Entrepreneurship Management

SYBBI

Chapter 1 The Entrepreneur

Meaning

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

Definitions

- ***An entrepreneur undertakes a venture, organizes it, raises capital to finance it, and assumes the whole or major part of the risk of business. In other words, entrepreneurship is the process of giving birth to a new business.***
- ***An entrepreneur is one of the most important inputs and segments of economic growth. He/she is one of the responsible person who can set up a business or an enterprise.***

Cont..

"An entrepreneur is one who always searches for changes, responds to it, and exploits it as an opportunity"

by Peter P Drucker

"Entrepreneur is a person who only provides capital without taking active part in the leading role in enterprise"

by Adam Smith

Origin and development of Entrepreneurship in India

- **Some scholars hold the view that manufacturing entrepreneurship in India emerged as the latent and manifest consequence of East India Company's advent in India. This company introduced various changes in Indian economy through exports of raw materials and import of finished goods to India.**
- **Particularly, the Parsis established good rapport with the company and were much influenced by the Company's commercial operations. The Company established its first shipbuilding industry in Surat where from 1673 onwards the Parsis built vessels for the Company.**
- **The most important was shipwright Lowjee-Nushirvan, who migrated to Bombay around 1935. He belonged to a Wadia family which gave birth to many leading ship-builders of Bombay. In 1677, Manjee Dhanjee was given a contract for building the first large gunpowder-mill in Bombay for the East India Company.**

Cont..

- **Besides, a Parsi foreman of a gun factory belonging to the Company established a steel industry in Bombay in 1852. On the basis of these facts, it can be stated that the East India Company made some contribution towards entrepreneurial growth in India. But, whether the Company did it deliberately for the growth of entrepreneurship in India or it was just a coincidence that people came in contact with the Company and entered the manufacturing, nothing can be said with certitude.**
- **The actual emergence of manufacturing entrepreneurship can be noticed in the second half of the nineteenth century. Prior to 1850, some stray failure attempts were, indeed, made by the Europeans to set up factories in India. In the beginning, the Parsis were the founder manufacturing entrepreneurs in India.**

Stages in Evolution of Entrepreneurship

- **Ancient period**-India was known golden bird. Muslin-Dhaka, Shalu- kashmir, Dhoti-Ahmedabad, Utensils-Varanasi. In1857 there growth of entrepreneurial slow in India

  Reason

Absence of basic facilities

Protection form the king

Lack of financial support

Lack of transportation

Caste related trade and profession

Fear of war at any time

No definite tax policy

Cont..

- **Development stage 1857-1947-Britishers ruled for 150 years, business flourished during second world war (1939-1945). The first cotton textile Mill was setup by parsi- cowasjee Nanabhoy Davar in Mumbai followed by Nawrosjee wadia who opend hus Textile mill in 1880 in Bombay.Gandhiji announced the Swadeshi Movement which gave a much needed fillip to indigenous entrepreneurship.**

Cont..

- **Development after Independence (1947 onwards)-**

The government decided to pursue the following objectives

I. **To maintain proper distribution of economic power between private and public sector**
II. **To encourage the growth of industries by spreading entrepreneurship**
III. **To disseminate the entrepreneurial acumen concentrated in a few dominant communities to a large number of industrially potential people of varied social strata**

Factors responsible for emergence of Entrepreneurship

- **Background factors**

I. Education, training and experience

II. Family, role models and association with similar type of Individuals

III. Financial Conditions

Cont…

Motivational Factors

1. Need for achievement

   Personal Motives/expectations

1. Business environment

Cont…

- **Economic Factors**

I. **Supportive government policies**
II. **Availability of financial assistance form various funding bodies**
III. **Ancillary support**
IV. **Availability of technical factors like premises, electricity and labour**

Cont..

