INTRODUCTION

THE CONCEPT OF ENTREPRENEURSHIP

Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses. In economics, entrepreneurship connected with land, labour, natural resources and capital can generate a profit. The entrepreneurial vision is defined by discovery and risk-taking and is an indispensable part of a nation's capacity to succeed in an ever-changing and more competitive global marketplace.

Meaning of Entrepreneur

The entrepreneur is defined as someone who has the ability and desire to establish, administer and succeed in a startup venture along with risk entitled to it, to make profits. The best example of entrepreneurship is the starting of a new business venture. The entrepreneurs are often known as a source of new ideas or innovators, and bring new ideas in the market by replacing old with a new invention. It can be classified into small or home business to multinational companies. In economics, the profits that an entrepreneur makes is with a combination of land, natural resources, labour and capital. In a nutshell, anyone who has the will and determination to start a new company and deals with all the risks that go with it can become an Entrepreneur.

Types of Entrepreneurship

Small Business Entrepreneurship-

These businesses are a hairdresser, grocery store, travel agent, consultant, carpenter, plumber, electrician, etc. These people run or own their own business and hire family members or local employee. For them, the profit would be able to feed their family and not making 100 million business or taking over an industry. They fund their business by taking small business loans or loans from friends and family.

Scalable Startup Entrepreneurship-

This start-up entrepreneur starts a business knowing that their vision can change the world. They attract investors who think and encourage people who think out of the box. The research focuses on a scalable business and experimental models, so, they hire the best and the brightest employees. They require more venture capital to fuel and back their project or business.

Large Company Entrepreneurship-

These huge companies have defined life-cycle. Most of these companies grow and sustain by offering new and innovative products that revolve around their main products. The change in technology, customer preferences, new competition, etc., build pressure for large companies to create an innovative product and sell it to the new set of customers in the new market. To cope with the rapid technological changes, the existing organisations either buy innovation enterprises or attempt to construct the product internally.

Social Entrepreneurship-

This type of entrepreneurship focuses on producing product and services that resolve social needs and problems. Their only motto and goal is to work for society and not make any profits.

Characteristics of Entrepreneurship:

Not all entrepreneurs are successful; there are definite characteristics that make entrepreneurship successful. A few of them are mentioned below:

- **Ability to take a risk-** Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks, which is an essential part of being an entrepreneur.
- **Innovation-** It should be highly innovative to generate new ideas, start a company and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but in a more efficient and economical way.
- **Visionary and Leadership quality-** To be successful, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality, a lot of resources and employees are required. Here, leadership quality is paramount because leaders impart and guide their employees towards the right path of success.
- **Open-Minded-** In a business, every circumstance can be an opportunity and used for the benefit of a company. For example, Paytm recognised the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilised the situation and expanded massively during this time.

- **Flexible-** An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service, as and when needed.
- **Know your Product-**A company owner should know the product offerings and also be aware of the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market, or whether it is time to tweak it a little. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.

Importance of Entrepreneurship:

- **Creation of Employment-** Entrepreneurship generates employment. It provides an entry-level job, required for gaining experience and training for unskilled workers.
- **Innovation-** It is the hub of innovation that provides new product ventures, market, technology and quality of goods, etc., and increase the standard of living of people.
- **Impact on Society and Community Development-** A society becomes greater if the employment base is large and diversified. It brings about changes in society and promotes facilities like higher expenditure on education, better sanitation, fewer slums, a higher level of homeownership. Therefore, entrepreneurship assists the organisation towards a more stable and high quality of community life.
- **Increase Standard of Living-** Entrepreneurship helps to improve the standard of living of a person by increasing the income. The standard of living means, increase in the consumption of various goods and services by a household for a particular period.
- **Supports research and development-** New products and services need to be researched and tested before launching in the market. Therefore, an entrepreneur also dispenses finance for research and development with research institutions and universities. This promotes research, general construction, and development in the economy.

<u>THE ECONOMIST VIEW OF ENTREPRENEURSHIP</u>

The economic theories carry an illustrious and long-established pedigree relating to the study of entrepreneurship. Furthermore, entrepreneurship can be broadly defined as the ability and the readiness to develop, organize and run a business along with handling uncertainties in order to make profits. In economics, entrepreneurship is closely related to the land, labour, natural resources and capital that can help to generate profit.

An entrepreneurial vision involves discovery and risk-taking that are critical for nations in order to succeed in the ever-changing and competitive global marketplace (McFarlane, 2016). Different schools of thought have been established on the theories of entrepreneurship from psychological, sociological and cultural perspectives.

Economic theories help in examining and exploring economic factors that affect or enable entrepreneurial behaviour. Economic theories of entrepreneurship can be divided into three different time periods:

1. classical,
2. neo-classical and,
3. Austrian market process.

The classical, neo-classical and Austrian market processes are different approaches to explaining entrepreneurship. Classical theorists confined the role of an entrepreneur to producers and distributors of goods in the marketplace. Neo-classical theorists, on the other hand, described an entrepreneur as a person who, along with the production and distribution of goods, undertakes business risk, identifies new opportunities, and simultaneously reduces costs for a business.

Finally, the Austrian market process theorists focused on human actions based on their knowledge regarding the economy. These theorists defined an entrepreneur as one who is creative and imaginative in his work and one who sees a profitable opportunity.

Classical economic theories of entrepreneurship

Classical theories of entrepreneurship majorly focused on the virtues of free trade, competition and specialization. These theories defined the role of an entrepreneur in terms of the production and distribution of goods in a competitive marketplace (Tiryaki, 2013). Some remarkable classical theories of entrepreneurship are as follows.

Richard Cantillon's theory (1755)

Richard Cantillon provided one of the earliest contributions regarding the economic strand of thought about entrepreneurship. Richard described an entrepreneur as a speculator who conducts all exchanges, and bears risks as a result of buying at certain prices and further selling them at uncertain prices. Centillion named it the risk theory of profit where anyone who receives an uncertain income can be regarded as an entrepreneur.

Furthermore, the theory stated the importance of entrepreneurs as people who play a key role in the economy by relieving the paralysis engendered by uncertainty and along with it allowing the exchange and production of goods and services so that market equilibrium can be attained. Cantillon further stated that an entrepreneur is not an innovator. They cannot change the demand and supply trends. Rather, they are perceptive, intelligent and willing to take risks. Their main role in the process is to bring two sides of the market together (Parker, 2018).

Innovation theory by Schumpeter

The innovation theory is considered to be one of the most important economic theories of entrepreneurship and was advanced by Schumpeter. The focus of the theory was that entrepreneurs do not operate with conventional technologies and do not believe in making small changes to the existing production method. Rather their main goal is to develop new technologies and products that can bring widespread changes and can help them to shift the paradigm altogether.

Thus, Schumpeter's view was completely different from that of Richard's. Schumpeter stated that an entrepreneur is an innovator who is responsible for doing new things or things that have already been done in a new way (Śledzik, 2013). This can be done in five different ways which are as follows:

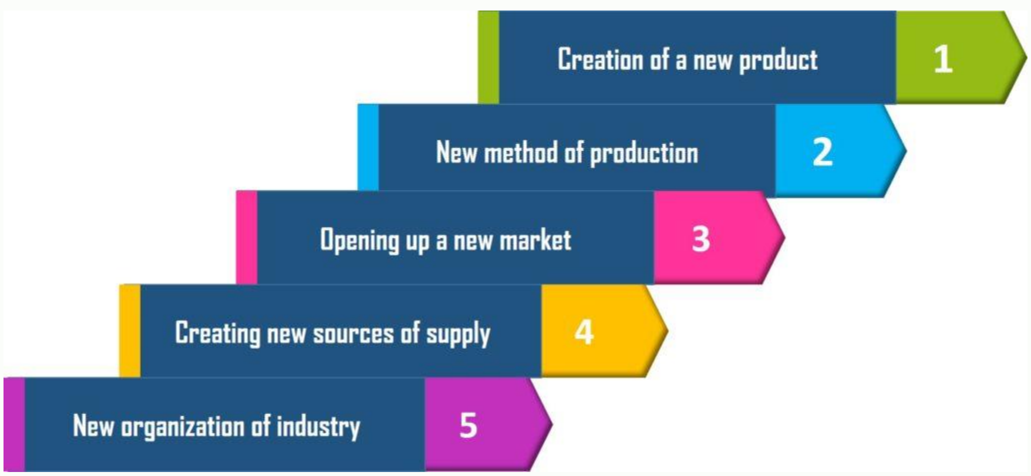


Figure 2: Schumpeter's theory of entrepreneurship

Schumpeter regarded entrepreneurial actions as a major factor causing business cycles and economic developments. According to his vision of creative destruction, when an entrepreneurial innovation hits the economy, it leads to the replacement of old products and processes which is eventually rapidly imitated by competitors (Braguinsky, Klepper and Ohyama, 2011).

Neoclassical economic theories of entrepreneurship

The neo-classical theories emerged as a result of the criticism levelled against the classical theories. The neoclassical theory maintains the impact of diminishing marginal utility and entrepreneurial response to them as another major aspect which was missing in the classical works (Gimmnez Roche, 2017).

Marshallian theory

The study of entrepreneurs is far from new. In the year 1755, Cantillon described entrepreneurs as agents who undertake risks for profits. Early theorist Adam Smith presented the concept of entrepreneurship which was not different from a company owner.

Alfred Marshal in his work combined both concepts and presented the entrepreneur as an individual who is both, a risktaker and an administrator. He identified entrepreneurs who are responsible for ensuring production function in a company, identifying opportunities, reducing costs and increasing profits. Marshall further in his theory classified entrepreneurs as:

- Active entrepreneurs (those who find new ways, and
- Passive entrepreneurs (those who tend to follow the existing road) (Fernandez, 2009).

Menger's theory

It is generally argued that the development of neoclassical analysis began with Menger in the year the 1870s. Menger in his book defined entrepreneurial activity as a special kind of labour service and an activity that is valuable while economizing men. Despite this, they cannot be bought or sold and do not carry any market price. However, there is a necessary prerequisite for the provision of such services which is the ownership of the capital (Kirzner, 2011). Menger moving forward stated the specific functions that are involved in the entrepreneurial activity:

- Collection of information regarding economic situations.
- Economic calculations in order to make the production process efficient.
- Assigning goods to a particular production process.
- Supervising the execution of the production plan and making sure that it is carried out in an economical way.

Austrian market process theories of entrepreneurship

The Austrian market process theories were proposed in order to provide answers to questions that remained unanswered in the neo-classical school of thought regarding entrepreneurship. These theories mainly focus on human actions based on their knowledge regarding the economy.

Kirzner's Alert Entrepreneurship

Kirzner in his work provided an Austrian approach to the concept of entrepreneurship. The main focus of Kirzner was to answer whether a market economy works, and if so, then what leads to an equilibrium situation. Kirzner further accepted that a market is not always perfectly clear, and there do not exist perfectly informed representative agents. For entrepreneurs to bring any change they need incentives and these incentives come in the form of knowledge and information (Tiryaki, 2013).

Shackle's theory

According to Shackle's theory, entrepreneurs are creative and imaginative in their work. It states that entrepreneurs imagine opportunities and have the creative ability to make choices. Furthermore, according to this theory, uncertainty and imperfect information play an important role because it is the presence of both these aspects that gives rise to opportunities for individuals. This act of imagination helps entrepreneurs in the identification of potential market opportunities. This, when compared with the resources available, can lead to effective decision-making.

Cochran's theory of entrepreneurship

The Cochran theory was introduced by Thomas Cochran in 1965. This theory explains the entrepreneurial approaches of an individual from standpoints like occupational hazards that he encounters and expectations he has from his own profession (Pawar, 2013; Otaghsara and Hosseini, 2014). It explains that entrepreneurship is determined by variables like cultural values, role expectations, and social sanctions. This theory also proposes that entrepreneurs are not supernormal individuals. Rather, they are people who represent the modal personality of society. 'Modal personality' is the term used by the anthropologist Cora DuBois in order to indicate behavioural traits few individuals develop in response to psychological, neurological and cultural factors (Birx and Fogelson, 2012). Thus, if a person performs like an entrepreneur, their performance is shaped by factors such as:

- the attitude of the person towards their profession,
- the societal role expectations that are held by sanctioning groups and,
- the operational requirements of the job he is engaged with (Pawar, 2013).

EE Hagen's theory of social change

EE Hagen introduced the theory of social change as an endeavour to explain how individuals change their social status in order to gain societal respect. The core notion that drives this sociological theory is that when individuals feel that they are no longer respected by society, they tend to implement innovative ways by means of which their social status can get positively transformed. The aim is to regain their lost status.

This desire to change the prevailing social status can be indicated as the acquired tendency of an individual to become an entrepreneur. This happens in three situations:

1. When the individual loses their existing social status to someone who has suddenly regained superiority and enhanced social respect.
2. If there is any form of defamation of the values and position of the individual by someone superior to him.
3. If the individual is unable to accept the newly acquired social status due to the transformation of the existing society into a new social order (Hagen, 1963).

Thus, this theory emphatically shows that withdrawal from existing social status acts as a driver which influences entrepreneurial qualities in an individual. Eventually, this transforms an individual from an ordinary person to an entrepreneur (Hagen, 1963; Lehmann, 2010).

Max Weber's theory of social change

The theory of social change was proposed in the 1980s by the most socially compelling thinker of is time, Max Weber. The major basis of this theory is religion and social change. Thus, in order to explain this theory elaborately, the scholar indicates that religious beliefs have a strong influence on the process of the development of entrepreneurship.

This sociological theory proposes that the entrepreneurial qualities of an individual or a group remain ingrained within the society the person belongs to. This perspective of society is in turn influenced by the religious and ethical beliefs it subscribes to (Jackson, 1983; Rao and Singh, 2018). In addition to this, the Weberian theory of social change also talks about the integral role of capitalism in the process of developing entrepreneurial qualities in an individual (Beetham, 2018).

