknowledge their impact on the environment.
5. **Market orientation:** This model revolves around meeting customer needs and ensuring satisfaction by responding to their demands.

## **Scope of marketing**

**1) Goods:** - an item is considered good if it is tangible at a something that could be tasted,

heard smelled or seen. The examples are bread, fruits, mobile phone and TV.

**2) Services:** - these consist of services of professional like doctor, advocate, chartered

accountant, electrician and other services such as banking, insurance, and transport.

**3) Ideas:** - an idea is a mental concept and it is intangible in nature. Marketer makes an idea to

change the behavior of the target people in some way. For example, pulse polio campaign,

anti-smoking, campaigns are the example of spreading specific idea to change the behavior of

perception of the target audience

**4) Persons:** - marketing of person has become a specialized job these days. Experts are

employed to market specific personality like politicians, actor, and painters. For example, the

election campaign by the major political parties generally concentrates on marketing their leader

to the voters.

**5) Organization:** - many organization including social political, religious, educational market

them to build up their reputation and to make people aware about their activities

**6) Places:** - the marketing of places is also a common feature of the day tour and travel

agencies induce people to visit various tourism and health resorts such as Red Fort, Pink City .It

is also called as destination marketing.

**7) Events:** - event marketing promotes time base events such as trade fair, social, central

events, religious events. Sports events and entertainment night the famous examples include

includes International Trade Fair and Book Fair at Pragati Maidan

**8) Experience:** - this marketing includes promoting activities that provide fun filled thrilling

experience to people for example the joy rides in amusement park, Water Park at specified

locations.

**9) Real estate:** - real estate Builders and Developers use organized marketing to promote their

market offering for example plots, flat, commercial shops and offices.

## **Major Functions of Marketing**

**Promotion:** Promotion involves activities like advertising and social media engagement to communicate the value of a product or service. It aligns with business objectives by increasing brand awareness, attracting potential customers, driving sales, and ultimately creating a competitive advantage in the market.

**Selling:** Selling focuses on converting potential leads into actual customers through direct interactions. It contributes to revenue generation, customer relationship building, market expansion, and obtaining valuable feedback to improve products or services.

**Product/Service Management:** Product/Service Management encompasses the development, maintenance, and improvement of offerings to meet customer needs. It aligns with business objectives by fostering innovation, ensuring high quality, maximizing profitability throughout the product lifecycle, and ultimately enhancing customer satisfaction and loyalty.

**Marketing Information Management:** Marketing Information Management involves collecting, analyzing, and utilizing data to inform marketing strategies and decisions. It supports business objectives by providing insights into market trends, customer preferences, and competitor actions, enabling companies to make informed decisions and allocate resources effectively.

**Pricing:** Pricing involves determining the optimal price for products or services based on various factors. It aligns with business objectives by ensuring profitability, establishing market positioning, outmaneuvering competitors through strategic pricing, and reflecting the perceived value of the offering to customers.

**Financing:** Financing refers to acquiring and managing the financial resources necessary to execute marketing initiatives. It supports business objectives by ensuring adequate funding for marketing activities, maintaining financial health, investing in growth opportunities, and optimizing resource allocation for maximum impact.

**Distribution:** Distribution focuses on delivering products or services to customers efficiently and effectively. It aligns with business objectives by expanding market reach, enhancing customer convenience, reducing costs through optimized logistics, and ensuring timely availability of offerings to meet market demand.

