Entrepreneurship & E-Business (IAE - 1)

▼ **Table of Contents:**

Chapter 1: Introduction to Entrepreneurship

Q1: Compare Entrepreneur & Manager

Aspect	Manager	Entrepreneur
Role	Runs existing operations	Builds new ventures
Risk	Avoids risk	Embraces risk
Innovation	Improves systems	Disrupts with new ideas
Authority	From position	From vision
Rewards	Salary & bonuses	Profits & equity
Focus	Short/medium-term	Long-term
Resources	Uses efficiently	Finds creatively
Decisions	Careful, shared	Fast, independent

Aspect	Manager	Entrepreneur
Failure	Avoids it	Learns from it
Path	Organizational ladder	Self-made journey

Summary: Entrepreneurs create and own ventures while managers optimize and run existing organizations.

Q2: Why is entrepreneur unwilling to delegate work? Give 5 reasons

1. **Control and Decision-Making Authority**
    - Entrepreneurs prefer maintaining complete control over business decisions
    - They believe their personal involvement ensures quality and adherence to vision
    - Fear of losing strategic control over critical business functions
2. **Trust and Confidence Issues**
    - Lack of confidence in employees' ability to handle responsibilities
    - Concern that others may not understand the business as deeply
    - Previous negative experiences with delegation leading to reluctance
3. **Perfectionist Mindset**
    - Belief that "if you want it done right, do it yourself"
    - High personal standards that they feel others cannot match
    - Fear that delegated work may not meet their quality expectations
4. **Financial Concerns and Cost Control**
    - Desire to minimize costs by avoiding additional hiring
    - Concern about increased overhead expenses from delegation
    - Belief that personal involvement saves money and resources
5. **Emotional Attachment and Ownership**
    - Strong personal connection to the business as their "baby"
    - Difficulty letting go of tasks they've always handled personally
    - Fear that delegation might dilute their personal brand or reputation

Q3: Explain the role of entrepreneurs in economic development of the country

1. Employment Generation

- Create direct employment opportunities in their ventures

- Generate indirect employment through supplier networks and service providers
- Reduce unemployment and underemployment in the economy

2. Innovation and Technology Development

- Introduce new products, services, and production methods
- Adopt and adapt latest technologies for local markets
- Drive research and development activities

3. Capital Formation and Investment

- Mobilize idle savings and convert them into productive investments
- Attract foreign direct investment and venture capital
- Create wealth through profitable ventures

4. Regional Development and Balanced Growth

- Establish industries in backward and rural areas
- Reduce regional imbalances in development
- Promote decentralized economic growth

5. Export Promotion and Foreign Exchange

- Develop export-oriented industries
- Earn valuable foreign exchange for the country
- Improve balance of payments position

6. Social Impact and Community Development

- Improve standard of living in local communities
- Support social causes and community projects
- Create multiplier effects benefiting entire regions

Conclusion: Entrepreneurs serve as catalysts for economic growth, innovation, and social development.

Q4: Define Women entrepreneurs & state 10 steps government should take to encourage women entrepreneurs

Definition:
Women entrepreneurs are enterprises owned and controlled by women, where women have at least 51% of the financial capital and provide 51% employment to women in the enterprise.

10 Government Steps to Encourage Women Entrepreneurs:

1. **Easy Access to Credit and Finance**

- Provide collateral-free loans at subsidized interest rates
- Establish dedicated women-only banks and financial institutions

2. **Skill Development and Training Programs**
    - Conduct entrepreneurship development programs specifically for women
    - Provide technical and managerial training in various sectors
3. **Legal and Regulatory Support**
    - Simplify registration procedures and licensing requirements
    - Provide fast-track clearances for women-led enterprises
4. **Market Access and Procurement Policies**
    - Reserve certain percentage of government procurement for women enterprises
    - Organize exclusive trade fairs and exhibitions for women entrepreneurs
5. **Technology and Infrastructure Support**
    - Provide access to modern technology and equipment
    - Establish women-only industrial parks and incubation centers
6. **Mentorship and Counseling Services**
    - Create networks of successful women entrepreneurs as mentors
    - Provide psychological and professional counseling support
7. **Tax Incentives and Subsidies**
    - Offer tax exemptions and rebates for women-led startups
    - Provide capital and interest subsidies for equipment purchase
8. **Childcare and Family Support**
    - Establish crèches and childcare facilities at business centers
    - Provide flexible working arrangements and family support services
9. **Awareness and Publicity Campaigns**
    - Conduct awareness programs about available schemes and opportunities
    - Promote success stories of women entrepreneurs
10. **Research and Data Collection**
    - Conduct regular studies on women entrepreneurship challenges
    - Create comprehensive database of women entrepreneurs for targeted support

