Engineering Management & Entrepreneurship – EE5C05

Course Outcomes

On successful completion of the course, the students will be able to:

1. Understand the development of management thought and Concept of Entrepreneurs.
2. Evaluate the human behavior concepts and HRM.
3. Understand financial statements and concepts of Marketing.
4. Apply the project management tools to manage projects.
5. Remember the concepts of Quality and /Industrial management.

Text Books :

1. Management and Entrepreneurship - (Sixth Edition) K R Phaneesh, Sudha Publication, Year 2013.

Reference Books:

1. Quality control and Total quality Management, (6th Edition) Tata McGraw Hill, Year 2006.
2. Organizational Behavior- Stephen P. Robbins, Pearson Education India, 2009
3. Engineering economics-R. Panneerselvam(2^{nd} Edition), PHI Learning Pvt. Ltd., 2013
4. Marketing Management by Philip Kotler, Kevin Lane Keller, Pearsonpublication.
5. Project Planning, Analysis, Selection, Implementation and. Review- Prasanna Chandra, Tata McGraw Hill Publications, New Delhi, 2000
6. Energy Management Principles (2nd Edition), Craig B. Smith Kelly Parmenter
7. Industrial Management, D K Bhattacharyya Vikas Publishing
8. Financial Management- I.M. Pandey (9th Edition) “Financial Management”, Vikas publication, 2011

Module III

Marketing Management: Introduction, 5 Ps of Marketing, Product life cycle, market Strategy

Financial Management: Introduction, Types of Finance, Balance Sheet and Profit and Loss account statement, working capital, International Finance.

SLE: Types of Taxes

Marketing management is 'the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value' (Kotler and Keller, 2008: 5).

Marketing is the process used to determine what products or services may be of interest to customers and the strategy to use in sales, communications and business development (Kotler et al. 1996).

The American Association of Marketing define marketing management as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services in order to create, exchange and satisfy individual and organizational objectives (Gronroos, 1989).

5 Ps of Marketing

The 5 P’s of Marketing – Product, Price, Promotion, Place, and People – are key marketing elements used to position a business strategically.

The 5 P’s of Marketing, also known as the marketing mix, are variables that managers and owners control to satisfy customers in their target market, add value to their business, and help differentiate their business from competitors.

5 Ps of Marketing

Product	Price	Promotion	Place	People
Functionality	Selling Price	Sponsorships	Distribution Channels	Service Provided
Appearance	Discounts	Advertising	Logistics	Attitude
Warranty	Payment Arrangements	Public Relations Activities	Service Levels	Customer Service
Quality	Price Matching Services	Message	Location	Appearance
Packaging	Credit Terms	Media	Market Coverage	Employee Portrayal

5 Ps of Marketing

Example of the 5 P's of Marketing

John is considering operating a jet ski shop catering to travelers and tourists. To position his business, John may consult the 5 Ps of marketing in the following manner:

Product: By-the-hour jet ski rentals for people who are in the city for a short duration of time. A limited liability form to be signed by people who participate in the service and a monetary deposit in case of damages.

Price: Cheap jet ski trips to cater to the budget constraints of travelers and tourists. A 10% discount on jet ski trips when referred by a travel agency.

