



Jansons Institute of Technology

Karumathampatti, Coimbatore – 641 659

COURSE DELIVERY PLAN

Faculty Name	: Mr. N. Srinivasan	Staff code	: jit0151
Subject Name	: Entrepreneurship Development	Subject code	: ME2035
Academic Year	: 2015 – 2016	Semester	: VIII
Program & Branch	: B.E Mechanical Engineering	Section	:

Sl. No.	Course Objectives (As given in the Syllabus)	Mapping with corresponding program objectives
1.	Study of this subject provides an understanding of the scope of an entrepreneur, key areas of development, financial assistance by the institutions, methods of taxation and tax benefits, etc.	

Sl. No.	Course Outcome (As given in the Syllabus)	Mapping with corresponding program outcome
1.	Upon completion of the course, students will be able to gain knowledge and skills needed to run a business successfully.	

Lecture Hour	Time Allocated (Mins)	Detailed Topics to be covered	Actual Completion		Deviations (with reasons) if any	HOD	Principal
			Date	Period			
UNIT I - ENTREPRENEURSHIP			Corresponding course objective No's met: 01				
1	50	Entrepreneur: Introduction, Concept / Meaning					
2	50	Entrepreneur: Characteristics, Functions of an entrepreneur, difference between entrepreneur & manager					
	20	➤ Characteristics					
	15	➤ Functions of an entrepreneur					
	15	➤ Difference between entrepreneur & manager					
3	50	Types of entrepreneurs, Meaning of Intrapreneur, Difference btw entrepreneur & intrapreneur					
	25	➤ Types of entrepreneurs					
	25	➤ Difference btw entrepreneur & intrapreneur					
4	50	Concept of Entrepreneurship					
	50	➤ During the period of pre-independence A case study					
5	50	Concept of Entrepreneurship					
	50	➤ During the period of post-independence A case study					
6	50	Growth of entrepreneurship					
	25	➤ During the period of post-independence					
	25	➤ During the period of pre-independence					
7	50	Role of Entrepreneurship in economic development of state / nation					

8	50	Factors affecting Entrepreneurial Growth					
	25	➤ Economic factors					
	25	➤ Non-economic factors					
		➤ Government Actions					
9	50	Unit 1 Overview					
	50	➤ Entrepreneurship and its concepts					
UNIT II - MOTIVATION			Corresponding course objective No's met: 01				
10	50	Motivational aspects of an Entrepreneur, Motivation theories					
	25	➤ Motivational aspects					
	25	➤ Motivation theories					
11	50	Motivating factors, influencing an Entrepreneur					
	20	➤ Creativity					
	20	➤ Self-efficiency & communication					
	10	➤ Locus of control					
12	50	Achievement Motivation					
	25	➤ Training, tools					
	25	➤ Techniques to assess					
13	50	Self-rating, Business game					
14	50	TAT					
15	50	Entrepreneurial competencies					
	25	➤ Major Entrepreneurial competencies					
	25	➤ Developing Entrepreneurial competencies					

16	50	Entrepreneurship Development Program (EDP)					
	15	➤ Need					
	10	➤ Objective					
	15	➤ Course contents					
	10	➤ Curriculum					
17	50	EDP					
	30	➤ Various phases					
	20	➤ Evaluation methodology					
18	50	Unit 2 Overview					
	25	➤ Description					
	25	➤ Applications					
UNIT III – BUSINESS			Corresponding course objective No's met: 01				
19	50	Small Enterprises					
	25	➤ Definition, Objectives					
	25	➤ Scope & its importance					
20	50	Role of Small Enterprises					
	25	➤ In economic development,					
	25	➤ problems of small enterprises					
21	50	Small enterprises:					
	25	➤ Ownership Structures					
	25	➤ Advantages & Disadvantages SIDCO SSIB					
22	50	Steps involved in setting up a Business					
	50	➤ Finacial assistance					