Q5: Compare: Manager vs Entrepreneur

Feel free to refer to Q1 instead

Aspect	Manager	Entrepreneur
Primary Role	Administers existing resources and operations	Creates new ventures and opportunities
Risk Attitude	Risk-averse, prefers stability	Risk-taker, comfortable with uncertainty
Innovation Approach	Implements improvements within framework	Develops breakthrough innovations and disruptions
Authority Source	Formal organizational position	Personal vision and ownership
Reward System	Fixed salary, bonuses, promotions	Unlimited profit potential, equity value
Time Orientation	Short to medium-term operational focus	Long-term strategic vision
Resource Management	Optimizes allocated resources efficiently	Seeks and mobilizes resources creatively
Decision Style	Consultative, committee-based decisions	Quick, intuitive, independent decisions
Failure Tolerance	Low tolerance, avoids mistakes	High tolerance, learns from failures
Career Path	Hierarchical progression within organizations	Self-created path, multiple ventures possible

Q6: Describe Entrepreneurial motivation & explain different ways an Entrepreneur can Motivate his employees

Entrepreneurial Motivation:
The inner drive and external factors that inspire individuals to start and manage their own business ventures, taking calculated risks for potential rewards.

Key Motivational Factors:

- **Achievement Need:** Drive to accomplish challenging goals
- **Independence Desire:** Freedom from traditional employment constraints
- **Financial Rewards:** Potential for unlimited earnings
- **Recognition:** Status and respect in society
- **Innovation Opportunity:** Chance to create something new

6 Ways Entrepreneurs Can Motivate Employees:

1. Financial Incentives

- Competitive salaries and performance bonuses

- Profit-sharing and equity participation plans
- Commission structures and achievement rewards

2. Recognition and Appreciation

- Public acknowledgment of good performance
- Employee of the month programs
- Awards and certificates for achievements

3. Career Development Opportunities

- Training and skill development programs
- Clear career progression paths
- Educational assistance and certifications

4. Empowerment and Autonomy

- Decision-making authority in their domains
- Flexible working arrangements
- Trust-based management approach

5. Creating Positive Work Environment

- Team building activities and events
- Open communication culture
- Modern workplace facilities and amenities

6. Purpose and Vision Sharing

- Involving employees in company mission
- Explaining how their work contributes to success
- Creating sense of ownership and belonging

Q7. How Entrepreneurs Encourage Economic Development of a Country

1. **Coordinating Resources**
    - Selects and combines land, labor, capital, and technology for optimal use
    - Prevents idle or misused resources, boosting overall productivity
2. **Driving Innovation**
    - Introduces new products, processes, or services
    - Stimulates job creation and economic growth through creative solutions

3. **Forming Capital**
   - Mobilizes public savings into business investment
   - Reinvests profits to fund further expansion
4. **Generating Employment**
   - Launches ventures that create jobs, reducing unemployment
   - Particularly vital in developing economies for self-employment
5. **Balancing Regional Growth**
   - Establishes industries in underdeveloped areas, reducing regional disparities
   - Provides local jobs and uplifts living standards

Chapter 2: Entrepreneurship Development and Leadership

Q8. Explain the need for motivation of employees

Motivation is the internal drive or external influence that stimulates people to take action, perform tasks, and achieve goals. In a workplace, motivated employees are more productive, committed, and satisfied—making motivation essential for organizational success.