- **Reward**

I. **Recognition**

II. **Social Status**

Need Importance

1. Capital Formation
2. Employment Generation
3. Balanced Regional Development
4. Improvement in the Per Capital Income
5. Economic Independence
6. Increasing the Export Trade
7. Improvement in the Standard of Living
8. Reduction in the Income Inequalities

Cont…

9. Consumer Benefit
10. Increase in Productivity
11. Government Revenue

Core elements of an Entrepreneur

- Motivation and commitment
- Abilities and skill
- Resources
- Strategy and vision
- Planning and organization
- The idea in relation to the market

Principles of an Entrepreneur

- Reinventing the Vision
- Success with persistent opportunism
- Surrender sovereignty
- Become your competitors worst nightmare
- Nurture the entrepreneurial spirit

Essentials of an entrepreneur

- Have a clear vision for the business
- Communicate goals and motivate others
- Set timetables
- View setbacks as opportunities for improvement
- Stand apart form the crowd
- Focus on continual learning

Types of an Entrepreneur

- A. **Entrepreneurs according to the types of business**
  - Business entrepreneurs
  - Trading entrepreneur
  - Industrial entrepreneurs
  - Corporate entrepreneurs
  - Agricultural entrepreneurs

B. **According to the use of Technology**
  - Technical entrepreneur
  - Non-technical Entrepreneurs
  - Professional entrepreneurs

Cont..

C. According to Motivation

- Pure Entrepreneur
- Induced Entrepreneur
- Motivated Entrepreneur
- Spontaneous entrepreneur

D. According to Growth

- Growth entrepreneur
- Super-Growth Entrepreneurs

Cont…

E. According to stages of Development

- **First Generation Entrepreneurs**
- **Modern Entrepreneur**
- **Classical Entrepreneur**

Function of an Entrepreneur-Done

I. Innovation
II. Planning the project
III. Organizing
IV. Risk taking an uncertainty bearing
V. Procurement and mobilization of resources
VI. Taking business decision
VII. Perception of market opportunities
VIII. Marketing of products and Responding to the competition
IX. Financial management
X. Upgrading process and product quality
XI. Fulfilling social obligations
XII. Dealing with public bureaucracy

Entrepreneurship and Entrepreneurship Management

Introduction

It is a process of actions of an entrepreneur who is a person always in search of something new an exploits such ideas into gainful opportunities by accepting the risk and uncertainty with the enterprise.

Entrepreneurship and Entrepreneurship Management

Definition

" Entrepreneurship is neither a science nor an art. It is a practice. It has a knowledge base. Knowledge in entrepreneurship is a means to an end that is by the practice"

by Peter F. Drucker

Entrepreneurial Process

- **Preliminary steps**
- **Decision-making steps**
- **Planning steps**
- **Implementation steps**
- **Managerial steps**

Theories of Entrepreneurship

1. **Innovation theory of Schumpeter**
2. **Need for achievement theory of McClelland**
3. **Risk Bearing theory of Knight**
4. **Hagen's theory of Entrepreneurship**
5. **Economic Theory of Entrepreneurship**

Dominant Characteristics of Successful Entrepreneurs

1. Creativity
2. Mental Ability
3. Human Relation
4. Innovation
5. Dynamism
6. Leadership
7. Team Building
8. Achievement motivation
9. Problem solving
10. Communication Ability
11. Goal Orientation

Internal and External factors for Entrepreneurial motivation

A. Internal factors

A. External Factors

Entrepreneurial Skills

- Entrepreneurial skills can encompass a broad range of various skill sets like technical skills, leadership and business management skills and creative thinking. Because entrepreneurial skills can be applied to many different job roles and industries, developing your entrepreneurial skills can mean developing several types of skill sets. For instance, to be a successful business owner, you may need to develop your business management skills. To build and maintain successful project teams you might need to improve your leadership and communication skills.

Types of skills Required

1. The ability to manage money.

Very simply, if you can't manage money, you can't manage a business. Do you know where your money goes each month? Do you live off less than you earn? If the answer to these questions is no, you'll struggle to manage a business budget as well.

2. The ability to raise money.

Once you can manage money, can you get more? In order to get investment, you need to not only understand where to get money, but how to convincingly make a case that your business is a good risk as well.

3: The ability to relieve stress.

Stress is no laughing matter. If you allow yourself to get frustrated and upset by setbacks, you'll struggle as an entrepreneur. Learning how to use stress to your benefit is essential.