Weber particularly extended his theory on entrepreneurship to Indian society and explained that the religious belief of Hinduism that exists in India lacks the spirit of capitalism. Moreover, the ethical values prevalent in India are mostly concentrated towards individuals rather than the Hindu society at large. Hence, it fails to excite the feeling of entrepreneurship in the country (Pawar, 2013). Thus, in explaining the emergence of modern entrepreneurship traits in an individual, this theory shows that his religious and ethical approaches serve as the major determinant. Furthermore, the theory also explains that if the individual belongs to a society where capitalistic approaches dominate, they will possess entrepreneurial qualities.

BEHAVIORAL APPROACH

Human behavior is learned, thus all behavior can be unlearned and new behaviors learned in its place. Behaviorism is concerned primarily with the observable and measurable aspects of human behavior. Therefore when behaviors become unacceptable, they can be unlearned. Behaviorism views development as continuous process in which children play a relatively passive role. It is alsoa general approach that is used in a variety of settings including both clinical and educational. Behaviorists assume that the only things that are real (or at least worth studying) are the things we can see and observe. We cannot see the mind, the id, or the unconscious, but we can see how people act, react and behave. From behavior we may be able to make inferences about the minds and the brain, but they are not the primary focus of the investigation. What people *do*,not what they *think* or *feel*, is the object of the study. Likewise the behaviorist does not look to the mind or the brain to understand the causes of abnormal behavior. He assumes that the behavior represents certain learned habits, and he attempts to determine how they are learned.

The material that is studied is always behavior. Because behaviorists are not interested in the mind, or its more rarified equivalents such as psyche and soul, inferences about the conditions that maintain and reinforce human behavior can be made from the study of animal behavior. Animal research has provided a very important foundation for the behavioral approach. The behavioral researcher is interested in understanding the mechanisms underlying the behavior of both normal individuals and those with problems that might be referred as "mental illness". When the behavioral model is applied tomental illness, it tends to be used for a wide variety of presenting problems. It is perhaps most effective in treating behavioral disorders and disorders of impulse control, such as excessive drinking, obesity, or sexual problems. Behavioral approaches may bequite useful in treatment of anxiety and have occasionally been helpful in the management of more severe mental disorders such as schizophrenia

ENTREPRENEURSHIP AND MANAGEMENT

Entrepreneurial management is the practice of giving the innovation inherent in entrepreneurship a more solid management structure. Many new entrepreneurs have ideas for businesses they want to start, or products they want to create, but don't know how to manage a small business effectively. However, managing a new venture and managing an existing company requires different methods and principles. Through entrepreneurial management, you can manage a growing business without limiting the creativity or passion of a startup.

Establish clear goals

Within an entrepreneur management plan, you establish the goals you want to achieve with your startup. This includes short-term goals, such as launching your first product, and long-term goals, like generating a certain number of sales. Having clear goals can help everyone involved with the startup stay motivated, as they'll know what they're working to achieve. In addition, it helps you determine what actions you need to take to reach those goals.

Coordinate actions

It's easier to achieve goals when everyone coordinates their actions. With an entrepreneur management plan, you determine what actions your startup needs to take and who performs them. Mapping these actions can also help you identify any missing actions before beginning and ensure that you assign each action to at least one person.

Improve resource management

Limited resources such as funds, staff and time may be typical for new business ventures since owners are working to grow a customer base is ins. Therefore, it's important for entrepreneurial managers to ensure that they are using their resources effectively. Through an entrepreneur management plan, you can determine where to spend your resources before you commit them. This ensures you are using all of your available resources and using them in the best possible way.

Create performance standards

Through an entrepreneur management plan, you'll define your desired outcomes and when you want to achieve them. You can use these as your performance standards and judge if your business is on schedule. For example, if you set a goal to launch your product in six months, you can check your progress in three months to ensure you're halfway done. If you're not, you can adjust your methods to make achieving your goal more likely.

Balance risk

An entrepreneur management plan establishes how the entrepreneur will balance their personal risk with their role within the company. Learning how to balance personal risks can help entrepreneurs better prepare for unexpected issues. For example, it may outline how much of their own money the entrepreneur can safely invest.

Principles of entrepreneurial management

Entrepreneurial management has several principles, which aim to give entrepreneurs more control over the direction and success of their startup. Here are some principles to consider:

Mission and values statements

A mission statement is a description of why the entrepreneurial enterprise exists. The purpose is to define why you started the business and what you hope to achieve with it. A values statement describes the values you want your startup to embody. For example, the developer of a new mobile app for photographers may list values such as creativity and accessibility. For entrepreneurs, common values include:

- Innovation
- Diversity
- Curiosity
- Sustainability
- Courageous
- Passion

Specific goals

Entrepreneurial management includes setting specific goals for the new venture. Setting specific goals may help the entrepreneur manage their innovation in order to attain a certain outcome. For example, the app developer may establish a goal of 10,000 downloads by the end of the year. The entrepreneur would then focus on marketing, rather than developing additional features for the app.

Growth strategy

With a growth strategy, the entrepreneur determines how they're going to reach their goals. They consider the resources they'll need and how they'll best use those resources. It's important for entrepreneurs to take the time to plan out a growth strategy, to use resources efficiently. Common growth strategies for new businesses include market penetration, product expansion and diversification.

Organizational structure

An organization's structure determines how work usually flows throughout the organization. For example, as the head of the business, you may assign your marketing manager with creating a new advertising plan, who then assigns different tasks to those working in your marketing department. The structure essentially defines the hierarchy of your business. It's important for entrepreneurs to consider the best structure for their startup, to implement an efficient one. By creating an organizational structure, everyone knows who to report to, which aids in the decision-making process.

Right people

Hiring the right people is an important step for entrepreneurs to create an efficient team. As the business progress, they may decide which tasks they want to delegate and search for the right people to do them. The first employees are also important resources to help the business achieve its goals. When selecting a team, an entrepreneur may look for those who have the right skills and knowledge and are also comfortable working in a startup environment.

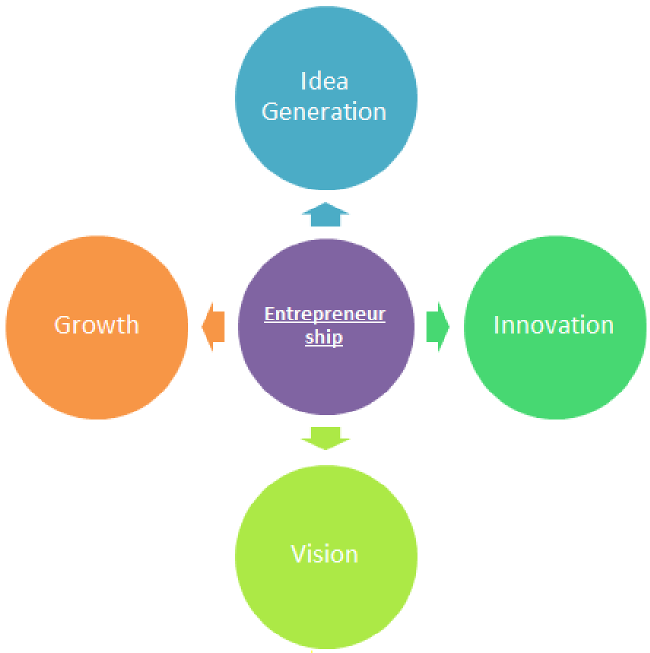
Finance strategy

Entrepreneurs also determine how they're going to pay for different business items and resources. Creating a strong financing strategy can help the entrepreneur understand their financial status when making business plans. In entrepreneurial management, the entrepreneur outlines all their sources of funds. They will also detail how much their different operations cost and when they need to make these payments.

Entrepreneurship

An entrepreneur is nothing but the person who starts or develops new enterprises by taking all other necessary resources together for the production to get started. In the long run, they also called as a businessman. An entrepreneur is a person who tries to transform an idea into reality by using available resources. The role of the entrepreneur is very vital, and they have full power and authority in the business. In short, entrepreneurship is the activity of setting up business or businesses, taking up financial risk in the hope of profit.

An entrepreneur is a person who takes risks and uncertainty of business. An entrepreneur is a person who leads the organization in the market no matter how many competitors will come later, but their position will remain untouched. Starting a business generally requires business concepts, ideas, service new technology, People for support, a process by which a service or product will be delivered, money to run all activities.



Entrepreneurship Activities

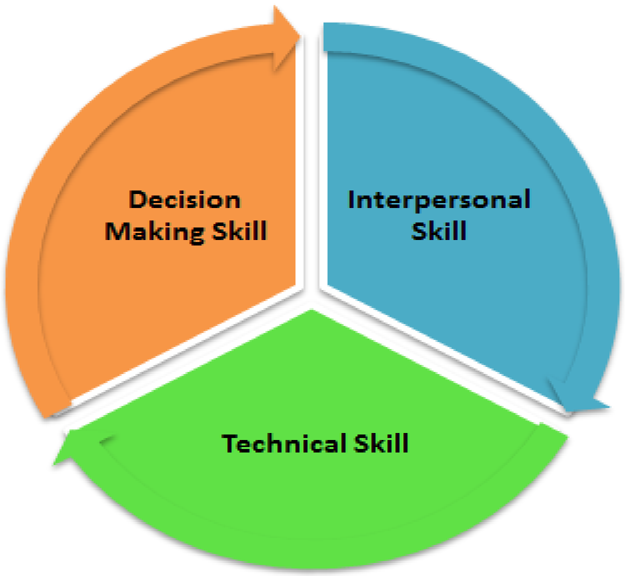
- Creating or planning a new product.
- Entering into new markets and strategizing the next marketing move.
- Finding a new business venture.
- Taking an idea and executing them.

Management

Management is responsible for focusing on business objectives and seeing that the work has been done as per plan. Management is an individual person or group of people that accept responsibilities to run the organization. So management is nothing but the process of running an organization with the help of available resources and achieve goal or objectives which are set by an entrepreneur. So management is the employee of a company. Some of the primary functions of management are.

- Planning
- Organizing
- Directing
- Coordinating and controlling

The above-listed functions links directly to below mention skills in graphics.



Management Skills

So management is simply directing employees on what to do. Management overall is about an organization, and its role is to ensure that a company's all moving parts working properly together and to guide the organization towards goal and achievement. So management is a critical element in the growth of an organization.

Key Differences between Entrepreneurship vs Management

Let us discuss some of the major differences between Entrepreneurship vs Management.

- Entrepreneurship is a process of creating an enterprise by taking a financial risk in order to get a profit, whereas management is the art of getting things done through proper planning, organizing, directing, and controlling.
- An entrepreneur is focused on a new business venture, whereas the main focus of management is to manage the ongoing operation.

- Ownership of an organization stays with the entrepreneur, whereas management is an employee of the organization.
- The entrepreneur will get profit as reward, whereas management will be getting paid for their work.
- An entrepreneur is a risk-taker where management doesn't take any risk.
- Entrepreneurs hold all the right to enjoy the complete financial freedom of the business, whereas Management doesn't enjoy the complete financial freedom of the business.
- An entrepreneur is an innovator, whereas management executes an innovative idea.
- Management is a wide range of organization studies; it includes all whereas Entrepreneurship is One of the parts of management.

Entrepreneurship vs Management Comparison Table

Let's look at the top 9 Comparisons between Entrepreneurship vs Management.

The Basis of Comparison	**Entrepreneurship**	**Management**
Meaning	It is a process of creating an enterprise by taking a financial risk in order to get a profit.	It is an overall business activity which is getting done through and with people in a formally organized group.
Function	Business start-up and venture	Look after an ongoing operation.
Status	Owner	Employee
Rewards	Profit for risk-bearing	Salary as a reward for work
Risk	A risk associated with entrepreneurship	Management does not accept any risk.
Goal	Entrepreneur set the goal.	Management implies the goal set by the entrepreneur.

Decision Making	Make a decision on personal perception and gut feelings.	Make a decision after collecting detailed information and reaching an operative conclusion.
Fraud	An entrepreneur is not getting involved in fraudulent behavior.	A manager may involve or cheat by not working hard.
Innovation	Is the innovator	Is the executor

THE PRACTICES OF ENTREPRENEURSHIP:

The process of Entrepreneurship

The **entrepreneurial process** involves finding and analyzing opportunities and bringing resources together to achieve them.

Entrepreneurship is a continuous process.

The Entrepreneurial Process

1. Idea Generation
2. Opportunity Analysis
3. Developing Planning
4. Collecting Resources
5. Forming Organization
6. Growing Business

1. Idea Generation

This is the first step in the entrepreneurial process. An idea can be a problem or solution. Here, the entrepreneur identified an idea worth pursuing. The entrepreneur will conduct the feasibility study and take input from other stakeholders.

2. Opportunity Analysis

After identifying the opportunity, the entrepreneur will evaluate it. They will see if the opportunity provides any value to the business or the consumer, whether it will be sustainable in the long term if the profit is healthy, the market competition, the risks associated with the opportunity, and the entrepreneur's product or service will be different or better than the competition.

The entrepreneur should look to answer for following questions:

- Is the opportunity worth investing capital, resources, and energy?
- Can we offer better solutions than existing ones?
- Can we beat the competition?
- Is the business sustainable in the long run?
- What are the risks?

3. Developing Plan

After analyzing the opportunity, the entrepreneur develops a plan to realize it and launch the company. This is a crucial step in the entrepreneurial process. The plan will have a business strategy and operating structures, including steps for the formation of the company. It will provide details on business objectives, goals, mission statement, and details of products or services.

4. Collecting Resources

Launching a new business requires resources, including financing, human labor, materials, and more. If the entrepreneur is self-sufficient, they can self-finance. However, they may go to investors or financial institutions to get the funds.

These days, entrepreneurs have a new option called crowdfunding. Using these platforms, entrepreneurs raise awareness about their business and ask for support.

If the idea resonates with the audience, businesses can quickly raise a significant amount.

5. Forming Organization

Once the entrepreneur secures the funds and resources, they will launch the company and form a legal entity. The structure of the organization will depend on its requirements. The entrepreneur will name the company and file the papers with the government to form LLC, WLL or PLC, Corporation, or a Non-profit.