Reasons Why Motivation of Employees is Necessary:

1. **Improves Productivity**
   - Motivated employees put in greater effort and perform tasks more efficiently
   - Leads to higher output and better use of resources
2. **Enhances Job Satisfaction**
   - Employees who feel valued and motivated experience greater job satisfaction
   - Creates a positive work environment and reduces stress
3. **Reduces Employee Turnover**
   - Motivation helps retain talented employees
   - Lowers recruitment and training costs by reducing attrition and absenteeism
4. **Encourages Initiative and Innovation**
   - Motivated employees take initiative, suggest improvements, and contribute new ideas
   - Fosters a culture of creativity and problem-solving
5. **Achieves Organizational Goals**

- When employees are aligned with organization's vision, they are more committed to achieving common goals

6. **Builds Team Spirit and Cooperation**
   - Motivation fosters sense of belonging and teamwork
   - Encourages collaboration and harmonious work culture

Q9. Which are the 3 principles of entrepreneurial leadership (2 marks)

The **three key principles of entrepreneurial leadership** are:

1. **Vision**
   - Entrepreneurial leaders have clear, compelling vision for the future
   - They inspire and align their team by communicating this vision effectively
2. **Innovation and Risk-Taking**
   - They encourage creativity, embrace change, and take calculated risks
   - View failures as learning opportunities and foster culture of experimentation
3. **Empowerment and Adaptability**
   - They empower others by delegating responsibility and encouraging initiative
   - Remain flexible and adaptable, responding quickly to new opportunities and challenges

Q10. List the examples of financial & non-financial methods of motivation for employees

Financial Methods of Motivation (Money-based rewards):

1. **Salary/Basic Pay**
2. **Bonuses**
3. **Commission**
4. **Profit Sharing**
5. **Performance-based Incentives**
6. **Overtime Pay**
7. **Stock Options or Shares**
8. **Pension Schemes**
9. **Paid Holidays and Sick Leave**

10. **Allowances** (travel, housing, medical)

Non-Financial Methods of Motivation (Psychological, social, emotional rewards):

1. **Recognition and Praise**
2. **Opportunities for Promotion**
3. **Job Enrichment** (adding meaningful tasks)
4. **Job Rotation** (changing roles for variety)
5. **Job Enlargement** (adding variety to tasks)
6. **Training and Development**
7. **Autonomy in Work**
8. **Flexible Working Hours**
9. **Good Working Conditions**
10. **Employee Involvement in Decision Making**
11. **Team-building Activities**
12. **Work-life Balance Support**

Q11. Describe entrepreneurial motivation & explain different ways an entrepreneur can motivate his employees

Entrepreneurial Motivation: Entrepreneurial motivation drives business leaders to succeed. Motivated entrepreneurs can inspire employees using a mix of financial rewards and non-financial engagement strategies—ultimately building a strong, productive, and loyal team.

Ways an Entrepreneur can Motivate Employees:

1. Financial Motivation

- **Competitive Salaries -** Ensure fair pay compared to industry standards
- **Bonuses and Performance Incentives -** Reward exceptional work or reaching targets
- **Profit Sharing/Equity Options -** Make employees feel invested in company success
- **Overtime Pay and Commissions -** Offer rewards for extra effort or sales performance

2. Non-Financial Motivation

- **Recognition and Appreciation -** Acknowledge efforts privately and publicly
- **Challenging and Meaningful Work -** Assign engaging tasks contributing to company mission
- **Involvement in Decision-Making -** Empower employees in planning and decisions
- **Opportunities for Growth -** Offer training, upskilling, and promotion chances

- **Work-Life Balance -** Provide flexible hours, remote work, wellness programs
- **Good Work Environment -** Maintain positive, inclusive, supportive culture
- **Autonomy and Trust -** Give responsibility and trust in task management
- **Team Spirit and Collaboration -** Foster sense of belonging and shared purpose

Q12. Explain the forms of business ownership

Business ownership refers to the legal structure that determines how a business is organized, operated, and taxed. The choice affects decision-making, liability, funding, and control.