Cont…

4. The ability to be productive.

This is a big topic, because there's no one right way to be productive that works for everyone. Learn about your peak energy times, your routines, and the productivity tools that work for you in order to create your own plan for success.

5. The ability to make entrepreneur friends.

According to entrepreneur Jim Rohn, "You are the average of the five people you spend the most time with." So who do you want to be? Improve your odds of success by finding entrepreneur friends who will be able to understand your struggles and give you much needed insight.

6. The ability to identify strengths and weaknesses.

As a business owner, you don't need to be perfect at everything. You do, however, have to understand where you're strong and where you're weak. Assessing this will inform everything from the business decisions you make, to the partners you bring on, and to the employees you hire.

Cont…

7. The ability to hire effective people.

Speaking of hiring, this is easily one of the most important skills any entrepreneur could have. Having great people on your team will give you access to new strengths, while also building a company culture that people want to be a part of. Hiring the right people is essential to get where you want to go.

8. The ability to train new staff.

When you bring on someone new, a robust on boarding process will ensure that they know what to do and not do. Not only will this help keep your company moving the correct direction, it will increase the commitment level of good employees and give you grounds to follow up on misconduct.

Cont…

9. The ability to manage staff.

Once you have the right people, you need to manage them well. Early on in your business's growth, you'll be everyone's manager, so it pays to be effective. If you don't already know how to manage, take the time to learn how to motivate, encourage, and develop your staff.

10. The ability to conduct basic SEO.

In the beginning, you'll be doing the work of every business department. With that in mind, do you understand basic SEO and digital marketing? If not, you'll want to brush up on this area before you launch a business.

11. The Ability to A/B split test.

A split test is a simple process that involves running a scenario two ways to test a possible change. It's commonly used to make websites effective, but it can be used in many areas of project management and marketing as well.

Cont….

12. The ability to connect via social networking.

Along with SEO, social networks represent a key part of any business's marketing strategy. Not only will you need to understand each platform, you'll want to arm yourself with the best strategies for getting your startup and personal brand noticed on each one.

13. The ability to focus on your customers.

To be clear, without customers, you have no business. Make sure all of your pitches, products, and services are focused on actual customer needs. If you don't know what these are, research and ask questions so that you're able to give great customer service.

Cont…

14. The ability to close a sale.

Letting customers know you understand their pain is important, but asking for the sale is where many entrepreneurs get stuck. If you're nervous about this step, try enrolling in a sales workshop to learn these much-needed skills.

15. The ability to spot new trends.

Business moves fast, so you've got to have the ability to see changes coming in your industry. Make it a point to keep up to date on new startups and the advances in technology that could be poised to disrupt your field.

16. The ability to deal with failure.

No business venture is a straight line to success; knowing how to deal with ups and downs is essential. Remember that every successful person out there failed dozens of times before getting a win. Failure isn't the end - it's just a data point on the way to success.

Cont….

17. The desire to improve your world.

In the end, the best and most enduring motivation is to make a positive change in the world. When you focus your business and your success on that top priority, you'll find yourself ready to weather any storm to meet the goal.

Don't let this list intimidate or discourage you. Being an entrepreneur is a big task, but all of these skills can be learned. If you notice one you're lacking in, go get it! Your eventual success depends on it.

Role of Creativity in Entrepreneurship

There are 5 stages in the creative process

1. **Idea Germination-** The ideas of Entrepreneurs begin with Interest in the subject or curiosity about finding a solution to a particular problems e.g. Alexander Graham Bell- telephone,
2. **Preparation**-Investors will set up laboratory experiments, designers will begin engineering new product, ideas and marketers will study consumers buying habits
3. **Incubation-** It means a joining together different and often unrelated ideas
4. **Illumination-** On reaching the illumination stage the day dreamer and the thinkers are separated
5. **Verification**- in this stage many idea fall by the wayside as they prove to be impossible or have little value

Innovation

- Innovation is about the process and organisation needed to generate ideas in any context.” The ability to innovate in this sense isn't just a vital component of a thriving business, but can be seen as an essential aspect of entrepreneurship itself.

