



ENTREPRENEURSHIP

LIKHLI SUKUMARAN

Introduction

- ‘Entrepreneurship’ refers to a process by which individuals launch and manage their business and industrial enterprises. Entrepreneurs are the ones who risk and invest their own capital into the business and industrial-ventures
- Entrepreneur is a French word which means to undertake
- Entrepreneur can be defined as an individual who bears the risk of operating a business with some elements of innovation in the face of uncertainty about the future condition

Can you identify businessmen who have influenced the society with their ideas.....



Deep Kalra's Success Story

- ❑ Deep Kalra is an entrepreneur, Indian businessman who is the founder and group CEO of the largest Indian online travel company, **MakeMyTrip** which provides online travel services like hotel reservations, Air tickets, domestic and international holiday packages, Cab Booking, train booking and bus tickets, etc..
- ❑ Deep Kalra obtained his bachelor's degree from St. Stephen's College, Delhi and his Master of Business Administration degree (MBA) degree from IIM Ahmedabad
- ❑ His career started soon after he completed his MBA, he worked for ABN AMRO Bank
- ❑ Deep Kalra took a huge risk by quitting good paying and stable job at ABN Bank. He brought the AMF Bowling – an American company that was hoping to enter the Indian market to start the 10-pin bowling revolution in the country.
- ❑ However, the venture failed to roll on, and he went back to a boring and regular private job.
- ❑ Deep began his new Entrepreneurial journey with and online travel company, MakeMyTrip after realizing the possibilities of the internet.



Ramesh Babu, Inspirational story of a barber who owns a Rolls Royce

- ❑ Ramesh Babu, “Billionaire Barber” was born up in a poor family in Bengaluru. His father was a barber in Bengaluru.
- ❑ He was in the second standard and doing his midterm exams, someone called him that his father has passed away he might a massive heart attack. His father left behind was a saloon business or rundown small Barber Shop on Bridged road, Bengaluru.
- ❑ He grew up on one meal a day. He has one brother and one sister. His mother could not run the barbershop; she rented it out for ₹5 a day.
- ❑ Ramesh Babu took up different odd jobs to make a little extra money. He started part-time newspaper delivery work, milk bottles supplying and whatever else was convenient to support his family at the age of 13.
- ❑ After 10th std, Ramesh could not decide if he should study further or start working. His father’s Barber Shop was still being rented out, In 1989, Ramesh Babu decided to run his fathers’ Barber Shop himself to support his family.
- ❑ Ramesh Babu Joined a diploma course in electronics and obtained a diploma in electronics. Then, at 10 o’clock, Ramesh was going to college and again come back in the evenings open until midnight 12 to 1 o’clock.

- ❑ His clients range from military officers, big politicians, police officers to Bollywood actors, like Aamir Khan, Aishwarya Rai Bachchan, Akshay Kumar, Salman Khan, and Anil Kapoor. He always believed that work is worship.
- ❑ He wanted to do something, so he planned to buy a car. He bought a Maruti Van, and he rented his car to Intel Corporation.
- ❑ Ramesh Babu started renting out. That is how he came into the car rental business. By 2004, he started adding more cars to the fleet and had six cars all engaged in the same business.
- ❑ In 2004, Ramesh thought of getting into the luxury car segment and bought Mercedes E-Class luxury sedan for 38 Lakh. Everyone told him that it is a big mistake. But it became a success.
- ❑ He believed that, if you want to do business, you must be willing to take business risks.
- ❑ In 2011, Ramesh Babu bought another luxury car, Rolls Royce.
- ❑ He got more than 75 luxury cars on the fleet – own more than 400 cars, including a Maybach S600, BMW, Audi, and Rolls Royce.
- ❑ Today, Ramesh Tours & Travels runs in Delhi, Chennai, Bengaluru successfully and the entrepreneur hopes to conquer Vijaywada and Hyderabad next.



School Boy Tuned Entrepreneur – Tilak Mehta

- A 13-year-old student studying in school has built crores of company, now giving jobs to people.
- One of the youngest entrepreneur in India
- The idea started when he wanted a few books from another end of the city urgently. His father came home tired after a day's work, and so he could not ask him and there was nowhere to go. The courier company was charging around Rs 300 for delivery on the same day. Then Tilak realized that there would be many people in Mumbai who would be troubled by this problem every day.
- This is where the idea of having a startup dedicated to carrying papers and small parcels within the Mumbai for assured intra-day delivery struck Tilak
- Tilak as a budding entrepreneur founded a logistics startup, sold the idea to a banker and convinced him to quit the job and join him as the chief executive, and, also roped in the famed Dabbawalas of the city to help him with the last mile distribution.
- Tilak's company 'Paper and Parcels' operates through a mobile application, the PNP service operates within a defined radius of the city of Mumbai. It charges from Rs 40 to Rs 180 for a three kg parcel.

What are the Characteristics of an Entrepreneur?.....

Characteristics of Entrepreneur

- *An especially skillful person*
- *An innovator*
- *Decision-making person*
- *A man of creative personality*
- *A basic plan-maker*
- *A pioneer of economic development*
- *Dynamic leader*
- *Creator of wealth*
- *Self-confident and ambitious*
- *Risk-bearer*

Characteristics of Entrepreneur

The fact is that virtually everybody is entrepreneurial in some part of his or her life. Entrepreneurial in terms of –

- self-development - an athlete constantly practicing to improve his performance and stamina.
- Self-decision making - a man deciding not to marry and devoting the rest of his life in the service of God.
- Creativity - a housewife using waste material for making a piece of art.
- Risk-taking - a teenage boy trying bungee jumping.

How does an entrepreneur differ from an inventor?

Inventor

Invents new methods and new services.

He is largely concerned with the technical aspects of the matter he deals with.

He keeps the commercial prospects of his innovation as the last preference.

Entrepreneur (Innovator)

Combines new methods/services and applies innovation to produce better products/services.

He is largely concerned with the economic, social and marketing dimensions of the subject matter.

He examines the commercial and economic viability of his product in the market.

How does an entrepreneur differ from a manager?

Points		Entrepreneur	Manager
1	Motive	The main motive of an entrepreneur is to start a venture by setting up an enterprise. He understands the venture for his persona gratification.	But, the main motive of a manager is to render his services in an enterprise already set up by someone else.
2	Status	An entrepreneur is the owner of the enterprise	A manager is the servant in the enterprise owned by the entrepreneur
3	Risk-bearing	An entrepreneur being the owner of the enterprise assumes all risks and uncertainty involved in running the enterprise.	A manager as a servant does not bear any risk involved in the enterprise.
4	Rewards	The reward an entrepreneur gets for bearing risks involved in the enterprise is profit which is highly uncertain.	A manager gets salary as reward for the services rendered by him in the enterprise. Salary of a manager is certain and fixed.
5	Innovation	Entrepreneur himself thinks over what and how to produce goods to meet the changing demands of the customers. Hence, he acts as an innovator also called a 'change-agent'.	But, what a manager does is simply to execute the plans prepared by the entrepreneur. Thus, a manager simply translates the entrepreneur's ideas into practice.
6	Qualification	An entrepreneur needs to possess qualities and qualification like high achievement motive, originality in thinking, foresight, risk-bearing ability and so on.	On the contrary, a manager needs to possess distinct qualifications in terms of sound knowledge in management theory and practice.

Indian businessmen like Mukesh Ambani, Azim Premji, or Gautam Adani have two things in common-

- **First one is they are super wealthy**
- **What's the other thing in common?**

**Is A College Degree Necessary For An Entrepreneur's
Success?.....**

6 Reasons Why Higher Education Is Necessary for Successful Entrepreneurship

- Fulfilling Legal Requirements.
- You can fall back on it to get a job if your startup fails.
- You will receive skill development in many different areas.
- Modern Businesses Demand an Interdisciplinary Approach
- Gaining Cultural Literacy
- Gaining Industry Connections

Does Age Matter For Entrepreneurial Success?

- Facebook (20)
- Microsoft (20)
- Apple (21)
- Google (25)
- Twitter (30)
- Amazon (30)
- Tesla (34)
- Oracle (35)
- Netflix (37)
- Zynga (41)
- Walmart (44)
- McDonald's (53)
- KFC(62)

It all depends on:

- How you handle risk
- Your experience
- Your knowledge

What about work history?

- Most entrepreneurs indicate that their most significant venture was not their first one.
- Experience in the following areas is particularly important: financing, product or service development, manufacturing, and the development of distribution channels.

If someone asked you for a loan to start a restaurant, but had no formal culinary training or experience, would you make that loan?



It seems crazy to think anyone could become a successful restaurateur without a background in the industry, but that's exactly what Harlan "Colonel" Sanders was able to do. When he started his line of Kentucky Fried Chicken restaurants, the only experience he had was cooking for his siblings as a child and working at a number of odd jobs.

Other Factors affecting of Entrepreneurship

- *Legal*
- *Infrastructure*
- *Financial*
- *Procedural*
- *Communicational*
- *Information technology and communication*

Importance of Entrepreneurship

- **For Individual**
 1. They provide new employment opportunities
 2. They improve the standard of living of the people.
- **For Investors**
 1. They provide investment opportunities for the investors and generate the wealth and distribute it to the investors. Thus helping the investors to grow their wealth.
- **For the nation**
 1. They contribute to the GDP of the nation directly.
 2. They contribute to the area development by re-investing in projects.
 3. They will be responsible for industrial and technical developments.

Types of Entrepreneurship

- *Based on Ownership*
 - *Founders or “Pure Entrepreneurs”*
 - *Second-generation operators of family-owned businesses*
 - *Franchisees* It is a method of doing business wherein the parent owner (the franchiser) licenses his trademarks and tried and proven methods of doing business to franchisee in exchange for a recurring payment.
 - *Owner-Managers* When a person buys a business from the founder and then invests his time and resources in it he is called the owner-manager. Like Sabeer Bhatia is the founder entrepreneur of Hotmail, whereas Microsoft's Bill Gates became its owner-manager after buying it for \$400 million.

Types of Entrepreneurship

➤ Classification on the Motivation of Running Business

- **Pure Entrepreneur:** They believe in their own performance while undertaking business activities. They undertake business ventures for their personal satisfaction, status and ego. They are guided by the motive of profit. For example, Dhirubhai Ambani of Reliance Group.
- *The Induced Entrepreneur: These types of entrepreneurs are induced by some external factors to start a business. The external factors could be like supporting government policies, unemployment, family support, facilitating institutional support, etc. These types of entrepreneur turn out to be more realistic in their approach. For instance, when the government announced subsidies, tax rebates and financial support to small scale industries, several entrepreneurs started their business as SSIs.*

Types of Entrepreneurship

➤ Classification on the Motivation of Running Business

- **Motivated Entrepreneur:** These entrepreneurs are motivated by the desire to make use of their technical and professional expertise and skills. They are motivated by the desire for self-fulfillment.
- **Spontaneous Entrepreneur:** These entrepreneurs start their business because of their natural talents. They are persons with initiative, boldness and confidence in their ability which motivate them to undertake entrepreneurial activity. Such entrepreneurs have a strong conviction and confidence in their inborn ability.

Types of Entrepreneurship

- Classification based on the Type of Business
 - ***Industrial Entrepreneur:*** Industrial entrepreneur is an entrepreneur who is into manufacturing of a product.
 - ***Trading Entrepreneurs:*** Trading entrepreneur is one who undertakes trading activities (buying and selling of goods and services) and is not concerned with the manufacturing of products.
 - ***Agricultural Entrepreneur:*** Agricultural entrepreneurs are those entrepreneurs who undertake business related to agricultural activities.

Agricultural Entrepreneur

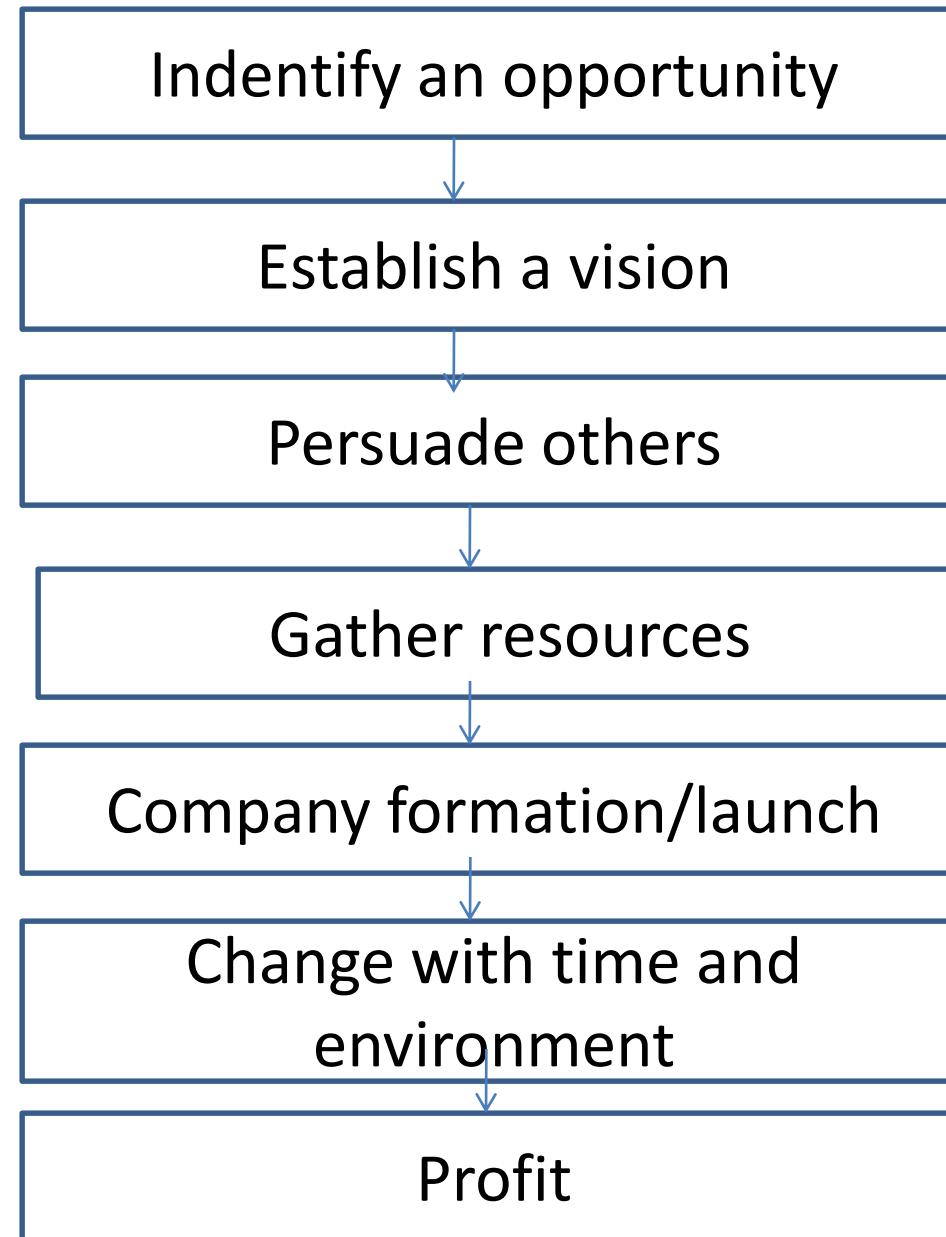
➤ **Pramod Gautam**

a former automobile engineer who switched to farming. gets a yearly turnover of a crore, after implementing a radically different method of cultivation.

➤ **Sachin Kale**

- a mechanical engineer from Nagpur
- Sachin left his luxurious life in Gurgaon, where he was working as a manager for Punj Lloyd and getting a hefty salary of Rs 24 lakh per annum.
- launched his own company, Innovative AgriLife Solutions Pvt. Ltd
- Sachin's company is helping 137 happy farmers working on 200 acres of land and drawing a turnover of approximately Rs 2 crore.

Diagram of Entrepreneurial Process



THANK YOU

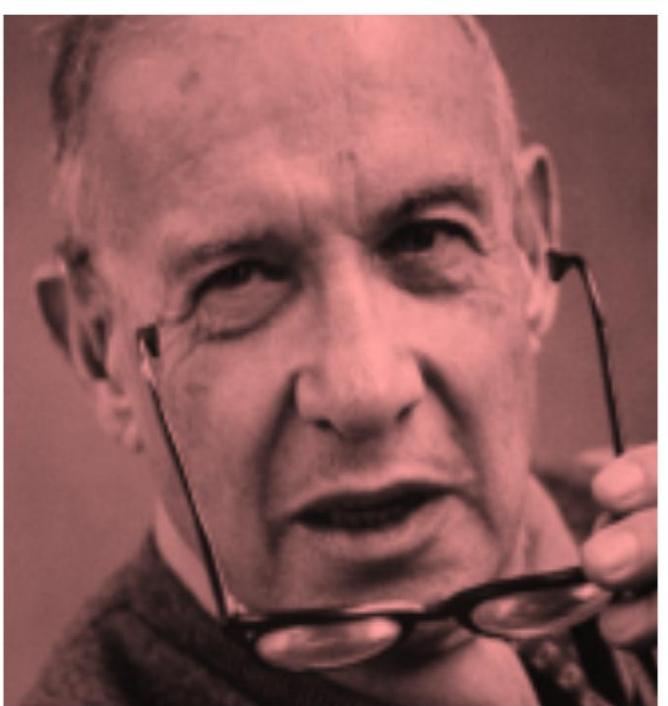
A portrait of Dr. Manmohan Singh, an elderly man with a white beard and mustache, wearing glasses and a red turban. He is dressed in a red kurta-pajama with a white shawl over his shoulders. The background is a soft-focus orange.

National
Knowledge
commission
of 2005

National Knowledge commission

National Knowledge Commission, is a commission , constituted on 13 June 2005, by the then Prime Minister of India, Dr. Manmohan Singh for discussing and advising the prime minister's office on the possible policies that would polish India's virtual advantage in the education sector so that to make India a forerunner in the field of knowledge economy.

What is Knowledge Economy?



