



Q5. What is Innovation and explain the elements of innovation process?

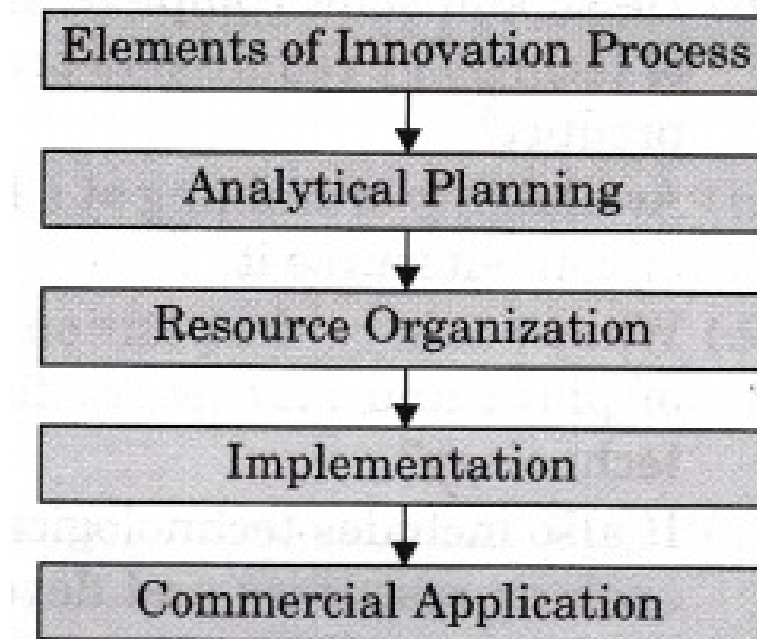
Ans: Innovation: It is the process of entrepreneurship which involves the translation of a useful idea into an application which has commercial value. It takes persistent effort on work out analytically on the details of the enterprise or service, to develop marketing strategies, to organize finances and strategize operations.

(i) Analytical Planning: Identifying the important features, its design and the resources required for the selected product or services.

(ii) Resource Organization: Arranging and obtaining the required resources, materials, technology, human or capital resources.

(iii) Implementation: Utilization of the resources in order to accomplish the plans and delivering results and objectives. Or converting the input into output.

(iv) Commercial Application: The provision of value to customers, reward employees, and satisfy the stake holders.



E. VERY LONG ANSWER TYPE QUESTIONS

Q1. Elaborate the factors involved in sensing opportunities.

Ans: To sense an entrepreneurial opportunity, an entrepreneur employs his sharpened skills of observation, analysis and synthesis to identify an opening.

The most important factors involved in the process are:

(i) Ability to perceive and preserve basic ideas which could be used commercially.

(ii) Ability to harness different sources of information.

(iii) Vision and creativity.

(i) Ability to perceive and preserve basic ideas: Basic ideas emerge from various sources. These ideas can be categorized as follows:

Problems	Change	Inventions	Competition	Innovation
Solution of a problem is often picked up as opportunity.	Any kind of change like social, legal, technological, political, etc., usher in new business opportunities. e.g., Health care centre in the present world.	These involve new things of value and creative processes that add value to the already prevalent brands or products. e.g. Automatic Washing machines.	For getting ahead, the entrepreneur introduces new and improved ideas and various sales promotions techniques e.g., free gift with a sale of product like Brush with toothpaste.	It includes creating new things of value as well as new and creative processes that add value to the existing products or services. For example, computers to tablets.

(ii) Ability to harness different sources of knowledge and information: The information gathered from different sources has to be analyzed and utilized for identification of the right opportunity. Various sources like magazines, journals, books, seminars, trade shows, family members, customers, friends, etc. help in getting information that results in evolution of basic ideas. Bring together various sources of information and knowledge, and analyze it to the best possible extent. The analysis helps in the identification of the right opportunity to start a new business.