Innovation Definition

"Innovation is the means by which the entrepreneur either creates new wealth producing resources or endorse existing resources with enhanced potential for creating wealth"

----by Peter Drucker

Types of Innovation

1. Evolutionary innovations
2. Revolutionary

Seven sources of innovation

1. The Unexpected
2. Incongruities
3. Process needs
4. Industry and market structure
5. Demographics
6. Changes in Perception
7. New knowledge

Sources of Business Ideas

1. Consumers
2. Existing companies
3. Distribution channels
4. Government
5. Research and Development
6. Business experience
7. Personal experience

Cont…

8. **Hobbies and Interest**
9. **Observation**
10. **Mass Media**
11. **Articles in the printed press**
12. **Surveys**
13. **Complaints**
14. **Brainstorming**
15. **Personal Skill and Experience**

Unit II
Business Planning
Forms of Entrepreneurial Structures
Sole Proprietorship

It is business owned and controlled by one person. The success or the failure depends upon the owner and he alone bears the entire risk.

Wheeler defines **sole proprietorship** as "The forms of business **ownership** which is owned and controlled by a single **individual**".

Koontz and Fulmer define, "A **sole proprietorship** is a business owned and controlled by one person".

Merits

1. Ease of formation
2. Quick Action
3. Business secrecy
4. Personal care
5. Inexpensive management
6. Flexibility of operation

Limitations

1. Limited Funds
2. Lack of specialization
3. Limited managerial skill
4. Instability

Partnership Firm

- *Section 4 of Indian Partnership Act of 1932 defines partnership as "the relation between person who has agreed to share profits of a business carried on by all or any of them acting for all."*
- According to Prof. L. H. Haney, "Partnership is the relation existing between persons competent to make contracts, who agree to carry on a lawful business in common, with a view to private gains."

Types of Partnership Firm

1. General Partnership
2. Limited partnerships
3. Limited Liability Partnerships
4. Joint ventures as partnerships
5. Qualified Joint ventures as partnerships

Merits

- Ease of Formation
- Quick Decisions
- Lighter risks
- Business secrecy
- Specialization in balanced approach

Limitations

1. Unlimited Liability
2. Limited Resources
3. Instability
4. Lack of Public confidence
5. Non Transferability of Interest

Limited Company

- A limited company (LC) is a general term for a type of business organization wherein owners' assets and income are separate and distinct from the company's assets and income; known as limited liability.

Public Limited Company

A Public Limited Company (PLC) is a separate legal business entity which offers its shares to be traded on the stock exchange for the general public. According to the regulations of the corporate law, a PLC has to compulsorily present its financial stats and position publicly to maintain transparency. *Barclays Public Limited Company* incorporated in the year 1896 is one of the global financial service company providing investment and banking solution to the customers (individuals and business entities).

Private limited company

- A Private Limited Company is a business entity held by small group of people. It is registered for pre-defined objects and owned by a group of members called shareholders. Startups and businesses with higher growth aspiration popularly choose Private Company as suitable business structure.

Joint stock company

A joint-stock company is a business owned collectively by its shareholders. Historically, a joint-stock company was not incorporated and thus its shareholders could bear unlimited liability for debts owed by the company.

Merits

1. Limited Liability
2. Continuity
3. Transferability of shares
4. Diffused risks
5. Social benefits

Demerits

1. Difficulty of formation
2. Excessive Government controls
3. Delay in decisions
4. Conflict of Interest
5. Lack of secrecy

Franchising

1. Franchising is basically a right which manufacturers or businesses give to others. This right allows the beneficiaries to sell the products or services of these manufacturers or parent businesses. These rights could even be in terms of access to intell

- **Examples of Franchising in India**
- McDonald’s ,Dominos, KFC, Pizza Hut, Subway

Types of Franchise

1. **Product distribution franchise:** This is the earliest type of franchising. Under this, dealers were given the right to distribute goods for a manufacturer. For this right, the dealer pays a fee for the right to sell the trademarked goods of the producer. Product franchising was used, perhaps for the first time, by the Singer Corporation during the 1800s to distribute its sewing machines. This practice subsequently became popular in the petroleum and automobile industries also.