The **knowledge economy**, a term popularized by Peter Drucker in his book *The Age of Discontinuity*, the use of knowledge to generate tangible and intangible values by making use of technology to transform a part of human knowledge to machines so that to use such knowledge in decision making in various fields to generate economic values.

The Real Motive behind the Formation of NKC could be read out of these words of Dr. Manmohan Singh



"The time has come to create a second wave of institution building and of excellence in the field of education, research and capability building so that we are better prepared for the 21st century."

Members of National Knowledge commission



1. Sam Pitroda, Chairman
2. Dr. Ashok Sekhar Ganguly, Corporate leader
3. Nandan Nilekani Chairman of (UIDAI)
4. Dr. Deepak Nayyar, former Vice-chancellor, University of Delhi
5. Dr. Jayati Ghosh, economist at JNU
6. Dr. Sujatha Ramdorai, professor of maths, Tata Institute of Fundamental Research
7. Dr. Padmanabhan Balaram director of Indian Institute of Science, Bangalore
8. Prof. Amitabh Mattoo, Former VC, Jammu University

Terms of Reference of NKC



1. *Build excellence in the educational system to meet the knowledge challenges of the 21st century and increase India's competitive advantage in fields of knowledge.*
2. *Promote creation of knowledge in S&T laboratories.*
3. *Improve the management of institutions engaged in intellectual property rights.*
4. *Promote knowledge applications in agriculture and industry.*
5. *Promote the use of knowledge capabilities in making government an effective, transparent and accountable service provider to the citizen and promote widespread sharing of knowledge to maximize public benefit.*





Let us have
a look at
these
recommend
ations



A. Access to Knowledge

The commission made this introductory comment on access to knowledge

Providing access to knowledge is the most fundamental way of increasing the opportunities of individuals and groups. Therefore, it is essential to revitalize and expand the reach of knowledge in society. In this context NKC has submitted recommendations on areas such as Right to Education, libraries, language, translation, portals and knowledge networks.



Access to Knowledge

R-1

Right to Education

Though there are constitutional provisions, to increase universal access to quality education for Indian children, there is a need for a central legislation ensuring the Right to Education. This must involve a financial provision requiring the central government to provide the bulk of the additional funds needed for realizing the Right to Education. The legislation should also lay down minimum standards of quality in school education and for it to be effective, the responsibility of the Government at different levels, must be recognized and made justiciable.



Access to Knowledge

R-2

Language

In the present international set-up knowledge and expertise over the English language is one of the most important factors of access to higher education , job opportunities and social accessibility. Hence the teaching of English as a language should be introduced, along with the first language (either mother tongue or the regional language) of the child, starting from Class I. More over the pedagogy of English language teaching should be reformed on the basis of the current international situations



Access to Knowledge

R-3

Translation

As a multilingual country, in India translation can play a extreme role in making knowledge accessible to different linguistic groups. Hence translation can be made an industry. More over a National Translation Mission should be formed for promoting translation activities all over the nations. This mission can be a source of information on translation activities, provider of the tools and opportunities for getting trained in translation.



Access to Knowledge

R-4

Libraries

For the reformation and betterment of libraries all over the country, there should be a multi-faceted survey of libraries. All the libraries should be modernized in the case of management so that to ensure larger community participation. An independent National Commission on Libraries should be formed for monitoring and channelizing all the developmental activities of libraries across the nation coping with the latest international trends in this field.



Access to Knowledge

R-5

National
Knowledge Network

As live consultations, data and resource sharing is an inevitable factor in successful research the government should establish a high-end National Knowledge Network connecting all our knowledge institutions in various fields and at various locations throughout the country, through an electronic digital broadband network with gigabit capacity.



Access to Knowledge

R-6

Portals

Government should create national web based portals on some key sectors such as Water, Energy, Environment, Teachers, Biodiversity, Health, Agriculture, Employment, Citizens Rights etc. , which would serve as a single window for information on the given sector for all stakeholders and would be managed by a body consisting of representatives from a different sectors of the society to ensure that they have a national character.



Access to Knowledge

R-7

Health
Information Network

As the advanced developments in information and communication technology have created new opportunities for enhancing the efficiency of health care delivery the government would better create a web-based network, connecting all health care establishments, private as well as public . Similarly a common Electronic Health Record (EHR) based on open source solutions needs to be created for storing the health related data, and making them available for all.



B. Knowledge Concepts

The commission made this introductory comment on knowledge Concepts.

Knowledge concepts are organized and disseminated through the education system. Education is the key enabler for the development of an individual and for altering the socio-economic landscape of a country. Therefore, NKC's work has focused on revamping the education sector. NKC's concern with many aspects of the Indian education system covers school education, higher education, professional education, and vocational education.

School Education

R-1

Knowledge Concepts

For making access to good school education the following steps should be taken

1. Decentralization of power and local autonomy in management of schools.
2. Flexibility in disbursal of funds
3. Improving school infrastructure
4. Improving school inspection with a greater role for local stakeholders.
5. More Accessibility Information and Communication to teachers, students and the administration.
6. Reforms in the curriculum and examination systems by moving away from rote learning to a critical understanding of concepts .
7. Faculty improvement





Knowledge Concepts

R-2

**Vocational education
and training (VET)**

To improve vocational education and training (VET), There should be flexibility of VET within the mainstream education system. the need to expand capacity through innovative delivery models, including healthy public private partnerships. As the organized sector of the country's labour force comprises only 7 percent, there should be enhancement of training options available for the unorganized and informal sector so that to increase the productivity of the nation. There should be proper certification of vocational education and training.



Higher Education

R-3

Knowledge Concepts

In higher education ,the three key aspects of expansion, excellence and inclusion should be given preference. 1500 universities should be created by 2015, partly by restructuring the existing ones. An Independent Regulatory Authority for Higher Education (IRAHE) which would be approachable for all the people and would accord degree granting power to universities. For ensuring quality of the existing universities, frequent and regular curricula revisions, introduction of course credit system, enhancing reliance on internal assessment, encouraging research, and reforming governance of institutions.



Knowledge Concepts

R-4

**More Talented Students
in Maths and Science**

More students should be attracted to maths and science to refresh science education and research in the country. To encourage this, a massive science outreach program should be launched, through the advancement available infrastructure, revitalizing the teaching profession and revamping teacher training at all levels.



Professional Education

R-5

Knowledge Concepts

The existing system of regulation in all professional education streams including medical, legal, management and engineering education, should be replaced by subgroups on different streams under the proposed independent supervisor. This would have to be accompanied by independent multiple accreditation agencies that provide reliable ratings. More better autonomy should be granted to institutions. Reforming the current examination system also an immediate action to be taken in this regard. Developing contemporary curricula and encouraging research, too, an immediate measure to be taken.



Knowledge Concepts

R-6

More Quality Ph.Ds

Systematic efforts should be taken to improve the quality of Ph.Ds. The government should not hesitate to offer great investment in education and research at all levels so that to create a international outlook in research. Forming a National Research Mission for creating the required research ecosystem in the country, is also something to be regarded for the enhancement of quality of thw Ph.Ds.



Knowledge Concepts

R-7

**Open and Distance
Education and
Open Educational Resources**

It deserves mentioning that more than one-fifth of the students enrolled in higher education are in the Open and Distance Education stream. Setting up of a national ICT infrastructure, improving regulatory structures, developing web based common open resources, establishing a credit bank and providing a national testing service are some measures to be taken for the revamping of distance education. .



C. Creation of Knowledge

The commission made this introductory comment on Creation of knowledge

Producing new knowledge and protecting existing resources is critical for a nation to compete in the global knowledge economy. This makes it important to consider all activities that lead to the creation of knowledge directly or help in protecting the knowledge that is created. NKC has therefore examined issues such as innovation systems in the country, science and technology activities and the regime of Intellectual Property Rights.



Intellectual Property Rights

R-1

Creation of Knowledge

For India to become a global knowledge leader, we would need to be at the forefront of creating knowledge. This requires a favorable eco-system that not only protects the ingenuity of the creator but also rewards knowledge creation through commercial applications. For the same, a world class IPR infrastructure, including steps to modernize the patent offices and building global standards. A Global Technology Acquisition Fund should also be established.



Creation of Knowledge

R-2

**Legal Framework for
Public Funded Research**

A legislation that would give universities and research institutions ownership and patent rights, should be passed to make public funded researches more accurate and useful.



Creation of Knowledge

R-3

**National Science and
Social Science Foundation**

A National Science and Social Science Foundation (NSSSF) should be founded to look at all knowledge as one seamless entity. The objectives of the NSSF would be to suggest policy initiatives to make India a leader in the creation and use of new knowledge in all areas of natural, physical, agricultural, health, and social sciences.



Innovation

R-3

Creation of Knowledge

As innovation is an inevitable factor for growth based on knowledge, innovative strategies and trainings should be encouraged and appreciated.. There is also need for more effective synergy between industry, government, the educational system etc.



Creation of Knowledge

R-4

Entrepreneurship

In this modern era no one can deny the vital role of entrepreneurship in wealth creation and employment generation. Creation of a supportive business environment is an important step to be taken in this regard. Further, Forming entrepreneurship clubs and incubation centres at educational institutions would also be useful. and Introduction of entrepreneurship in school and college syllabus has also been recommended by the commission.



D. Knowledge Applications

The commission made this introductory comment on knowledge Applications

Knowledge can be productively applied to promote technological change, enhance quality of life and facilitate reliable and regular flow of information. This requires significant investment in goal-oriented research and development along with delivery models that can simplify processes within an industry. Initiatives in the areas of agriculture, labour and traditional knowledge can demonstrate that knowledge can be very effectively applied for the betterment of the community.



Knowledge Applications

R-1

**Traditional Health
Systems**

As India has great and unprecedented indigenous medical heritage, major efforts should be undertaken to provide quality education in traditional medicine. Evidence-based approaches should also be introduced into the current educational framework, possibly through institutions of the standard of IISc, IIT and AIIMS, with commensurate financial outlays. Enough motivation should be offered for commercialization of traditional medicines.



Knowledge Applications

R-2

Agriculture

For handling the challenges faced by Indian agricultural sector, a comprehensive package of measure that includes an emphasis on enhanced knowledge generation and application, should be created.. Modernizing agricultural research institutions, coordinating research and making research support more flexible would also be recommended.



Knowledge Applications

R-3

Enhancing
Quality of Life

Knowledge applications for enhancing the well being of common people, especially in rural areas should be given preference when organizing educational systems. For the same, the setting up of Panchayat Gyan Kendras (PGKs) throughout the country would also be recommended by the



E. Delivery of Services

The commission made this introductory comment on Delivery of Services.

For the creation of a true knowledge society, the availability of efficient knowledge services for citizens is critical, especially for enhancing citizen-government interface. Technology provides us with an opportunity to ensure accountability, transparency and proficiency in government services. E-governance is one of the ways in which citizens can be empowered to increase transparency of government functioning.



Delivery of Services

R-1

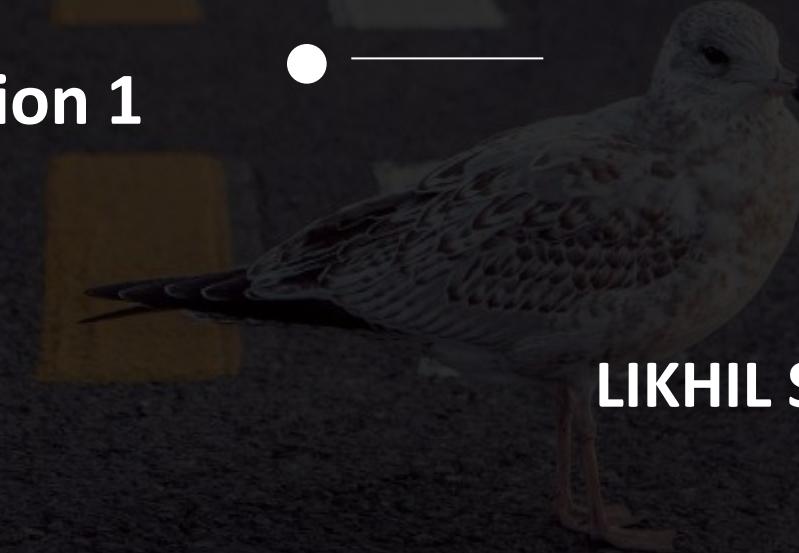
E-governance

To improve the effectiveness of delivery of services by the government, e-governance should be established in all the fields of official sectors.



ENTREPRENEURSHIP

Session 1



LIKHLI SUKUMARAN

TRADE SECRET

Trade secret is a formula, process, device, or other business information that is kept confidential to maintain an advantage over competitors.

According to Oxford advanced learners Dictionary the term Trade Secret means a piece of information about how a particular product is made, that is only known to the company that makes it.

Example: Most famous example of trade secret is the coca-cola formula. This formula is kept locked in a bank vault in Atlanta, can be opened only by a resolution of the company's board and is known to only two employees at the same time. The public has no access to the name of those employees and they are not allowed to fly on the same air plane.

After 125 yrs, secret Coke formula is out

TIMES NEWS NETWORK

Since it was first made in 1886, the Coca-Cola formula is one of the most fiercely guarded trade secrets of the corporate world. Many claimed to have found it, but the mystery of Merchandise 7X, the name given to the combination of secret ingredients which gives the soft drink its distinctive taste, has endured.

Now an American public radio show claims to have found the recipe kept in an

► Mystery was marketing tool, P 26

Atlanta steel vault and which, it is said, only two employees at a time know how to mix. The two never fly together.

'This American Life', broadcast on more than 500 stations, said it found the recipe in a 40-year-old newspaper. Its website thisamericanlife.org said the Atlanta Journal-Constitution published the photo of a book containing a hand-written replica of the original recipe on February 8, 1979.



MYSTERY MIX	
Fluid extract of Coca	3 drams
Citric acid	3oz
Caffeine	1oz
Sugar	30"
Water	2.5gallon
Lime juice	2pints & 1qrt
Vanilla	1oz
Caramel	15oz
7X FLAVOUR	(2oz of flavour to 5 gals syrup)
Alcohol	8 oz
Orange oil	20"
Lemon oil	30"
Nutmeg oil	10"
Coriander	5"
Neroli	10"
Cinnamon	10"

*drops

**(quantity unclear from the markings)

Practical tips to protect trade secrets

- 1) Label the information to be protected as “confidential”, so that employees are aware that they are dealing with sensitive business information.
- 2) Restrict access to databases, servers and computer programs that store trade secrets.
- 3) Ensure that access to servers is password protected and that a suitable notice is displayed on computer screens when accessing sensitive areas.
- 4) Educate employees on why protecting trade secrets is important for business.
- 5) Sign non-disclosure agreements with any third parties with which commercial business information is shared.
- 6) Use a combination of technical and legal solutions to protect databases

FROM THE OPPORTUNITY TO THE

BUSINESS PLAN

The *business plan* is a written document prepared by the entrepreneur that describes all the relevant external and internal elements involved in starting a new venture.

It is often an integration of functional plans such as marketing, finance, manufacturing, and human resources.

It also addresses both short-term and longterm decision making for the first three years of operation.

Thus, the business plan - it is sometimes referred as the game plan or road map answers the questions---

- 1) Where am I now?
- 2) Where am I going?
- 3) How will I get there?

Potential investors, suppliers, and even customers will request or require a business plan.

WHO SHOULD WRITE THE PLAN?

- The business plan should be prepared by the entrepreneur; however, he or she may consult with many other sources in its preparation.
- Lawyers, accountants, marketing consultants, and engineers are useful in the preparation of the plan.

Skills	Excellent	Good	Fair	Poor
Accounting/taxes				
Planning				
Forecasting				
Marketing research				
Sales				
People management				
Product design				
Legal issues				
Technology				

WHO READS THE PLAN?

- The business plan may be read by employees, investors, bankers, venture capitalists, suppliers, customers, advisors, and consultants.
- Who is expected to read the plan can often affect its actual content and focus. Since each of these groups reads the plan for different purposes, the entrepreneur must be prepared to address all their issues and concerns.
- In some ways, the business plan must try to satisfy the needs of everyone

There are probably three perspectives that should be considered in preparing the plan.

- First is the perspective of the entrepreneur, who understands better than anyone else the creativity and technology involved in the new venture. The entrepreneur must be able to clearly articulate what the venture is all about.
- Second is the marketing perspective. Entrepreneurs must try to view their business through the eyes of their customer.
- Third, the entrepreneur should try to view his or her business through the eyes of the investor. Sound financial projections are required; if the entrepreneur does not have the skills to prepare this information, then outside sources can be of assistance.

HOW DO POTENTIAL LENDERS AND INVESTORS EVALUATE THE PLAN?

Lenders focus on the four Cs of credit: character, cash flow, collateral, and equity contribution. Basically, what this means is that lenders want the business plan to reflect the entrepreneur's credit history, the ability of the entrepreneur to meet debt and interest payments (cash flow), the collateral or tangible assets being secured for the loan, and the amount of personal equity that the entrepreneur has invested.

Investors, particularly venture capitalists, have different needs since they are providing large sums of capital for ownership (equity) with the expectation of cashing out within five to seven years.

Investors often place more emphasis on the entrepreneur's character than lenders do, and often spend much time conducting background checks.

These investors will also demand high rates of return and will thus focus on the market and financial projections during this critical five- to seven-year period.

INFORMATION NEEDS

Market Information

One of the initial pieces of information needed by the entrepreneur is the market potential for the product or service. To ascertain the size of the market, it is first necessary for the entrepreneur to define the market.