6. Growing Business

After launching the company, it will start producing products or offering services. The entrepreneur will ensure that the business is running smoothly and growing. Now the operating plan will be executed. The entrepreneur will have regular status updates and compare the actual progress with the planned progress. If things are not going as planned, they will take corrective actions to bring the progress on track.

THE ENTREPRENEURIAL BUSINESS

Entrepreneurship isn't just running a business; rather, it is a name given to anything done to change the world. An entrepreneur is a world-changer, an innovator, and an opportunist. Now you might be wondering what entrepreneurship is? Let us explain to you in a little more detail!

Entrepreneurship is launching, developing, and running a business venture along with its financial risk. Such business ventures are valuable for economic development as it allows a country to expand its businesses and resources in the global market. However, most people perceive entrepreneurship as one-dimensional, and they do not think about its various types. Today, we have decided to clear this confusion for you and explain different types of entrepreneurial businesses.

Types of Entrepreneurial Businesses

Small Business Entrepreneurship

It is common to see that more small businesses are running than more prominent companies in today's growing world. We can even roughly guess that about 75 % of companies are small businesses. Such companies hire a large workforce, and these businesses also make enough profits to make a living and support their families.

However, these types of businesses fail to capture attention from fundraising organizations, and mostly these small businesses have to ask for capital from their friends and families.

Examples of Small Businesses:

- Hairdressers
- Grocery Stores
- Electricians
- Carpenters
- Plumbers
- Consultants

Scalable Startup Entrepreneurship

Entrepreneurs set up their own companies in such Entrepreneurial Businesses believing that their visions will positively change the world. Entrepreneurial Businesses usually get funding from venture capitalists, and they prefer to hire the best employees.

In short, such entrepreneurs focus on developing a reputable business model that can grow. When they succeed in this first step, they later search for venture capitalists to help them start and grow their idea. However, these businesses usually make a small proportion due to risk capital and outsize returns.

Typically you will find that most scalable startup entrepreneurship is in technology industrial ventures.

Examples of Scalable Startups:

- Facebook
- Instagram
- Online Shopping Companies

Large Company Entrepreneurship

These entrepreneurial businesses focus on sustaining innovations, offering new products that are a variety of their core products. These entrepreneurial businesses must do continuous research and develop new products to meet challenging customer demands and advancements in technologies. Often this is done by partnering with innovative companies or even purchasing those companies as well.

Most large company entrepreneurship is a result of acquisitions and mergers. A quick search of the example companies listed below will show you what I mean.

Examples of Large Company Entrepreneurship:

- Google
- Microsoft
- Samsung

Social Entrepreneurship

These entrepreneurial businesses focus on creating those products which provide services to the people and solve their social needs and problems. They want to change the world and make it a better place rather than just accumulating profits and acquiring wealth. Such entrepreneurial businesses can be non-profit, profit, and hybrid.

Their success is the widespread use of ethical practices, including impact investing, conscious consumerism, and corporate social responsibilities.

Examples of Social Entrepreneurship:

- Microfinance Institutions
- Educational Programs
- Banking Services
- Welfare Services

Sole Proprietorships

This, sole proprietorships, is one of the common types of entrepreneurial businesses you would have encountered in your daily lives. Usually, small businesses are categorized under sole proprietorships, but some large entrepreneurial firms can also be sole proprietorships.

So, what is the sole proprietorship? Generally, a person who owns a business and is personally responsible for it, there is no legal significance between the owner and the industry in small, entrepreneurial companies.

Advantages and Disadvantages:

Such entrepreneurial businesses are popular because of the ease and simplicity of their set-ups. Many small businesses are included in sole proprietorship because such entrepreneurial companies require nominal costs. Moreover, a sole proprietor needs to secure local licenses to carry out their businesses.

On the other hand, there are some problems with sole proprietorship types of entrepreneurial ventures because the company owner is liable for all the business's debts. If that owner runs into some financial trouble, he can be a victim of lawsuits from creditors. If those lawsuits are successful, the owner will be in pain as they have to pay all the debts from their own pockets.

Examples of Sole Proprietorships are:

- A single Person Art Studio
- A local Grocery
- An IT Consultation Service

Partnerships

Partnerships are another sub-type of entrepreneurial businesses, and, commonly, you will see such entrepreneurial ventures on large companies. Now let us define this!

As from the word Partners, you can have a general guess that more than one person runs this entrepreneurial business. In definition, we can say that it is a legal form of operating a trade between two or more people. All the business partners will share management and profits, and such businesses are further categorized in general and limited partnerships.

Advantages and Disadvantages:

In general partnerships, the partners are responsible for managing a company and even debts and other obligations. While in limited partnerships, the partners act as investors. They do not have any control over the company, and they are not subjected to any liabilities that general partners might have. A partnership business can even be run by a mix of limited and public partnerships.

If a person does not have any experience in the administrative area, then partnership entrepreneurial businesses are not a good idea because they require filings and regulatory complexities.

Examples of such businesses are:

- Red Bull and GoPro
- Sherwin-Williams and Pottery Barn
- West Elm and Casper
- Dr. Pepper and Bonne Belle

LLCs

The full form of LLCs is ‘Limited Liability Company.' This entrepreneurial business model is mostly used in the United States of America. In such an entrepreneurial business structure, owners are not personally held responsible for a company's liabilities and debts. Moreover, these entrepreneurial businesses can be considered hybrids as they result from a corporation with those of a partnership and corporation businesses or sole proprietorship and corporation businesses. It is an entrepreneurial business model that combines the pass-through taxation of partnership and sole proprietorship with the limited liability of a corporation.

Advantages and Disadvantages:

The LLC'S benefits include no limit or restriction on the number of members allowed in this entrepreneurial business. Members even have flexibility in structuring the company management. Furthermore, it does not require as much annual paperwork or formalities as corporations need, and owners are free from debts and liabilities.

However, these entrepreneurial businesses are expensive to form and have a limited life. Lastly, ownership is typically harder to be transferred within a corporation.

Examples of such entrepreneurial businesses are:

- Amazon
- Chrysler

Corporations

This is another subtype of a large entrepreneurial business. A corporation can be considered an organization made up of people or different companies. The government has authorized them, states to act as a single entity, and is even recognized in law for specific purposes. This type of entrepreneurial business is guided by a group of officers known as the board of directors.

Such corporations are the most beneficial types of entrepreneurial businesses because these corporations exist as separate entities. A corporation does not own the right to vote and some other limitations, but apart from that, a corporation carries all the legal rights an individual has.

Advantages and Disadvantages:

Some benefits of corporations are that the shareholders of a corporation are only liable up to the amount of investment they have made. Due to this, the personal assets of a person are protected.

Such entrepreneurial businesses can even raise money by selling their shares or issuing bonds. Moreover, it allows the transfer of ownership as well.

On the contrary, there are some drawbacks to such entrepreneurial businesses. You might even have to pay double taxes, and there can be excessive tax filings as well. Moreover, it can be quite tricky to manage such entrepreneurial businesses independently.

Examples of such entrepreneurial businesses are:

- Microsoft
- Google
- Apple
- Exxon Mobile

Franchises

Now, let us talk about what franchises are. It is just a type of license that a part that we can call a franchise acquires. They are allowed to have access to a business's proprietary knowledge, trademark, and processes so that the party can sell that similar product or provide that same service under the original business's name. They have to pay franchisors an initial start-up fee and annual licensing fees. These Franchises lead us to our new discussion.

First of all, the risk of having a business failure is near to a minimum because if you start a business by franchising, your business model will be based on a proven, tested idea. If it is too good to be true, you can check how successful other franchises were.

Secondly, as the parent company will already establish the products and services, you would not worry about marketing, and there would be no need for market testing. Moreover, you would already use a recognized brand name and a trademark. When the real business owner promotes their brand, your franchise will automatically be improved, and you will get more customers. Such perks are nearly zero if you start building your business from scratch.

Thirdly, the franchisor will also be ready to give you support and even training and help setting up the business. The owner will also readily give you advice on the go, which undoubtedly will aid you in profiting more and more.

Fourthly, as franchises are a kind of small business, association with a recognized brand allows the franchises to compete with big brands, and you may even get exclusive rights by the franchisor itself.

ENTREPRENEURSHIP IN SERVICES INSTITUTIONS

Entrepreneurial services refer to those services that generate new market, product, and service ideas.

Managerial services are the routine functions of the firm and facilitate the profitable execution of new opportunities.

An **entrepreneurial services** consulting team of a company helps organize meaningful financial systems so every decision a company makes, from the long-term to the daily, is backed by up-to-date and solid information.

Entrepreneurial services address a business's outsourced accounting and taxation requirements to help the business grow. Entrepreneurs get business outsourced accounting, helping the business's full-time staff to remain focused on maintaining and bringing in business that creates future growth potentials. These services not only will guide the business to get started and running, but also will help it plan for the future. These services serve in the following areas:

- Organizing, reorganizing, or dissolving a business
- Tax planning and structuring
- Mergers and acquisition
- IPO planning
- Implementing accounting and bookkeeping systems
- Business outsourced accounting
- Financial statement analysis
- Cash flow, budget, and payroll forecasting

The new venture

New Business Ventures is your essential introduction to the skills, concepts and actions you need to build a successful new business venture. From exploring how to generate and develop game-changing ideas, recruiting and managing the right team, to identifying and engaging with investors, you will master every step of the entrepreneurial journey to success. This includes exploring ideas beyond the confines of the classroom and putting theory into practice via real-world customer interaction and pitching to actual investors. New ventures, or entrepreneurial ventures, are broadly defined as those firms that are in their early stages of development and growth. Often they are in the process of bringing their initial products or services to the market and of developing their customer base. You will learn how to think like an entrepreneur. You will also develop the acuity of vision, the agility and the mindset to:

- Understand where the best ideas come from.
- Appreciate how inferior actors can successfully compete against superior actors.
- Know when growth can be crucial for survival, but might endanger it at the same time.
- Determine how entrepreneurs should think.
- Lean to navigate terms and processes needed to manage frequent entrepreneurial tasks such as leading board meetings and raising venture capital.

SOURCE OF NEW IDEA

Some of the more frequently used source of idea for entrepreneurs include: consumer, existing products and services, distribution channel, the federal government and research and development.

Consumers:

Potential entrepreneurs should continually pay close attention to potential customers. This attention can take from of informally monitoring ideas and needs or formally arranging for consumers to have an opportunity to express their opinions.

Exiting products and services:

Potential entrepreneurs should also establish a formal method for monitoring and evaluating competitive products and services on the market. Frequently this analysis turnovers way to improve on these offerings that may result in a new product or services that has more market appeal and better sale and profit potential.

Distribution channels:

Members of the distribution channel are also excellence source for new ideas because of their familiarity with the needs of the market. Not only do channel members frequently have suggestions for completely new product, but they can also help in marketing the entrepreneur's newly developed products.

Federal Government:

The federal government can be a source of new product ideas in two ways. Files themselves may not be feasible, they can frequently suggest other more marketable product idea. Several government agencies and publications are helpful in monitoring patent applications. New product ideas can come in response to government regulations.

Research and Development:

The largest source of new ideas is the entrepreneur’s own research and development efforts which may be formal endeavor connected with one’s current employment or an informal lab in basement or garage.

METHOD OF GENERATING IDEAS

Even with such a variety of source of idea available coming up with an idea to serve as the basis for a new venture can still pose a problem. The entrepreneur can use several methods to help generate and test ideas such as: focus groups, brainstorming and problem inventory analysis.

Focus group:

Focus group have been used for a variety of purpose since the 1950s. a moderator leads a group of people through an open in depth discussion rather than simply asking questions to solicit particular response. For a new product area the moderator focus the discussion of the group in either a directive or a nondirective manner.

Brainstorming:

The brainstorming method allows people to be stimulated to greater creativity by meeting with others and participation in organized group experiences. Although most if the ideas generated from the group have no basis for further development sometimes a good idea emerges. When using brainstorming these four rules should be followed:

1. No criticism is allowed by anyone in the group no negative comments.
2. Freewheeling is encourage the wilder the idea the better.
3. Quantity of idea is desired the greater the number of idea the greater the likelihood of the emergence of useful ideas.
4. Combinations and improvement or ideas are encourage ideas of others can be used to produce still another new ideas.

Problem inventory Analysis:

Problem inventory analysis uses individuals in manner that is analogous to focus groups to generate new product ideas. However, instead of generating new idea themselves. Consumers are provided with a list of problems in general product category. They are then asked to identify and discuss product in this category that have the particular problem. This method is often effective since it is easier to relate known products to suggested problems and arrive at a new product idea than to generate an entirely new product idea by itself. Problem inventory analysis can also be used to test a new product idea.

ENTREPRENEURSHIP AND INNOVATION:

THE INNOVATION CONCEPTS

Innovations create bigger opportunities and are critical for the survival, economic growth, and success of a company. Innovation means developing original concepts and is a driver of reimaging business. Companies that innovate are able to set the organisation in a different paradigm in order to identify new opportunities and the best methods to solve current problems. Managers need to encourage and champion ideas and need to help their organizations incorporate diverse perspectives, which spur creative insights and facilitate creative collaboration by harnessing new technologies. Innovation is the embodiment, combination, and/or synthesis of knowledge in original, relevant, valued new products, processes, or services.

Meaning of Innovation

Innovation can be observed as an implementation of ideas that originate from creative processes. Innovation is the embodiment, combination, and/or synthesis of knowledge in original, relevant, valued new products, processes, or services. It can be defined as the process of translating a novel and creative ideas or invention into a good or service that creates value or for which customers will pay. Creativity is a process you employ to improve your problem-solving. So you're not done until your creative efforts have produced a product, service, or process that answers the original need or solves the problem you identified at the outset. It relates to the commercialization of creative invention which occurs if someone improves on or makes a significant contribution to existing products, processes, or services. Most successful innovation is the result of a conscious, purposeful search. Some areas represent more fertile ground than others. Innovation is thus the oxygen and core process of entrepreneurship.