Cont…..

2. Business format franchise: Business-format franchising is an arrangement under which the franchisor offers a wide range of services to the franchisee, including marketing, advertising, strategic planning, training, production of operations manuals and standards and quality – control guidance.

3. Management franchise: It is a form of service agreement whereby the franchisee provides the management expertise format and or procedure for conducting the business

Some authors have classified Franchising

1. **Trade-name franchising**: Franchisee purchase the right to use the franchisor's trade name without actually distributing the specific trade mark product exclusively using the name of the franchisor, this is called trade-name franchising.
2. **Product Distribution Franchising**: Such franchising involves a system in which a franchisor gives license to the franchisee to sell the specific products under the trademark and brand name of the franchisor. This type of franchising is commonly used to market automobiles **(such as Chevrolet), soft-drinks (such as Coca-Cola) and appliances**. It is worth mentioning that these two types of franchising give franchisees some sort of franchisor's identity.

Cont….

3. **Pure Franchising**: When franchisor sells the complete business format and system of his/her product to the franchisee, it is called ‘pure franchising.’ In other words, this type of franchising provides the franchisee with a complete business format including license for a trade name, the product or service to be marketed, the physical plant, methods of operation, a marketing strategy plan, a quality control process, and so on. Such type of franchising is common among fast-food **restaurants (such as McDonalds) hotels, educational institutions (such as Delhi Public School, (DPS), and many others.**

Merits

1. The **risk of business failure is reduced** by franchising. Your business is based on a proven idea. You can check how successful other franchises are before committing yourself.
2. Products and services will have already **established a market share**. Therefore there will be no need for market testing.
3. You can use a **recognised brand name** and **trade mark**. You benefit from any advertising or promotion by the owner of the franchise - the 'franchisor'.
4. The franchisor **gives you support** - usually as a complete package including training, help setting up the business, a manual telling you how to run the business and ongoing advice.
5. **No prior experience** is needed as the training received from the franchisor should ensure the franchisee establishes the skills required to operate the franchise.

Cont…

6. A franchise enables a small business to **compete with big businesses**, more so than an independent small business, due to the pool of support from the franchisor and network of other franchisees.
7. You usually have **exclusive rights** in your territory. The franchisor won't sell any other franchises in the same territory.
8. **Financing the business** may be easier. Banks are sometimes more likely to lend money to buy a franchise with a good reputation.
9. You can benefit from communicating and sharing ideas with, and **receiving support from, other franchisees in the network**.
10. **Relationships with suppliers** have already been established.

Demerits

1. Costs may be higher than you expect. As well as the initial costs of buying the franchise, you pay continuing management service fees and you may have to agree to buy products from the franchisor.
2. The franchise agreement usually includes restrictions on how you can run the business. You might not be able to make changes to suit your local market.
3. You may find that after some time, ongoing franchisor monitoring becomes intrusive.
4. The franchisor might go out of business.
5. Other franchisees could give the brand a bad reputation, so the recruitment process needs to be thorough.
6. You may find it difficult to sell your franchise - you can only sell it to someone approved by the franchisor.
7. All profits (a percentage of sales) are usually shared with the franchisor.
8. The inflexible nature of a franchise may restrict your ability to introduce changes to the business to respond to the market or make the business grow.

Creating Entrepreneurial venture

1. Pre-start-up stage
2. Start-up-stage
3. Early growth stage
4. Later growth stage

Critical Factors for starting a new Enterprise

1. Business Name
2. Business Structure
3. Business Licenses
4. Non-disclosure Agreements
5. Zoning
6. Regulatory requirements
7. Environment

Environmental issues in setting up of Business Enterprise

1. Pollution
2. Waste Disposal
3. Climate Change
4. Drought/Inadequate Access to Water
5. Partnering for the Future
6. FCS' Sustainability Consulting (First carbon solution)

