
Entrepreneurship & Small Business

By College Tutor

Important Topics

Unit 1 and Unit 2

- Full Introduction with definitions
- Indian Economy and Entrepreneurship
- Theories
- EDP
- Govt and Entrepreneurship

Unit 4

- Plant Layout
- Plant Location
- Business opportunity
- Business Idea into Reality
- Projects
- Project Design

Unit 3 and Unit 5

- Transportation and Assignment Problems
- Types of Organisations (Major Sole and JST)
- Setting up Business Unit
- Incentives and Subsidies

Unit 4

- Business Opportunity
- Searching and Selecting Business idea
- Projects
- Types of Projects
- Steps in Projects
- Plant Location
- Plant Layout

BUSINESS OPPORTUNITY

- ❑ A business opportunity, in the simplest terms, is a packaged business investment that allows the buyer to begin a business. (Technically, all franchises are business opportunities, but not all business opportunities are franchises.)
- ❑ Unlike a franchise, however, the business opportunity seller typically exercises no control over the buyer's business operations. In fact, in most business opportunity programs, there's no continuing relationship between the seller and the buyer after the sale is made.
- ❑ Introduction or identification of new ideas and which may or may not lead to change in the existing structure or the organisation.

Identification of BO

- ❑ **Observation** : Demonetisation “bookmyservant”
- ❑ **Trade and Professional Magazines**: Stock Markets Jobs
- ❑ **Research Institutes**: Pee Buddy, Leaf Startup
- ❑ **Competitors** : Cement (Shree)
- ❑ **Customers**
- ❑ **Employees**

Factors affecting BO identification

- ❑ Investment Size
- ❑ Location
- ❑ Technology
- ❑ Equipment
- ❑ Knowledge of personnel

Project

- In common parlance, the word 'project' has been used to connote 'any programme of action'.
- For example, agricultural projects, illiteracy eradication project, land development project, pulse-polio and so on. The dictionary meaning of 'project' is an idea or a plan that is intended to be carried out in the future or that is being carried at preset.

Examples of Project

- There may be mega/gigantic projects to very small projects. For example, a multi-purpose river valley project, Krishna valley project, water park, iron and steel plant, Disney land, oil refinery, and making papad or agarbatti (Mega projects are very large size projects having the investment of \$ 500 mn to \$1bn plus e.g. Devner International Airport and Delhi-Mumbai Industrial Corridor)

Characteristics of Project

The project has the following characteristics.

- The project is essentially an investment plan.
- The project begins with precise and clear objectives.
- The project determines the direction of future actions of an entrepreneur.
- It outlines the allocation of resources
- The project has a specific geographic location

Types of Project

- I. Little and Mirrles's classification:
 - Quantifiable projects
 - Non-quantifiable projects
- II. Sectoral project
 - a. Agriculture and Allied Sector
 - b. Irrigation and Power Sector
 - c. Industry and Mining Sector
- III. Techno-economic projects

Project Management

The process of planning and directing a project from its inception to its completion in a given time at a given cost to generate a given result.

Phases of Project Management

- Project Identification
- Project Formulation
- Project Appraisal
- Selection
- Implementation
- Management

Project Formulation

Meaning

- Project formulation is the systematic development of a project idea for arriving at an investment decision.
- It has the built-in mechanism of ringing the danger bell at the earliest possible stage of resource utilization.

Formulation Stages

- **Feasibility Analysis** : Idea is examined from the point of view whether to go for detailed investment proposal or not.
- **Techno-Economic Analysis**
- **Project Design and Network Analysis**
- **Input Analysis**: Assesses the input requirement during construction of project and also during operation of project.
- **Financial Analysis**
- **Cost-Benefit Analysis**

Project Appraisal

Meaning	Aspects	Methods
<ul style="list-style-type: none">• Project appraisal is the process of assessing, in a structured way, the case for proceeding with a project or proposal, or the project's viability• The project appraisal is the process of judging whether the project is profitable or not to client.	<ul style="list-style-type: none">• Organisational Aspect• Managerial Aspect (funding example)• Financial Aspect• Market/Commercial Aspect (demand potential)	<ul style="list-style-type: none">• Financial Appraisal• Economic Appraisal• Technological Appraisal• Socio Economic• Managerial

PLANT LOCATION

- ❑ It refers to the choice of region and selection of particular site for setting up a business or factory.
- ❑ Location of an industry is an important management decision. It is a two-step decision: first, choice of general area or region and second, the choice of site within the area selected. Location decision is based on the organisations long-term strategies such as technological, marketing, resource availability and financial strategies.
- ❑ The objective of plant location decision-making is to minimise the sum of all costs affected by location.

PLANT LOCATION IMPORTANCE

Plant location is important because of the following:

- ❑ Location influences plant layout facilities needed.
- ❑ Location influences capital investment and operating costs.
- ❑ Location of plants partially determines operating costs and capital costs.

PLANT LOCATION FACTORS:

- ❑ Primary
 - ❑ Raw Material
 - ❑ Market Nearness
 - ❑ Transport Facilities
 - ❑ Labour
 - ❑ Power/Electricity
- ❑ Secondary
 - ❑ Natural Factors
 - ❑ Govt. Subsidies
 - ❑ Personal Factors
- ❑ Others (Suitability, Community Attitude, Disposal of Water)

PLANT LAYOUT

It is the optimum arrangement of different facilities including man, machine, equipment and materials etc. showing the space allocated for material movement, storage and other storage activities, from receipts of raw materials to the supply of finished goods.

PLANT LAYOUT TYPES

- ❑ PRODUCT
- ❑ PROCESS
- ❑ FIXED POSITION/Stationary Layout

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**“Doing Nothing, is far better
than Busy in Doing Nothing”**
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