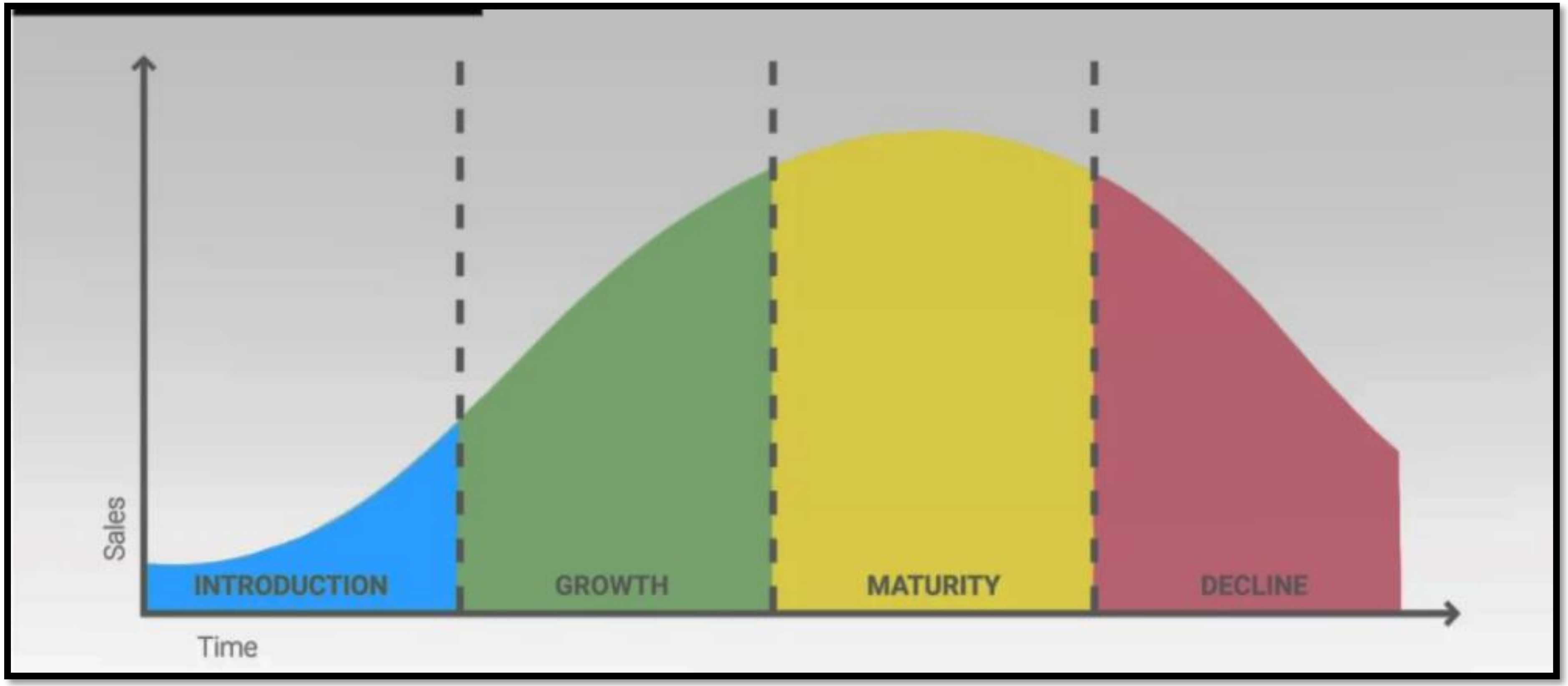
Promotions: A Facebook page, Instagram page, and a Twitter handle to promote the business. Also, paid promotions on travel agency websites.

Place: An easy to access location from existing transit systems.

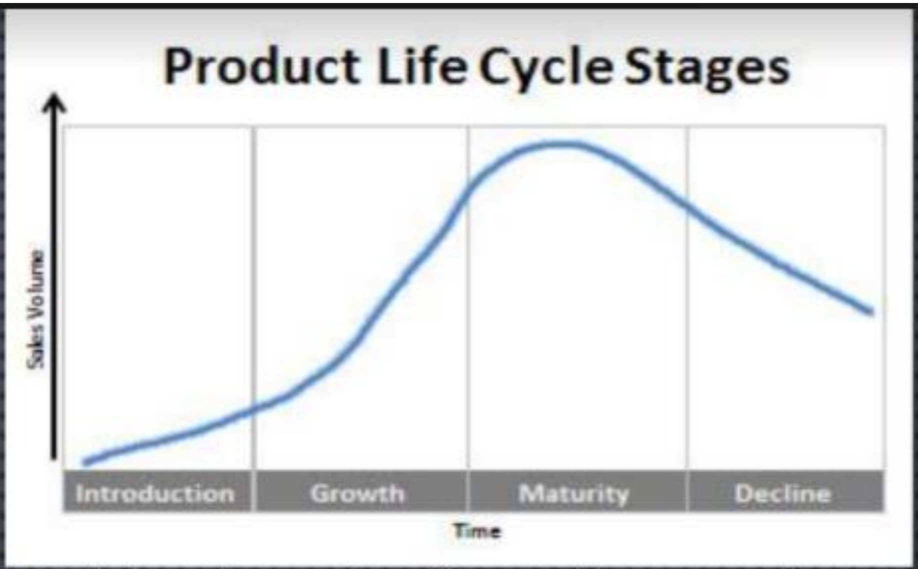
People: Friendly staff members who love meeting travelers and offer exceptional customer service.