Environmental Regulations

1. The Environment (Protection) Act 1986
2. Acts relating to water pollution
3. Acts relating to Air pollution
4. Acts relating to Forest conservation
5. Acts relating to wildlife protection
6. Acts relating to Biological Diversity
7. Acts relating to Public Liability Insurance
8. Rules relating to Noise Polluting
9. Rules relating to Management of Hazardous substance

Exemption from Compulsory License

Licensing in the industries sector is governed by the licensing exemption notification issued by Govt. of India in july 25, 1991 under the industries (Development and Regulation) Act,1951. In SSI, there are virtually no licensing restrictions. No industrial license is required except in case of 6 product group included in compulsory licensing. But if a small –scale unit employs less than 50/100 workers with /without power then it would not require a license form the Govt. of India even for the 6 product groups covered in licensing under schedule II of the notification

Clearances

An entrepreneur has to obtain several clearances or permission depending upon the nature of his unit and product manufactures

Specific Clearances

1. Registration under sales tax Act.
2. Registration under central Excise act
3. Payment of income tax
4. Registration of partnership deed
5. Calibration of weights and measures
6. Power connection
7. Employee strength exceeding 10 with power connection 20 without power

Environment and Pollution Related clearances

1. **Fertilizer**
2. **Sugar**
3. **Cement**
4. **Fermentation and distillery**
5. **Aluminum**
6. **Petrochemicals**
7. **Thermal power**
8. **Oil refinery**
9. **Sulphuric Acid**

Cont…..------Done

10. Tanneries
11. Copper smelter
12. Zinc smelter
13. Iron and steel
14. Pulp and paper
15. Dye and dye intermediates
16. Pesticides manufacturing and formulation
17. Basic drugs and pharmaceuticals

Product specific clearances

1. **Establishing a printing press**
2. **License for cold storage construction**
3. **Pesticides-central/state Agricultural Department**
4. **Drugs and pharmaceuticals**
5. **Safety matches/fireworks**
6. **Household electrical appliances**
7. **Wood working industry within 8 km form forest**
8. **Milk processing and mild products manufacturing units**

Sociological factors

1. Legitimacy of entrepreneurship
2. Social mobility
3. security

Problems of a new venture---- Done

1. Inadequate availability of finance and credit
2. Inadequate and irregular supply of raw material
3. Technological obsolescence
4. Problem of Under-utilized capacity
5. Lack of infrastructural facilities
6. Problem of power and water
7. Unskilled labour

Cont….

8. Unsuitable location
9. Problems of marketing
10. Poor project planning
11. Problems for ancillary units(delayed payment)
12. Deficient managerial and technical skills
13. Other problems

What Is a Business Plan?

A business plan is a guide for how a company will achieve its goals. For anyone starting a business, crafting a business plan is a vital first step. Having these concrete milestones will help track the business's success (or lack thereof). There are different business plans for different purposes, and the best business plans are living documents that respond to real-world factors as quickly as possible.

Definition

"a business plan is a blueprint for building or expanding a business. It is a written document articulating what the business opportunity is , why the opportunity exists, what strategy , action and the resources are necessary to seize it and why the new venture team has what it takes to execute the plan"

Purpose \ Uses of business plan

1. Clarify direction
2. Future vision
3. Attract financing
4. Attract team members
5. Manage company
6. Alliances
7. Recruitment
8. Miscellaneous uses

Components of an Ideal Business Plan

1. Introductory page/ Title or cover page
2. Executive summary
3. Marketing plan
   a. SWOT Analysis (strengths, weakness, opportunities and threats
   b. PEST analysis(Political, Economic, Social and technology)
   c. Balanced scorecard
   d. Brainstorming

Cont….