		➤ Government Support, & Regulations					
23	50	Business Identification & Selection					
24	50	Techno economic feasibility					
25	50	Market Survey, Research and Analysis					
	25	➤ Opinion pooling method					
	25	➤ Life cycle segment analysis					
26	50	Project Report:					
	10	➤ Significance					
	20	➤ Contents & Formulation,					
	20	➤ Preparation of a Preliminary Project Report					
27	50	Project appraisal: Concept and methods					
28	50	Sources of information					
UNIT IV - FINANCING AND ACCOUNTING							
29	50	Financial planning, sources of finance					
30	50	Various financial institutions					
	20	➤ Leasing Aggrements					
	20	➤ Commercial Banks					
	10	➤ Other financial aids					
31	50	Break Even Analysis					
	25	➤ Costing					
	25	➤ Product Pricing					
32	50	Network analysis techniques					
	25	➤ Concept					
	25	➤ Importance					

33	50	Accounting					
	25	Need & objective					
	25	Accounting Process					
34	50	Various financial risks faced by small enterprises					
35	50	Reasons and remedial actions for financial risks					
36	50	Taxation for Small Enterprises					
	10	➤ Tax Benefits & IT					
	20	➤ Investment Allowances					
	20	➤ Patents and copyrights					
37	50	Unit IV review					
UNIT V – SUPPORT TO ENTREPRENEURS			Corresponding course objective No's met: 01				
38	50	Concept of Industrial Sickness in small business					
39	50	Signals and symptoms of Industrial sickness, Magnitude of Industrial Sickness					
40	50	Causes & Consequences of Industrial Sickness					
41	50	Corrective measures					
42	25	Govt. policy for small enterprises					
	25	Govt. support for small enterprises					
43	50	Growth strategies: Objective, various stages					
44	50	➤ Expansions					
		➤ Diversification					
		➤ Joint Venture					

45	50	Unit V review					
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Note: where tutorial is included in the syllabus, course plan also to indicate the hours during which tutorials are planned meeting the syllabus requirements on the total hours of tutorials to be covered.

Assignments (Minimum of 2 assignments):

Unit and Portions	Mode of assignment*	Planned Date	Actual Date	Remarks
1 unit & 2 unit 30 % of portions	Home Assignments			
2 unit & 3 unit 30 % of portions	Home Assignments			
4 unit & 5 unit 40 % of portions	Home Assignments			

Note(*): Mode of Assignment can be individual/ group/ class/ home assignments/ seminar presentations/ mini projects as decided by the individual faculty etc.

CIA Test Planning:

Test No.	Portions to be completed	Portions covered in the test	Date of test	Remarks
1	1 unit & 2 unit - 30 % of portions			
2	2 unit & 3 unit - 30 % of portions			
3	4 unit & 5 unit - 40 % of portions			

Any other method identified by the faculty in order to ensure the achievement of the course objective / outcome:

Method	Supporting course objective	Course Outcome	Method of assessment
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TEXT BOOKS:

1. Dr. S.S.Khanka “Entrepreneurial Development” S.Chand & Co. Ltd. Ram Nagar New Delhi,1999.

REFERENCES:

1. Poornima M Chanrantimath “Entrepreneurship development small business enterprises” Pearson publications.
2. Kuratko & Hodgetts, “Enterprenuership – Theory, process and practices”, Thomson learning 6th edition.

Date:**Course Faculty****HOD****Principal**



ENTREPRENEURSHIP DEVELOPMENT

UNIT- I ENTREPRENEURSHIP



Srinivasan N

Mechanical Engg.

12/4/2015



UNIT PLAN

Name of the unit: **ENTREPRENEURSHIP**

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General Educational Objectives

- 1.To understand the functions of entrepreneur**
- 2. To know about the entrepreneurial growth**

S. No.	Activity	Time
1	Introduction to entrepreneurship	1
2	Characteristics & Functions of Entrepreneur	2
3	Types & Concepts of entrepreneurship	2
4	Entrepreneurial Growth & factors	2
	<i>Revision</i>	1
	Total	8



UNIT- I ENTREPRENEURSHIP

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Entrepreneur – Types of Entrepreneurs – Difference between Entrepreneur and Intrapreneur – Entrepreneurship in Economic Growth, Factors Affecting Entrepreneurial Growth.