For example,

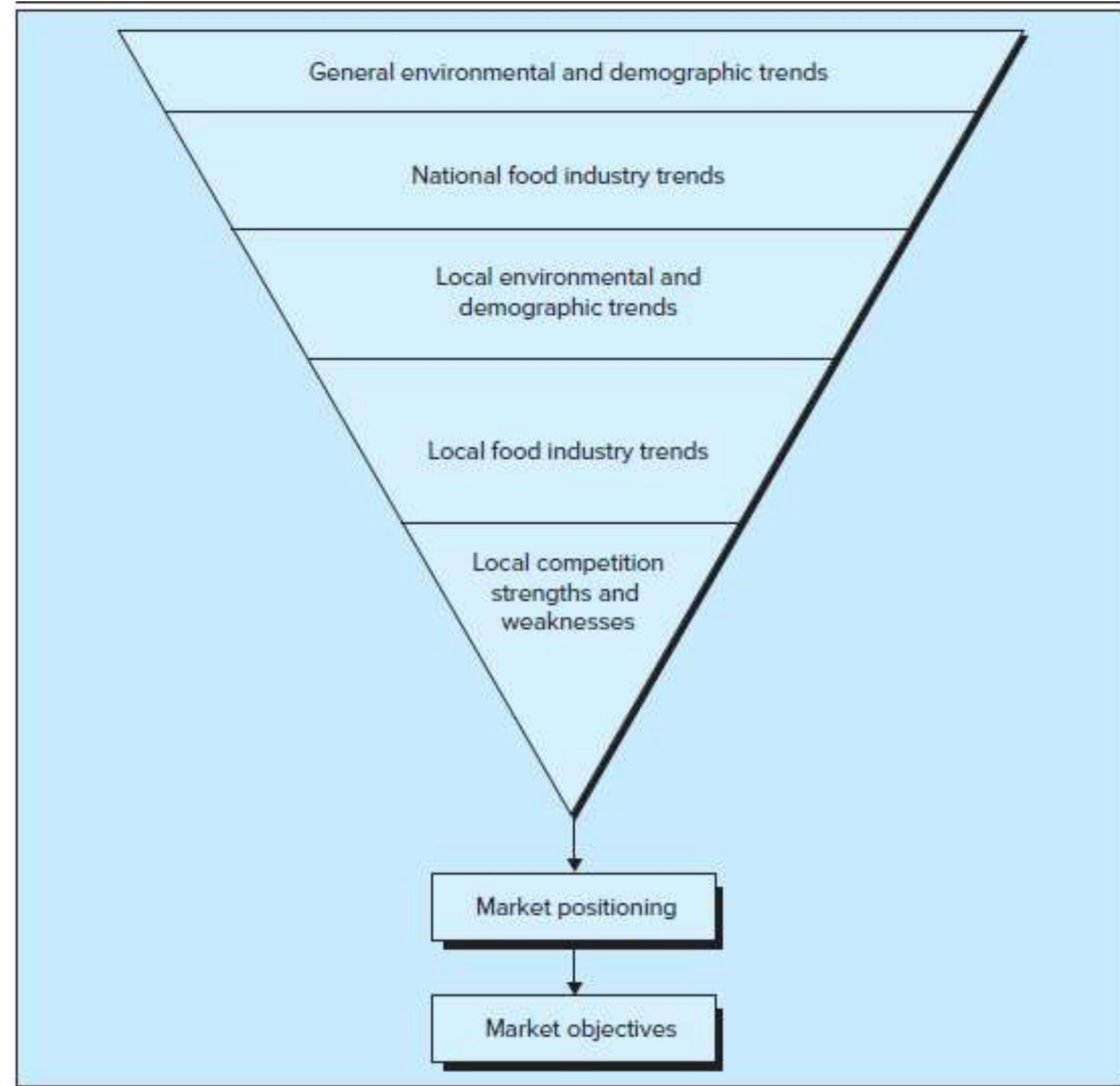
Is the product most likely to be purchased by men or women?

People of high income or low income?

Rural or urban dwellers?

Highly educated or less educated people?

A well-defined target market will make it easier to project market size and subsequent market goals for the new venture.



Operations Information Needs

- *Location.* The company's location and its accessibility to customers, suppliers, and distributors need to be determined.
- *Manufacturing operations.* Basic machine and assembly operations need to be identified, as well as whether any of these operations would be subcontracted and to whom.
- *Raw materials.* The raw materials needed and suppliers' names, addresses, and costs should be determined.
- *Equipment.* The equipment needed should be listed, with its cost and whether it will be purchased or leased.
- *Labor skills.* Each unique skill needed, the number of personnel required for each skill, pay rate, and an assessment of where and how these skills will be obtained should be determined.
- *Space.* The total amount of space needed should be determined, including whether the space will be owned or leased.
- *Overhead.* Each item needed to support manufacturing—such as tools, supplies, utilities, and salaries—should be determined.

Financial Information Needs

Before preparing the financial section of the business plan, the entrepreneur will need to prepare a budget that includes a list of all possible expenditures in the first year and a list of all revenue sources, including sales and any external available funds.

Thus, the budget includes capital expenditures, direct operating expenses, and cash expenditures for non expense items. The revenue from sales must be forecast from market data,

To prepare the actual budget, the entrepreneur will need to identify benchmarks in the industry that can be used in preparing the final pro forma statements in the financial plan. These benchmarks or norms establish reasonable assumptions regarding expenditures based on industry history and trends. This is a very acceptable method to arrive at the necessary projected costs for the new venture.

WRITING THE BUSINESS PLAN

The business plan could take hundreds of hours to prepare, depending on the experience and knowledge of the entrepreneur as well as the purpose it is intended to serve. It should be comprehensive enough to give any potential investor a complete picture and understanding of the new venture, and it should help the entrepreneur clarify his or her thinking about the business.

Many entrepreneurs incorrectly estimate the length of time that an effective plan will take to prepare. Once the process has begun, however, the entrepreneur will realize that it is invaluable in sorting out the business functions of a new venture.

- I. Introductory Page
 - A. Name and address of business
 - B. Name(s) and address(es) of principal(s)
 - C. Nature of business
 - D. Statement of financing needed
 - E. Statement of confidentiality of report
- II. Executive Summary—Two to three pages summarizing the complete business plan
- III. Industry Analysis
 - A. Future outlook and trends
 - B. Analysis of competitors
 - C. Market segmentation
 - D. Industry and market forecasts
- IV. Description of Venture
 - A. Product(s)
 - B. Service(s)
 - C. Size of business
 - D. Office equipment and personnel
 - E. Background of entrepreneur(s)
- V. Production Plan
 - A. Manufacturing process (amount subcontracted)
 - B. Physical plant
 - C. Machinery and equipment
 - D. Names of suppliers of raw materials
- VI. Operations Plan
 - A. Description of company's operation
 - B. Flow of orders for goods and/or services
 - C. Technology utilization
- VII. Marketing Plan
 - A. Pricing
 - B. Distribution
 - C. Promotion
 - D. Product forecasts
 - E. Controls
- VIII. Organizational Plan
 - A. Form of ownership
 - B. Identification of partners or principal shareholders
 - C. Authority of principals
 - D. Management team background
 - E. Roles and responsibilities of members of organization
- IX. Assessment of Risk
 - A. Evaluate weakness(es) of business
 - B. New technologies
 - C. Contingency plans
- X. Financial Plan
 - A. Assumptions
 - B. Pro forma income statement
 - C. Cash flow projections
 - D. Pro forma balance sheet
 - E. Break-even analysis
 - F. Sources and applications of funds
- XI. Appendix (contains backup material)
 - A. Letters
 - B. Market research data
 - C. Leases or contracts
 - D. Price lists from suppliers

Introductory Page

The introductory page should contain the following:

1) The name and address of the company.

The name of the entrepreneur(s), telephone number, fax number, e-mail address, and Web site address if available.

2) A paragraph describing the company and the nature of the business.

3) The amount of financing needed. The entrepreneur may offer a package (e.g., stock or debt). However, many venture capitalists prefer to structure this package in their own way.

4) A statement of the confidentiality of the report. This is for security purposes and is important for the entrepreneur.

Executive Summary

Generally the executive summary should address a number of issues or questions that anyone picking up the written plan for the first time would want to know.

For example:

What is the business concept or model?

How is this business concept or model unique?

Who are the individuals starting this business?

How will they make money and how much?

**KC CLEANING SERVICE
OAK KNOLL ROAD
BOSTON, MA 02167
(617) 969-0010
www.cleaning.com**

Co-owners: Kimberly Peters, Christa Peters

Description of Business:

This business will provide cleaning service on a contract basis to small and medium-sized businesses. Services include cleaning of floors, carpets, draperies, and windows, and regular sweeping, dusting, and washing. Contracts will be for one year and will specify the specific services and scheduling for completion of services.

Financing:

Initial financing requested is a \$100,000 loan to be paid off over six years. This debt will cover office space, office equipment and supplies, two leased vans, advertising, and selling costs.

This report is confidential and is the property of the co-owners listed above. It is intended for use only by the persons to whom it is transmitted, and any reproduction or divulgence of any of its contents without the prior written consent of the company is prohibited.

Industry Analysis

Industry Analysis

- A. Future outlook and trends
- B. Analysis of competitors
- C. Market segmentation
- D. Industry and market forecasts

Industry Analysis

1. What are the major economic, technological, legal, and political trends on a national and an international level?
2. What are total industry sales over the past five years?
3. What is anticipated growth in this industry?
4. How many new firms have entered this industry in the past three years?
5. What new products have been recently introduced in this industry?
6. Who are the nearest competitors?
7. How will your business operation be better than this?
8. Are the sales of each of your major competitors growing, declining, or steady?
9. What are the strengths and weaknesses of each of your competitors?
10. What trends are occurring in your specific market area?
11. What is the profile of your customers?
12. How does your customer profile differ from that of your competition?

Describing the Venture

1. What is the mission of the new venture?
2. What are your reasons for going into business?
3. Why will you be successful in this venture?
4. What development work has been completed to date?
5. What is your product(s) and/or service(s)?
6. Describe the product(s) and/or service(s), including patent, copyright, or trademark status.
7. Where will the business be located?
8. Is your building new? old? in need of renovations? (If renovation is needed, state costs.)
9. Is the building leased or owned? (State the terms.)
10. Why is this building and location right for your business?
11. What office equipment will be needed?
12. Will equipment be purchased or leased?
13. What experience do you have and/or will you need to successfully implement the business plan?

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Production Plan

1. Will you be responsible for all or part of the manufacturing operation?
2. If some manufacturing is subcontracted, who will be the subcontractors? (Give names and addresses.)
3. Why were these subcontractors selected?
4. What are the costs of the subcontracted manufacturing? (Include copies of any written contracts.)
5. What will be the layout of the production process? (Illustrate steps if possible.)
6. What equipment will be needed immediately for manufacturing?
7. What raw materials will be needed for manufacturing?
8. Who are the suppliers of new materials and what are the appropriate costs?
9. What are the costs of manufacturing the product?
10. What are the future capital equipment needs of the venture?

If a Retail Operation or Service:

1. From whom will merchandise be purchased?
2. How will the inventory control system operate?
3. What are the storage needs of the venture and how will they be promoted?
4. How will the goods flow to the customer?
5. Chronologically, what are the steps involved in a business transaction?

Operations Plan

- A. Description of company's operation
- B. Flow of orders for goods and/or services
- C. Technology utilization

Marketing Plan

- A. Pricing
- B. Distribution
- C. Promotion
- D. Product forecasts
- E. Controls

Organization Plan

1. What is the form of ownership of the organization?
2. If a partnership, who are the partners and what are the terms of agreement?
3. If incorporated, who are the principal shareholders and how much stock do they own?
4. How many shares of voting or nonvoting stock have been issued and what type?
5. Who are the members of the board of directors? (Give names, addresses, and resumes.)
6. Who has check-signing authority or control?
7. Who are the members of the management team and what are their backgrounds?
8. What are the roles and responsibilities of each member of the management team?
9. What are the salaries, bonuses, or other forms of payment for each member of the management team?

- Assessment of Risk
 - A. Evaluate weakness(es) of business
 - B. New technologies
 - C. Contingency plans
- Financial Plan
 - A. Assumptions
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 - C. Cash flow projections
 - D. Pro forma balance sheet
 - E. Break-even analysis
 - F. Sources and applications of funds

Appendix

- Letters from customers, distributors, or subcontractors
- Secondary data or primary research data used to support plan decisions.
- Leases, contracts, or any other types of agreements.
- Price lists from suppliers and competitors.

THANK YOU



ENTREPRENEURSHIP

Session 2

LIKHLI SUKUMARAN

PROTECTING THE IDEA AND OTHER LEGAL ISSUES

FOR THE ENTREPRENEUR

WHAT IS INTELLECTUAL PROPERTY?

Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.

WHAT ARE THE TYPES INTELLECTUAL PROPERTY

- Patents
- Copyrights
- Trademarks
- Trade secrets

Patents

A patent is a contract between the government and an inventor. In exchange for disclosure of the invention, the government grants the inventor exclusivity regarding the invention for a specified amount of time. At the end of this time, the government publishes the invention and it becomes part of the public domain. As part of the public domain, however, there is the assumption that the disclosure will stimulate ideas and perhaps even the development of an even better product that could replace the original.

Patent Right varies from country to country. In India the law which govern patent right is “Indian Patent Act 1970”.

Indian Patent Act, 1970 grants exclusive right to the inventor for his invention for limited period of time. Generally 20 years time has been granted to the patent holder but in case of inventions relating to manufacturing of food or drugs or medicine it is for seven years from the date of patent.

Utility Patents

A utility patent, also known as a "patent for invention," prohibits other individuals or companies from making, using, or selling the invention without authorization. When most people refer to a patent, they are most likely referring to a utility patent.

Includes:

Machines (e.g. something composed of moving parts, such as engines or computers)

Articles of manufacture (e.g. brooms, candleholders)

Processes (e.g. business processes, software)

Compositions of matter (e.g. pharmaceuticals)

Plant patents.

These are issued under the same provisions as utility patents and are for new varieties of plants.

These patents represent a limited area of interest, and thus very few of these types of patents are issued.

Design Patents

A design patent is a form of legal protection of the unique visual qualities of a manufactured item. A design patent may be granted if the product has a distinct configuration, distinct surface ornamentation or both. In other words, a design patent provides protection for the ornamental design of something that has a practical utility.



<https://www.ndtv.com/world-news/biggest-smartphone-rivals-apple-samsung-settle-7-year-old-patent-dispute-1874636>

The Patent Application

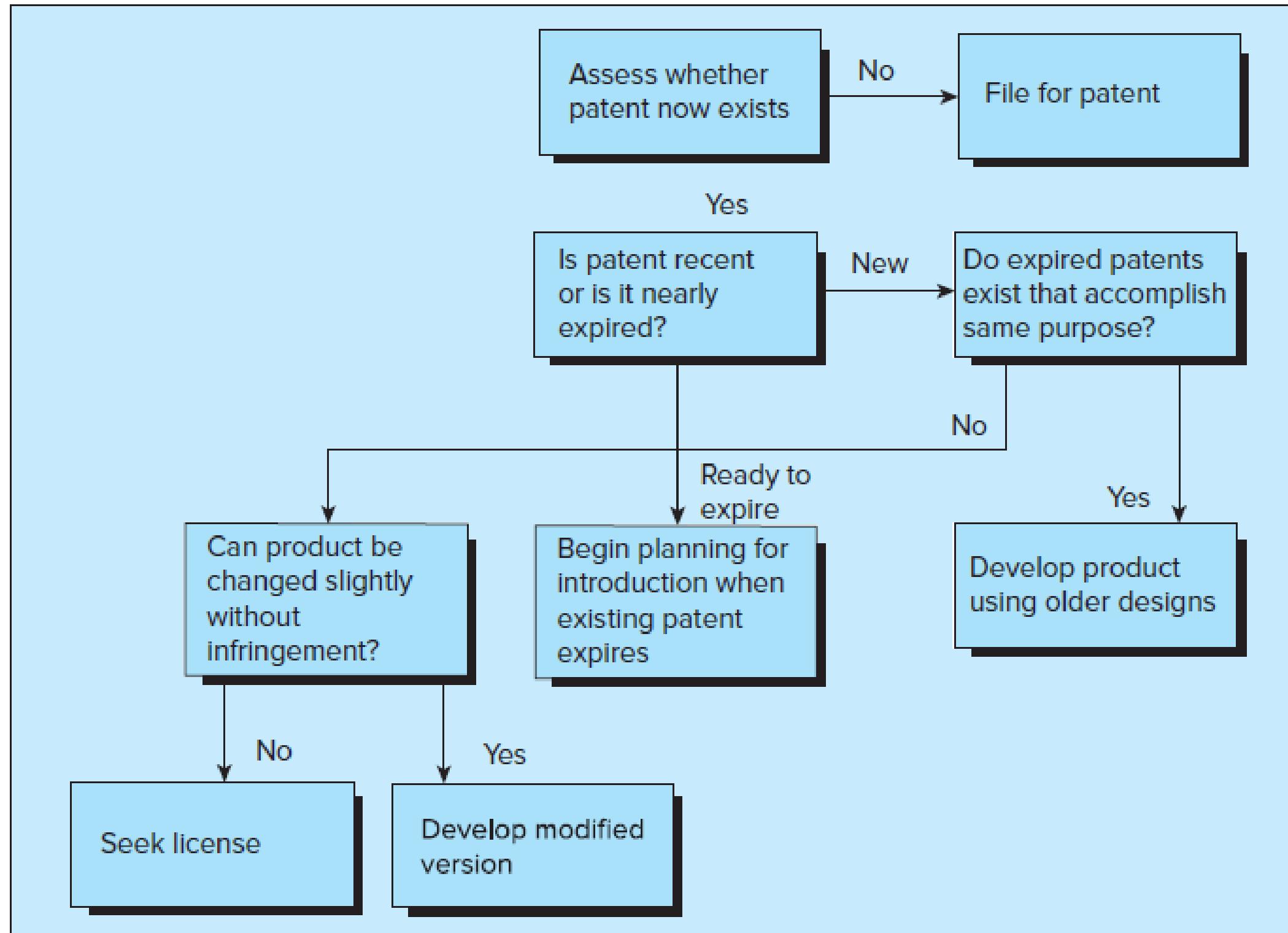
The actual form can be downloaded from the Patent and Trademark Office Web site. In general, the application will be divided into the following sections:

Introduction. This section should contain the background and advantages of the invention and the nature of problems that it overcomes. It should clearly state how the invention differs from existing offerings.