Product Life Cycle

A **product life cycle** is the amount of time a **product** goes from being introduced into the market until it's taken off the shelves. There are four stages in a **product's life cycle**—introduction, **growth**, maturity, and decline.



PRODUCT LIFE CYCLE STAGES



Introduction Stage This stage of the cycle could be the most expensive for a company launching a new product. The size of the market for the product is small, which means sales are low, although they will be increasing. On the other hand, the cost of things like research and development, consumer testing, and the marketing needed to launch the product can be very high, especially if it's a competitive sector.

Growth Stage – The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase. This makes it possible for businesses to invest more money in the promotional activity to maximize the potential of this growth stage.

Maturity Stage – During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. This is probably the most competitive time for most products and businesses need to invest wisely in any marketing they undertake. They also need to consider any product modifications or improvements to the production process which might give them a competitive advantage.

Decline Stage – Eventually, the market for a product will start to shrink, and this is what's known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product. While this decline may be inevitable, it may still be possible for companies to make some profit by switching to less-expensive production methods and cheaper markets.

Market Strategy

A marketing strategy refers to a business's overall game plan for reaching prospective consumers and turning them into customers of the products or services the business provides. A marketing strategy contains the company’s value proposition, key brand messaging, data on target customer demographics, and other high-level elements.

Finance

Introduction, Types of Finance, Balance Sheet and Profit and Loss account statement, working capital, International Finance.

Finance is defined as the management of money and includes activities such as investing, borrowing, lending, budgeting, saving, and forecasting. There are three main types of finance: (1) personal, (2) corporate, and (3) public/government.

Finance

•Investing personal money in stocks, bonds, or guaranteed investment certificates (GICs)

•Borrowing money from institutional investors by issuing bonds on behalf of a public company

•Lending money to people by providing them a mortgage to buy a house

•Using Excel spreadsheets to build a budget and financial model for a corporation

•Saving personal money in a high-interest savings account

•Developing a forecast for government spending and revenue collection

Types of Finance

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Personal Finance

Personal Finance is managing the finance or funds of an individual and helping them achieve the desired goals in terms of savings and investments. Personal Finance is specific to individuals and the strategies depend on the individuals earning potential, requirements, goals, time frame, etc. Personal finance includes investment in education, assets like real estate, cars, life insurance policies, medical and other insurance, saving and expense management.

- Protection against unforeseen and uncertain personal events
- Transfer of wealth across generations of the family
- Managing taxes and complying with tax policies (tax subsidies or penalties)
- Preparing for retirement
- Preparing for long term expenses or purchases involving a huge amount
- Paying for a loan or debt obligations
- Investment and wealth accumulation goals

Corporate Finance

Corporate Finance is about funding the company expenses and building the capital structure of the company. It deals with the source of funds and the channelization of those funds like the allocation of funds for resources and increasing the value of the company by improving the financial position. Corporate finance focuses on maintaining a balance between the risk and opportunities and increasing the asset value.

Corporate Finance

- Capital budgeting
- Employing standard business valuation techniques or real options valuation
- Identifying the source of funding in the form of equity, shareholders' funds, creditors, debts
- Determining the utility of unappropriated profits for future investment, operational utilization, or distribution to the shareholders
- Acquisition and investment in stock or other assets
- Identifying relevant objectives, opportunities, and constraints
- Risk management and tax considerations
- Stock issuance while going public and listing on the Stock exchange

Public Finance

Public finance is related to states, municipalities, provinces in short government required finances. It includes long term investment decisions related to public entities. Public finance takes factors like distribution of income, resource allocation, economic stability in consideration. Funds are obtained majorly from taxes, borrowing from banks or insurance companies.