## Marketing Management Tasks

1. **Develop market strategies and plans:** This involves crafting comprehensive strategies and plans to penetrate target markets, identifying the most effective channels and tactics to reach potential customers, and outlining clear objectives and timelines for implementation.
2. **Capture marketing insights:** This entails gathering and analyzing data from various sources such as market research, customer feedback, and competitor analysis to understand market trends, consumer behavior, and competitive landscape, which informs decision-making and strategy refinement.
3. **Connect with customers:** This task involves building and maintaining relationships with customers through various channels such as social media, customer service, and personalized marketing efforts, aiming to understand their needs, preferences, and feedback to tailor offerings accordingly.
4. **Build strong brands:** Focused on creating a distinct and memorable identity for a product or service through branding strategies, including developing a unique value proposition, consistent messaging, and visual elements that resonate with the target audience, fostering trust and loyalty over time.
5. **Shape market offerings:** This involves continuously adapting and optimizing products or services based on market feedback and emerging trends, ensuring they meet customer needs and remain competitive in the marketplace.
6. **Deliver value:** The goal here is to ensure that products or services offer tangible benefits and solutions to customers, effectively addressing their pain points and delivering on promises made through marketing efforts.
7. **Communicate value:** This task revolves around effectively communicating the value proposition of products or services to the target audience through various marketing channels, highlighting key benefits and differentiation to attract and retain customers.

8. **Create long-term growth:** Marketing management also involves developing strategies focused on sustainable, long-term growth, which may include expanding into new markets, launching new products or services, and fostering customer loyalty and advocacy.

# Entrepreneurship

## Meaning

Entrepreneurship embodies the spirit of innovation, risk-taking, and creativity in bringing new ideas, products, or services to the market. It's about identifying opportunities and taking proactive steps to capitalize on them, often by founding or leading new ventures. Entrepreneurs are not merely business owners; they are visionaries who drive change and progress, willing to challenge the status quo and disrupt existing industries. Central to entrepreneurship is the ability to navigate uncertainty and overcome challenges, leveraging resources effectively and adapting swiftly to evolving market conditions. Successful entrepreneurs possess a combination of traits such as resilience, passion, adaptability, and a keen eye for opportunities. They play a crucial role in driving economic growth, job creation, and societal advancement by introducing innovations and pushing boundaries in pursuit of their vision.

## Theories

1. **Innovation Entrepreneurship Theory:** This theory, championed by Joseph Schumpeter, underscores the pivotal role of innovation in entrepreneurship. Entrepreneurs are seen as agents of change, driving economic progress through the introduction of new products, processes, or business models. It emphasizes the disruptive nature of innovation, which often leads to the creation of entirely new industries or the transformation of existing ones. Innovation entrepreneurship



theory highlights the importance of creativity, risk-taking, and the ability to capitalize on market opportunities to achieve competitive advantage and sustainable growth.

2. **Economic Entrepreneurship Theory:** Economic entrepreneurship theory focuses on the economic motivations and behaviors of entrepreneurs. It centers on the pursuit of profit and wealth creation as primary drivers of entrepreneurial activity. Entrepreneurs are viewed as rational actors seeking to maximize their utility by identifying and exploiting market opportunities. This theory examines how market forces, such as supply and demand dynamics, competition, and regulatory environments, influence entrepreneurial decision-making and venture outcomes. It provides insights into how entrepreneurship contributes to economic development, job creation, and wealth distribution within society.
3. **Sociological Entrepreneurship Theory:** Sociological entrepreneurship theory explores the social dimensions of entrepreneurship, considering how societal structures, cultural norms, and institutional contexts shape entrepreneurial behavior and outcomes. It recognizes the influence of social networks, family background, education, and community support systems on individuals' entrepreneurial aspirations and success. Sociological entrepreneurship theory emphasizes the importance of social capital, trust, and collective action in fostering entrepreneurship and facilitating access to resources and opportunities. It highlights the role of entrepreneurship in addressing social inequalities, promoting social mobility, and driving inclusive economic growth.
4. **Psychological Entrepreneurship Theory:** Psychological entrepreneurship theory delves into the individual characteristics, traits, and cognitive processes that drive entrepreneurial behavior. It examines how factors such as personality, risk perception, self-efficacy, and motivation influence entrepreneurs' decision-making and actions. This theory explores the interplay between cognitive biases, such as overconfidence or loss aversion, and entrepreneurial outcomes, such as venture success or failure. Psychological entrepreneurship theory sheds light on the psychological challenges faced by

entrepreneurs, such as stress, anxiety, and uncertainty, and their coping mechanisms and resilience strategies.