Innovation Described in Words:

- Unexpected
- Fresh
- Thinking Differently
- Never been thought of before
- Never been seen before
- Creative
- New
- Useful

Innovation Described in Reactions:

- Isn't that clever
- What a great idea
- I'll actually buy this thing
- Why didn't anyone ever think of doing if before?
- Challenging conventional notions of how things have been done before
- Bringing ideas from one industry to another, or from one geographic region to another
- Creating meaningful points of difference for products and services vs. current alternatives
- Fulfilling unmet consumer needs, by offering new ways to accomplish goals;
- Making lives or jobs easier, better, happier, more exciting, satisfying, or more productive
- Enabling brands to compete in new markets or category segments
- Delighting/ engaging/capturing imaginations of consumers to increase loyalty

Types of Innovation

Innovation motivates improvements in the functioning of an organization/business and contributes to its success. Different types of innovation are recognized depending upon the criteria of classification. For example, when the classification is based on the object of innovation, then the types may include product/service innovation, business model innovation, process innovation, technology innovation, etc. When the extent of change is the basis of classification, then the types may be radical innovations and incremental innovation.

Whatever the classification basis, the four core innovation types are briefly discussed below:

1. Invention:

The invention can be defined as the creation of a new product or new services or the introduction of a new process for the first time. An invention is a unique or novel device, method, composition, or process. So from an organizational standpoint, it's always important to think five years and ten years out and to be continuing to try to push that envelope even though there may not be a customer today. Innovations that may not benefit customers today could meet their needs tomorrow.

Examples: Wright Brothers-Airplane; Thomas Edison- Light bulb; Alexander Graham Bell-Telephone, Steve Jobs starting to develop the smartphone world with the iPad, Marie Curie made great researches on radioactivity, etc.

2. Extension:

The extension can be defined as new use or a different application of an already existing product, service, or process. In extension, you are no longer trying to figure out problems but helping people solve new problems and coming up with new ways of doing things. Most innovation happens here, because most of the time we are seeking to get better at what we're already doing.

We want to improve existing capabilities in existing markets, and we have a pretty clear idea of what problems need to be solved and what skill domains are required to solve them. A possible downside is that incremental innovations do not necessarily make a huge impact because they're often just slightly better than what is already out there.

Examples: The development from the mainframe computer to the desktop, then the laptop, and more recently the notebook computer. Companies such as Amazon have become masters at this, with continuous experimentation of their web interface resulting in daily optimization of the user experience.

3. Duplication:

Innovation is the outcome of creativity and manifests itself as the fresh changes that are implemented in products, processes, or services. Duplication can be defined as the creative replication of an existing concept. It utilizes your existing technology and increases the value to the customer (features, design changes, etc.) within your existing market. Almost all companies engage in incremental innovation in one form or another.

Examples: The application of the franchise model of business worldwide, from the fast-food industry to the education sector.

4. Synthesis:

It can be defined as a combination of existing concepts and factors into a new formulation or use. Most innovations are the result of a conscious, purposeful search, not sudden illumination. Most innovations are not so much the product of sudden insights as they are the result of a conscious process that often goes through multiple stages. This innovation is amazing at increasing new customers as long as the new market is receptive. Most of the time, the risk involved in synthesis is low due to the reliance and reintroduction of proven technology. Though most of the time it requires tweaking to match the requirements of the new market.

Moreover, innovation also increases the usability and durability of the entity above. Sometimes, it is an idea, and sometimes, it is a concept that helps stay ahead of the competition and induces creativity and efficiency in businesses. Modern leaders have understood the advantages of innovation in business for increment and growth in the current business environment. As a result, it is believed that there is great demand for managers and executives with a penchant for business innovation. Below, we will discuss the main characteristics of business innovation; check out:

- Different types of innovations, namely sustaining and disruptive, directly affect the company's product or process. While sustaining innovation enhances the processes of the business in the long-run, disruptive innovation is when smaller companies challenge the bigger corporations.
- Innovation plays a key role in introducing novelty to existing product lines or processes, leading to increased market share, revenue, and customer satisfaction.
- Sometimes innovation is used to upgrade the operating systems of the business or to introduce modern technologies for automation. It is believed that the amalgamation of innovation and automation can help companies witness innumerable growth.

The Benefits of Innovation in Business

As mentioned above, effectiveness, novelty, and automation are some of the main characteristics of innovation. These unique characteristics help in evoking several benefits for businesses, which we have enlisted below; check out:

1. Solves complex business problems

Knowing the answer to **what product management life cycle is** cannot help managers or executives solve complex business problems. Moreover, the uncertainties and complex business situations fueled by the COVID-19 pandemic can make things worse for them.

Therefore, to judiciously and effectively solve complex business problems, it is imperative to use innovative ideas. Leaders must use external (online data, literary works, etc.) and internal sources to develop innovative ideas to solve complex business problems. At first, it might seem like a difficult task, but it is considered to steer your business in the right direction.

2. Increases productivity

One of the benefits of innovation in business is the increase in productivity of individuals, processes, and business models, among others. Simply put, innovation presents new ideas to business leaders to increase efficiency with minimum resources. Furthermore, reducing business and other risks.

3. Brings uniqueness and novelty to business process

Business processes have been the same for more than a few decades. However, with the introduction of innovation in business, there has been a disruption that is believed to be caused due to novelty, creativity, and uniqueness. That is also helping in making the business stand out from the rest and vicariously contributing to increased revenue and market share.

4.Gives a competitive advantage

Thinking innovatively or creatively can help managers and executives develop unique marketing campaigns to help them stand out. Also, formulate promotional and advertising strategies that will help in increasing market share and revenue, giving the company a competitive advantage.

5.Reduces cost and increases revenue

As mentioned above, one of the biggest advantages of innovation is that it helps increase revenue and market shares. Subsequently, leading to a reduction in cost. Meanwhile, innovation has many advantages in business, but the points mentioned above will help business leaders, managers, and executives understand the importance of using innovative ideas actively. If not, then in the next part, we will discuss how innovation helps achieve business success.

IMPORTANCE OF INNOVATION FOR ENTREPRENEURSHIP

Innovation is important in entrepreneurship. In the highly competitive world that we live in, innovative ideas are what will separate you from the rest. Your goal is not to build just an average startup, right? In order to create an outstanding product, strong brand and to build your customer network, you need to innovate. Innovation doesn’t always mean to create something new: innovators often take something that already exists, improve it, change it, make it better and make it the best for their customers. Innovative ides are what will make a startup competitive.

Being innovative doesn’t happen overnight: it requires time and effort to create something truly innovative that will make difference. Innovation and creativity walk hand in hand when we talk about entrepreneurship. Here you can find seven great ways to look at innovation in order to understand its importance in entrepreneurship, education, ideas execution, knowledge and more.

Innovation and education

Since we live in an age of innovation, a practical education must prepare a man for work that does not yet exist and cannot yet be clearly defined.

Knowledge, information and innovation

Innovation is fostered by information gathered from new connections; from insights gained by journeys into other disciplines or places; from active, collegial networks and fluid, open boundaries. Innovation arises from ongoing circles of exchange, where information is not just accumulated or stored, but created. Knowledge is generated anew from connections, that weren't there before.

Money and innovation

Innovation has nothing to do with how many R&D dollars you have. When Apple came up with the Mac, IBM was spending at least 100 times more on R&D. It's not about money. It's about the people you have, how you're led, and how much you get it.

Ideas and innovation

Just as energy is the basis of life itself, and ideas the source of innovation, so is innovation the vital spark of all human change, improvement and progress.

Idea execution and innovation

Innovation is the process of turning ideas into manufacturable and marketable form.

Patience, persistence and innovation

Innovation by definition will not be accepted at first. It takes repeated attempts, endless demonstrations, and monotonous rehearsals before innovation can be accepted and internalized by an organization. This requires "courageous patience.

Learning and innovation

Learning and innovation go hand in hand. The arrogance of success is to think that what you did yesterday will be sufficient for tomorrow.

SOURCES OF INNOVATIVE OPPORTUNITIES

The following are his sources of innovative opportunity.

The Unexpected

The market place is the number one area to look for opportunities. A good manager should be constantly studying the market. Is a particular product or service in greater or lesser demand than anticipated? Why? Is there a way we can exploit this unexpected success? What has to happen if we want to convert this success into an opportunity?

The Incongruity

There is a discrepancy between what is and what should be. This is a key to developing wildly successful businesses but it's tricky. Facebook is a company that nailed it. Prior to the social network's prolific rise Myspace was the dominant player, but it had its downfalls.

Facebook wisely noted what Myspace was vs. what should be and built that platform. The end result? A company that just had an IPO versus. one that has fallen off considerably.

One of the best places to look for incongruity is in your own customers. Their complaints and unmet wants are all the hints you need.

Process Need

Process need involves identifying your company's process weak spots and correcting or redesigning them. This is a task oriented solution meaning that the source of innovation comes from within your existing capabilities and ways of doing business – not the market.

An example might be a restaurant that identifies that people wait too long for their entrees and so decides to hire another chef to speed up creation times.

Essentially your company will want to look for all weak links and eliminate them.

Industry and Market Structure Change

Your industry and the market are in continual flux. Regulations change and some product lines expand while others shrink. Firms should continually be on the watch for this.

One example is deregulation. When a previously regulated industry becomes open there is historical precedence for companies that enter early to be very successful. Other things to watch out for are the convergence of multiple technologies and structural problems that occur from time to time (often immediately following an industry boom).

Demographics

We constantly see changes occur in populations, income levels, human capital (education) and age ranges. Smart firms are constantly paying attention to this.

When it comes to the baby boomers businesses have been following them constantly as they got older. At present they are one of the largest as well as the most affluent demographic groups with high levels of disposable income.

Combining demographic data with segmentation and targeting is a powerful method of accurately meeting a target market's desires.

Changes in Perception, Meaning, and Mood

Over time populations and people change. The way they view life changes, where they take their meaning from, and how they feel about things also is modified over time and smart companies must pay attention to this in order to capitalize (and avoid becoming forgotten, a relic of ages past).

Here are two really good examples. First is a principle called "downaging" which refers to people who look at 50 as being 40. Industries have responded to this, most notably in the cosmetic and personal care industry which provides plenty of solutions to help these people look younger. Full industries are creeping up that make people feel younger. Have you spotted any lately?

Religion is another example. Across the world we've seen Islam and atheism rise. Companies should adapt as overall meaning changes in culture.

New Knowledge

As the speed of technological revolution increases there will be an ever increasing number of opportunities that open up. The internet has been the most notable one in the last couple decades but there have been a plethora of other industries and opportunities pop up as a result of this technological revolution.

New knowledge is about more than just technology though, it's about finding better ways of doing things and improving processes. Your company should look to this new knowledge for ways it can improve incrementally.

THE INNOVATION PROCESS

The innovation process, i.e., phases of innovation, can be divided into five main steps. Each innovation process step has its features. The first two steps are more creative and less structured, while the last two are focused and process-oriented. The development of the individual steps depends more on the requirement of a company.

Innovation Process Steps

For instance, larger companies have a more intensive assessment of most decision-making stages at the idea generation step. Also, a technology-based company with complex products and services will require a more comprehensive production implementation. And service providers, on the other hand, have many requirements.

Step 1: Innovative Idea Generation

The innovation process begins with the search for innovative potentials and **innovative idea generation** that are subsequently evaluated, There are various ways and techniques to brainstorm and come up with innovative ideas,

Idea Generation Techniques:

- Creativity Techniques
- Design Thinking

An innovative potential is a newly discovered opportunity for innovation and can be a new technical solution, a possible new market, a problem with a customer, or an unfulfilled customer requirement, for more detailed information you can visit our article about **customers jobs to be done**.

Step 2: Concept (Advocacy, screening, and experimentation)

After step 1 of the innovation process comes the phase of advocacy screening and experimentation. This involves extensive analysis to gather as much information as possible. It helps to evaluate the feasibility of a business idea with its potential problems and benefits. Hence decisions can be made about an idea's future and potential. Companies looking to develop the best cultures, virtues, and practices can establish a few best practices for business growth.

Step 3: Solution

The innovation process step 3 aims to develop a worthwhile and ready-to-use solution that can be brought to the market. Solutions are developed, prototypes built, and tests carried out. In addition to concept and lab tests, the tests also include market tests under real-life conditions to gain firsthand experience and comprehensive feedback.

Once the solution has reached maturity, it will then be released for implementation: commercialization and marketing. At the same time, the concepts for marketing and implementation are further adapted and developed.

Step 4: Commercialization and marketing

The commercialization step develops market value for an idea, product, or service by focusing on its impact. An important aspect of this step is establishing the given idea, product, or service specifications. The commercialization stage involves bringing the product to potential customers. It also requires the physical availability of the product by the manufacturers. These include mass production, procurement, and logistics based on defined concepts.

Step 5: Diffusion and Implementation

Diffusion is the spread and acceptance of a company's innovative idea. The diffusion and implementation step allows the organization to determine the next set of customer needs, Benchmarks, indicators for success metrics, and receiving feedback enables the organization to stimulate the innovation process.

Risk involved in innovation

1- Innovation Process Technological Failure

The greatest risk a company faces in the innovation Process is whether the concept or product can be successful when it's launched on the market or if it will remain an unproven white elephant. To reduce this risk the business may conduct tests on a smaller size to assess its efficiency and more efficient testing through launching prototypes. After the trial is completed and the results are recorded in the product, necessary adjustments can be made to avoid massive losses after the product has been made available for mass production.

2- Financial strain

In many cases, the innovation process faces the issue of draining the resources of the company since the return on investment is usually longer-term, as opposed to instant.

This can lead to the abandonment of the idea or product when it is deemed as not profitable. However, you must take a look at the anticipated profits and decide whether or not the idea is in line with the long-term objectives of the company.

3- Market Failure

For innovations that require the introduction of new technology or products into the marketplace "Radical Innovation", it's essential that the product is able to meet the tastes, needs, and preferences of customers. If it is not, it will indicate that the demand for the product would be lower, making the product would not be viable commercially. To prevent this from happening you must conduct thorough and thorough market research prior to spending a small amount of money on the creation and manufacturing.

4- Capacity Lack of Implementation

This is a particular problem for startups that lack the financial and structural capabilities to launch the technology. You may decide to seek out partners to help you with your areas of weakness and overcome the issue. It is essential that the partner shares in the mission of the idea to avoid conflicts of interest in the future.