(iii) Vision and Creativity: Creativity is the most striking behavioural characteristics of an entrepreneur. He should be able to develop an idea through a process of creativity and build something of value to solve a generated problem. Once the solution is identified their vision to convert the solution into business opportunity help them to move forward, overcoming all the obstacles. They constantly:

(a) overcome the adversity

(b) are able to exercise control over the business

(c) are capable of making significant difference.

Vision and Creativity: e.g. Code Division Multiple Access (CDMA) technology to common man. Introducing WhatsApp free messaging, text, pictures.

Q2. Examine the sources from where business ideas emerge.

Ans: Basic ideas emerge from various sources. These ideas can be categorized as follows:

Problems	Change	Inventions	Competition	Innovation
Solution of a problem is often picked up as opportunity	Any kind of change like social, legal, technological, political, etc., usher in new business opportunities e.g., Health care centre in the present world.	These involve new things of value and creative processes that add value to the already prevalent brands or products. e.g. Canon printers with scanner and photocopier, fully automatic washing machines.	For getting ahead, the entrepreneur introduces new and improved ideas and various sales promotions techniques e.g., free gift with a sale of product like toothbrush as a gift with toothpaste.	It includes creating new things of value as well as new and creative processes that add value to the existing products or services. For example, computers to tablets.

Q3. Discuss the steps involved in the investigation of ideas.

Or

Explain the steps involved in idea and opportunity assessment.

Ans:

(i) Product Identification:

(a) To select a product or services which is in demand and an entrepreneur can sell easily.

(b) To check with the product whether it is available in the market or not.

(c) If it is, then he should identify the reason for introducing the same product or service in the market.

(d) Take further step to further improvisation of the product.

For example, entrepreneur selected pen drive but it is already available in the market but he improvised V the same by innovating a new pen drive especially for teachers which will have a built in anti-virus and which can be worn like a watch so it minimises the problem of losing the pen drive.

(ii) Application and Use:

- (a) Ideas should be examined for their real life use and application.
- (b) If it already exists in the market then finding out its present use, improvisation of the product, modifying it for better use.
- (c) For example, the new pen drive especially for teachers which will have a built in antivirus and which can be worn like a watch. This example of pen drive and watch is an already existing product produced by many companies but according to new trend an entrepreneur has innovated a new type of pen drive especially for teachers which will have a inbuilt antivirus which shows improvisation and modifying a product for a better use.

(iii) Level of Operation:

- (a) This is a crucial test for product/ service identification.
- (b) Depending on the nature of the enterprise, the production is undertaken, the enterprise can be cottage industry, small scale, medium scale or large scale industry.
- (c) Quantity of production is considered.
- (d) Requirement of labour, technical experts, skilled labour, etc. all are to be considered.

(iv) Cost:

- (a) An entrepreneur first finds out the cost price of the product and then ultimately decides the sale price.
- (b) Every entrepreneur must answer the following questions before deciding the selling price of the product:

- What is the per unit cost of the product at particular level of operation?
- Whether this cost is comparable with that of other competitive products?

For example, a large manufacturing unit would be expected to have a lower cost per unit of output than a smaller unit, all other factors being equal, while a company with many facilities should have a cost advantage over a competitor with fewer.

(v) Competition:

- (a) The extent, intensity and trends in competition are to be analysed. This has direct impact on production capacity and supply.
- (b) Any product or service will face market competition at some stage.

(c) An entrepreneur should be assessed through a study of the trends in demand and supply.

(vi) Technical Complexity: What type of technology is required to produce the product? Whether training and application of such technology will be locally available or will it have to be supported from other places? What would be the position of supply of plant and machinery for such a technology? These are important issues that have to be resolved.

(vii) Annual turnover and profit margin:

- (a) An entrepreneur has to examine the basis of expected annual turnover. It refers the total sales of the year.
- (b) This will also indicate the market share or profit margin of the product or service.
- (c) Once the entrepreneur has assessed the opportunities on these basis he should go ahead and assess the market also.

Q4. What do you understand by Trend Spotting? What are the ways by which entrepreneurs can spot trends?

Ans: Trend spotting refers to identification of new trends which helps an entrepreneur to understand the market and produce goods or provide services in sync with the market trends.