Main Forms of Business Ownership:

1. Sole Proprietorship

- Business owned and run by single individual
- Easy to start; owner has full control and receives all profits
- **Unlimited liability -** owner personally responsible for debts

2. Partnership

- Business owned by two or more individuals sharing profits and responsibilities
- **Types:** General Partnership (shared liability) and Limited Partnership (limited liability for some)
- Joint liability in general partnerships

3. Limited Liability Partnership (LLP)

- Hybrid between partnership and company with limited liability for partners
- Flexibility of partnership with protection from personal liability
- Popular among professionals (doctors, architects)

4. Private Limited Company (Pvt. Ltd.)

- Business owned by small group of shareholders (family/close associates)
- Separate legal entity with **limited liability** of shareholders
- Cannot freely sell shares to public

5. Public Limited Company (PLC)

- Company whose shares are traded publicly on stock exchange
- Can raise large capital through public with **limited liability** for shareholders
- Subject to stricter regulations and public disclosures

6. Cooperative Society

- Business owned and operated by group of people for mutual benefit
- Profits distributed among members; one member, one vote (democratic control)

7. Joint Venture

- Temporary partnership between businesses for specific project
- Shared resources, risk, and profits for large infrastructure/international projects

Q13. List & explain the different sources of Long Term finance

Long-term finance refers to funds borrowed or invested for **period exceeding one year**, typically used for purchasing fixed assets, expansion, modernization, or long-term projects.

Main Sources of Long-Term Finance:

1. Equity Shares (Ordinary Shares)

- Funds raised by issuing ownership shares to public/private investors
- Shareholders become part-owners; no repayment obligation
- **Advantage:** Permanent capital; **Limitation:** Dilution of control

2. Preference Shares

- Shares offering fixed dividends with priority over equity shares
- Fixed return with no voting rights in most cases
- **Advantage:** Raises capital without giving up control

3. Debentures/Bonds

- Debt instrument with fixed interest rate borrowed from public
- Fixed interest payments; can be secured or unsecured
- **Advantage:** No ownership dilution; **Limitation:** Regular interest burden

4. Term Loans from Banks

- Loans from banks/financial institutions for fixed term (3-10+ years)
- Regular EMI repayment; can be secured against assets
- **Advantage:** Flexible repayment structure

5. Retained Earnings (Internal Accruals)

- Profits reinvested instead of distributing as dividends
- No cost of capital; no external dependency
- **Advantage:** Strengthens financial position; **Limitation:** Limited to available profit

6. Venture Capital

- Investment from venture capital firms in high-growth startups for equity
- Active involvement from investors; high risk, high reward
- **Advantage:** Capital plus expertise; **Limitation:** Loss of significant control

Q14. List & explain the different sources of Medium Term finance

Medium-term finance refers to funds raised for **period of 1 to 5 years** for purchasing machinery, equipment, renovating premises, expanding operations.

Main Sources of Medium-Term Finance:

1. Bank Loans

- Loans from commercial banks for fixed period (1-5 years)
- Fixed/floating interest rate repaid in installments
- **Use:** Buying vehicles, machinery, business expansion

2. Hire Purchase

- Financing method where business acquires asset by paying installments
- Ownership transfers after final payment; interest included in installments
- **Advantage:** No large initial payment required

3. Leasing

- Renting assets (machinery) for specific period without owning them
- **Types:** Operating Lease (short-term) and Finance Lease (long-term)
- **Advantage:** Lower upfront cost; maintenance often included

4. Trade Credit

- Credit extended by suppliers allowing delayed payment for goods/services
- Typically 30-180 days but can extend up to year or more
- **Advantage:** Interest-free if paid on time

5. Commercial Paper

- Unsecured promissory notes issued by large creditworthy companies
- Duration: 3 months to 1 year for medium-term bridge financing
- **Advantage:** Lower interest cost compared to bank loans

6. Medium-Term Notes (MTNs)

- Debt securities issued by companies for 1-5 years period
- Offered to investors directly or through brokers
- **Advantage:** Flexible terms; suitable for large firms

7. Loans from Financial Institutions

- Medium-term loans from SIDBI, NABARD, State Finance Corporations
- **Advantage:** Concessional interest rates, sector-specific schemes

8. Retained Earnings

- Internal funds from profits reinvested in business
- **Advantage:** No interest or repayment burden

Q15. List & explain the different sources of Short Term finance

Short-term finance refers to funds borrowed for **period of up to one year** for working capital needs like purchasing raw materials, paying wages, managing daily operational costs.