4. Operational Plan
5. Human Resource Plan
6. Financial Plan
   a. Income statement
   b. Cash flow summary
   c. The balance sheet
   d. Capital sales and purchases
   e. Financing schedule

Elements/Areas to be covered in a business Plan

1. Preliminary investigation
2. Business planning process
    a. Idea Generation
    b. Environment and scanning
    c. Feasibility Analysis
    d. Drawing Functional plan
        i. Marketing plan
        ii. Production/Operational plan
        iii. Organizational plan

Environmental Scanning

It is a process of gathering, analyzing and dispensing information for tactical or strategic purposes. The environmental scanning process entails obtaining both factual and subjective information on the business environments in which a company is operating or considering to enter

Definition of Environmental Scanning

"Environmental analysis is the process of identifying and analyzing environmental influences, individually and collectively to determine their potential effects on an organization and consequent problems and opportunities"

by W.F.Glueck

3 ways of scanning the business Environment

1. Ad-hoc scanning
2. Regular scanning
3. Continuous scanning

Examples of Environmental scanning

1. Economy

   GDP per capital

   Economic growth

   Unemployment

   Inflation rate

Government

Political climate

Budget deficit or surplus

Corporate and personal tax rate

Payroll taxed

Legal

Minimum wage laws

Environmental protection laws

Worker safety laws

Union laws

Advantages of Environmental scanning

- Information for strategic planning
- Detecting new opportunities
- Executive stimulation and development
- Monitoring market trends and fashions
- Monitoring the dynamic business environment

SWOT Analysis

1. S- strength
2. W- weakness
3. O- Opportunity
4. T-   Threat

Internal Factor (within Organization)

Strengths

- Availability of adequate infrastructure
- Adequate production capacity
- Availability of skilled manpower
- Low cost of manufacturing
- Good location
- Good corporate image
- Philosophy and HRD

Cont….

Weakness

- Scarcity of capital
- Inadequate infrastructure
- Poor project planning
- Growing union pressures
- Low level of staff motivation
- Poor organization
- Weak credit worthiness

External Factors

Opportunities

- Favorable Government policies
- Growing population
- Good monsoon
- Availability of appropriate technology
- Presence of favorable cultural environment
- Increase disposable income

Cont…

Threats

- Technological obsolescence
- Fiscal policy resulting in increased taxes and duties
- Political instability
- Tough competition
- Rejection by the market
- Recession
- Shortage of power water and fuel

Project Report

The project report is a summary of project planning. It is prepared by expert after completing the project planning . It servers as a base for feasibility studies and actual execution of project

Content of project report

1. Name, address and other details of the sponsoring agency
2. Brief history and summary of the proposed project
3. Technical details of the project which include details of plant layout, location , manufacturing
4. Cost of production and profitability
5. Manpower requirement of the project
6. Total income, operative profit and net profit
7. Importance regarding marketing, etc..

Importance of project

1. **Serves as a Master plan**
2. **Describes Direction /Road Map**
3. **Shows feasibility**
4. **Foresees requirement**
5. **Ensures survival**
6. **Indicates profitability**
7. **Assess profitability**
8. **To evaluate organizational goals**

Unit III
Key Areas of New Venture

Marketing

New product Development : stages in new product Development

- Idea Generation
- Idea screening
- Testing the concept

Cont…

- Business Analysis
- Product Development
- Market testing
- Launch

Marketing strategy for the new venture branding

Definition

"a name , term, symbol or design or a combination of them which is intended to identify the goods and services of one seller or a group of sellers and to differentiate them from those of competitors"

Characteristics of a good Brand Name

1. **Distinctive**
2. **Suggestive**
3. **Appropriate**
4. **Adaptable**
5. **Easy to remember**
6. **Registrable**

Branding Strategies

1. Individual brand Names
2. Blanket corporate Names
3. Family brand Name
4. Name of Founders
5. Typical numbers
6. Combination of Names and Number
7. Names with relevance to the product

Physical distribution strategies

PD is a of effectively delivering the product to the customer in proper condition and on time. The role of PD can be well understood with reference to the role of channel of distribution

Definitions of channels of Distribution

" a marketing channel is the service of marketing institution that facilitates transfer of title to a product as it moves from [producer to ultimate consumer or Industrial User"

---- by William Schoell

Role of Marketing channels

1. Create utilities
2. Improve distribution efficiency
3. Salesmanship
4. Provide Assortment of goods
5. Financing
6. Merchandising
7. Balancing Demand and supply
8. Information

Direct and indirect marketing channel strategies

- Direct channel of marketing or distribution is also known as zero-level marketing channel.
- There is no intermediaries
- The producer sells directly to the final buyers through his own network of stores or at a centrally located place or by appointing door-to-door sales force