5- Organizational risks

These are the dangers that arise when it comes to the structure and the running of the company once the innovation is launched.

For Example, The business might revert back to putting all its resources and resources on innovations at the expense of daily operations. A proper planning process and the distribution of resources should be managed by the top management to ensure that this does not occur.

6- Unpredictable Risks

These are the risks that could not have been anticipated and could be affected by external factors beyond the control of the company. These could include changes to policy or instability in the political system, whose impact is a ripple that can hinder the effectiveness of the innovation process. It is essential that the company has an emergency plan that protects it from such unpredicted events.

DEVELOPING ENTREPRENEUR:

ENTREPRENEURIAL PROFILE

Entrepreneur Profile is a short description of various traits, characteristics and qualities of an entrepreneur to identify business opportunity and organize operational resources assuming certain financial risks associated with it. Profile means an outline or a short description of a person, organization or element. Entrepreneur is someone who starts business activity by taking financial risk in the hope of highest possible returns. The term Entrepreneur or Entrepreneurial Profile represents various traits, characteristics and qualities of a person required for successful entrepreneurship.

Successful Entrepreneur Profile

Successful Entrepreneurial profile consists of the main features and skills that form a successful entrepreneur.

Traits and characteristics of a successful entrepreneur

- Risk taking ability
- Determination
- Independence
- Perseverance (How Persistent an Entrepreneur is?)
- Believe in their capacities

Qualities of a Successful Entrepreneur

- **Responsibility:** Sense of Personal Responsibility, Group Responsibility & Social Responsibility
- **Commitment:** Committed to perform and achieve goal by organizing resources and People
- **Creativity:** Most of the entrepreneurs possess this quality. They have very creative and innovative mind.

- **Novelty:** They always come up with new ideas, methodologies and newness in process to move towards common goal with speed and consistency..
- **Flexibility:** Openness of mind – Entrepreneur must be open to see all angles of the situation and flexible to modify or change the execution.
- **Risk-Taking:** This is probably the ,most important quality of a successful entrepreneur.
- **Skillful organizer:** Organizing a team with diversified skills is a very crucial task and needs a lot of patience and skills. Here, entrepreneur needs collaboration or organization skills to motivate the team.

External factors:

- Socio demographic: Social and Population related factors
- Psychological
- Cultural

Internal Factors affecting successful entrepreneurial profile

- Age
- Gender
- Experience
- Resources
- Educational Background
- Skills
- The current situation of the enterprise

TRAIT APPROACH TO UNDERSTANDING ENTREPRENEURSHIP

An entrepreneur is one who is endowed with more than average capacities in the task of organizing and co-ordination the factors of production. i.e.,, land, labour, capital and enterprise. An entrepreneur is a pioneer, a leader, and a captain of the firm. Hence, profit, the entrepreneur gets depends on his efficiency and superior talents. In other words, to be successful, as an entrepreneur, an individual must posses certain traits or characteristics of personality like creativity, self-confidence, risk taking, imagination, perseverance, etc. The trait, theory holds that entrepreneurship developed because the individuals called entrepreneur possessed certain specific taints or characteristics or competencies which made them capable of generating new ideas and creating a new venture. The major traits responsible for the emergence of entrepreneurs include: creative and innovative skill, propensity to take risks, ability of building on organization perseverance, and foresceabillity. Different studies have emphasized different traits. The critics of the trait approach ask a logical question as to whether those among us was do not choose to be entrepreneur, have similar traits.

There is no doubt that character or personality traits have been one of the most studied areas of entrepreneurship. However, in order to help us appreciate their role in understanding entrepreneurs, it is useful to position trait theory and concepts within the wider body of knowledge that relates to, or impinges on the character of entrepreneurs. The 'great person' approach was the first real development of the theory of entrepreneurs. It derived from the study of famous political and military leaders and thus was developed from a leadership perspective (Taylor, 2013). Some of the major conceptual strands of entrepreneurial theory are illustrated below. While 'great person' theory is very much the antecedent of wider personality trait studies, entrepreneurial character traits cannot be divorced from motivations, socio-demographic, cultural and cognitive approaches. For example, Drucker (1985: 23) believed that decision-making is at the heart of entrepreneurship and thus anyone who can 'face up to decision-making can learn to be an entrepreneur'. Drucker's view supports the cognitive approach, that learning, rather than purely innate personality traits, influences entrepreneurial behaviours. For Drucker, entrepreneurship is about dealing with uncertainty and it is behaviour, which can be learned, rather than personality, that equips an individual to be entrepreneurial.

'**Great person' approach:** The person is seen as 'special', an extraordinary achiever and one of a few, therefore a need to understand his/her qualities. Derived from Schumpeter's characterisation of entrepreneurs as creative destroyers of the existing economic/technological order in order to create new value.

Motivations: Focuses on contextual factors that influence the decision to start a business: **entrepreneurial motivators:** 'pull' and 'push' factors, opportunity vs necessity-driven entrepreneurship (GEM 2013).

Socio-cultural-demographic profiles: Draws attention to the social and demographic backgrounds of entrepreneurs: eg age, gender, education, and ethnicity. Lots of research studies eg on female entrepreneurs, cultural backgrounds, antecedents.

Entrepreneurial 'types': Built up from numerous empirical studies and observations. See Stokes and Wilson, (2006) for a generic list (20 types identified); see Getz et al. (2004) for adaptation to small family business entrepreneur types in hospitality and tourism.

The 'trait' approach: Developed from 'the Great Person' school, examines the nature and role of personality traits; seeks to measure psychological characteristics of entrepreneurs to enhance understanding.

Cognitive or learning: People 'learn' to be entrepreneurs - i.e. are not 'born to be ('nurture vs nature' debate).

FACTOR INFLUENCING ENTREPRENEURSHIP

Entrepreneurship is essential for the development of any economy. Countries which have flourished attribute their rise to the growth of entrepreneurship. Therefore, governments and people all over the world want to encourage this concept.

Political Factors

Political factors play a huge role in the development of entrepreneurship in a given geographical area. This is because politicians decide the type of market that is in place. The market could be capitalistic, communist or some countries have adopted a mixed economy. Each of these three markets has very different implications for the way in which entrepreneurs are required to function. Capitalism requires breakthrough innovation whereas communism requires entrepreneurs to be well connected with the political class. Therefore, it has been observed that the more capitalistic any country is, the more entrepreneurship flourishes in the region.

Legal Factors

Entrepreneurs are dependent upon law for a wide variety of factors. The strength and fairness of the legal system of a nation affect the quality of entrepreneurship to a large extent. This is because entrepreneurs require a wide variety of legal services to function. For instance, entrepreneurs would require the courts to enforce the contracts that were entered to between parties. In many countries such contracts are not enforceable and therefore the resultant risk prohibits the development of entrepreneurship. Then again, the entrepreneurs are dependent on the courts for the protection of their property rights. Also, many advanced countries have noticed that the provision of declaring bankruptcy has been positively associated with the development of entrepreneurship. Entrepreneurs do fail a few times before they find the right innovation that leads to their success. The United States is amongst the countries with the highest rate of entrepreneurial development and it is also known to have one of the most advanced bankruptcy laws! Even business legends like Henry Ford had declared bankruptcy in their early days.

Taxation

The government can also influence a high degree of control on the market through provisions of taxation. Some amount of taxation is necessary for the government to maintain the legal and administrative systems in place for the entire economy. However, a lot of times governments resort to excessive taxation. They usually adopt the policy of beggaring the rich and giving it off to the poor. This goes against the basic tenets of entrepreneurship which believes in survival of the fittest. Therefore, countries where tax regimes are restrictive find an outflow of entrepreneurs. In short, entrepreneurs want to set up shop in places where there is minimal interference from the government.

Availability of Capital

The degree to which the capital markets of a nation are developed also play a huge role in the development of entrepreneurship in a given region. Entrepreneurs require capital to start risky ventures and also require instant capital to scale up the business quickly if the idea is found to be successful. Therefore, countries which have a well developed system of providing capital at every stage i.e. seed capital, venture capital, private equity and well developed stock and bond markets experience a higher degree of economic growth led by entrepreneurship.

Labor Markets

Labor is an important factor of production for almost any kind of product or service. The fortunes of the entrepreneurs are therefore dependent on the availability of skilled labor at reasonable prices. However, in many countries labor has become unionized. They demand higher wages from the entrepreneurs and prohibit other workers from working at a lower price. This creates an upward surge in the costs required to produce and as such has a negative effect on entrepreneurship.

With the advent of globalization, entrepreneurs have witnessed the freedom to move their operations to countries where labor markets are more favorable to them. This is the reason why countries like China, India and Bangladesh have witnessed a huge rise in entrepreneurial activity in their countries.

Raw Materials

Just like labor, raw material consisting of natural resources is also an essential product required for any industry. In some countries this raw material is available through the market by paying a fair price. However, in some countries seller cartels gain complete control over these natural resources. They sell the raw materials at inflated prices and therefore usurp most of the profit that the entrepreneur can obtain. Therefore, countries where the supply of raw material faces such issues witness depletion in the number of entrepreneurial ventures over time.

Infrastructure

Lastly, there are some services which are required by almost every industry to flourish. These services would include transport, electricity etc. Since these services are so basic, they can be referred to as the infrastructure which is required to develop any business. Therefore, if any country focuses on increasing the efficiency of these services, they are likely to impact the businesses of almost all entrepreneurs in the region. Therefore, countries which have a well developed infrastructure system witness high growth of entrepreneurship and the opposite is also true.

ENTREPRENEURSHIP ORGANIZATION: TEAM WORK, NETWORKING ORGANIZATION, MOTIVATION AND COMPENSATION, VALUE SYSTEM.

TEAM WORK

Teamwork comprises different people and different groups across your business working concurrently to maximize their efficiency and achieve a common goal. There are various ways of organizing teams, several teams are organized around a specific commodity that is being developed, as others are governed around a process, for example, manufacturing or research. Other than providing team members with experience, the advantages of teamwork comprise increased efficiency, monetary savings, invention, and morale. Regardless, as entrepreneur you need to buy Specify plays for your organization to achieve your set goals.

The following are the importance of teamwork in the entrepreneurial effort.

1. **It Brings New Ideas**

Businesses require new, different ideas to succeed in the competitive world. You have a unique viewpoint to bring to the table, which will boost the industry overall.

Businesses prosper when they have a different team of people who contribute unique ideas.

2. **Teamwork Helps Solve Problems**

Teamwork within a group can assist in solving challenging problems. Brainstorming is an excellent chance for the team to exchange ideas and develop skillful things. By working concurrently, groups can disclose the solutions that work best.

3. **It's Supportive**

Teamwork establishes a system to assure that deadlines are fulfilled and high-quality work. If a member of the team trails behind, another gathers up the pieces. When work is shared with each of the members of a team, it gets performed faster, making the overall business govern more efficiently. Your team will develop a sense of comrade as you work toward a common goal.

4. **Teamwork Builds Morale**

You'll see that your work is esteemed when you contribute to something that yields results. If you give an idea that heists in improving productivity, for instance, a new filing system, confidence and, trust are created within the team. A great teamwork activity is to take your team out on a trip. Perhaps mountain biking?

Every team member has something unique to offer. By working jointly, members of a team feel a strong sensation of belonging and deep obligation to each other and the common goal.

It's good thing to have a team; it's an absolutely unlike thing to have teamwork. A team that works nicely together can achieve together and generate great results.

Teamwork enables employees to carry bigger responsibility for decision-making and also certifies team members to govern more of the work process. This can lead to increased morale as employees earn extra authority and ownership over the projects they are working on.

The additional responsibility can usher to a more rewarding work environment and lower turnover. Working on a team too offers employees a bigger sense of belonging and of recognition, which enables them to take more pride in their task, and their company.

5. **A Support Infrastructure**

Improved cooperation leads to tremendous workplace synergy by giving a greater sense of belonging that motivates the development of an ecosystem over a stand-alone individual or team.

6. **Retention and Motivation**

While most people quit a role on account of individuals, a culture that stimulates collaboration, common respect, and empathy serves to encourage its team members, while preserving them as well.

A shared idea is essential as it creates a sense of accountability towards a larger goal. It motivates people to work cohesively and feel a sense of success when climacterics performed as a team. The administration must concentrate on aligned teams to the organization's goals.

7. **Fuels Trust**

Key to developing trust among team members developing a culture of open and honest communication predicated on improved collaboration and transparency. Working together teamwork isn't consistent, creating groups assists in the formation of healthier relationships between employees and lets selves learn to work through an argument.

Organizing teams, even when they aren't mandatory, build an environment where employees continue to take pride in self-reliant achievements, while also celebrating the contributions of colleagues.

8. **Alternative Viewpoints**

As teams get more different in their creation, it is significant to create a culture that approves a category of viewpoints. This will help facilitate innovation and enhance inventiveness across all tasks!

9. **Defines Roles and Responsibilities**

A clear awareness of roles and responsibilities is fundamental to ensuring effective alliance by leveraging the abilities sets of various team members and enabling prioritization of tasks. This will also take part in an increased fault and shared duties.

10. **Encourages Individual Development**

Working closely as a team develops an atmosphere of shared learning, mentorship, and guidance. Team members can learn from each other's faults, get different opinions on tasks, and create better workplace relationships.

Running a culture of advice and a discussion around downfall will just deepen the personal growth of each individual on the team.

11. **Greater Flexibility for the Organization**

Teamwork can assist organizations to be more flexible. By getting employees from various parts of a project together into one team, problems or bottlenecks can occasionally be ironed out more easily. As problems occur in one area, the whole team can deal with them and the work can proceed much quicker.

12. **Fosters Creativity and Innovation**

Many organizations use teams and teamwork to establish work environment that outshines creativity. These organizations sometimes base their corporate structure almost wholly around teamwork, where staff is employed into general work areas and then chose to work on projects that best fit their skills and interests. Leaders are designated, and there is no chain of command or leadership structure.

Using teams to entire effect implies that employees are unrestricted to start new teams as new ideas come to them. This is named a flat lattice teamwork-based corporate hierarchy and is used by organizations wishing to be innovation leaders.