Main Sources of Short-Term Finance:

1. Trade Credit

- Credit extended by suppliers allowing "buy now, pay later"
- Usually interest-free if paid within credit terms
- **Use:** Inventory and raw material purchases

2. Bank Overdraft

- Facility allowing withdrawal of more money than in current account up to approved limit
- Interest charged on overdrawn amount; flexible and quick
- **Advantage:** Only pay interest on amount used

3. Cash Credit

- Short-term loan provided by bank against security (inventory, receivables)
- Fixed credit limit; interest charged on amount drawn
- **Advantage:** Continuous access to funds

4. Bill Discounting (Invoice Discounting)

- Selling trade bills/invoices to bank/financier at discount before due date
- Immediate cash inflow; bank collects payment from customer
- **Advantage:** Improves liquidity without waiting for customer payment

5. Short-Term Loans from Banks

- Direct loans from banks for short durations (3-12 months)
- Fixed interest and repayment terms; may require collateral
- **Use:** Emergency funds or seasonal demand

6. Commercial Paper

- Unsecured promissory notes issued by companies for short-term liabilities
- Issued by creditworthy firms; lower interest than bank loans
- **Advantage:** No collateral required

7. Factoring

- Selling accounts receivable to factoring company at discount for immediate cash
- Factor collects from customers; may be with/without recourse
- **Advantage:** Outsources collection responsibility

8. Customer Advances

- Advance payments from customers for future delivery of goods/services
- No interest or repayment obligation; used to finance production
- **Advantage:** Interest-free finance

Q16. List the government policies on SMEs (2 marks)

Key Government Policies on SMEs (MSMEs):

Focus Area	Policies/Schemes
Finance & Credit	CGTMSE, PMEGP, Stand-Up India, ECLGS
Ease of Registration	Udyam Registration, Online MSME portals
Technology	CLCSS, Support for Digital MSMEs
Skill Development	PMKVY, Entrepreneurship Development Institutes (EDIs)
Market Access	Public Procurement Policy, MSME Sambandh, e-marketplaces (GeM)
Incentives/Subsidies	Capital subsidies, tax rebates, and reduced compliance

Key Schemes:

- **MSME Development Act, 2006 -** Legal framework for defining and promoting MSMEs
- **CGTMSE -** Collateral-free loans up to ₹2 crore
- **Public Procurement Policy -** 25% reserved for MSEs in government procurement

- **Priority Sector Lending -** Banks mandated to allocate portion of lending to MSMEs

Policies governing SMEs (5 marks)

Major SME/MSME Policies and Schemes:

1. MSME Development Act, 2006

- **Purpose:** Legal framework for defining and promoting MSMEs
- **Classification:** Micro, Small, Medium based on investment/turnover
- **Benefits:** Priority sector lending, reservation in procurement
- **Recent Update:** Udyam Registration replacing earlier systems

2. Credit Guarantee Fund Trust for MSMEs (CGTMSE)

- **Objective:** Collateral-free loans up to ₹2 crore
- **Coverage:** 85% guarantee for loans up to ₹5 lakh, 80% for higher amounts
- **Benefits:** Easier credit access, reduced paperwork
- **Impact:** Significant increase in MSME lending by banks

3. Prime Minister Employment Generation Programme (PMEGP)

- **Focus:** Credit-linked subsidy for new micro-enterprises
- **Subsidy Rates:** 35% in rural areas, 25% in urban areas
- **Special Provision:** Higher subsidy for women, SC/ST entrepreneurs
- **Activities:** Manufacturing and service sector enterprises

4. Stand-Up India Scheme

- **Target:** Women and SC/ST entrepreneurs
- **Loan Range:** ₹10 lakh to ₹1 crore
- **Sectors:** Manufacturing, trading, services
- **Support:** Handholding assistance, mentoring support

5. Technology Upgradation Schemes

- **MSME Champions:** Technology upgradation and ZED certification
- **CLCSS:** Credit Linked Capital Subsidy Scheme (15% subsidy)
- **Objective:** Modernization, quality improvement, competitiveness
- **Coverage:** Various manufacturing sectors and technologies