Indirect Marketing channel

- It refers to distributing goods with the help of intermediary agencies .
- A channel of producer, final consumer and at least one level of middlemen represents indirect marketing

Distribution strategies for consumer goods

- Manufacturing---sole selling Agent---- Wholesaler---Retailer----- consumers channel
- Manufacturing ----wholesaler---- retailer----consumer channel
- Manufacturer---- retailer----consumer channel

Factors affecting /influencing channel decision:

1. **Nature of the product**
2. **Customer characteristics**
3. **Nature of the market**
4. **Nature of market competition**
5. **Market environment**
6. **Availability of middlemen**
7. **Economic and technological factors**
8. **Miscellaneous factors**

Managing channel intermediaries

1. **Cordial relations with the intermediaries**
2. **Training of intermediaries**
3. **Incentives to intermediaries**
4. **Joint decisions for mutual gains**
5. **Maintaining Ethical relations**
6. **Evaluation of Intermediaries**
7. **Setting channel disputes**
8. **Offering credit facilities**

Pricing

1. It is an important element of marketing mix
2. It is the exchange value
3. Developing a right pricing strategy is critical to an organization’s success

Pricing strategies

1. Skimming pricing strategy
2. Penetration pricing strategy
3. Standard pricing strategy
4. Probe pricing strategy
5. Transfer pricing strategy
6. Differential pricing strategy
7. Follow the leader pricing strategy
8. Flexible pricing strategy

Promotion strategies for new venture

1. Using traditional Advertising
2. Employing online
3. Using social Media
4. Utilizing Direct mail
5. Adopting public relations
6. Sponsorship
7. Engaging in personal selling

Promotion

“ Promotion is the element in an organization's marketing mix that is used to inform, persuade and reminded the market regarding the organization and /or its product”

--by William Stanton

Various tools used in promotion

1. Advertising
2. Sales promotion
3. Personal selling
4. Word of mouth communication
5. Public Relation and publicity
6. Sponsorship
7. Direct marketing

Cont….

1. Advertising Media for Promotion

- Television
- Cinema
- Radio
- Newspaper
- Magazines\Journals
- Other forms

Cont…

2. Sales promotion

- Sampling
- Contest, games and sweep stakes
- Premium and gifts
- Trade fairs and shows
- Exhibitions and demonstration
- Coupons
- Rebates
- Trade-in-allowance
- Entertainment

Marketing Mix

Definitions

"Marketing mix is the mixture of controllable marketing variables that the firm uses to pursue the saught level of sales in the target market"

--- by Philip Kotler

Elements of marketing Mix

1. Product variables
2. Place variables
3. Price variables
4. Promotion variables

Market segmentation

1. Geographical segmentation
2. Demographic segmentation
3. Sociograhic segmentation
4. Pshchographic segmentation
5. Behavioral segmentation

Why segment the Market?

1. Introduction of suitable marketing mix
2. Selection of the most suitable market
3. Efficient use of resources
4. Selection of proper marketing programme
5. Introduction of effective product strategy

Marketing Plan

1. SWOT
2. PEST analysis- Political, economic, social, technological
3. Balanced scorecard
4. Brainstorming

Benefits of scientific location

1. Better performance and maximum efficiency
2. Cost control
3. Smooth working
4. Expansion and diversification
5. Ability to face competition

Steps in the selection of Location

1. Selection of a region
2. Selection of locality
3. Selection of site

Finance

1. Capital Requirement
   - Promotional capital
   - Long term capital
   - Short term capital (working capital)
   - Development capital
     - Short term finance
     - Medium term finance
     - Long-term finance

Source of long-term and short term finance

1. **Industrial finance corporation of India (IFCI)**
2. **Industrial credit and investment corporation of India (ICICI)**
3. **Industrial development bank of India (IDBI)Industrial reconstruction bank of India (IRBI)**
4. **National industrial development corporation ltd (NIDC)**
5. **Maharashtra state financial corporation (MSFC)**

Thank you

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