13. **Increase in Efficiency and Productivity**

When teams have the chance to acquire knowledge of something together collaboratively, they recognize each other's strengths and weaknesses which assist them in knowing when to complement each other's accomplishments.

This builds a positive work culture where everybody is contributing their best. This atmosphere also enhances employees' morale which in turn boosts productivity.

The workload is also divided up among team members; this decreases pressure and increases the quality of their work output. The job is then finished off faster, faster achievable with improved satisfaction.

MOTIVATION AND COMPENSATION

Smart employers know that keeping quality employees requires providing the right compensation and benefits package. Compensation includes wages, salaries, bonuses and commission structures. Employers shouldn't ignore the benefits portion of employee compensation and benefits, because the benefits sweeten employment contracts with the priorities that most employees need.

Attracting Top Talent

People are always looking to put themselves in the best possible position financially. Those who are worth a specific salary amount often know their value and will seek a position that pays accordingly. Do research on what your competitor's compensation and benefits packages look like. Make sure you offer a similar package to your potential employees so that you attract the best candidates for your company. Hiring the right candidate the first time reduces recruiting costs and helps free up business owners for other tasks.

Increased Employee Motivation

Properly compensating employees shows you value them as workers and as human beings. When people feel valued, they feel better about coming in to work. Overall company morale increases and people are motivated to come to work and do a good job. Additionally, when employees know there are bonuses or commissions, they are increasingly motivated to deliver grander results. Bonus and commission compensation plans become a focal point for success.

Boost Employee Loyalty

When employees are being paid well and are happy, they're likely to stay with the company. Proper compensation is one factor why employees remain with employers. Loyalty means that business owners don't need to continue to spend time, money and energy on recruiting new candidates. Employee retention and low-turnover rates are great for employers who cultivate a team that knows what to do. That team is also motivated to be part of the team, and they get the job done well.

Increased Productivity and Profitability

Happy employees are productive employees. Productivity in relation to compensation starts with employees feeling valued which increases motivation and loyalty. Not only are employees more motivated to do a good job, but also, the longer people are with the company, the more they know and the more efficient they become. All of this leads to increased productivity.

Job Satisfaction So People Stay

Creating the right compensation plan leads to stronger job satisfaction. The right compensation plan includes benefits, along with all the other bonuses available. Employees often boast about holiday bonuses or they keenly watch how the company stock performs because they have stock options. The right compensation program invests employees into the work being done, which gives them a stronger sense of satisfaction when the company succeeds. They know they will be rewarded for their efforts; everyone likes to be appreciated.

ENTREPRENEURSHIP AND SMES:

DEFINING SMES

Small and mid-size enterprises (SMEs) are businesses that maintain revenues, assets or a number of employees below a certain threshold. Each country has its own definition of what constitutes a small and medium-sized enterprise. Certain size criteria must be met and occasionally the industry in which the company operates in is taken into account as well. The traits include annual sales, number of employees, the number of assets owned by the company, market capitalization, or any combination of these features.

- Small and mid-size enterprises (SMEs) are businesses that have revenues, assets, or a number of employees below a certain threshold.
- Each country has its own definition of what constitutes a small and medium-sized enterprise.
- Each country may also set different guidelines across industries to define what a small business is across sectors.
- SMEs play an important role in the economy, employing vast numbers of people and helping to shape innovation.
- Governments regularly offer incentives, including favorable tax treatment and better access to loans, to help keep them in business.

Though small in SMEs play an important role in the economy. They outnumber large firms considerably, employ vast numbers of people and are generally entrepreneurial in nature, helping to shape innovation. Small and mid-size enterprises can exist in almost any industry, but it is more likely they reside within industries requiring fewer employees and requiring smaller upfront capital investments. Common types of SMEs include legal firms, dentist offices, restaurants, or bars. SMEs are segregated from large, multi-national companies because they fundamentally operate differently. Large, complex firms may require advanced ERP systems, interconnectivity across offices around the world, or must deeper organizational charges. SMEs, on the other hand, may be more with limits to its upside potential but also with more simple operations.

SCOPE OF SMES

There is a huge scope for the small enterprises which some includes a variety of business activities ranging from manufacturing to retailing there exist particular areas of economic processes that can be effectively managed by creating SME. The scope of SME is explained as follows :

1) Manufacturing Industries:

These include small business units which are mainly involved in manufacturing of products consumed directly by the customers and also by other processing firms. These are of following types:

i) Village and Cottage Industries:

These industries are established in the homes of the workers, mostly in villages and rural regions.

ii) Hand-looms and Handicrafts:

These industries are mainly formed with the help of craftsman, artisans, technicians, etc., who operate from their houses. Such industries are pollution-free and typically require workplace of less than 300 square feet, power consumption of less than 2KW and employees not more than 5. These industries mostly produce handicrafts, small plastic and paper products, toys, dolls, electronic and small electrical gadgets.

iii) Modern Small Industries :

These industries include :

a) Small Enterprises :

Small scale industry is defined by the Government of India as an undertaking which has the maximum investment of 1 crore in plants and machinery.

b) Ancillary Industries :

According to Government, if the total investment in the plant and machinery of industry does not exceed more than 75 lac, then it will be termed as ancillary industry. These industries are mainly involved in the production of parts, components, sub-assemblies, tooling or intermediaries, or in offering services of production to other units supplying 30% of their production or services.

c) Tiny Units :

Industries which have fixed investment in plant and machinery of not more than 5 lacs are called tiny units. These units include various types of service providers such as laundry. zeroing, repairs, maintenance of customer equipment and machinery. hatching, poultry, etc.

2) Trading Industries :

Firms which are mainly involved in the sales and purchase of the goods and services are termed as trading industries. These industries act as a middleman between the consumers and producers. Wholesaler, retailer and commission agents are the typical examples of trading industries.

3) Service Industries :

Business units which provide various types of services in the rural areas (or towns having maximum population of 5 lacs) are termed as service industries. These industries must not have investment of more than 72 lacs in plant and machinery. These industries may provide the following services :

- Professional services, e.g.. legal services. Consultancy, accounting medicine, etc.

- Commercial services, e.g.. real estate. transport. repair shops, constructing warehousing, etc.
- Personal services, e.g. dry cleaning. restaurants, fashion shops, etc.

ENTREPRENEURIAL MANAGER OF SMES

The management of SMEs is implicit in small and medium-sized businesses, but good and correct management is required for the company to emerge smoothly in the long term.

The fact that they are small companies does not mean that they require less management or care, even less if you want to turn the SME into a large or multinational company in the future.

The difference between the administration of large companies and the administration of small and medium-sized companies is the number of elements to be taken into account when managing them, but the rest is exactly the same, which is why the same effort and professionalism must be applied when it comes to managing an SME. But what is SME management? This is a business process that is about organizing, managing and maintaining an ideal order of the SME's activities.

To understand it in more detail, we have that the action of managing allows the organization and distribution of capital, both assets and liabilities of the company, including all the activities of human resources and debts that the SME may have. On the other hand, we have the action of managing, which allows the departments in charge to plan, calculate and implement projects and works dedicated to the improvement and achievement of short, medium and long term objectives, with the purpose of keeping the company in constant work. Based on this, the management and administration of SMEs in the labor field, is one of the most demanded positions, because every small or medium company needs a professional in administration. Let's see what an SME administrator does to keep the company afloat.

FINANCIAL AND MARKETING PROBLEM OF SMES.

FINANCIAL

Keeping a small business going isn't for the faint of heart. While 80% of companies with fewer than 500 employees make it through Year 1, says the U.S. Chamber of Commerce, just 70% are still operating at the end of the second year. By the time they hit the five-year mark, just half of small companies are still in business. Fortunately, these sobering statistics don't keep Americans from reaching for their entrepreneurial dreams: As of 2018, there were 30.2 million small businesses operating in the United States.

Of those small-business owners who shut their doors, nearly half point to a lack of funds. Put simply, not enough money was coming in for them to pay employees or cover other expenses. In this article, we'll look at the Top 10 financial challenges that small businesses typically deal with and show how to overcome them—and beat the odds.

Financial Challenges for Small Businesses

1. Limited or Inconsistent Cash Flow

Most companies struggle with managing cash flow. From simply invoicing effectively so you bring in enough to cover the monthly bills to accumulating cash to invest in growth, liquidity is an ongoing issue. Cash flow involves balancing accounts payable and accounts receivable. By maximizing the cash-to-cash conversion cycle, companies ensure access to capital.

Beyond those basics, companies should develop cash flow forecasts based on historical performance and current conditions. Always factor in contingencies—industry changes, economic downturns, customer shifts—and use "what if?" scenarios to develop a realistic financial plan. In fact, scenario planning is on top of many companies' to-do lists, to avoid the unprepared situation many found themselves in when the pandemic hit. For companies that extend credit terms to customers, top ways to improve cash flow include establishing clear payment terms, invoicing effectively, offering discounts for early payment and making it easy for customers to pay you. Combined, these strategies will maximize liquidity.

2. Not Using a Budget

If you're running your business by the seat of your pants, just hoping that there will be enough in the bank to pay the bills at the end of the month, it won't take long to wind up with more debt and financial responsibilities than you can handle.

Our advice: Develop and stick to a budget. Doing so will not only help you plan for the future, it will give you a tool for analyzing expenditures and the ability to change direction quickly when needed.

Regularly update your budget to reflect current circumstances and use it to make good business decisions. A budget should be a living document, not something you write then toss in a virtual (or literal) drawer.

Note:every small business budget should include these five elements:

- Fixed costs

- Variable costs
- One-time costs
- A cash flow statement
- Profits (what's left after all of the above are factored in)

We also recommend building in some savings for unexpected events.

3. No Preparation for Unforeseen Expenses

Unforeseen expenses can derail any small business' best-laid plans. Having a dedicated account in which you build up a rainy day fund will give your business a cash reserve that can get you through tough times—or help you grow when the time is right.

Here's how it works: When times are good, put what you can into the account and let it grow over time. You can also set up automatic transfers from your business checking account to its savings account so that you don't need to do it manually; the money will be accessible if you need to pull some back.

One advantage to a rainy day fund is that it can help you minimize debt, thereby reducing interest expenses. Which leads us to our next challenge.

4. Not Raising Enough Capital

One in five business owners who applied for funding during the prior five years was denied, according to Nav's Small Business American Dream Gap Report, and 82% of all the business owners surveyed didn't know how to interpret their companies' credit scores. The research also shows that individuals who have a better understanding of their business credit scores are 41% more likely to be approved for a loan.

As we discuss in our piece on determining valuations, there are five main paths to raising capital:

- **Venture funding** for young companies with strong growth potential.
- **Private equity** for those willing to give up a chunk of the company in exchange for cash now.
- **SBA-backed loans.** These are somewhat easier to get today than they were a year ago, but loan amounts are typically small.
- **Bank loans without government backing.** As always, strongly dependent on good collateral and stable, growing revenue. Also, in a small business, likely dependent on your personal credit. Your house may be part of the collateral.

- **Friends and family and personal savings**—the most popular options, based on data from the Bureau of Labor Statistics.

A dearth of working capital is a problem for companies of any size, but it can be especially detrimental for smaller entities with fewer resources. While having cash on hand every month to pay the bills—with some left over—is a good thing, a lack of capital can prevent a small business from hiring, expanding into additional markets and exploring new opportunities.

5. Too Much Debt

Entrepreneurs are rightfully proud of "bootstrapping" their way to success, so it's not unusual for business owners to take on debt to launch their businesses. But there absolutely is such a thing as too much business debt. Maybe they ran up a little too much money on a personal credit card, or perhaps their local banker extended a line of credit that's now used up and commanding a high interest rate.

Whichever debt vehicle was tapped into, these situations can have significant short- and long-term impacts on the company. For example, it can take time for a firm's positive cash flow to start, and in the meantime, there are employees, suppliers and overhead to pay.

Here are four steps you can take to minimize your business debt levels and get your finances back on track:

- **Identify areas where you can reduce costs.** Perhaps you can sublease unused office space or sell excess equipment. While shrinking your workforce is not an attractive option, it may be necessary to keep your business alive.
- **Use runway extenders:** Stay connected with your customers, and seek out ways to increase your exposure and/or improve your business model, and thus your revenue. Offer your best customers markdowns if they can pay you more quickly. You should also contact your suppliers to arrange discounts and/or deferred payments.
- **Consider creative financing options.** Angel investors, crowdfunding, accelerators—there are ways to raise cash without big payments.
- **Contact every creditor and advise** them of your predicament. Ignoring your lenders will only make matters worse, while tackling a debt problem is easier when you act early. Since it's in everyone's interest to find a solution, request that your lenders work with you to lower interest rates, increase your credit line or restructure your repayment options.

- **Consolidate your business loans into one payment,** which may reduce monthly costs without negatively affecting your credit score. A business debt consolidation loan, like one from the SBA, can allow you to deal with a single creditor rather than many and perhaps get a lower interest rate.

6. Neglecting Necessary Reporting

Small businesses must record all financial transactions, often with the help of a bookkeeper. Those items include sales, expenses and earnings. While private companies aren't required to report financial data, poor record keeping can lead to serious problems. Misstating revenue on tax forms and improper deductions can result in fines, interest charges or even jail. For public companies, not reporting financial data, or filing inaccurate reports, can lead to financial losses and time spent trying to fix problems. Accurate reporting is crucial when filing tax forms required by local, state and federal taxing authorities—and potentially other governing bodies, depending on where your business is located. Reports must be filed on time or the company may face fines and other penalties. Not recording transactions accurately can create a snowball effect, hurting monthly cash flow and impacting other financial reports. This is also something that will cause you big problems with auditors. Some business owners create reports based on data retrieved from spreadsheets and receipts, while others use automated systems to run this aspect of their companies. With a dedicated ERP system, companies get more than automated, accurate financial statements. A modern financial reporting solution delivers real-time financial analysis and modeling across every dimension of your business for detailed insights into corporate performance and improved decision-making.