Description of invention. Next the application should contain a brief description of the drawings that accompany it. These drawings must comply with PTO requirements. Following this would be a detailed description of the invention, which may include engineering specifications, materials, components, and so on, that are vital to the actual making of the invention.

- *Claims.* This is probably the most difficult section of the application to prepare since claims are the criteria by which any infringements will be determined. They serve to specify what the entrepreneur is trying to patent. Essential parts of the invention should be described in broad terms so as to prevent others from getting around the patent. At the same time, the claims must not be so general that they hide the invention's uniqueness and advantages. This balance is difficult and should be discussed and debated with the patent attorney.

Options to Avoid Infringement



START-UP WITHOUT A PATENT

TRADE MARK

A *trademark may be a word, symbol, design, or some combination of such, or it could be a slogan or even a particular sound that identifies the source or sponsorship of certain goods or services.* Unlike the patent, a trademark can last indefinitely, as long as the mark continues to perform its indicated function.

The Trade Marks Registry was established in India in 1940 and presently it administers the Trade Marks Act, 1999 and the rules there under.

The law defines “Brand name/ Trademark” includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof. The trademark filing under trademark law in India can be done by a proprietor, partner, trust/society and company with a principle place of business.

COPY RIGHT

A *copyright protects original works of authorship. The protection in a copyright does not protect the idea itself, and thus it allows someone else to use the idea or concept in a different manner.*

The copyright law has become especially relevant because of the tremendous growth of the use of the Internet, especially to download music, literary work, pictures, and videos, to name a few.

TRADE SECRET

Trade secret is a formula, process, device, or other business information that is kept confidential to maintain an advantage over competitors.

According to Oxford advanced learners Dictionary the term Trade Secret means a piece of information about how a particular product is made, that is only known to the company that makes it.

Example: Most famous example of trade secret is the coca-cola formula. This formula is kept locked in a bank vault in Atlanta, can be opened only by a resolution of the company's board and is known to only two employees at the same time. The public has no access to the name of those employees and they are not allowed to fly on the same air plane.

LICENSING

Licensing may be defined as an arrangement between two parties, where one party has proprietary rights over some information, process, or technology protected by a patent, trademark, or copyright. This arrangement, specified in a contract requires the licensee to pay a royalty or some other specified sum to the holder of the proprietary rights (licensor) in return for permission to copy the patent, trademark, or copyright.

Before entering into a licensing agreement, the entrepreneur should ask the following questions:

- Will the customer recognize the licensed property?
- How well does the licensed property complement my products or services?
- How much experience do I have with the licensed property?
- What is the long-term outlook for the licensed property? (For example, the loss of popularity of a celebrity can also result in an end to a business involving that celebrity's name.)
- What kind of protection does the licensing agreement provide?
- What commitment do I have in terms of payment of royalties, sales quotas, and so on?
- Are renewal options possible and under what terms?

THANK YOU



ENTREPRENEURSHIP

Session 3

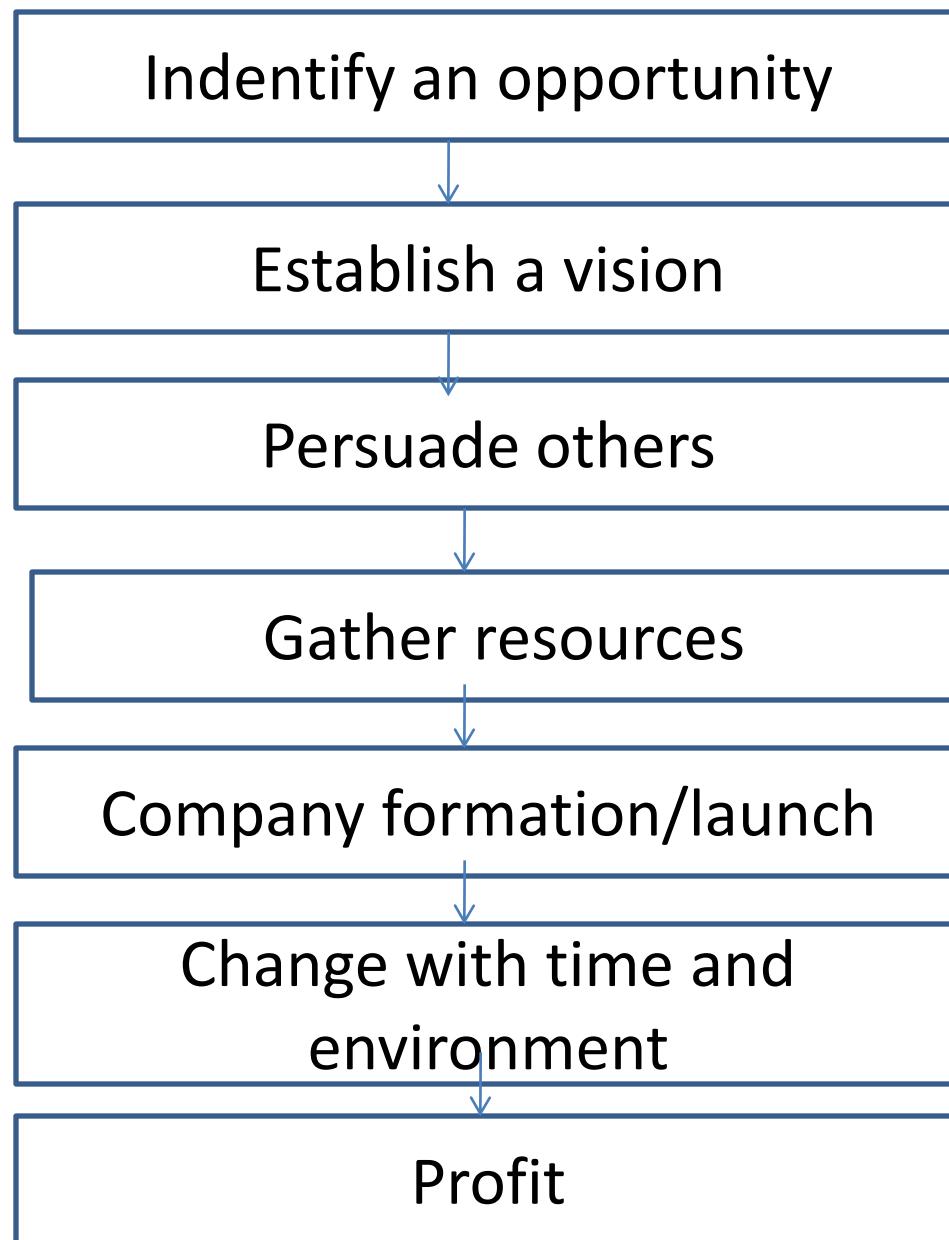
LIKHLI SUKUMARAN

Who is an INTRAPRENUER ?

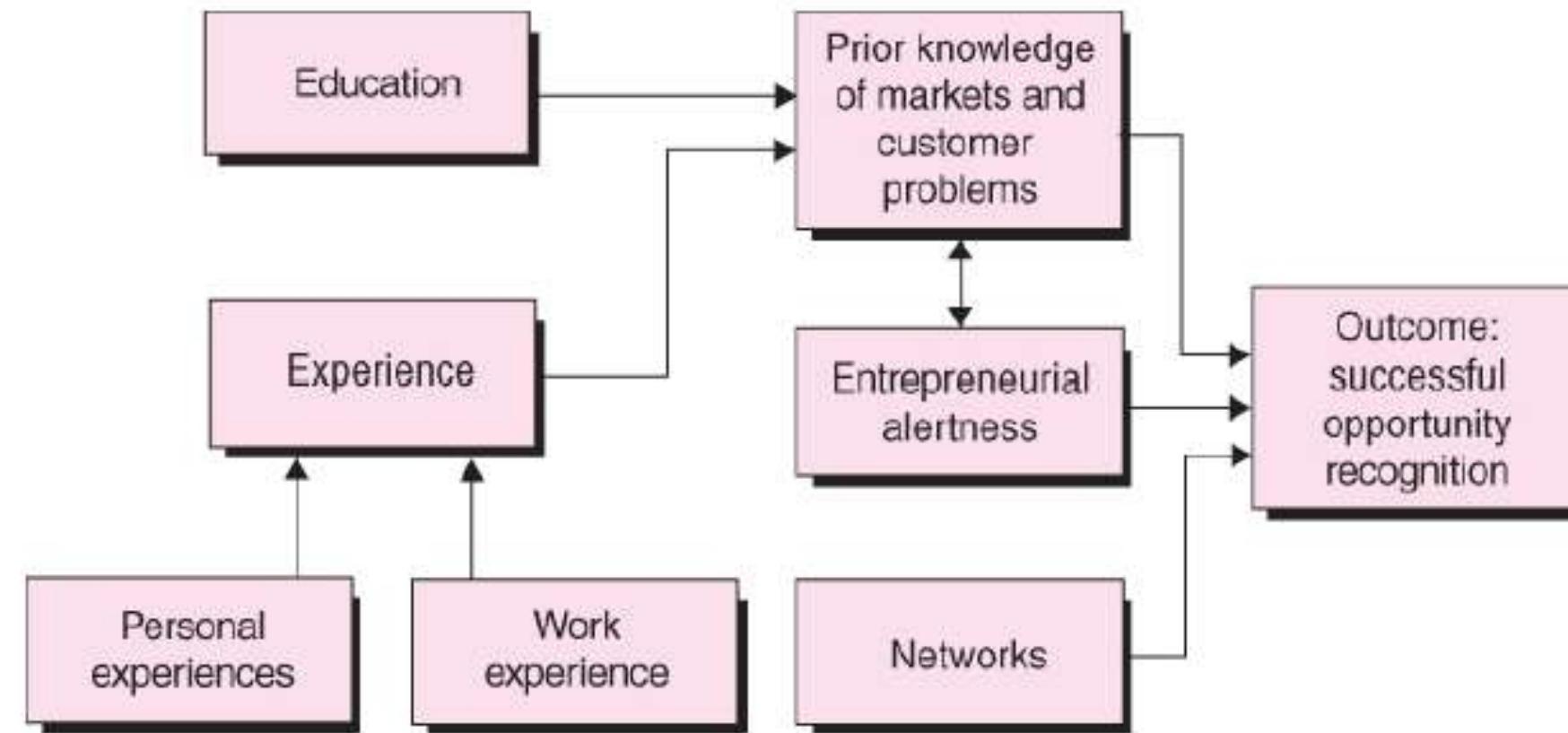
Comparison Parameter	Entrepreneur	Intrapreneur
Who?	A person who sets up his own enterprise that is fuelled by an idea	An employee of an organization who undertakes innovation
Resources	Uses his/her own resources	Resources are provided by the company
Capital	Boot strapped or funded	Financed by the company
Enterprise	Newly established	Existing enterprise
Risk	Borne by the entrepreneur	Borne by the company

The story of the launch of Google News is fascinating to say the least. In the aftermath of the 9/11 attack, Krishna Bharat, a research scientist at Google, was tracking the latest information from various news sites. He came up with the idea of creating a tool that could crawl and parse various news sites. Google expanded his idea to form a complete news service- what we now know as Google News.

Diagram of Entrepreneurial Process



Model for Opportunity Recognition



How to Identify an Opportunity



Observing Market Trends



Solving the Problem

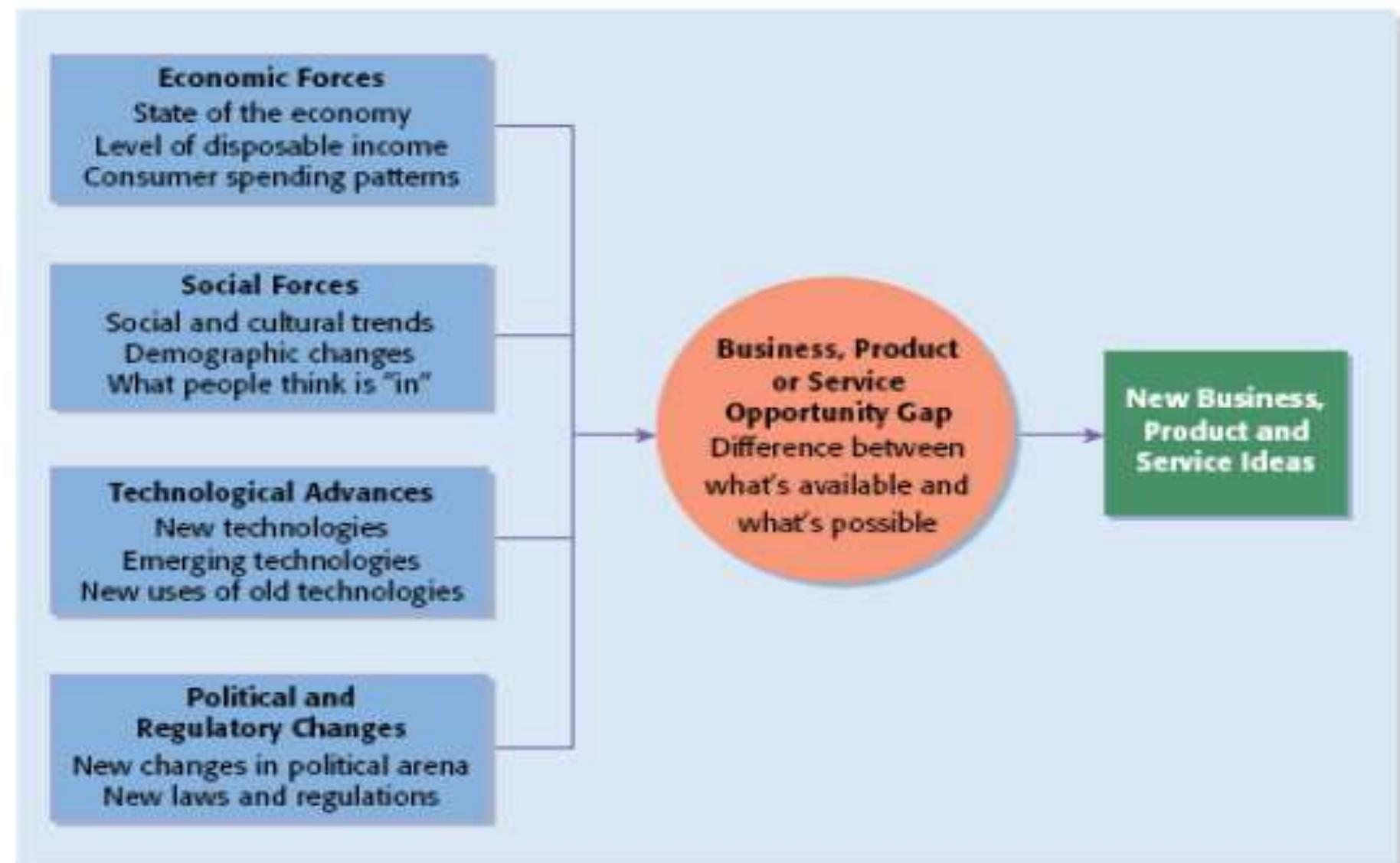


Finding Gaps in the marketplace

1. Observing Trends



Observing Market Trends



2. Solving a Problem/Pain Point



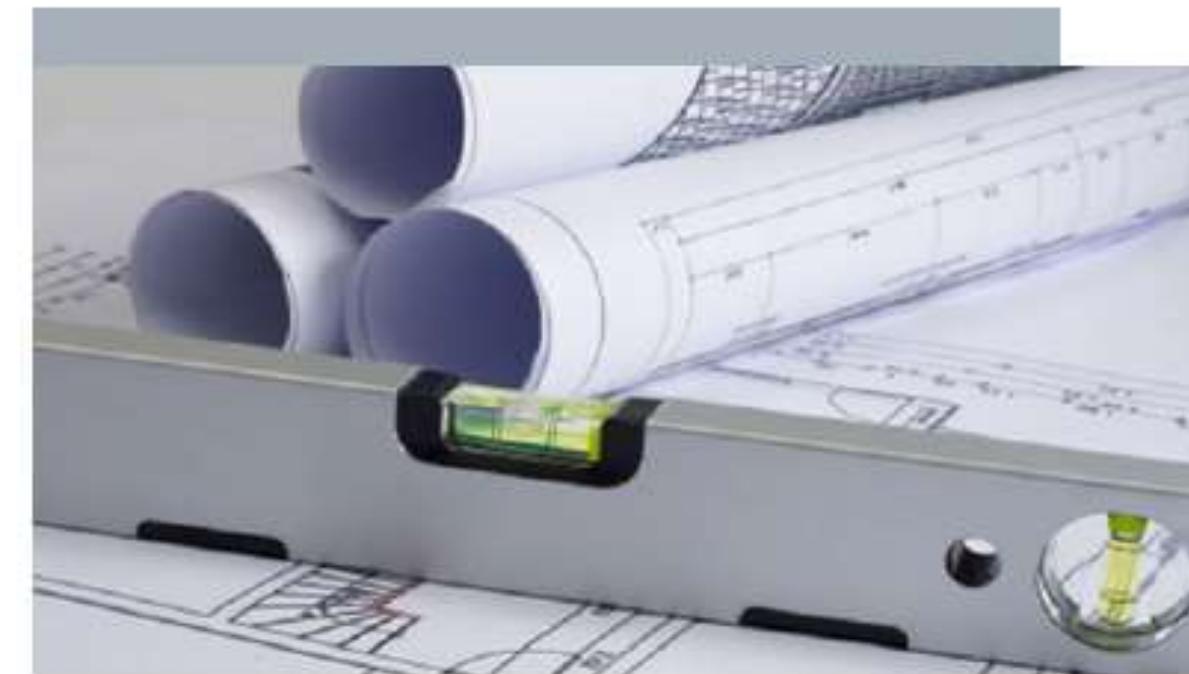
Solving the Problem

- Notice a problem & finding a way or solution to solve it.
- Observing trends and ask people around what their problems are.



Finding Gaps In the
marketplace

- Finding a gap in the marketplace.
- Oftentimes, big corporations might give up niche markets which new companies can take advantage of.
- Niche markets can be scaled up to a mainstream market or allow disruptive technologies to go mainstream.