6. Public Procurement Policy

- **Reservation:** 25% of government procurement for MSEs

- **Price Preference:** Up to 15% price advantage
- **Tender Exemption:** MSEs exempt from earnest money, tender fees
- **GeM Portal:** Dedicated marketplace for MSME products

7. Delayed Payment Act, 2006

- **Mandate:** Payment within 45 days of acceptance/receipt
- **Penalty:** Compound interest on delayed payments
- **Resolution:** Micro and Small Enterprises Facilitation Council
- **Recent Changes:** Increased penalty rates, stricter enforcement

Overall Impact: These policies have significantly improved MSME access to credit, markets, and technology while reducing compliance burden.

Chapter 3: New Venture Planning

Q17. State the most common idea generation methods (2 marks)

The most common idea generation methods are:

1. **Brainstorming**
    - Group creativity technique designed by Alex Osborn
    - Generates large number of ideas for problem solution or product development
    - Uncensored approach where no idea is considered dumb or impossible
2. **Market Analysis**
    - Studies attractiveness and dynamics of special markets within industries
    - Identifies chances, strengths, weaknesses, and risks through SWOT analysis
    - Documents market investigation to inform product planning activities
3. **Think Tank**
    - Core group of knowledgeable people with good business acumen
    - Involves people likely to be in company's decision making
    - Pressed into service for new product development
4. **Looking into the Future**
    - Uses forecasting techniques for product development
    - Observes changing customer needs and social trends
    - Anticipates future market requirements

Q18. What is Acquisition? Advantages and Disadvantages

Definition: Acquisition is the process of acquiring a portion or all of another company's shares and assets with the intention of taking control and building on the acquired company's strengths.

Advantages of Acquisition:

1. **Reduced Entry Barriers**
    - Enter market with already recognized brand and existing client base
    - Encounter limited or no entry barriers
    - Avoid costly affair of breaking into new market
2. **Market Share**
    - Firm already has established market share to build upon
    - Gain competitive edge through acquisition growth
3. **New Competencies and Resources**
    - Access competencies and resources that entrepreneur lacks
    - Achieve growth otherwise not possible
4. **Access to Existing Expertise**
    - Utilize expertise developed by acquired firm over years of operation
    - Leverage accumulated knowledge and skills
5. **Fresh Ideas and Energy**
    - Infuse new ideas and energy that acquired firm may be lacking

Disadvantages of Acquisition:

1. **Culture Clashes**
    - Different work cultures and ethics may not match
    - Requires careful assessment before acquisition
2. **Duplication**
    - Duplication in activities and employee roles
    - Unnecessarily adds to costs and requires reorganization/job cuts
    - Reduces employee morale
3. **Conflicting Objectives**
    - Different firm objectives may lead to difficult-to-reconcile conflicts

    - Example: One firm wants market share increase, other wants cost cuts

4. **Lack of Synergy**
    - Need to ensure synergy between acquiring and acquired firms

Q19. What is marketing plan, marketing research, features of a marketing plan & its steps

Marketing Plan Definition:
Marketing plan is the process of setting the marketing goals and finding ways to achieve these goals with the help of different marketing activities. It is basically a written document that details the necessary actions to achieve one or more marketing objectives.

A marketing plan can be prepared for a product, service or a brand. Marketing plans is prepared for a period between one and five years. It can be a part of an overall business plan.

Features of a Good Marketing Plan:

1. **Measurable**
    - The predicted outcome of each activity should be quantified so that its performance can be monitored
2. **Focused**
    - Should be highly focused following 80:20 rule
    - Concentrate on 20% of products/services and 20% of customers which account for 80% of volume and profit
3. **Clear**
    - There should be clear statement of exactly what is to be done
4. **Realistic**
    - The marketing plan should have targets that must be achievable
5. **Consensus on Marketing Plan**
    - People involved in implementing the plan should be committed and agree that the plan is achievable

Steps in Marketing Planning Process (5 Steps):

Step I: Market and Environment Analysis

- Analyze market prospects for the product through market research
- Find customer needs and preferences through research
- Analyze macro environment (economic, legal, government, technology, ecological, socio-cultural factors)
- Conduct market analysis, consumer analysis, and internal resource review