5. **Opportunity-Based Entrepreneurship Theory:** Opportunity-based entrepreneurship theory revolves around the identification, evaluation, and exploitation of opportunities in the marketplace. Entrepreneurs are seen as opportunity seekers who leverage their skills, knowledge, and networks to capitalize on emerging market trends or unmet customer needs. This theory emphasizes the proactive and dynamic nature of entrepreneurial activity, as entrepreneurs continuously scan the environment for new opportunities and adapt their strategies accordingly. Opportunity-based entrepreneurship theory provides frameworks and methodologies for assessing market demand, competitive positioning, and feasibility to guide entrepreneurial decision-making and resource allocation.
6. **Resource-Based Entrepreneurship Theory:** Resource-based entrepreneurship theory focuses on the strategic management of resources and capabilities to gain a competitive advantage in the marketplace. It emphasizes the importance of leveraging tangible and intangible assets, such as technology, intellectual property, human capital, and organizational culture, to create value and sustain long-term growth. This theory highlights the role of entrepreneurship in resource allocation, acquisition, and utilization, as entrepreneurs seek to build and leverage unique competencies that are difficult for competitors to imitate. Resource-based entrepreneurship theory provides insights into how firms can develop and leverage their resource portfolios to achieve strategic objectives and maintain a sustainable competitive position in the market.
7. **Anthropological Entrepreneurship Theory:** Anthropological entrepreneurship theory examines entrepreneurship through the lens of cultural anthropology, exploring how cultural beliefs, values, and practices shape entrepreneurial behavior and institutions. It considers how cultural factors influence the formation of entrepreneurial identities, norms, and practices within different societies and communities. Anthropological entrepreneurship theory emphasizes the diversity of entrepreneurial experiences and strategies across cultures

and contexts, highlighting the need for culturally sensitive approaches to entrepreneurship research and practice. It sheds light on the cultural embeddedness of entrepreneurship and its implications for innovation, economic development, and social change.

8. **Process of Stage Entrepreneurship Theory:** Process of stage entrepreneurship theory delineates the sequential stages and processes involved in the entrepreneurial journey, from opportunity recognition to venture creation and growth. It identifies key milestones, decision points, and challenges that entrepreneurs encounter at each stage of the entrepreneurial process. This theory emphasizes the importance of systematic planning, execution, and adaptation as entrepreneurs navigate through various stages of venture development. Process of stage entrepreneurship theory provides frameworks and tools for entrepreneurs to assess their progress, manage risks, and make informed decisions throughout the entrepreneurial lifecycle.

## **Process**

1. **Discovery:** An entrepreneurial process begins with the idea generation, wherein the entrepreneur identifies and evaluates the business opportunities. The identification and the evaluation of opportunities is a difficult task; an entrepreneur seeks inputs from all the persons including employees, consumers, channel partners, technical people, etc. to reach to an optimum business opportunity. Once the opportunity has been decided upon, the next step is to evaluate it.

An entrepreneur can evaluate the efficiency of an opportunity by continuously asking certain questions to himself, such as, whether the opportunity is worth investing in, is it sufficiently attractive, are the proposed solutions feasible, is there any competitive advantage, what are the risk associated with it. Above all, an entrepreneur must analyze his personal skills and hobbies, whether these coincides with the entrepreneurial goals or not.

2. **Developing a Business Plan:** Once the opportunity is identified, an entrepreneur needs to create a comprehensive business plan. A business plan is critical to the success of any new venture since it acts as a benchmark and the evaluation criteria to see if the organization is moving towards its set goals.

An entrepreneur must dedicate his sufficient time towards its creation, the major components of a business plan are mission and vision statement, goals and objectives, capital requirement, a description of products and services, etc.

3. **Resourcing:** The third step in the entrepreneurial process is resourcing, wherein the entrepreneur identifies the sources from where the finance and the human resource can be arranged. Here, the entrepreneur finds the investors for its new venture and the personnel to carry out the business activities.
4. **Managing the company:** Once the funds are raised and the employees are hired, the next step is to initiate the business operations to achieve the set goals. First of all, an entrepreneur must decide the management structure or the hierarchy that is required to solve the operational problems when they arise.
5. **Harvesting:** The final step in the entrepreneurial process is harvesting wherein, an entrepreneur decides on the future prospects of the business, i.e. its growth and development. Here, the actual growth is compared against the planned growth and then the decision regarding the stability or the expansion of business operations is undertaken accordingly, by an entrepreneur.