(i) Read trends:

- (a) Entrepreneurs regularly read the leading publications and websites affecting their business.
- (b) Publications include industry publications, trade association sites, major newspapers, key business magazines, thought leaders and influential bloggers.
- (c) They scan information from a wide variety of sources - from

international news on down to niche bloggers focused on specific aspects of their industry. Obviously, there's a tsunami of information available. They use tech-tools like RSS feeds, e-mail, newsletters or websites and forums to keep on top out of all and get the information they want. They understand quickly which sources are valuable and which should be avoided.

(ii) Talk trends:

(a) Talking to people is an equally important trend-spotting tactic. They get involved in specific industry's trade association and attending events both online and offline.

(b) From social networking tools like social network websites and forums.

(c) They even start or join groups on the networks and see what people are buzzing about the latest trends. To customers regarding what customers thinking, buying, doing, etc. What customers are saying about the business, but what they're saying about the competitor's business.

(iii) Watch trends:

(a) Watching and observing the customers in the market place.

(b) If the customers are teenagers, in the local mall.

(c) If they are business class people, it might be restaurant or office park restaurant center.

(d) The entrepreneur spends some time simply watching and observing what people are eating, doing, wearing, using.

(iv) Think trends:

(a) As an entrepreneur begins gathering all these information regularly, they will start to develop a "trend-spotter mind."

(b) They collect from what they read, heard and observed, and they start to making connections and observations that will lead to business-boosting insights.

Q5. Explain in detail Idea Fields.

Ans: Idea fields are well defined frames of reference that guide the generation of ideas.

Various idea fields are examined below:

(i) Natural resources: The idea for a product or service can be derived from the available natural resources like

(a) Agricultural

(b) Breeding and Caring of animals (animal husbandry)

(c) Cultivation or Horticulture

(d) Human

(e) Mineral or Soil

(f) Solar

(g) Tidal

(h) Wind

Entirely new products or service related ideas can be generated from these resources or ideas to supplement these natural resources can be derived.

(ii) Current products or services: It requires careful analysis of the existing products or services and put the expertise and imagination to improve the current products or services. The demand for a product or service or the need to tackle the competition will also help in origination of a new idea. As the value addition to the existing product or service is as good as inventing a new product, the existing products or services also act as a good source of new ideas.

(iii) Demand or Market: Conducting a research in the market to procure the information relation to the gap between demand and supply, changing consumer preferences, trends, technology helps in the generation of new ideas for products or services. The data gathered is analyzed using business intelligence and helps as a good sources of new ideas.

In addition to this, the demand prevailing in the market will also help in generation of new ideas.

The analysis of the products and services offered by the

competitors will also act as a valuable source for generating a new idea.

(iv) Trade: As the globalization has expanded the scope of business to the entire world, a careful analysis of the prevailing trades and methods will act as a good source of idea generation. Earlier the trading was limited to local distribution network or grocery stores. However the trade has expanded from the local market to import and export of goods. The most recent revolution in the trade is e-commerce and has broadened the scope of trading globally and is not time bound. Thus it became a valuable, most effective, less risk prone area for originating new ideas.

(v) Service sector: As the society is becoming more educated and as there is tremendous growth in information and technology, it opened up new challenges and opportunities and became a great source for generation of new ideas in various entrepreneurial sectors. Few of the sources are in the

(a) Service of home appliances

(b) Automobile servicing

(c) Fast food

(d) Cool drink outlets

(e) Ice cream outlets

(f) Tourism

(g) Personal grooming

(h) Career counseling

(i) Emigration services

(vi) Creativity: Creativity being one of the most important competency of an entrepreneur plays a vital role in getting an idea for a new product or service or improving an existing product or service. Most often it is noticed that the need to solve a problem triggers creativity to come up with new ideas. It helps in

(a) Adding additional value to an existing product or service

(b) Innovate a new product or service

(c) Innovate a new methodology or material to produce a product

(d) Expand the demand and market for the current product or service

(e) Expand the usability of an existing product or service

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