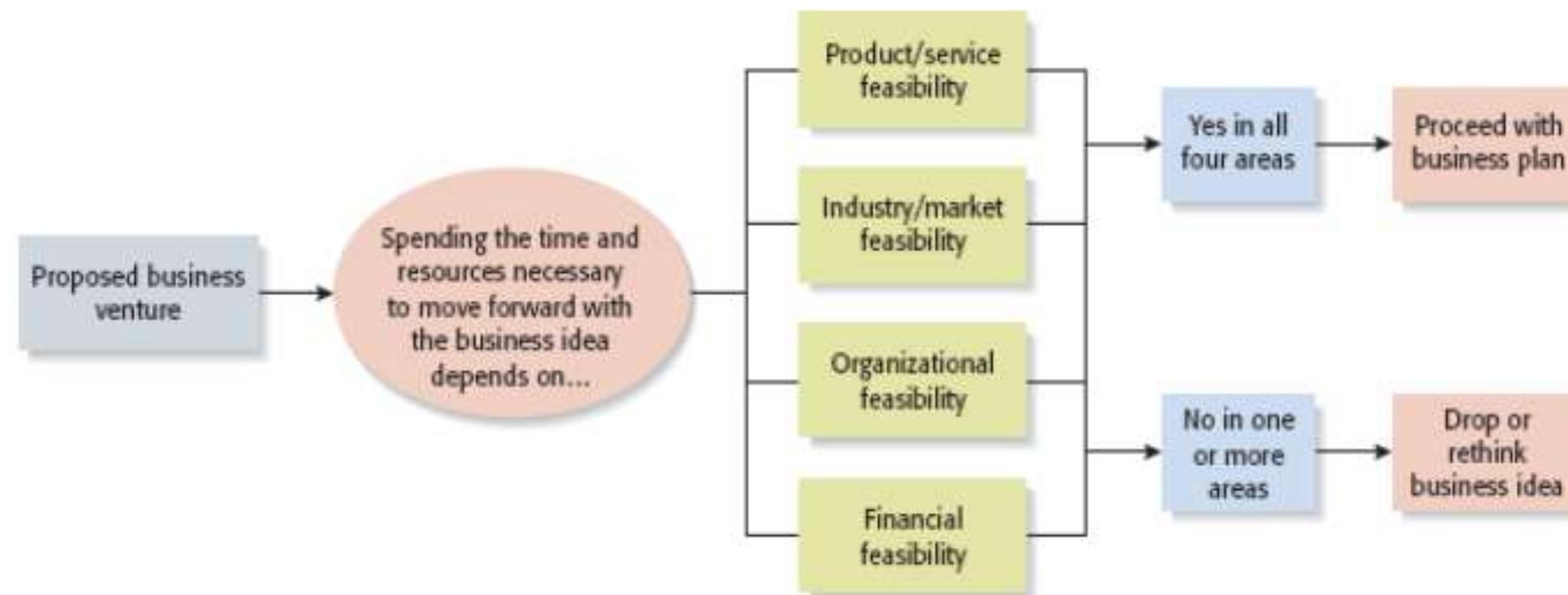
Feasibility Analysis

Feasibility Analysis

- The process of determining whether a business idea is viable.
- Preliminary evaluation of a business idea .
- Conducted for the purpose of determining whether the idea is worth pursuing
- Determine to a certain degree of probability the possibility of whether idea is viable



Feasibility Analysis Process



Product/Service Feasibility Analysis

- Assessment of overall appeal of product or service being proposed.
- Determine whether there is a market for the product or service.
- The two components of a product/service feasibility: Concept & Usability Testing.



How external factors affects the entrepreneurial opportunity?

PESTLE Analysis

P Political	E Economic	S Sociological	T Technological	L Legal	E Environmental
Political Stability	Economic Growth	Population Growth Rate	Technology Incentives	Employment Laws	Environmental Policies
Government Policy	Exchange Rates	Age Distribution	Level of Innovation	Consumer Protection Laws	Climate Change
Tax Policy	Interest Rates	Career Attitudes	Automation	Copyright and Patent Laws	Pressures from NGO's
Foreign Trade Policy	Inflation Rates	Lifestyle Attitudes	R&D Activity	Health & Safety Laws	Climate
Corruption	Unemployment Rates	Safety Emphasis	Technological Awareness	Discrimination Laws	Weather
Labour Law	Disposable Income	Health Consciousness	Technological Change	Antitrust Laws	
Trade Restrictions		Cultural Barriers			

P	E	S	T	L	E
Political	Economic	Social	Technological	Legal	Environmental
<p>Increasing political focus on healthcare Global governments look for healthcare savings Britain voted to leave Europe causes political turmoil</p>	<ul style="list-style-type: none"> Increasing labor cost Inflation Consumer confidence is low Low fuel prices and interest rates helps promote growth in market capacity 	<ul style="list-style-type: none"> Increasing attention in healthcare 	<ul style="list-style-type: none"> Opportunity: Advertise through social media 	<ul style="list-style-type: none"> Hello World Pharmacy was fined \$450m for pollution issues 	<ul style="list-style-type: none"> Adverse weather condition causes the temporary suspension of some factories Growing attention to environmental protection

Preparing a Concept Statement

- A concept statement is developed before a company undertakes product/service feasibility analysis.
- One page description of a business that is distributed by entrepreneur for startups to people who are asked to provide feedback on the potential of the business idea.



PREPARING PRODUCT CONCEPT STATEMENT

- Description of product being offered
- Benefits of product
- Intended target market
- Description of how to position it in the market

Many people enjoy drinking tea, but are concerned about the environmental impact of discarding teabags, some of which are made from bleached paper or contain non-biodegradable materials. In addition, a more sophisticated generation of tea lovers is attracted to loose-leaf tea, which is often considered to be of higher quality than the leaves used in bags.

The trouble is that preparing loose-leaf tea is often time consuming and requires special equipment. Traditionally, strainers containing tea leaves have been placed over cups with hot water being poured over the leaves. During infusion, the strainer is kept in the cup, which must then be removed from the cup, and hot tea often drips on the surface of the drinker's table or desk. After the consumer drinks the tea, the tea drinker often discovers that she needs to wash the cup, the strainer, and the surface upon which she has been enjoying her beverage.

The Tea-in-One solution combines a tea mug and strainer into one product. The mug is ceramic, while the strainer is made from silicone, so that the product is dishwasher and microwave safe. The mug has a lid that can be removed and turned into a resting spot for a strainer. The lid is concave, providing ample space for collecting liquid. To keep the tea hot, the mug is double walled, providing insulation that allows the drinker to enjoy his tea at a leisurely pace.

The Tea-in-One comes in a range of 12 colors and patterns, and is marketed toward adults, primarily toward women, who enjoy drinking tea at home or at work.

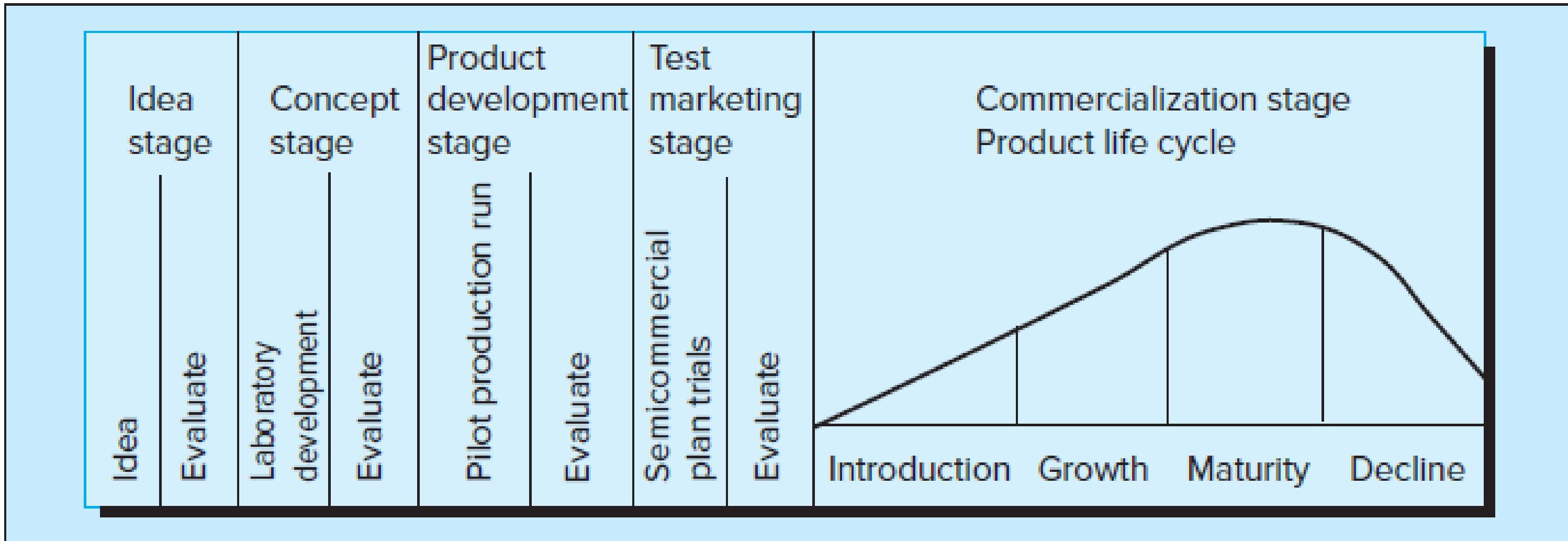
Tips on how to write a concept statement that will surely impress...

- Provide a thorough description of the business
- Define the problem
- Assure that this product/service will truly address this problem
- Keep it short, simple, precise. Avoid using overly long sentences.
- Be specific. Remember that this is more of a summary of your business plan. You do not want your audience to get bored listening or reading paragraphs upon paragraphs without getting the point.

Eg: For example, when defining the business, do not just say...a processing company.

Instead, say... a processing company that specializes in baking ingredients- this is more specific
- Avoid using first person narration when writing the statement – this can be interpreted as being egocentric. If you want to woo clients/ investors, make the statement more about them and less about you.

PRODUCT PLANNING AND DEVELOPMENT PROCESS



Idea Stage

- Promising new product/service ideas should be identified and impractical ones eliminated in the *idea stage, allowing maximum use of the company's resources.*
- *One evaluation method* successfully used in this stage is the systematic market evaluation checklist, where each new idea is expressed in terms of its chief values, merits, and benefits.
- Consumers are presented with clusters of new product/service values to determine which, if any, new product / service alternatives should be pursued and which should not.
- It is also important to determine the need for the new idea as well as its value to the entrepreneur/ company. If there is no need for the suggested product, its development should not be continued.

Idea Stage

- Competing products/services, prices, and marketing efforts should also be evaluated, particularly in terms of their impact on the probable market share of the proposed idea. The new idea should be able to compete successfully with products/services already on the market by having features that will meet or be better than current and anticipated competition.
- The new idea should have some unique selling propositions when compared to the competitive products/services filling the same consumer needs.

The new idea should have synergy with existing management capabilities and marketing strategies. The firm should be able to use its marketing experience and other expertise in this new product effort. For example, General Electric would have a far less difficult time adding a new lighting device to its line than Procter & Gamble.

Several factors should be considered in evaluating the degree of fit: the degree to which the ability and time of the present sales force can be transferred to the new product; the ability to sell the new product through the company's established channels of distribution; and the ability to "piggyback" the advertising and promotion required to introduce the new product on the existing promotional activities.

Factor	Aspects	Competitive Capabilities	New Product Idea Capability
Type of Need			
Continuing need			
Declining need			
Emerging need			
Future need			
Timing of Need			
Duration of need			
Frequency of need			
Demand cycle			
Position in life cycle			
Competing Ways to Satisfy Need			
Doing without			
Using present way			
Modifying present way			
Perceived Benefits/Risks			
Utility to customer			
Appeal characteristics			
Customer tastes and preferences			
Buying motives			
Consumption habits			
Price versus Performance Features			
Price-quantity relationship			
Demand elasticity			
Stability of price			
Stability of market			
Market Size and Potential			
Market growth			
Market trends			
Market development requirements			
Threats to market			
Availability of Customer Funds			
General economic conditions			
Economic trends			
Customer income			
Financing opportunities			

Value Consideration	Cost (in \$)
Cash Outflow	
R&D costs	
Marketing costs	
Capital equipment costs	
Other costs	
Cash Inflow	
Sales of new product	
Effect on additional sales of existing products	
Salvageable value	
Net Cash Flow	
Maximum exposure	
Time to maximum exposure	
Duration of exposure	
Total investment	
Maximum net cash in a single year	
Profit	
Profit from new product	
Profit affecting additional sales of existing products	
Fraction of total company profit	
Relative Return	
Return on shareholders' equity (ROE)	
Return on investment (ROI)	
Cost of capital	
Present value (PV)	
Discounted cash flow (DCF)	
Return on assets employed (ROA)	
Return on sales	
Compared to Other Investments	
Compared to other product opportunities	
Compared to other investment opportunities	

Feasibility Analysis

Market Analysis

1. Who are the consumers (customers), both present and prospective?
2. What is the present and future demand?
3. How is the demand distributed seasonally
4. How is demand distributed geographically?
5. How much price is the consumer willing to pay?
6. What is the marketing mix of competitors?
7. What marketing mix would the consumers accept?

Feasibility Analysis

Technical/Operational Analysis

1. What are the technological needs of the proposed business?
2. What other equipment does the proposed business need?
3. From where will this technology and equipment be obtained?
4. From where can the raw material be obtained?
5. What would be the equipment and technology?

Feasibility Analysis

Financial Feasibility

- Cost of land and building
- Cost of plant and machinery
- Working capital estimates for running the business Cost of production, which would include raw material cost, labour cost, overhead expenses, utilities like power, water, fuel etc

Profitability projections are made on the following parameters:

- (a) Cost of production
- (b) Sales expenses
- (c) Administrative expenses
- (d) Expected sales

Feasibility Analysis

Production/Operation Plan

1. Location and reasons for selecting the location
2. Physical layout
3. Cost and availability of machinery, equipments, raw material
4. List of suppliers and if possible, distributors
5. Cost of manufacturing/running the operations
6. Quality Management
7. Production scheduling, capacity management and inventory management
8. Changes in above in case of expansions of business.

Concept Stage

- Initial reactions to the concept are obtained from potential customers or members of the distribution channel when appropriate.
- One method of measuring consumer acceptance is the conversational interview in which selected respondents are exposed to statements that reflect the physical characteristics and attributes of the product/service idea.
- Where competing products (or services) exist, these statements can also compare their primary features. Favorable as well as unfavorable product features can be discovered by analyzing consumers' responses, with the favorable features then being incorporated into the new product/service.

Concept Stage

Features, price, and promotion should be evaluated for both the concept being studied and any major competing products by asking the following questions:

- How does the new concept compare with competitive products/services in terms of quality and reliability?
- Is the concept superior or deficient compared with products/services currently available in the market?
- Is this a good market opportunity for the firm?

SWOT Analysis



Strengths



What do you do well?

What unique resources can you leverage?

What do 3rd parties see as your strengths?

Weaknesses



What needs improvement?

What do competitors do better?

What resources do you lack?

Opportunities



What market opportunities are present?

How can you leverage your strengths?

What trends can you take advantage of?

Threats

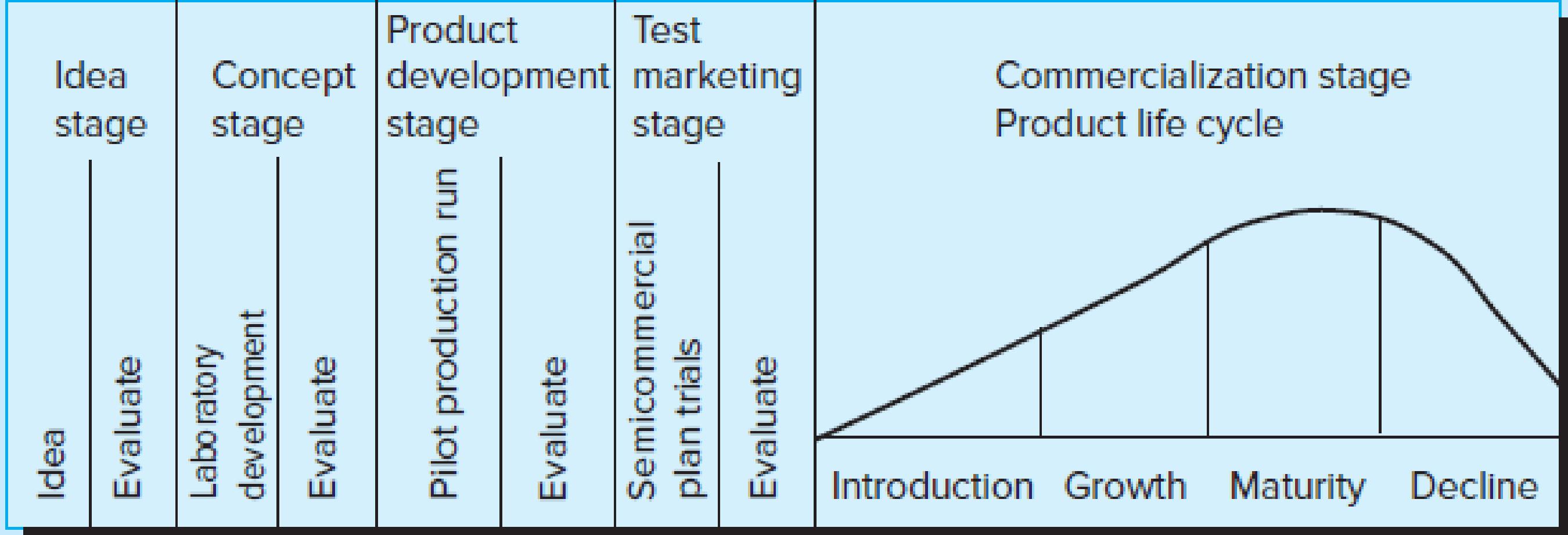


What is your competition currently doing?