7. Poor Tax Compliance

Cash management is difficult enough as it is; there's no point in complicating things by overpaying the IRS. Still, up to 85% of small businesses overpay on their federal income taxes each year. Others underpay and wind up on the wrong side of the IRS or other authorities. Both situations take time, effort and money to work through. One of the biggest issues that businesses face regarding federal taxes isn't payment. It's the cost of compliance. And this burden hits small businesses proportionately harder than their larger counterparts. According to the IRS, companies with under $1 million in revenue bear nearly two-thirds of business compliance costs.

8. Not Paying Bills on Time

Suppliers, landlords and utilities want to get paid on time. And while the occasional late payment may be overlooked, consistently remitting payments late can cost a small business dearly. Damaged supplier relationships, being cut off from needed services and constantly running behind the debt eight-ball can all have a profound impact on a company's financial health. About 55% of companies still handle their accounts payable (AP) processes manually, says PayStream Advisors. That's time-consuming and prone to fraud and mistakes. An automated system saves significant money and time; it also reduces data-entry errors and helps prevent fraud through a system of "touchless" controls that run behind the scenes. Combined, these functionalities translate into important benefits for companies that adopt accounts payable automation software. Accounts payable automation software helps reduce the number of manual tasks that finance staffers must perform . For example, instead of manually managing vendor invoices and recurring expenses, organizations can use an automated system to submit invoices, manage the invoice approval process and send payments to vendors.

9. Mixing Business and Personal Finances

Keeping personal and business funds separate is one of those "Business 101" lessons that some owners of small companies choose to ignore. In fact, more than one-quarter of small businesses do not have separate business bank accounts, according to a Clutch survey, and 23% of firms cite mixing business and personal finances as a challenge facing their companies.

These business owners' concerns are legit: Commingling business and personal funds is a risky practice that makes it difficult to monitor cash flow and could ultimately damage the value of a company. Auditors, whether from the government or an internal audit, will see this as a big red flag. Avoid this problem by opening a business account and using it to manage all company-related inflows and outflows—including your own salary, which should be a set amount versus just a land-grab at the end of every month. Your bank may also offer a business credit card that you can use to manage your cash flow while running your business versus using your own personal card. That way, when you need to substantiate deductions or other transactions, all business-related items will be easily accessible and neatly organized. Finally, growth, including of your bank account, requires soliciting your value proposition—a perpetual challenge for small-business owners.

10. Poor Marketing Tactics

If you're not continually signing up new customers, you're ceding them to competitors. And while some "boutique" or small businesses can get by serving the same handful of clients year after year, companies with growth and profitability aspirations need new clients to help them achieve those goals. To get these clients, business owners must deploy marketing strategies that attract, engage and retain customers. This is one area where companies that *do* get it right can really shine. While some companies outsource marketing to third parties, others get creative and tackle it in house. You can get a lot of awareness on a small budget by using some guerilla tactics. And, many how-to resources exist, such as the marketing news and topics section on *Entrepreneur.com*, where you can find relevant articles and videos to help you spread the word about your business—and drive new sales. Even finance leads can help with social marketing efforts in some surprising ways.

Financial challenges are a reality for all companies, but they can be especially challenging for small-business owners who are trying to get out of the gate without going broke in the process. By following the advice outlined in this article, you'll avoid some or all of these issues while positioning your company for success in any market.

MARKETING PROBLEM

Market your business to become or remain visible to your target audience. But like most small businesses, there are more pressing priorities of operating a business that demand your attention. Your time will be spent on operational issues and you will struggle to find the time to do any marketing at all.

Small Business Marketing Challenges

The marketing concerns small business owners regularly vocalize are:

- Lack of resources (budget / people / time)
- Increasing visibility and generating quality leads
- Choosing the right social media platforms
- Consistent execution of marketing activities
- Producing and delivering content
- Keeping up with trends and technology
- Who to trust when outsourcing marketing activities

Notice most of these challenges are tactical. The good news is tactical challenges can most often be solved with a little planning and focus. So, how can you conquer these marketing challenges and successfully market your business?

Create a marketing plan

Creating a simple marketing plan will help alleviate many of your marketing challenges.

A simple marketing plan:

- Guides your efforts based on your goals and resource constraints.
- Enables you to more effectively market your business to your ideal client.

Without a plan:

- Everything looks like an opportunity and now you are chasing the shiny object.
- You most likely will look at your competition and copy what they are doing.

In either case, you will most likely waste time and money with little to show for it.

A marketing plan will focus your efforts on attracting your target audience and help you determine if you are veering off track and what you need to do to reach your destination (or marketing goals). Your marketing plan will help you address the first 3 challenges.

- **Determine your marketing goals.** Focus your goals on increasing your brand visibility and generating quality leads so your activities help you overcome those two challenges.
- **Define your marketing strategies that will help achieve your goals.** Be practical about what you can and cannot do based on your resource constraints.
- **Outline what activities you will use within each strategy.** There are many activities you can use. Figure out which ones make sense for your target audience and will work for you in terms of resources.

Create an action plan and editorial calendar

Once you have your marketing plan in place, then you should create an action plan and editorial calendar, addressing challenges 4 and 5.

- The **action plan** is a schedule of each step leading up to successful execution of an activity. For example, if you plan to do webinars, you will need a schedule for finalizing the presentation and promoting the event across various channels.
- The **editorial calendar** will set the schedule for what content needs to be produced by whom and by when. This helps you achieve consistency in your content marketing efforts.

Setting schedules for tactical execution and content creation points out whether you may be trying to do too much at once. Deadlines help keep you on track as to what you can get done on your own.

Remember, marketing is not an event, but a process that has to be consistently executed to achieve success.

Outsource tasks when necessary

Small businesses and solo professionals have resource constraints. We normally lack people, rarely have a huge budget and there are only 24 hours in a day. With the many marketing strategies available to you, trying to do it all is overwhelming.

This is why the marketing plan is so critical. The plan should take into account your resources and provide you with the most effective strategies that you can do given your limited resources.

Once you are focused, you can then determine where you need help and what you can do yourself:

- **Need a website refresh?** Find someone who can deliver a well-designed responsive website that supports your marketing goals.
- **Need help with social media?** Partner with someone who can manage your visibility on the right social media platforms.
- **Aren't proficient writing your blog posts?** Hire a writer who can turn your knowledge into quality content.

Who to trust when outsourcing marketing activities?

When outsourcing, be cautious. The Internet has leveled the playing field for small businesses to compete with large, but it has also lowered the barriers of entry for many disciplines, especially marketing. Many small businesses have listened to the advice given by self-proclaimed experts in social media, web design and online marketing and suffered the consequences of their bad advice. Just because someone knows how to use social media, doesn't mean they know how to use social media for marketing.

How do you know whether the person you plan to work with to market your business really knows what they are doing?

- **Check out their online presence.** Search for their name and business name and see what comes up. Unhappy customers will post negative reviews that can warn you before you get into a relationship that is hard to get out of.

- **Review their website.** Do they practice what they preach? Have they had a long-time career in marketing?
- **Get references**, meet or speak with them multiple times, and ask them a series of marketing questions to see if they understand marketing at all.

Keeping up with trends and technology

This is a much harder challenge for small business owners. The rate of change in marketing tools and technology is staggering. But with all the new tools and technology, marketing really hasn't changed. You still need to:

- Understand your target audience and what problem/need they are trying to solve or fulfill.
- Understand what makes you different and why your target audience would want to do business with you.
- Craft a compelling message to make your target audience take some action.
- Develop the right strategies to reach your target audience with your message.

What has changed is how you deliver that message to your audience.

Traditional marketing reaches your audience via channels such as print advertising, television and direct mail. New media marketing uses the tools of the Internet to deliver your message. Online channels include your website, digital advertising and social media, email marketing and landing pages or purpose-specific web pages. Yes, the tools and technology keep changing, but marketing strategy does not. So trends are important but you don't need to dwell on it regularly. You want to be aware of new ways to reach your target audience and what will appeal to them, but the new shiny object may not be relevant to your business.

Work with a trusted advisor

The best way to save time and money and eliminate these marketing challenges is to work with a marketing advisor who will help you navigate this complex arena. The days of simple ads in phone books and billboards are over. You now need to find the right digital channel to reach your ideal customer. But when you focus your marketing activities on reaching your audience through that channel, you will find that you can attract your customers to you.

ENTREPRENEURSHIP MARKETING:

FRAMEWORK FOR DEVELOPING ENTREPRENEURIAL MARKETING

Entrepreneurial marketing is an integral part of any business strategy. It requires a proactive orientation, innovativeness, focus on customers, and utilization of opportunity, risk management, and value creation in order for an interactive marketing approach to be successful.

These topics are essential for entrepreneurs to understand in order to make their businesses thrive: understanding customer needs and preferences; identifying trends and emerging companies and taking advantage of them; setting goals and developing strategies; creating unique solutions and leveraging resources; minimizing risks and mitigating losses; employing aggressive tactics; and devising a marketing mix that meets customer expectations while delivering quality at the best possible rate.

Proactive Orientation

Successful entrepreneurs understand that marketing requires a proactive orientation. It is not enough to simply follow traditional marketing strategies; instead, entrepreneurs must be willing to take risks and think outside the box in order to create innovative products and services. This means understanding their target markets, responding quickly to changing dynamics, and using the appropriate marketing mix while considering risk management processes. These activities represent both a challenge and an opportunity for success – like a tightrope walker balancing on a thin line between failure and success. Relationship marketing is also essential for deepening customer relationships and creating value-added initiatives for new businesses, such as brand equity campaigns. By taking advantage of these opportunities, entrepreneurs can ensure that their businesses remain competitive in today’s ever-changing market landscape.

Setting Goals

Setting goals is critical for successful entrepreneurial marketing efforts. When setting goals, entrepreneurs need to consider various factors, such as the objectives of their entrepreneurship and marketing strategy, the tactics they will employ, the available resources, and the target market. Additionally, entrepreneurs should also consider short, intermediate, and long-term goals during this process. Goals should be concrete and achievable but should also be flexible enough to allow for change and modification over time as the business or marketing environment evolves. Ultimately, goal setting requires good planning, discipline, and accountability in order to be effective. Without having well-thought-out goals, measurements, and deadlines, entrepreneurs run the risk of wasting resources or missing important opportunities. Setting clear, achievable goals gives entrepreneurs something concrete and tangible to strive for, which can help to motivate and focus their efforts to create successful outcomes.

Developing Strategies

Goal setting helps entrepreneurs chart a course for success. To develop an effective strategy, they must assess the competitive landscape and leverage their existing resources and capabilities. Creative thinking, research, and hard work are essential to executing effectively. Metaphors, similes, personification, alliteration – these stylistic devices can be used to get their message across in an impactful way while incorporating various marketing tactics and channels into the mix to reach target markets quickly and efficiently.

Taking Action

Once entrepreneurs set their goals and establish their strategies, it is equally as important to take action in order to make their plans a reality. Taking action means actually implementing the chosen strategies and executing the defined actions–whether through formal or informal methods. This involves direct contact with end-users, vendors, and partners in order to gather feedback and fine-tune the whole marketing plan and strategy. Being proactive also entails risk assessment and management in order to mitigate any losses. For example, entrepreneurs need to be aware of their financial position in order to assess the associated risks and plan accordingly. Additionally, it is important to maintain a working relationship with a network of people in order to access necessary resources, capitalize on new opportunities, and stay agile in reacting to developments in the marketplace. Taking action and following through on the chosen course of action is an essential part of being successful as an entrepreneur. It is a necessary step in reaching one's goals and capitalizing on opportunities in order to create a sustainable and successful business.

Innovativeness

In entrepreneurial marketing, innovativeness is an essential characteristic. Innovative entrepreneurs are able to identify and exploit opportunities that traditional businesses fail to recognize. Analyzing the market is fundamental in order to understand both customer needs and wants, as well as establish a competitive advantage over competitors to create a successful and effective entrepreneurial marketing strategy. Through market analysis, entrepreneurs can identify trends that can help determine what solutions are needed, whether it be a product or service, as well as use them to their advantage. Moreover, an understanding of customers' expectations is paramount for entrepreneurs striving to differentiate themselves from competitors and create long-term relationships with their client base. Understanding customers' interests, wants, and needs allow entrepreneurs to craft solutions according to those expectations. Word-of-mouth advertising and viral marketing campaigns are one-way entrepreneurs can provide value to their customers while promoting their products and services. By leaping into users' social circles, companies can take advantage of the stimulation of greater reach among customers. Considering the complexities of markets and the highly competitive environment, innovativeness is instrumental in providing a better understanding of customers and adapting to changing consumer demands. As such, entrepreneurs should take every available opportunity to understand current consumer behavior and develop innovative solutions to meet their needs. Creative and unique approaches enable entrepreneurs to improve customer satisfaction, build trust and loyalty, and maintain a competitive advantage in the marketplace. Ultimately, innovativeness is necessary for businesses seeking success, as it enables entrepreneurs to discover new opportunities and create valuable products or services for their clients.

Analyzing the Market

Market analysis is an important aspect of entrepreneurial marketing. It has the potential to help entrepreneurs develop strategies that can tap into unknown markets and previously unrecognized customer needs. Market analysis helps entrepreneurs make data-driven decisions, facilitates decision-making, and aids in recognizing untapped resources that need more attention. Additionally, by utilizing the right marketing mix, such as pricing, segmentation, and targeting, entrepreneurs are presented with an opportunity to identify their competitive differential, which they can use to establish a strategic advantage in the market. For small businesses, carrying out market research is vital to uncover customer insights and inform critical decisions. In particular, conducting surveys, collecting data, and analyzing industry trends can help entrepreneurs gain insight into their target customer's preferences, improving the efficacy of decisions being made. For instance, emerging technologies such as artificial intelligence (AI) can be used to explore additional ways to better serve customer data, allowing entrepreneurs to pinpoint non-traditional opportunities and customize a unique solution for their end users.

Furthermore, accurately predicting customer demands is a significant challenge for many entrepreneurs. More often than not, customer demands they evolve quickly, and their preferences change suddenly, presenting entrepreneurs with a wide array of hurdles to tackle, attempting to stay ahead of the curve. With this in mind, entrepreneurs must always seek to gain a better understanding of the markets and customers if they hope to develop an effective marketing strategy.