## **Preparing a new business plan**

**Executive Summary:** In this concise section, we offer an overview of our entire business plan, summarizing key points such as our business concept, target market, competitive advantage, and financial projections. It serves as a snapshot of our venture,

providing investors or stakeholders with a quick understanding of our business opportunity and why it's compelling. Despite its brevity, the executive summary captures the essence of our business plan and entices readers to delve deeper into the document.

**Description of Business:** Here, we provide detailed information about our business, including its mission, vision, goals, and legal structure. We also outline the history of the business, if applicable, and explain the problem or need our venture addresses in the market. This section sets the stage for the rest of the business plan by providing context and defining the scope and purpose of our business.

**Market Analysis:** In this section, we conduct a thorough analysis of the industry and market in which our business operates. We identify our target market segments, assess market trends and dynamics, and estimate market size and growth potential. Additionally, we analyze customer needs, preferences, and buying behaviors, as well as regulatory or environmental factors that may impact our business. The goal is to demonstrate our deep understanding of our market landscape and validate the demand for our products or services.

**Competitive Analysis:** Here, we evaluate our direct and indirect competitors, examining their strengths, weaknesses, strategies, and market positioning. We identify competitive advantages that set our business apart and assess potential threats or challenges posed by competitors. By understanding the competitive landscape, we can refine our value proposition, differentiate our offerings, and develop effective strategies to gain market share.

**Description of Organizational Management:** This section outlines the structure and leadership of our organization, including key management team members, their roles and responsibilities, and relevant experience or qualifications. We may also include details about our advisory board, if applicable, and any strategic

partnerships or alliances that support our business. Clear delineation of organizational roles and responsibilities helps demonstrate our team's capabilities and ensures effective decision-making and execution.

**Description of Product or Services:** Here, we provide comprehensive details about the products or services our business offers, highlighting their features, benefits, and value proposition. We may include information about product development, production processes, intellectual property, and any proprietary technologies or innovations. It's essential to articulate how our offerings meet customer needs and address market gaps or pain points, emphasizing their unique selling points and competitive advantages.

**Marketing Plan:** This section outlines our strategies and tactics for promoting and selling our products or services to our target market. It includes our overall marketing objectives, segmentation, targeting, and positioning (STP) strategies, as well as the marketing mix (product, price, place, promotion). We may also discuss branding, advertising, digital marketing, public relations, and customer relationship management initiatives. The marketing plan should align closely with our market analysis and competitive positioning, ensuring a coherent and effective approach to reaching and engaging customers.

**Sales Strategy:** Here, we detail our approach to generating revenue and achieving sales targets. We outline our sales channels, distribution strategy, pricing strategy, and sales forecasting methodologies. Additionally, we may discuss sales tactics, such as lead generation, customer acquisition, sales force management, and customer retention strategies. The sales strategy should complement our marketing efforts and support our overall business objectives, driving sustainable revenue growth and profitability.

**Funding Details (or Request for Funding):** In this section, we provide information about our funding needs, sources of capital, and financial arrangements. We outline our current financial position, funding requirements for startup or growth activities, and potential sources of funding, such as equity investment, loans, or grants. If we're seeking funding from investors or lenders, we present a compelling case for investment, highlighting the potential return on investment and mitigating risks. Transparency and credibility are crucial in building trust with potential investors and securing the necessary funding for our business.

**Financial Projections:** Finally, we present our financial projections, including income statements, cash flow forecasts, and balance sheets, for a specified period (typically three to five years). We use historical data, market research, and assumptions to project future financial performance, demonstrating revenue potential, profitability, and financial sustainability. Our financial projections should be realistic, based on sound assumptions and thorough analysis, and aligned with our overall business strategy and objectives. Investors and stakeholders use financial projections to assess the financial viability and growth potential of our business, so accuracy and credibility are secured.