Do your weaknesses expose your business?

What threats can hurt your business?

PRODUCT PLANNING AND DEVELOPMENT PROCESS



A classic example of the scope of the product life cycle is the typewriter.

When first introduced in the late 19th century, typewriters grew in popularity as a technology that improved the ease and efficiency of writing. However, new electronic technologies like computers, laptops, and even smart phones replaced typewriters quickly once they were introduced, causing typewriter demand and revenues to drop off.

- While **AI (artificial intelligence)** has been in development (and application) for years, the industry is continually pushing boundaries and developing new products that are in the **introduction stage**
- **Electric vehicles** are still in the growth stage of the product life cycle.
- **CD** are in **declining stage**

THANK YOU



ENTREPRENEURSHIP

Session 4

LIKHLI SUKUMARAN

Women Entrepreneur

Role of Woman Entrepreneurs in Society:

According to Pandit Jawaharlal Nehru, “When women moves forward, the family moves, the village moves, and the nation moves.”

According to Karl Marx “ Social progress can be measured by the social position of female sex”

One Woman, Seven Roles: Indian women are playing seven roles.

They are:

1. She's a Home Manager
2. She's a Finance Manager
3. She's a Relationship Manager
4. She's a Well-Being Manager
5. She's the Next-Gen Manager
6. She's a PR Manager
7. She's a Self-Manager

Women Entrepreneur

Women Entrepreneurs means the women or a group of women who initiate, organize and operate a business enterprise.

A woman entrepreneur is therefore a confident, creative and innovative woman desiring economic independence individually and simultaneously creating employment opportunities for others

“An enterprise owned and controlled by woman having a minimum financial interest of 51% of the capital and giving at least 51% employment generated to women” -By Government of India

1. They should be educated and skillful.
2. Must have professional education to become better entrepreneur.
3. She should be capable enough to do innovations and be able to bear risks and uncertainties.
4. Able to make utilisation of various schemes, and aids given by government.
5. She should be capable enough to face male competitors and should possess guts to move ahead.
6. She should be capable enough to make autonomous investment.

Women entrepreneurs can be broadly categorized into five categories:-

- 1) Affluent entrepreneurs – These are daughters and wives of wealthy businessmen. These women have the financial aid and the necessary resources to start a new enterprise and take business risks.
- 2) Pull factors – These are educated women living in urban areas with or without work experience who take the risk of a new enterprise with the help of financial institutions and commercial banks. These women take up a new business as a challenge in order to be financially independent.
- 3) Push factors – These women take up some business activity in order to overcome financial difficulties. Generally widows and single women manage an existing family business or develop a new business due to difficult family situations.
- 4) Rural entrepreneurs – These women belong to rural areas and choose a business suiting their resources and knowledge. Business carried out involves low investment, minimum risk and does not require any special skills.
- 5) Self-employed entrepreneurs – They are uneducated women who fall below the poverty line. They choose tiny and small enterprise which are convenient to manage and adequate for the sustenance of her family.

Factors Influencing Women Entrepreneurship

1. Family culture and traditions – Family culture and traditions influence entrepreneurship. Women entrepreneur will remain entrepreneur if its family tradition is so or if she belongs to a pioneer entrepreneur.
2. Geographical factors and social factors – The society the state and the area to which she belongs also influence the entrepreneurship. If she is a Punjabi or Gujrati belonging to their respective state, will become entrepreneurs.
3. Caste system – The caste system also influences as a women who is Sindhi may start a business at an early stage as in their caste or communities it is a trend. Government aids and policies – Government can never increase entrepreneurship, it always helps an entrepreneur. A capable person only can become entrepreneur even if she gets aids or adopts policies to start a venture.
4. Government Aid
5. Inherent capabilities and efficiency

Push Factors:

- a. Death of bread winner Permanent
- b. inadequacy in income of the family
- c. Sudden fall in family income

Pull Factors:

- a. Need and perception of Women's Liberation, Equity etc.
- b. To gain recognition, importance and social status.
- c. To get economic independence
- d. To utilize their free time or education
- e. Women's desire to evaluate their talent

Challenges in the Path of Women Entrepreneurs

1. Lack of Confidence
2. Problems of Finance and Working Capital
3. Socio-cultural Barriers
4. Production Problems
5. Marketing Problems

Following efforts can be taken into account for effective development of women entrepreneurs:

1. Consider women as specific target group for all developmental programmes.
2. Empower rural women economically, socially, politically and thereby promote sustainable development;
3. Promote popular participation and bottom-up approach in decision making;
4. Develop skills, improve knowledge, promote culture and consultation in decisional process;
5. Strengthening the public administration to make the regulatory and administrative environment more conducive for women entrepreneurs.
6. Setting up labour organizations for all working women and reorganizing the existing organizations to act more effectively and for the better representation of women within them.
7. Give poor rural women a sense of belonging and the opportunity to benefit from and contribute to the development of country;
8. Women's education would be made a policy priority and women's integration in the development process would be enhanced in order to maximize social welfare and women's share within it.
9. Give the youth a sound knowledge of the local technology, tradition and culture that are sustainable for economic development.

10. Re-structuring the existing institutions and programmes, such as credit and guarantee cooperatives, in such a way as to increase their capacity and tendency to provide credit to the growing number of small enterprises; in case of the failure of this strategy in increasing the number of women entrepreneurs, supporting the institutions owned by women.
11. Holding regular consultations with key factors like women entrepreneurs, women entrepreneurs' associations, financial institutions, etc., to review progress and identify new bottlenecks.
12. Examining differential impacts of governmental policies, programmes and actions on their performance. Whether those policies and programmes are affecting women positively or negatively.
13. Another measure that may be considered in line with the target of enhancing women's entrepreneurship is about the development of specific programmes towards job experience acquisition for the unemployed and the measure is specified to target women and youths, whose participation in the labour market is most desired.
14. Better educational facilities and schemes should be extended to women folk from government part.
15. Human resource development for increased competitive entrepreneurship, technology absorbing capacities and women's control over asset management.

16. Adequate training programme on management skills to be provided to women community. Vocational training to be extended to women community that enables them to understand the production process and production management. Skill development to be done in women's polytechnics and industrial training institutes. Skills are put to work in training-cum-production workshops.
17. Counseling through the aid of committed NGOs, psychologists, managerial experts? and technical personnel should be provided to existing and emerging women entrepreneurs. Continuous monitoring and improvement of training programmes.
18. Making provision of micro credit system and enterprise credit system to the women entrepreneurs at local level.
19. Ministry should provide outlets to women in trade shows to display products made by women.

The Seventh Five Year Plan (1985-90) provided a special chapter on Integration of Woman in Development.

In this article, it had made the following suggestions for the development of a woman viz.

- i) To treat women as specific target group in all development programs
- ii) To properly diversify vocational training facilities for women to suit their varied needs and skills.
- iii) To encourage appropriate technologies, equipment's and practice for reducing their drudgery and increase their productivity.
- iv) To provide marketing assistance at the State level.
- v) To increase women's participation in decision-making.

During the Eighth Five year Plan (1992-97), the following special programmes were introduced to increase employment and income generating activities for women –

- i) In agriculture, during 1993, a programme for training women farmers was launched.
- ii) Women Co-operatives – A programme for formation of women co-operatives was launched for helping woman engaged in agro-based industries.
- iii) Khadi and Village Industries Commission (KVIC) took measures to provide more and more employment opportunities for women.
- iv) Several Development Programmes were launched specially for women e.g. Prime Minister's Rozgar Yojana (MPRY), Entrepreneurial Development Programme (EDPs), Integrated Rural Development Programme (IRDP), Jawaharlal Rozgar Yojana (JRY), Development of Women and Children in Rural Areas etc.

During the Ninth Five Year Plan (1997-2002), special strategy was adopted by the Central and State Governments to help the women entrepreneurs as follows –

- i) Women Component Plant to provide not less than 30 percent of funds for all women related schemes.
- ii) Women Development Corporation (WDCs) to provide forward and backward linkages of credit and marketing facilities to women entrepreneurs of small and tiny sectors.
- iii) Trade Related Entrepreneurship Assistance and Development (TREAD) introduced in 1998 aims at economic empowerment of women in rural, urban and semi-urban areas. It also aims at developing their entrepreneurial skills, eliminating constraints faced by them, and strengthening their trade support net-works. It operates through SIDBI.
- iv) Prime Minister Rozgar Yojana (PMRY) introduced in the VIII plan, and in April, 1999 amended to modify eligibility criteria and some other parameters such as relaxing the age of women.

Government Loan Schemes for Women Entrepreneur

Mudra Loan for Women

Annapurna Scheme

Stree Shakti Yojana

Dena Shakti Scheme

Bhartiya Mahila Bank Business Loan

Mahila Udyam Nidhi Yojana

Orient Mahila Vikas Yojana Scheme

Cent Kalyani Scheme

Udyogini Scheme

THANK YOU



ENTREPRENEURSHIP

Session 5

LIKHLI SUKUMARAN

Assumptions

1. There is an uneven distribution of natural resources on the plain. Raw materials are concentrated in specific sites.
2. The size and location of markets are given at fixed points on the plain.
3. There are fixed locations of labor where wage rates are fixed and labor is immobile and unlimited.
4. The area has a uniform culture, climate and political system.
5. Entrepreneurs minimize costs of production.
6. Perfect competition exists. (*perfect competition occurs when all companies sell identical products, market share does not influence price, companies are able to enter or exit without barrier, buyers have perfect or full information, and companies cannot determine prices.*)

Raw Material or Market Site

- In the first instance we consider whether to locate an industry in the raw material or market location.
- If there is no weight loss or weight gain in production, you can site your factory at either location, because the transport costs are the same each way.

Need for Enterprise Location

The need for Plant Location arises under the following circumstances:

1. Whenever a new enterprise is to be established.
2. In the case of established enterprise, the need for enterprise location arises when expansion, decentralization and diversification is undertaken to meet the increased demand for its products.
3. When the existing factory is not in a position to obtain renewal of the lease.
4. Whenever an undesirable location is to be abandoned.
5. When the tendency of shifting the market, depletion of raw materials, changes in transportation facilities, new processes requiring a different location are observed in a factory.
6. When a new branch or branches are to be opened for increasing the volume of production or distribution or both.

THE ORGANIZATIONAL PLAN

There are three basic legal forms of business formation

- (1) proprietorship
- (2) Partnership
- (3) Corporation

These three basic legal forms are compared with regard to ownership, liability, start-up costs, continuity, transferability of interest, capital requirements, management control, distribution of profits, and attractiveness for raising capital.

Sole proprietorship

- A sole proprietorship is both the simplest and the most prevalent form of business organization.
- It is the least regulated of all types of business structures.
- The sole proprietorship is the traditional unincorporated one-person business
- Profits and liabilities are personal to the owner and the sole owner has full control of the business.

Sole proprietorship

Advantages

- *Total Control of the Owner*
- *Simplicity of Organisation*
- *Least Regulated of all Business*

Sole proprietorship

Disadvantages

- *Risk to the Assets of Sole Owner*
- *Potential Difficulty in Obtaining Loans*
- *Lack of Continuity*

Joint Partnership

- A partnership is a relationship existing between two or more persons who join together to carry on a trade or business.
- Each partner contributes money, property, labor, and/or skill to the partnership and, in return, expects to share in the profits or losses of the business.
- A partnership is usually based on a partnership agreement of some type, although the agreement need not be a formal document.

Joint Partnership

Advantages

- *Greater Opportunity for Business*
- *Tax Advantages*
- *A Simple Form of Business*

Joint Partnership

Disadvantages

- *Potential for Conflict between Partners*
- *Legal Liability*
- *Unlimited Personal Liability*

Corporations

- A corporation is a legal entity that is separate and distinct from its owners. Corporations enjoy most of the rights and responsibilities that individuals possess.
- Corporations enjoy most of the rights and responsibilities that individuals possess: they can enter contracts, loan and borrow money, sue and be sued, hire employees, own assets, and pay taxes.
- An important element of a corporation is limited liability, which means that shareholders may take part in the profits through dividends and stock appreciation but are not personally liable for the company's debts.

Corporations

In its simplest form, the corporate organizational structure consists of the following levels:

1. **Shareholders:** who own shares of the business but do not contribute to the direct management of the corporation, other than by electing the directors of the corporation and voting on major corporate issues.
2. **Directors:** who may be shareholders, but as directors do not own any of the business. They are responsible, jointly as members of the board of directors of the corporation, for making the major business decisions of the corporation, including appointing the officers of the corporation.
3. **Officers:** Officers (generally the president, vice president, secretary, and treasurer) are responsible for day-to-day operation of the corporate business.

Corporations

Advantages

- Most important advantages to the corporate form of business structure is the potential limited liability of the founders of and investors in the corporation.

- Unlike a partnership, in which no one may become a partner without the consent of the other partners, a shareholder of corporate stock may freely sell, trade, or give away his or her stock unless this right is formally restricted by reasonable corporate decisions. The new owner of such stock is then a new owner of the business in the proportionate share of stock obtained

Corporations

Disdvantages

- *Loss of Individual Control*
- *Technical Formalities*
- The profits of a corporation, when distributed to the shareholders in the form of dividends, are subject to being taxed twice.

Factors	Proprietorship	Partnership	Corporation
<i>Ownership</i>	Individual.	No limitation on number of partners.	No limitation on number of stockholders.
<i>Liability of owners</i>	Individual liable for business liabilities.	In general partnership, all individuals liable for business liabilities. Limited partners are liable for amount of capital contribution. In limited liability partnership (LLP), there is no liability except when negligence exists.	Amount of capital contribution is limit of shareholder liability.
<i>Costs of starting business</i>	None, other than filing fees for trade name.	Partnership agreement, legal costs, and minor filing fees for trade name.	Created only by statute. Articles of incorporation, filing fees, taxes, and fees for states in which corporation registers to do business.
<i>Continuity of business</i>	Death dissolves the business.	Death or withdrawal of one partner terminates partnership unless partnership agreement stipulates otherwise. Death or withdrawal of one of limited partners has no effect on continuity.	Greatest form of continuity. Death or withdrawal of owner(s) will not affect legal existence of business.
<i>Transferability of interest</i>	Complete freedom to sell or transfer any part of business.	General partner can transfer his/her interest only with consent of all other general partners. Limited partner can sell interest without consent of general partners. No transfer of interest in an LLP.	Most flexible. Stockholders can sell or buy stock at will. Some stock transfers may be restricted by agreement. In S corporation, stock may be transferred only to an individual.
<i>Capital requirements</i>	Capital raised only by loan or increased contribution by proprietor.	Loans or new contributions by partners require a change in partnership agreement. In LLP partnership, entity raises money.	New capital raised by sale of stock or bonds or by borrowing (debt) in name of corporation. In S corporation, only one class of stock and limited to 100 shareholders.
<i>Management control</i>	Proprietor makes all decisions and can act immediately.	All general partners have equal control, and majority rules. Limited partners have limited control. Can vary in an LLP.	Majority stockholder(s) have most control from legal point of view. Day-to-day control in hands of management, who may or may not be major stockholders.
<i>Distribution of profits and losses</i>	Proprietor responsible and receives all profits and losses.	Depends on partnership agreement and investment by partners.	Shareholders can share in profits by receipt of dividends.
<i>Attractiveness for raising capital</i>	Depends on capability of proprietor and success of business.	Depends on capability of partners and success of business.	With limited liability for owners, more attractive as an investment opportunity.

LLP vs Partnership Firm in India

- i. Partnerships are registered under the Partnership Act, 1932.
- ii. Any Indian Citizen residing in India can be a Partner in a Partnership Firm, including minors. (maximum of 20 Partners.)
- iii. The transferability of a Partnership is cumbersome. There is a lengthy process for converting the partnership into an LLP or a Private Limited Company,
- iv. Liability is unlimited. Partners are severally and jointly liable for actions of other partners and the firm and liability extend to their personal assets.
- i. Register LLPs under the Limited Liability Partnership Act, 2008.
- ii. Any Indian Citizen residing in India can be a Partner in an LLP. Foreign Direct Investment is allowed in an LLP with prior RBI approval. Minors are, however, not allowed to be part of an LLP. (Unlimited partners)
- iii. The share of an LLP can be transferred to another person more easily. An LLP can be converted into a Private Limited Company or a Limited Company easily.
- iv. Liability is Limited, to the extent their contribution towards LLP, except in case of intentional fraud

DESIGNING THE ORGANIZATION

- *Organization structure.* This defines members' jobs and the communication and relationship these jobs have with each other. These relationships are depicted in an organization chart.
- *Planning, measurement, and evaluation schemes.* All organization activities should reflect the goals and objectives that underlie the venture's existence. The entrepreneur must spell out how these goals will be achieved (plans), how they will be measured, and how they will be evaluated.
- *Rewards.* Members of an organization will require rewards in the form of promotions, bonuses, praise, and so on. The entrepreneur or other key managers will need to be responsible for these rewards.
- *Selection criteria.* The entrepreneur will need to determine a set of guidelines for selecting individuals for each position.
- *Training.* Training, on or off the job, must be specified. This training may be in the form of formal education or learning skills.

- Line Authority
- Staff Authority
- Functional Authority

Line Authority

- Line Authority is that relationship in which a superior **exercise direct supervision** over a subordinate.
- An authority relationship with a **direct line** or steps

Line Authority

Line Manager:

- A manager who is (1) **in charge of essential activities** such as sales and (2) authorized to **issue orders to subordinates down the chain of command.**

E.g.: The president, production manager, sales manager etc.

