



IV. Long Answer Type Questions [6 Marks]

Question 1. What are the main features of Authoritarians?

Answer: Authoritarians:

- are loyal workers who make the world function.
- make their products, service their systems, and always do it right.
- can be an excellent distributor, franchisee or owner of an existing business.
- can do well when they purchase an ongoing operation.
- are detail and tactic-oriented.
- are motivated by doing things one-way-the right way.
- are very conscientious and cooperative, following rules, procedures and policies carefully.
- are cautious, deliberate, logical and analytical.

They are also relaxed, patient and accommodating by nature, and are a great team player who tends to avoid confrontation.

Question 2. Give the main characteristics of Diplomats.

Answer: Diplomats:

- are restless and enjoy working under a certain amount of pressure.
- get things done quickly and work well with deadlines.
- adjust easily to change and deal well with new situations.
- have a high sense of urgency and like variety,
- work at their full capacity
- they do multitask and keep a variety of jobs going at once.

Question 3. Give and explain the misconceptions about great idea.

Answer: The misconceptions about great idea are:

1. Great ideas just appear out of nowhere: It's not true as the best idea generators tend to do so in a structured systematic way. They don't wait for the things to happen.
2. There are no illogical ideas: The reality is that, many ideas may not be very good, though to prevent others from feeling that their contribution are not valued; the belief is that, all ideas should be approached as worthy.
3. The customer will tell you what to do if you will only listen: Although customers can help identify unmet needs, they require more involvements in making a great idea workable than simply listening to the customers.
4. We can generate all the ideas we will ever need if we sit down at a meeting: Generating great ideas is not restricted to a meeting but are best shaped through an ongoing dialogue.
5. Great ideas aren't the problem; implementing them is: The reality is that, problems with implementation arise from not screening carefully enough, the ideas that are generated.

Question 4. Describe the ways to generate ideas.

Or

Describe the various structured approaches adopted to generate ideas.

Or

Explain any four main sources of ideas.

Answer: The different structured approaches adopted to generate ideas are:

1. Environment Scanning: It means the screening of a large amounts of information to detect emerging changes or trends. Information is scanned from news magazines, reviews, government and consumer publications, trade publications, commercials, etc. Lot of effort is put in but in the end it is energy well spent.
2. Creativity and Creative Problem Solving: Creativity is the ability to combine ideas in a unique way or to make unusual associations between the ideas. It involves cross thinking by seeing new angles, connections and approaches. The role of creativity and creative problem solving for generating ideas is that a number of specific creative approaches can be used. For example attribute listing, free association, etc.
3. Brainstorming: Here a group of persons sit together and generate a number of business ideas by innovating alternative ways of meeting the needs and solving problems. A number of ideas are discussed and finally a concrete idea is the end result.
4. Focus Groups: In this way if generating idea the groups of individuals provide information about proposed commodity (good or service) in a structured setting. Here a moderator focuses the group discussion or issues are being examined. Such group can provide an excellent way to generate new ideas and to screen proposed ideas and concepts.
5. Market Research: This is a method of gathering information about products/services that already exist in the market. Demand supply position for a particular product or service is studied in the market and based on it new ideas for products and services are obtained.

Question 5. How is feasibility study important to the entrepreneurs?

Answer: The information gathered and presented in a feasibility study will help entrepreneurs to:

- List in detail all the things they need to make the business work;
- Identify logistical and other business-related problems and solutions;
- Develop marketing strategies to convince a bank or investor that their business is worth considering as an investment; and
- Serve as a solid foundation for developing their business plans.

Even if entrepreneurs have a great business idea they still have to find a cost-effective way to market and sell their products and services. For example, most commercial spaces lease place restrictions on businesses that can have a dramatic impact on income. A lease may limit business hours/days, parking spaces, restrict the product or service that can be offered in some cases, even limit the number of customers a business can receive each day.

Question 6. List the features of feasibility study.

Or

Why are feasibility studies more important?

Answer: Following are the main features of feasibility study:

1. Process: A feasibility study is a process in which an idea is studied to see whether it will work and if going to work then how it will work.
2. Comprehensive: A feasibility study looks at the total structure, needs, requirements, operations of a business, etc.

3. Specific: Feasibility study looks at one issue, i.e. specific task, program, idea, or problem.
4. Pros and cons: A feasibility study looks at both sides, i.e. merits and demerits. It also takes into consideration potential problems.
5. Foundation: A feasibility study serves as a foundation for developing a successful business plan.
6. Essential requirement for loan: Lending financial institution requires the feasibility study considering the proposal for loan by the entrepreneur.

Question 7. Give an outline of a good feasibility study.

Answer: Following is an outline of a good feasibility study:

- Introduction
- Product or Service
- Technology
- Market Environment
- Competition
- Industry
- Business Model
- Market and Sales Strategy
- Production Operations Requirements
- Management and Personnel Requirements
- Regulations and Environmental Issues
- Critical Risk Factors
- Financial Predictions Including: Balance Sheet, Income Statement, Cash Flow Statement, Break Even Analysis and Capital Requirements
- Conclusion.

Question 8. What purposes are fulfilled by a Business Plan?

Answer: A business plan serves the following purposes:

- Blue print: It provides a blueprint of actions to be taken by the firm in future.
- Guidance: It guides the entrepreneur in raising and mobilising the factors of production.
- Organisation: It serves as a guide to the entrepreneur in organizing and directing the activities of the entrepreneurial venture.
- Progress: It helps in measuring the progress of the venture at various stages.
- Communication: It communicates to investors, lenders, suppliers, etc. initiating the programmes of the business.

Question 9. Give the main elements of a proposed business plan.

Or

Explain in detail the elements of business plan.

Answer: Proposed Business Plan has the following parts:

1. General Introduction
 - (a) Name and address of business
 - (b) Name and address of entrepreneur
 - (c) Stakeholder of business
 - (d) Nature of business and customers
2. Business Venture
 - (a) Product(s) to be offered
 - (b) Service(s) to be offered
 - (c) Scale of business operation
 - (d) Type of technology used
 - (e) Type of skilled personnel required
3. Organised Plan
 - (a) Form of ownership, sole proprietorship, partnership or joint stock company
 - (b) Identification of business, associated partners/members,

- etc.
- (c) Administrative structure
- (d) Identification of management team
- 4. Production Plan
 - (a) Details of manufacturing process
 - (b) Physical infrastructure required
 - (c) Types of plant and machinery
 - (d) Raw materials to be used
 - (e) Requirement of power, water, etc.
- 5. Human Resource Plan
 - (a) Categories of human resources or staff required
 - (b) Human resource already identified
 - (c) Human resource required to be procured
 - (d) Time frame for procurement of human resource
- 6. Marketing Plan
 - (a) Products and services offered
 - (b) Pricing policies
 - (c) Promotional strategies
 - (d) Logistics for distribution
 - (e) Channels of distribution
- 7. Financial Plan
 - (a) Breakeven analysis
 - (b) Fixed capital requirements
 - (c) Working capital requirement
 - (d) Sources of capital
 - (e) Schedule of procurement of capital
 - (f) Schedule of procurement of asset
 - (h) Cash flow projection
- 8. Miscellaneous/Appendix
 - (a) Market research report
 - (b) Contract with vendors
 - (c) Contract with financial institutions
 - (d) Type of business risk
 - (e) Contingency plan

***** END *****