Public Finance

Public Finance includes:

- Identifying the expenditure required by the public entity
- The sources of revenue for the public entity
- Determining the budgeting process and source of funds
- Issuing debts for public projects
- Tax management

Microfinance

Microfinance is also known as microcredit. This type of finance is specifically designed for individuals who do not have easy access to financial services. These individuals include unemployed and lower-income group individuals. Banks may even offer additional services like saving accounts, microinsurance, and trainings. The main motive behind providing microfinance is to provide an opportunity for these individuals to become self-reliant.

Trade Finance

Trade Finance includes financial services and instruments that enable and facilitate trade internationally. Trade finance is ideal for importers and exporters to carry on smooth international transactions by reducing risk in global trade. Trade finance can help reduce the risk associated with global trade by reconciling the divergent needs of an exporter and importer.

Balance Sheet

A Balance sheet is a precise representation of the assets, equity and liabilities of the entity. This is outlined by every enterprise, a partnership enterprise or sole proprietorship firm. It reveals the financial security of the enterprise.

There are 2 titles in a Balance Sheet. Namely – assets (inventory, accounts receivable), equity (share capital, capital surplus) and liability (accounts payable, customer deposits). The liabilities title will cover the shareholder’s equity and all the current and non-current liabilities and all the current assets and the non-current assets of the enterprise are met whilst the equity.

Profit and Loss account statement

Profit and Loss Account which also called a statement of revenue and expenses or an income statement. The account depicts the financial production of the enterprise in a specific time.

Profit and Loss account statement

Balance Sheet	Profit & Loss Account
Definition	
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What exactly is it?	
Balance Sheet is a statement	P & L Account is an account
State of accounts	
Accounts added in balance sheet maintain their identity and are carried forward for the next accounting period	Accounts that get transferred to P & L account are closed and do not retain their identity

Profit and Loss account statement

What does it represent?	
It represents the financial state of the business concern at a particular date	It represents the profit earned or the loss incurred by a business concern during an accounting period
What does it disclose?	
Capital of shareholders and the various assets and liabilities of the business	The gains and losses along with various incomes and indirect expenses taking place in the business during the accounting period
Order of creation	
Balance sheet is prepared after creating the P & L Account	P & L Account is prepared before creating the balance sheet

Working Capital

Working Capital is basically an indicator of the short-term financial position of an organization and is also a measure of its overall efficiency. Working Capital is obtained by subtracting the current liabilities from the current assets. This ratio indicates whether the company possesses sufficient assets to cover its short-term debt.

Working Capital indicates the liquidity levels of companies for managing day-to-day expenses and covers inventory, cash, accounts payable, accounts receivable and short-term debt that is due. Working capital is derived from several company operations such as debt and inventory management, supplier payments and collection of revenues.

Working Capital

The sources for working capital can either be long term, short term or even spontaneous. Spontaneous working capital are majorly derived from trade credit including notes payable and bills payable while short term working capital sources include dividend or tax provisions, cash credit, public deposits, trade deposits, short-term loans, bills discounting, inter-corporate loans and also commercial paper.

For the long-term, working capital sources include long-term loans, provision for depreciation, retained profits, debentures and share capital. These are major working capital sources for organizations based on their requirements.

Working Capital = Current Assets - Current Liabilities

International Finance

International Finance is an important part of financial economics. It mainly discusses the issues related with monetary interactions of at least two or more countries. International finance is concerned with subjects such as exchange rates of currencies, monetary systems of the world, foreign direct investment (FDI), and other important issues associated with international financial management.

The World Bank, the International Finance Corporation (IFC), the International Monetary Fund (IMF), and the National Bureau of Economic Research (NBER) are some of the notable international finance organizations.

International finance is an important tool to find the exchange rates, compare inflation rates, get an idea about investing in international debt securities, ascertain the economic status of other countries and judge the foreign markets.

Types of Taxes