Staff Authority

Staff Manager:

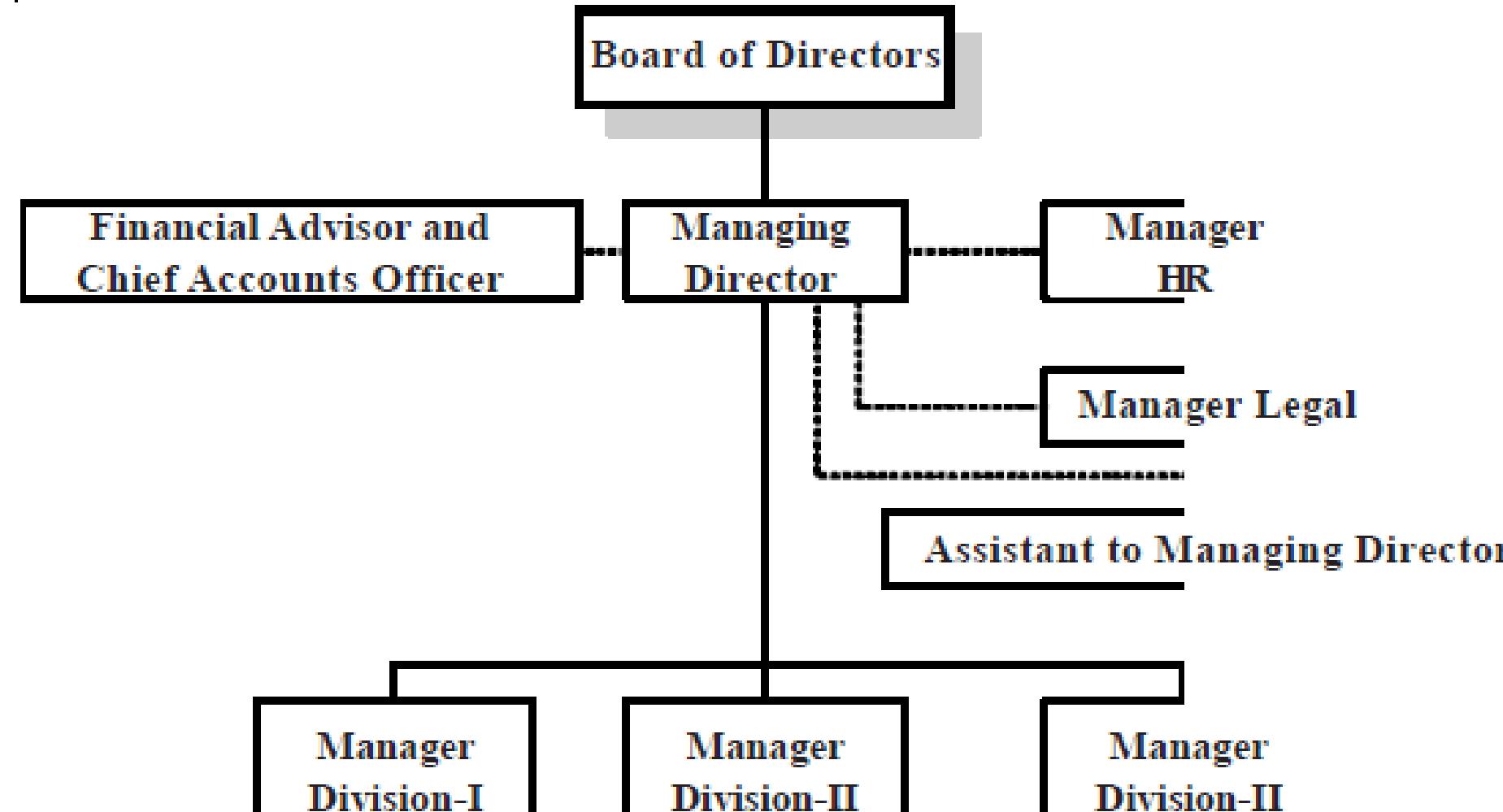
- A manager **without the authority to give orders** down the chain of command (except in his or her own department);
- generally **can only assist and advise line managers** in specialized areas such as human resources management.

E.g...: HR manager, Legal Manager etc.

Staff Authority

- The nature of Staff relationship is advisory.
- The function of people in a pure staff capacity is to investigate, research, and give advice to line managers.

Line and Staff Authority



— denotes Line Authority

- - - - denotes Staff Authority

Line and Staff Authority

- In large organisations, they are usually Line and Staff managers
- In small organisations, only line managers exists.

Functional Authority

- Functional authority is the right that is delegated to an individual or a department to control specified processes, practices, policies, or other matters about activities undertaken by persons in other departments.
- **Functional authority** is permission to issue directions to people not under line supervision.

6. Organization Culture

- The **attitude, traits and behavioral patterns** which govern the **way an individual interacts with others** is termed as culture.
- In the same way **organizations** have **certain values, policies, rules and guidelines** which help them create an image of their own.
- **Organization culture** refers to the **beliefs and principles** of a particular **organization**.
- The culture followed by the organization has a **deep impact on the employees** and their **relationship** amongst themselves.
- The effectiveness of an organization is also influenced by the organization culture, which affects the way the managerial functions of planning, organizing, staffing, leading, and controlling are carried out

Types of organizational culture

Strong Organization Culture:

- where the employees adjust well, **respect** the organization's policies and adhere to the guidelines.
- In such a culture **people enjoy working** and **take every assignment as a new learning** and try to gain as much as they can.
- They accept their **roles and responsibilities willingly**.

Types of organizational culture

Weak Organization Culture:

- Individuals accept their responsibilities *out of fear* of superiors and harsh policies.
- The employees in such a situation **do things out of compulsion**.
- They just treat their **organization as a mere source of earning money** and never get attached to it.

Google workplace culture

Businesses like Google revolutionized the workplace by creating a corporate culture that was not only fun, but encouraged creativity, flexibility and companionship among colleagues. Often known to have endless perks on-site, Google campuses include play areas, coffee bars, outdoor terraces, free meals, and dog-friendly work environments across the world. Google established their corporate culture definition to focus on having happy employees and creating a productive workplace. The long-term success of Google is indisputably and consistently tied directly back to their company culture.

ture.

Table 10.1 Illustrations of Organization Culture and Management Practice

<i>Environment A</i>	<i>Environment B</i>
	Planning
Goals are set in an autocratic manner.	Goals are set with a great deal of participation.
Decision-making is centralized.	Decision-making is decentralized.
	Organizing
Authority is centralized.	Authority is decentralized.
Authority is narrowly defined.	Authority is broadly defined.
	Staffing
People are selected on the basis of friendship.	People are selected on the basis of performance criteria.
Training is in a narrowly defined specialty.	Training is in many functional areas.
	Leading
Managers exercise directive leadership.	Managers practice participative leadership.
Communication flow is primarily top-down.	Communication flow is top-down, bottom-up, horizontal, and diagonal.
	Controlling
Superiors exercise strict control.	Individuals exercise a great deal of self-control.
Focus is on financial criteria.	Focus is on multiple criteria.

Importance of HRM

At the Enterprise Level

- (a) Good human resource practices can help in attracting and retaining the best people in the organization. Planning alerts the company to the types of people it will need in the short, medium and long run.
- (b) It helps in training people for challenging roles, developing right attitudes towards the job and the company, promoting team spirit among employees and developing loyalty and commitment through appropriate reward schemes.

At the Individual Level

Effective management of human resources help employees, thus:

- (a) It promotes team work and team spirit among employees.
- (b) It offers excellent growth opportunities to people who have the potential to rise.
- (c) It allows people to work with diligence and commitment.

Importance of HRM

At the Society Level

Society, as a whole, is the major beneficiary of good human resource practices.

- (a) Employment opportunities multiply.
- (b) Scarce talents are put to best use. Companies that pay and treat people well always race ahead of others and deliver excellent results.

Human Resource Development

- HRD aims at helping people to acquire competencies required to perform all their functions effectively and make their organization do well.
- It is about updating the human skills to meet the changing needs. HR Manager has to act as a change-agent and OD consultant for organizational development and R&D.
- Competent employees may not remain competent forever. Some are minimally qualified upon entering the organization and require additional training or education. Others enter the organization, capable of performing at the optimum level, but their skills become obsolete after some time. Organizations change over time and management must ensure that there is an appropriate match between individual ability and organizational needs for the future. Employee training gives individual the specific skills that they require for effective execution of their responsibilities. Management development, career planning, career counseling and guidance are also the key responsibilities of HRD.

Industrial Relations

- **Industrial relation** means the relationship between employers and employees in course of employment in industrial organisations.
- Major tasks of HRM and IR are: hiring staff, negotiation of employment contracts and conditions, performance management and reward systems, dispute resolution, disciplinary processes, ensuring health and safety of staff, employee motivation, design of work, team and organization restructuring, and training and development.

Labour Laws

- The system of collective bargaining rests on a balance of the collective forces of management and organized labor. The contribution which the courts have made to the orderly development of collective labor relations has been infinitesimal. Collective bargaining is a process by which the terms of employment and conditions of service are determined by agreement between management and the union. In effect, “It is a business deal (which) determines the price of labor services and terms and conditions of labor’s employment.”
- The Law governing labor relation is one of the central branches of the law on which the very large majority of people earn their living. Nonetheless, law is a secondary force in human relations and especially in labor relations.

Labour Laws

Workmen's Compensation Act of 1923

The Workmen's Compensation Act compensates a workman for any injury suffered during the course of his employment or to his dependents in the case of his death. The Act provides for the rate at which compensation shall be paid to an employee. This is one of many social security laws in India.

Trade Unions Act of 1926

This Act enacted the rules and protections granted to Trade Unions in India. This law was amended in 2001.

Payment of Wages Act of 1936

The Payment of Wages Act regulates by when wages shall be distributed to employees by the employers. The law also provides the tax withholdings the employer must deduct and pay to the central or state government before distributing the wages.

Industrial Employment (Standing Orders) Act of 1946

This Act requires employers in industrial establishments to define and post the conditions of employment by issuing so-called standing orders. These standing orders must be approved by the government and duly certified. These orders aim to remove flexibility from the employer in terms of job, hours, timing, leave grant, productivity measures and other matters. The standing orders mandate that the employer classify its employees, state the shifts, payment of wages, rules for vacation, rules for sick leave, holidays, rules for termination amongst others.

Labour Laws

Minimum Wages Act of 1948

The Minimum Wages Act prescribes minimum wages in all enterprises, and in some cases those working at home per the schedule of the Act. Central and State Governments can and do revise minimum wages at their discretion. The minimum wage is further classified by nature of work, location and numerous other factors at the discretion of the government.

Employees Provident Fund and Miscellaneous Provisions Act of 1952

This Act seeks to ensure the financial security of the employees in an establishment by providing for a system of compulsory savings. The Act provides for establishments of a contributory Provident Fund in which employees' contribution shall be at least equal to the contribution payable by the employer. Minimum contribution by the employees shall be 10-12% of the wages. This amount is payable to the employee after retirement and could also be withdrawn partly for certain specified purposes.

Maternity Benefit Act of 1961

The Maternity Benefit Act regulates the employment of the women and maternity benefits mandated by law. Any woman employee who worked in any establishment for a period of at least 80 days during the 12 months immediately preceding the date of her expected delivery, is entitled to receive maternity benefits under the Act. The employer is required to pay maternity benefits, medical allowance, maternity leave and nursing breaks.

Labour Laws

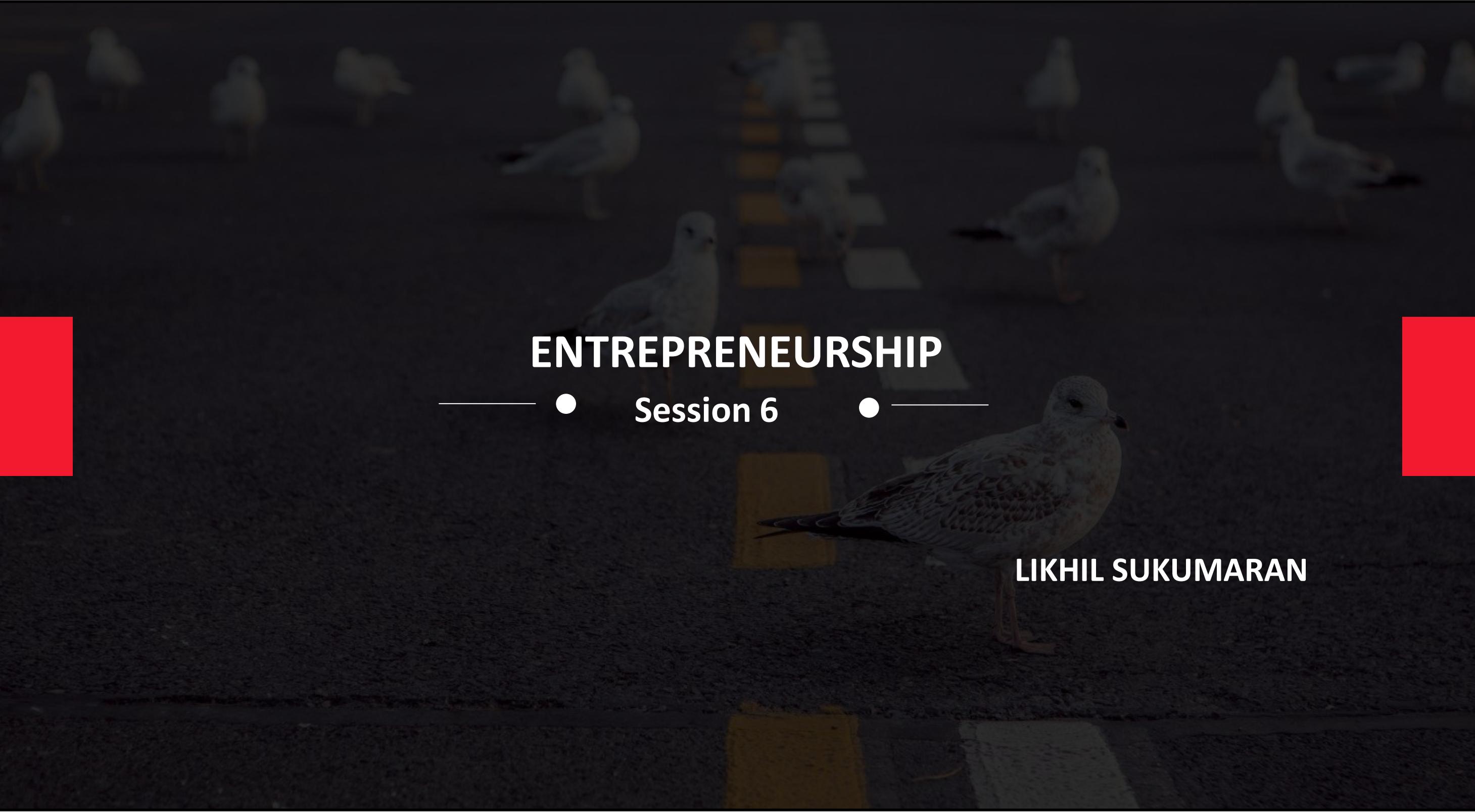
Payment of Bonus Act of 1965

This Act, applies to an enterprise employing 20 or more persons. The Act requires employer to pay a bonus to persons on the basis of profits or on the basis of production or productivity. The Act was modified to require companies to pay a minimum bonus, even if the employer suffer losses during the accounting year. This minimum is currently 8.33 percent of the salary.

Payment of Gratuity Act of 1972

This law applies to all establishments employing 10 or more workers. Gratuity is payable to the employee if he or she resigns or retires. The Indian government mandates that this payment be at the rate of 15 days salary of the employee for each completed year of service subject to a maximum of 1000000.

THANK YOU



ENTREPRENEURSHIP

Session 6

LIKHLI SUKUMARAN

SOURCES OF CAPITAL

Debt or Equity Financing

There are two general types of financing available: debt financing and equity financing.

Debt financing is a financing method involving an interest-bearing instrument, usually a loan, the payment of which is only indirectly related to the sales and profits of the venture. Typically, debt financing (also called asset-based financing) requires that some asset (such as a car, house, inventory, plant, machine, or land) be used as collateral.

Equity financing Obtaining funds for the company in exchange for ownership. *Equity financing does not require collateral.* The investor shares in the profits of the venture, as well as any disposition of its assets on a pro rata basis based on the percentage of the business owned.

Internal or External Funds

Internally generated funds can come from several sources within the company: profits, sale of assets, reduction in working capital, extended payment terms, and accounts receivable. In every new venture, the start-up years usually involve putting all, or at least most of the profits back into the venture; even outside equity investors do not expect any payback in these early years.

To help the entrepreneur conserve cash, particularly during the start-up phase of the company's operation when cash is scarce.

-Assets, whenever possible, should be on a rental basis (preferably on a lease with an option to buy), not an ownership basis, particularly when there is not a high level of inflation and the rental terms are favorable.

-Activities should be outsourced whenever possible.

External funds - self, family and friends, commercial banks, private investors (angels), government loan programs and grants, venture capital, and private placement

Personal Funds

- They are absolutely essential in attracting outside funding, particularly from banks, private investors, and venture capitalists.
- Often referred to as blood equity, the typical sources of personal funds include savings, life insurance, or mortgage on a house or car.
- These outside providers of capital feel that the entrepreneur may not be sufficiently committed to the venture if he or she does not have money invested.

Family And Friends

- They are most likely to invest due to their relationship with the entrepreneur
- Although it is relatively easy to obtain money from family and friends, like all sources of capital, there are positive and negative aspects of obtaining and using these funds.
- Although the amount of money provided may be small, if it is in the form of equity financing, the family members or friends then have an ownership position in the venture and all rights and privileges of that position.
- One thing that helps minimize possible difficulties is to keep the business arrangements strictly business. Any loans or investments from family or friends should be treated in the same businesslike manner as if the financing were from an impersonal investor.
- Any loan should specify the rate of interest and the proposed repayment schedule of interest and principal. The timing of any future dividends must be disclosed in terms of an equity investment. If the family or friend is treated the same as any investor, potential future conflicts can be avoided.
- It is also beneficial to the entrepreneur to agree on everything up front and in writing. It is amazing how short memories become when money is involved.