Identifying Opportunities

Identifying opportunities is another part of an entrepreneurial marketing strategy. Opportunities often look different in different industries and customer segments; knowing who to target and when is key to capitalizing on these opportunities. To do this, entrepreneurs must be aware of the latest developments in their industry and track customer interest by collecting and analyzing valuable data. Those findings can then be used to identify potential new opportunities, enabling better targeting and improved user experience. Understandably, start-ups and small businesses typically don't have substantial budgets to dedicate to market research activities; however, there are still plenty of cost-effective options available. With modern technological advances, entrepreneurs can utilize various websites and databases to acquire information about competitive markets and conduct their own market research using the most up-to-date trends in their industries. They can even join discussion forums and blogs to gain insight into the perspectives of other entrepreneurs, learn from their experiences, and take advantage of helpful tips. Additionally, joining trade associations within the same field of interest can allow entrepreneurs to collaborate with more experienced marketing professionals and increase networking opportunities in the process. Through these strategies, entrepreneurs are presented with invaluable insights that can help them strategize their sales and marketing campaigns, which may help them achieve success faster.

Creating Unique Solutions

As one of the most powerful tools in business, innovation is essential for entrepreneurs to create competitive advantages and stand out from their competitors. By utilizing creative thinking and problem-solving techniques, small businesses and start-ups can leverage their agility to develop unique solutions that make a difference in the market. To do this effectively, entrepreneurs must focus on using stylistic devices such as metaphors, similes, personification, alliteration, and repetition to craft innovative ideas that will capture attention. With these strategies in place, they can then use their resources more efficiently while still achieving success.

Focus on Customers

In the modern era, marketing has shifted from traditional methods to more innovative approaches. Gone are the days of relying solely on print and television advertisements; now, entrepreneurs must take a comprehensive approach in order to create an effective strategy. This includes utilizing tools such as social media, SEO optimization, content creation, and email campaigns. Additionally, companies can build brand awareness by leveraging influencers or creating unique experiences for their customers. By doing so, they can gain a competitive advantage over their competitors and reach new audiences.

Understanding Customer Needs

To understand customer needs, entrepreneurs must take the initiative to conduct market research and create a personalized marketing strategy that suits their target audience. By starting conversations and utilizing public relations effectively, as well as traditional marketing practices such as having an online presence, companies can build strong customer relationships. So how do entrepreneurs go about understanding customer needs? Rhetorical questions are one way to engage customers in meaningful dialogue. Metaphors and similes can also be used to illustrate complex concepts in simple terms. Additionally, using active voice when communicating with customers helps ensure clarity of message delivery. With these stylistic devices at their disposal, entrepreneurs have the tools they need to understand customer needs more deeply than ever before.

Meeting Customer Expectations

Once entrepreneurs learn more about their customers, they can use various strategies to reach out to them. Businesses should advertise the right products and services that meet customer expectations. Quality service, employee training programs, tracking systems, and an aesthetically pleasing environment are all important elements for entrepreneurs to consider when creating a successful business model. How can entrepreneurs ensure they are meeting customer needs?

Building Long-Term Relationships

Fostering customer loyalty is essential for any business to succeed. By building relationships with customers, entrepreneurs can create trust and loyalty that will drive sales and keep them ahead of the competition. Through relationship marketing, metaphors, similes, personification, alliteration, and other stylistic devices, entrepreneurs can connect with their customers in meaningful ways that will help build a successful business. Relationship marketing is an important tool for entrepreneurs to develop trust with their customers. It involves creating personal connections between the customer and the company by providing personalized experiences tailored to each individual’s needs. This could include offering discounts or special offers based on past purchases or sending out emails thanking them for being loyal customers. By showing appreciation for their patronage, businesses are more likely to gain repeat customers who feel valued by the company they support. In addition to relationship marketing strategies, there are many other ways entrepreneurs can connect with their customers, such as through social media platforms like Facebook or Instagram, where they can post updates about new products or services as well as interact directly with followers in real-time conversations. They may also use email campaigns featuring newsletters highlighting upcoming events or promotions, which allow them to stay top-of-mind among potential buyers while also keeping existing ones informed about what’s happening at the company.

DEVISING ENTREPRENEURIAL MARKETING PLAN

Before you can jump right in with creating your plan, it’s important to have a solid understanding of what exactly it is. Typically included as an expanded piece of your overall business plan, a marketing plan is just what it sounds like: a document that details everything you need to know in order to successfully promote your business. Some large corporations have marketing plans that are hundreds of pages, whereas a small one-person business might only have a handful of pages. There’s no exact length for this sort of document, as long as you’ve included all of the necessary information. Additionally, it’s important to note that your marketing plan should span one year. This is enough time to reach those big, long-term objectives, and short enough to remain flexible when your circumstances and goals change over time. Now that you know the nuts and bolts, let’s dive into the details. Here are the steps you need to take in order to piece together the essential elements of your business’ marketing plan.

Step 1: Know Your Business

You needed to do this exact same thing when working on your business plan, so this first step shouldn’t be too difficult. After all, nobody knows your business quite like you do.

Think of this section as your opportunity to provide a general overview of your current business operations, as well as your internal and external environment. How long have you been up and running? What's your business structure? Are you an LLC or a partnership? Do you conduct business online or through a storefront? What sorts of products and services do you offer?

Within this section, some companies also choose to do a SWOT analysis—which details your strengths and weaknesses as an organization, as well as any opportunities for growth, and threats that could hinder that progress. It's a great way to get a snapshot of your current situation in a way that's helpful and completely manageable.

Step 2: Determine Target Market

"Target market" is likely a phrase you heard repeated in any sort of marketing class you ever took or article you've read. And, for good reason—it's a key element for coming up with effective and successful marketing strategies. In this portion of your marketing plan, you should list anything and everything you know about your ideal customer. This includes basic demographic information, such as gender and age. But you should also dig deeper into their behaviors and decisions.

Why do they buy from you? What challenge or pain point are you solving for them? How do they spend their free time? What outlets do they turn to to get information? Gather any intel you can find, and include it in this section. Knowing your customer inside and out will be helpful when identifying marketing tactics and strategies.

Step 3: Analyze Competitors

Wouldn't it be nice if you operated in a vacuum and never had to worry about any competitors infringing on your space or stealing your customers? Unfortunately, business doesn't work that way. Chances are, there are already companies out there doing something incredibly similar to you—meaning you'll need to work that much harder to stand out. Don't get intimidated! This is something every business owner deals with. So being armed with all sorts of knowledge about your competitors will be helpful in finding ways to differentiate yourself from the crowd. Start by describing—in detail—the product or service you offer to consumers.

Step 4: Set Goals

Depending on your current situation and ambitions, goals can range from lofty and grandiose (such as doubling sales or increasing market share) to smaller, more bite-sized ambitions (like getting 100 new Instagram followers on your brand's account or starting a blog for your business).

The important part is to zone in on the milestones you want to reach throughout that year, whether it seems possible or not. Don't cloud your mind with logistics just yet—this comes in the next step.

Step 5: Outline Strategies

Now that you've outlined exactly what you want to accomplish, it's time to detail the strategies you'll use to actually reach these objectives. I recommend taking each goal separately, and listing the related action items directly underneath it. This allows you to see exactly what needs to get done in order to push yourself toward that accomplishment. It's also a great way to get a handle on whether or not this goal seems realistic or if needs a little adjusting. You want your goals to be motivating and far-reaching, but not so difficult that they're just discouraging.

Step 6: Set a Budget

If you're anything like me, this is the part you dread the most—the numbers. I've never been a math whiz, and just the word "budget" is enough to send me running for the hills. But, as you already know, it's a necessary evil when it comes to running your business.

In your full-blown business plan, you detailed the entire financial side of your business. But in your marketing plan, stay focused strictly on marketing-related activities. How much do you plan to spend on marketing and promotion throughout the next year, and how much will the action items you listed above cost you? Most importantly, where will this money come from?

Step 7: Get to Work!

There you have it! These are the steps you need in order to create a marketing plan for your business—you just need to put them all together. As mentioned earlier, marketing plans vary from basic and simple to comprehensive and complex. And remember, as with everything else, it really depends on what's best suited for your own business.

PRODUCT QUALITY AND DESIGN

Product Quality is the collection of all the features and characteristics of a product that contribute to its ability to meet the customer needs and requirements. It's the ability of the product to fulfil what the end user wants and perceives as value. For a product to be of good quality it should be reliable and perform all its functions smoothly.

Importance of Product Quality

Product quality is single most important parameter for a product, brand or organization. The quality determines the customer experience and repeat business. If the product quality is poor and the product is not able to do its job reliably and safely then the brand image suffers. Customers would not buy them again and overall market position will decline. Product quality can make or break a brand in the market hence the businesses need to focus on product quality before anything. A poor quality product can also do the job but the customers will not buy them again or would not trust them once it starts showing quality issues.

There are certain parameters that decide the overall product quality. These are:

1. Ability to meet stated needs

The first and foremost quality parameter is that whether the product can do what it claims with certainty and repeatability.

As an example a microwave needs to perform basic heating of the food as per the temperature setting and on a regular basis. If it overheats the food randomly, then the quality would be poor.

2. Durability

Good products are always durable for the time period of their intended use. Good quality TVs were known to remain in homes for years and decades. Even today good quality phones keep working for number of years. Durability is an important aspect of product quality and also for customer perception.

3. Reliable

This point is bit similar to the first point but reliability is that the quality is so good that you can rely on it for every time. Good quality products are always reliable like cars and vehicles.

4. Efficient

Product quality is not only on the performance of a product but also how well it performs the job or saves costs. Poor quality is often linked to more money being spent on operations and repairs.

Air Conditioner of high product quality tend to perform better and also consume less energy as compared to lower quality products. Efficiency is really important parameter in defining the overall quality.

5. Safe

A good product would always focus on security of the end user. Many products focus heavily on it and it helps them establish a positive brand image in the market.

On the other hand poor products lead to issues and are not perceived well.

6. Finishing and Build Quality

A good product would always have proper finishing without rough edges or poor visual quality. As an example, Phones of good companies are often sleek in design and have good build quality and materials used as compared to low quality phones.

7. Packaging

An important parameter for product quality can be its packaging. Good products have proper packaging, labels, manuals and documentation with proper branding and quality.

Techniques for improving product quality

Product quality needs to be regularly monitored and be improved based on market and customer feedback.

Some of the techniques used are:

1. Process control
2. Product control
3. Six sigma
4. Quality control
5. Total quality maintenance

Example

Let us take an example of a Television of good quality. Starting from the packaging, it will be properly labelled, branded and secured. There would be all parts included required for installation along with user manual. Remote control would be included which would also be of good quality. The main TV unit would be of good build quality and finishing. After installation, the performance, picture, sound, features, integration all would work seamlessly and as per expectations.

ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT:

Role of entrepreneur in the economic development generation of services

Entrepreneurship plays an influential role in the economic growth and standard of living of the country. As a startup founder or small business owner, you may think that you are simply working hard to build your own business and provide for yourself and your family. But you are actually doing a whole lot more for your local community, state, region, and the country as a whole. Here are the top 7 important roles an entrepreneur plays in the economic development of a country.

1. Wealth Creation and Sharing: By establishing the business entity, entrepreneurs invest their own resources and attract capital (in the form of debt, equity, etc.) from investors, lenders and the public. This mobilizes public wealth and allows people to benefit from the success of entrepreneurs and growing businesses. This kind of pooled capital that results in wealth creation and distribution is one of the basic imperatives and goals of economic development.

2. Create Jobs: Entrepreneurs are by nature and definition job creators, as opposed to job seekers. The simple translation is that when you become an entrepreneur, there is one less job seeker in the economy, and then you provide employment for multiple other job seekers. This kind of job creation by new and existing businesses is again is one of the basic goals of economic development. This is why the Govt. of India has launched initiatives such as *StartupIndia* to promote and support new startups, and also others like the *Make in India* initiative to attract foreign companies and their FDI into the Indian economy. All this in turn creates a lot of job opportunities, and is helping in augmenting our standards to a global level.

3. Balanced Regional Development: Entrepreneurs setting up new businesses and industrial units help with regional development by locating in less developed and backward areas. The growth of industries and business in these areas leads to infrastructure improvements like better roads and rail links, airports, stable electricity and water supply, schools, hospitals, shopping malls and other public and private services that would not otherwise be available.

Every new business that locates in a less developed area will create both direct and indirect jobs, helping lift regional economies in many different ways. The combined spending by all the new employees of the new businesses and the supporting jobs in other businesses adds to the local and regional economic output. Both central and state governments promote this kind of regional development by providing registered MSME businesses various benefits and concessions.

4. GDP and Per Capita Income: India's MSME sector, comprised of 36 million units that provide employment for more than 80 million people, now accounts for over 37% of the country's GDP. Each new addition to these 36 million units makes use of even more resources like land, labor and capital to develop products and services that add to the national income, national product and per capita income of the country. This growth in GDP and per capita income is again one of the essential goals of economic development.

5. Standard of Living: Increase in the standard of living of people in a community is yet another key goal of economic development. Entrepreneurs again play a key role in increasing the standard of living in a community. They do this not just by creating jobs, but also by developing and adopting innovations that lead to improvements in the quality of life of their employees, customers, and other stakeholders in the community. For example, automation that reduces production costs and enables faster production will make a business unit more productive, while also providing its customers with the same goods at lower prices.

6. Exports: Any growing business will eventually want to get started with exports to expand their business to foreign markets. This is an important ingredient of economic development since it provides access to bigger markets, and leads to currency inflows and access to the latest cutting-edge technologies and processes being used in more developed foreign markets. Another key benefit is that this expansion that leads to more stable business revenue during economic downturns in the local economy.

7. Community Development: Economic development doesn't always translate into community development. Community development requires infrastructure for education and training, healthcare, and other public services. For example, you need highly educated and skilled workers in a community to attract new businesses. If there are educational institutions, technical training schools and internship opportunities, that will help build the pool of educated and skilled workers.

BEST WISHES