Step II: Fixing Marketing Targets

- Clearly define marketing objectives
- Set quantifiable objectives in terms of volume, sales, market share
- Example: "ITC fixing marketing target to achieve 25% of chips market share in 3 years"

Step III: Setting the Marketing Strategy

- Decide marketing strategy based on clearly defined objectives
- Design strategy according to product's phase in product life cycle
- Aggressive strategy for introduction phase, milder for growth and decline phases

Step IV: Developing the Marketing Mix (4P's)

- **Product:** packaging, design, quality
- **Price:** cost plus, demand based, competitor indexing, discounts
- **Place:** distribution channels
- **Promotion:** most suited promotional form for the product
- For services: additional 3P's - People, Process, Physical Evidence

Step V: Marketing Controlling

- Monitor efficacy of implemented marketing programs
- Check quantifiable variables for deviations
- Shared responsibility across all functions (procurement, production, logistics, distribution)

Marketing Research Definition:

American Marketing Association (AMA) defines market research as "the function that links the consumer, customer, and public to the marketer through information - information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process."

Steps in Marketing Research Process:

1. Problem Definition
2. Developing Research Objectives
3. Developing the Research Plan (Exploratory, Descriptive, Causal research)
4. Collection of Data (Primary and Secondary)
5. Analyzing Data and Preparing Research Report
6. Decision Making

Q20. What is business plan – benefits of drivers, elements of a business plan, business plan failures

Business Plan Definition:

A business plan describes the business's vision and objectives as well as the strategy and tactics that will be employed to achieve them. The business plan also provides the basis for operational budgets, targets, procedures and management control.

Successfully launching a new business requires careful planning and the outcome of careful business planning are captured in a business plan.

Benefits/Reasons for Preparing a Business Plan:

1. **Securing Finance**
    - Most business plans are prepared to secure finance for the venture
    - Elaborate on financial feasibility, growth prospects, and competitive advantage
    - Emphasis on strategic, tactical, financial projections, and returns to investors
2. **Operational Management**
    - Detailed business plan forms basis for creation of business processes and job descriptions
3. **Budgeting**
    - Provide operational budgets for monitoring and analyzing performance
4. **Communication**
    - Convey the vision, mission and goals of the business

Elements/Contents of a Business Plan:

1. **Executive Statement -** vision, mission, and objectives
2. **Basic Business Information -** title and legal structure
3. **Current Business Situation -** corporate history and past financial performance
4. **Strategic Analysis -** political, economic, social and technological analysis
5. **Strategic Plan -** sources of sustainable competitive advantage
6. **Marketing Plan -** market size, segment, customer and customer needs
7. **Production Plan -** location, process, facilities, equipment and machinery
8. **Management -** management and organizational chart
9. **Forecasts -** sales and financial forecasts
10. **Financing -** current status and future requirement
11. **Risk Analysis -** risk overview

12. **Business Controls -** information technology controls over all functional areas

Every Good Business Plan Should:

1. Convey how the business will achieve its objectives in clear and consistent manner
2. Clearly define prospective market, targeted customers, proposed suppliers, and competitors
3. Elaborate the assumptions and forecasts
4. Describe how business will achieve sustainable competitive advantage
5. Identify potential risks and likely course of action
6. Describe experience and track record of management
7. Identify funding requirement, use of funds, and likely rate of return

Business Plan Failures:

While the document doesn't explicitly detail business plan failures, it implies that failures occur when:

- Business strategy cannot be clearly and convincingly described on paper
- Inadequate research and evaluation of business ideas
- Poor clarity in proposal presentation
- Lack of statutory compliance considerations
- Insufficient market research and competitor analysis

Steps in Preparing Business Proposal:

1. **Research -** thoroughly research business idea
2. **Evaluate -** assess costs, profitability, and capital requirements
3. **Writing the proposal -** include business idea, market research, financials, delivery method, marketing strategy
4. **Check statutory requirements -** ensure compliance obligations
5. **Clarity -** explain everything clearly for readers without prior knowledge
6. **Presentation -** keep short, simple, professional with visual aids