COMMERCIAL BANKS

- Most frequently used by the entrepreneur when collateral is available.
 - collateral can be in the form of business assets (land, equipment, or the building of the venture), personal assets (the entrepreneur's house, car, land, stock, or bonds), or the assets of the cosigner of the note.
- Types of Bank Loans**
1. Accounts Receivable Loans
 2. Inventory Loans – the finished goods inventory can be financed for up to 50 percent of its value.
Trust receipts are a unique type of inventory loan used to finance floor plans of retailers, such as automobile and appliance dealers. In trust receipts, the bank advances a large percentage of the invoiced price of the goods and then is paid back on a pro rata basis as the inventory is sold.
 3. Equipment Loans
 4. Real Estate Loans- This mortgage financing is usually easily obtained to finance a company's land, plant, or another building, often up to 75 percent of its value.
 5. Character Loans When the business itself does not have the assets to support a loan, the entrepreneur may need a character (personal) loan. These loans frequently must have the assets of the entrepreneur or other individual pledged as collateral or the loan cosigned by another individual. Assets that are frequently pledged include cars, homes, land, and securities.

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Bank Lending Decisions

- The bank lending decisions are made according to the five Cs of lending: character, capacity, capital, collateral, and conditions.
- Past financial statements (balance sheets and income statements) are reviewed in terms of key profitability and credit ratios, inventory turnover, aging of accounts receivable, and the entrepreneur's capital invested and commitment to the business. Future projections on market size, sales, and profitability are also evaluated to determine the ability to repay the loan.
- Several questions are usually raised regarding this ability.
 - a. Does the entrepreneur expect to use the loan for an extended period of time?
 - b. If problems occur, is the entrepreneur committed enough to spend the effort necessary to make the business a success?
 - c. Does the business have a unique differential advantage in a growth market? What are the downside risks?
 - d. Is there protection (such as lifeinsurance on key personnel and insurance on the plant and equipment) against disasters?
- The answers to these questions and the analysis of the company's records allow the loan officer to assess the quantitative aspects of the loan decision, particularly the first two Cs—character and capacity

Government Initiatives In Small-business Financing

➤ Frequently, an entrepreneur is missing the necessary track record, assets, or some other ingredient to obtain a commercial bank loan. When the entrepreneur is unable to secure a regular commercial bank loan, some government schemes offers numerous loan programs to assist small businesses.

➤ MSME Business Loans in 59 Minutes

The loans provided under these schemes extend up to Rs. 1 crore and take about 8 to 12 days to complete the process, wherein the approval for the loan is received within 59

The following are the requirements for obtaining a loan under this scheme:

- i. GST verifications
- ii. Income tax verifications
- iii. Bank account statements for the last 6 months
- iv. Ownership related documentation
- v. KYC details

Government Initiatives In Small-business Financing

MUDRA Loans

All businesses including proprietary concern, partnership firm, Private Ltd., Public Company and other legal entities are eligible to apply for a loan under this scheme.

Up to Rs. 50,000 - Shishu loans

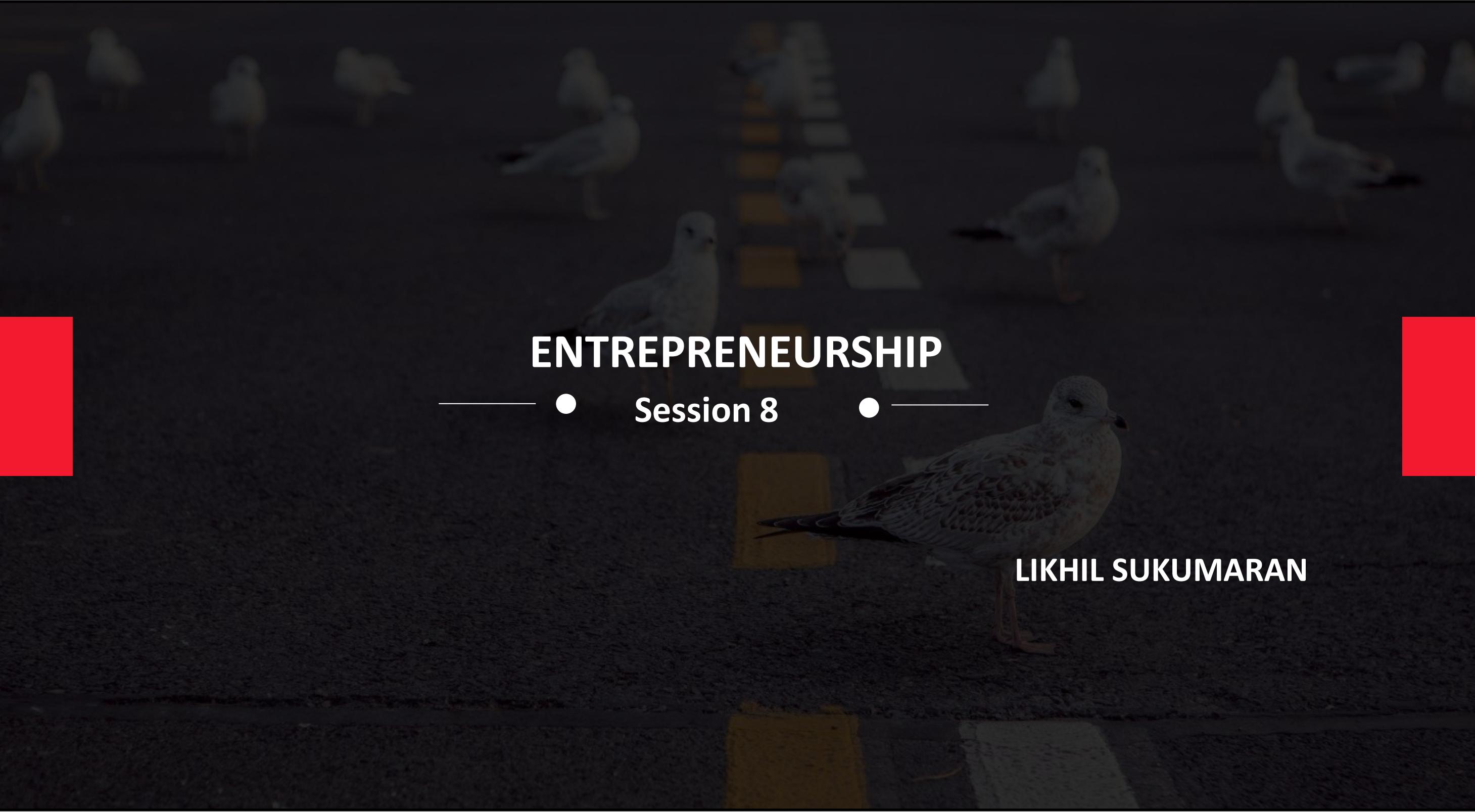
50,000 to 5,00,000- Kishor loans

5,00,000 to 10,00,000 - Tarun loans

Stand-Up India

Small Industries Development Bank of India governs this scheme. The loan granted under this scheme can range from Rs. 10 lakhs to Rs. 1 crore. Every bank must provide this loan to a minimum of one Scheduled Caste/Scheduled Tribe or woman entrepreneur. According to this loan, the fund is expected to cover about 75% of the cost of the total project.

THANK YOU



ENTREPRENEURSHIP

Session 8

LIKHLI SUKUMARAN

STRATEGIES FOR GROWTH AND MANAGING THE IMPLICATIONS OF GROWTH

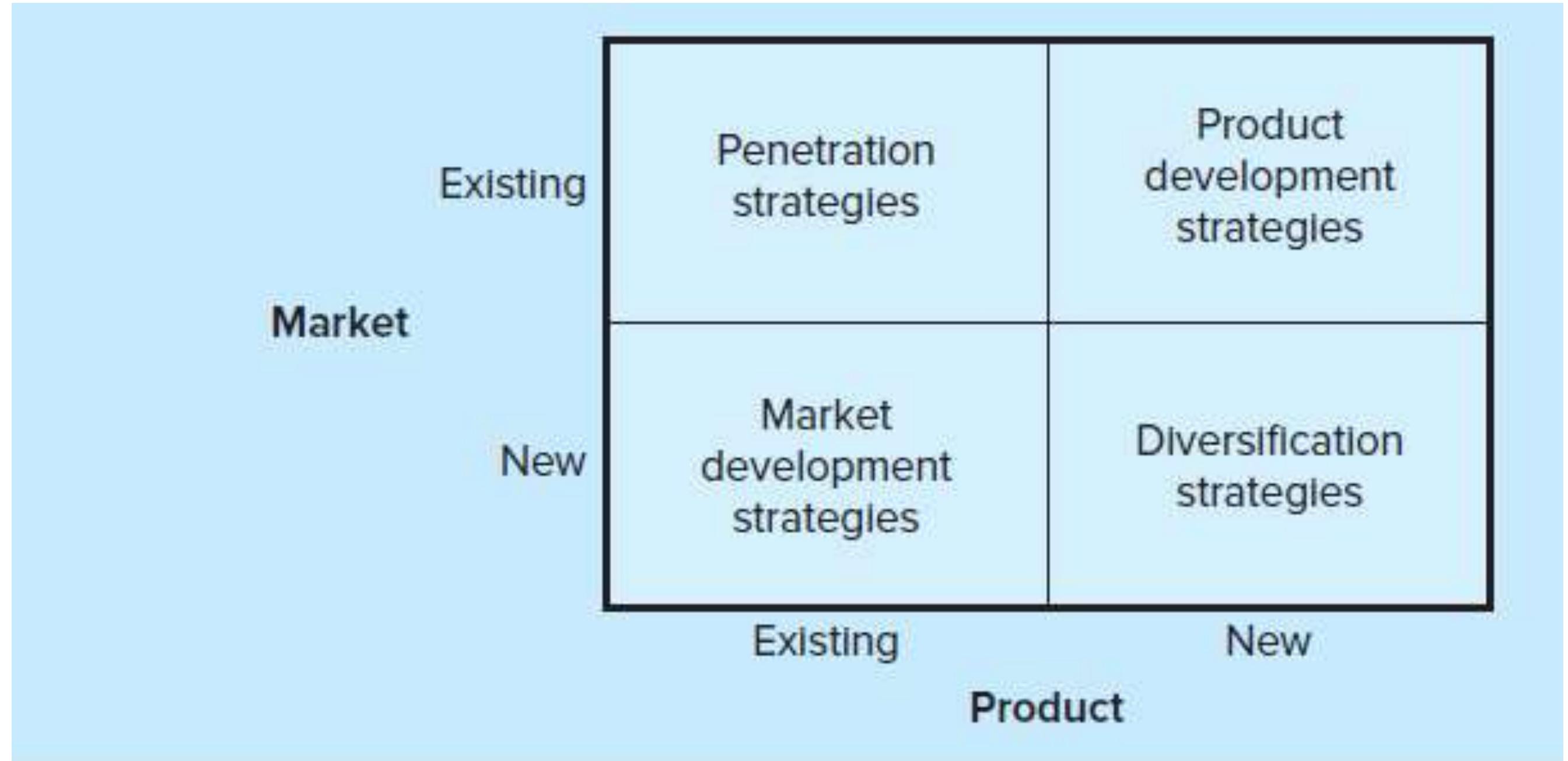
New entry is an essential act of entrepreneurship. A successful new entry provides the opportunity for the entrepreneur to grow his or her business.

For example, introducing a new product into an existing market provides the opportunity to take market share from competitors; entry into a new market provides the opportunity to service a new group of customers; and a new organization has a chance to make, and build upon, its first sales.

We here look at a model that offers suggestions on where to look for growth opportunities in which the firm may already have a basis for a sustainable competitive advantage.

Growth strategies are

- (1) Penetration strategies
- (2) market development strategies
- (3) product development strategies
- (4) diversification strategies.



Penetration Strategies

A *penetration strategy focuses on the firm's existing product in its existing market.* The entrepreneur attempts to penetrate this product or market further by encouraging existing customers to buy more of the firm's current products.

Marketing can be effective in encouraging more frequent repeat purchases.

For example, a pizza company engages in an extensive marketing campaign to encourage its existing customer base of university students to eat its pizza three nights a week rather than only twice a week. This growth strategy does not involve anything new for the firm and relies on taking market share from competitors and/or expanding the size of the existing market. Therefore, this growth strategy attempts to better exploit its original entry.

Market Development Strategies

Market development strategies involve selling the firm's existing products to new groups of customers. New groups of customers can be categorized in terms of geographics or demographics and/or on the basis of new product use.

New Geographical Market

This simply refers to selling the existing product in new locations.

For example, a firm selling its products in Singapore could start selling its products in Malaysia, Thailand, and Indonesia.

This can be particularly useful for firms that sell seasonal products—for firms with markets in the northern hemisphere, entering markets in the southern hemisphere provides an opportunity to sell their products year round. However, the entrepreneur must be aware of possible regional differences in customer preferences, language, and legal requirements that may necessitate a slight change in the product (or packaging).

New Demographic Market

Demographics are used to characterize (potential) customers based upon their income, location, education, age, sex, and so on.

For an entrepreneur who is currently selling the firm's existing product to a specific demographic group, the business could grow by offering the same product to a different demographic group.

New Product Use

An entrepreneurial firm might find out that people use its product in a way that was not intended or expected. This new knowledge of product use provides insight into how the product may be valuable to new groups of buyers.

Baseball bat, Four wheel vehicles

Product Development Strategies

A strategy to grow by developing and selling new products to people who are already purchasing the firm's existing products

Experience with a particular customer group is a source of knowledge on the problems customers have with existing technology and ways in which customers can be better served. This knowledge is an important resource in coming up with a new product.

For example, Disney Corporation built on its existing customer base of Disney movie viewers and developed merchandising products specifically aimed at this audience.

A further advantage of using a product development strategy is the chance to capitalize on existing distribution systems and on the corporate reputation the firm has with these customers.

Diversification Strategies

A strategy to grow by selling a new product to a new market

backward integration

A step back (up) in the value-added chain toward the raw materials

forward integration

A step forward (down) on the value-added chain toward the customers

horizontal integration

Occurs at the same level of the value-added chain but simply involves a different, but complementary, value-added chain

What about introducing a new product into a new market that is not related to the existing business (i.e., not forward, backward, or horizontal integration)?

Conglomerate Diversification

IMPLICATIONS OF GROWTH FOR THE FIRM

Advantages

- higher volume increases production efficiency, makes the firm more attractive to suppliers, and therefore increases its bargaining power.
- Size also enhances the legitimacy of the firm, because firms that are larger are often perceived by customers and financiers being more stable and prestigious.
- The growing of a business can provide the entrepreneur more power to influence firm performance.

These changes introduce a number of managerial challenges. These challenges arise from the following pressures.

1) Pressures on Human Resources

Growth is also fueled by the work of employees. If employees are spread too thin by the pursuit of growth, then the firm will face problems of employee morale, employee burnout, and an increase in employee turnover. These employee issues could also have a negative impact on the firm's corporate culture.

2)Pressures on the Management of Employees

3)Pressures on the Entrepreneur's Time

4)Pressures on Existing Financial Resources

OVERTCOMING PRESSURES ON EXISTING HUMAN RESOURCES

Generally, the new venture does not have the luxury of a human resource department that can interview, hire, and evaluate employees. Most of these decisions will be the responsibility of the entrepreneur and perhaps one or two other key employees.

Using professional employer organizations (PEOs). Involves such things as recruiting, hiring, setting up benefit programs, payroll, and even firing decisions. This give entrepreneur more time to devote to other aspects of his growing venture.

Part time employee

OVERRIDING PRESSURES ON THE MANAGEMENT OF EMPLOYEES

- Establish a Team Spirit
- Communicate with Employees
- Provide Feedback
- Delegate Some Responsibility to Others
- Provide Continuous Training for Employees

OVERCOMING PRESSURES ON ENTREPRENEURS' TIME

The entrepreneur reaps numerous benefits from effectively managing his or her time, some of which follow.

- Increased Productivity
- Increased Job Satisfaction
- Improved Interpersonal Relationships
- Reduced Time Anxiety and Tension
- Better Health

An entrepreneur develops good time management by adhering to **six basic principles**, as follows.

1) Principle of Desire The *principle of desire requires that the entrepreneur recognize* that he or she is a time waster, that time is an important resource, and that there is a need to change personal attitudes and habits regarding the allocation of time. Therefore, effective time management depends on the entrepreneur's willpower, self-discipline, and motivation to optimize his or her time.

2) Principle of Effectiveness The *principle of effectiveness requires the entrepreneur to focus on the most important issues, even when under pressure.* Whenever possible, an entrepreneur should try to complete each task in a single session, which requires that enough time be set aside to accomplish that task. This eliminates time wasted in catching up to where one left off. Although quality is important, perfectionism is not and often leads only to procrastination. The entrepreneur must not spend excessive time on trying to make a small improvement in one area when time would be better spent in another area.

3) Principle of Analysis The *principle of analysis provides information to the entrepreneur about how time is currently being allocated,* which will also highlight inefficient or inappropriate investments of time. The entrepreneur should track his or her time over a two-week period, using a time sheet with 15-minute intervals, and then analyze how time has been spent, where time has been wasted, and how these “time traps” can be avoided in the future (using the other principles).

4) Principle of Teamwork Analysis of time will likely reveal to the entrepreneur that only a small amount of time is actually under his or her control—most of his or her time is taken up by others. The *principle of teamwork acknowledges the increasing importance of delegation for an entrepreneur of a growing firm*

5) Principle of Prioritized Planning The *principle of prioritized planning* requires the entrepreneur to categorize his or her tasks by their degree of importance and then allocate time to tasks based on this categorization.

Furthermore, the entrepreneur can prioritize his or her time. For example, some entrepreneurs are most efficient in the morning, some during the afternoon, and some at night. The most efficient period of the day should be used to address the most important issues.

Principle of Reanalysis

6) The *principle of reanalysis* requires the entrepreneur to periodically review his or her time management process. In this reanalysis, entrepreneurs can often improve their time management by investigating more systemic (system wide) issues and revisiting potential opportunities for delegation.

OVERRCOMING PRESSURES ON EXISTING FINANCIAL RESOURCES

- 1) Financial Control
- 2) Managing Cash Flow
- 3) Managing Inventory
- 4) Managing Fixed Assets
- 5) Taxes
- 6) Record Keeping

THANK YOU