Books

1. S.S.Khanka “**Entrepreneurial Development**” S.Chand & Co. Ltd. Ram Nagar New Delhi,1999.
2. Poornima M Chanrantomath “**Entrepreneurship development small business enterprises**” Pearson publications



I. Entrepreneurship

4

- ❑ Definitions
- ❑ Importance of Entrepreneurship
- ❑ Characteristics of an Entrepreneur
- ❑ Classification of entrepreneurs
- ❑ Entrepreneurial Development Models
- ❑ Problems faced by entrepreneurs
- ❑ Growth of entrepreneurship in India
- ❑ Role of Entrepreneurship in Economic Development
- ❑ Factors affecting Entrepreneurial Growth
- ❑ Profile of successful Indian Entrepreneurs



DEFINITIONS

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According to Peter.P. Drucker

Definition of Entrepreneur

- ▣ “Innovation is the specific tool of entrepreneurs, the means by which they exploit changes as an opportunity for different business or a different service”

Definition of Entrepreneurship

- ▣ “Entrepreneurship is neither a science nor an art. It is a practice. It is knowledge base. Knowledge in entrepreneurship is a means to an end, that is, by the practice”.





Difference Between

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ENTREPRENEUR	ENTREPRENEURSHIP
✓ PERSON	✓ PROCESS
✓ VISUALIZER	✓ VISION
✓ CREATOR	✓ CREATION
✓ ORGANIZER	✓ ORGANISATION
✓ INNOVATOR	✓ INNOVATION
✓ PLANNER	✓ PLANNING
✓ LEADER.	✓ LEADERSHIP.



Characteristics of an Entrepreneur

8

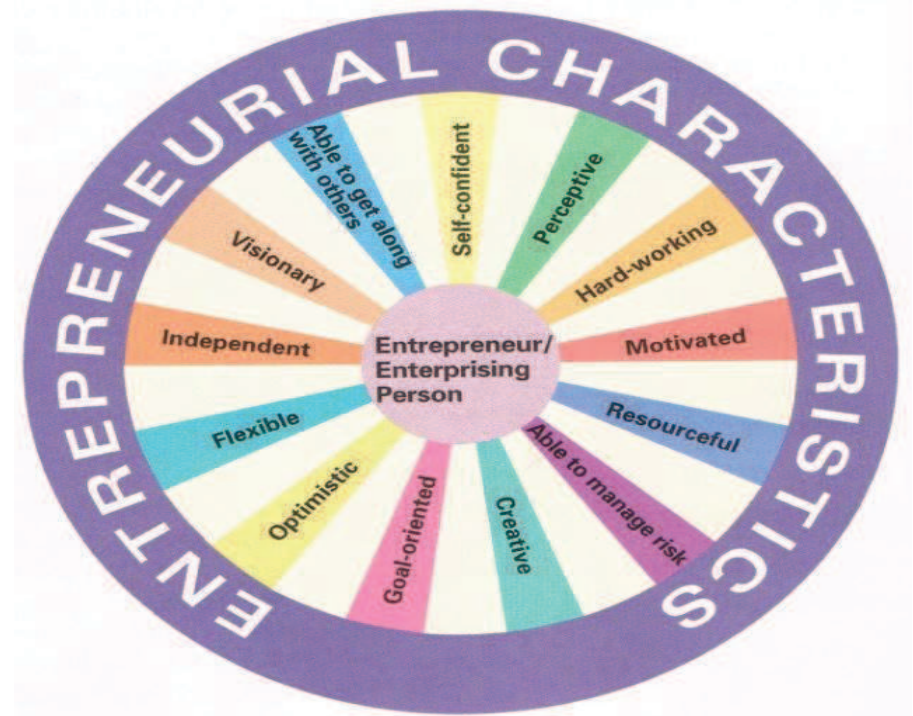
Some of the Characteristics of an Entrepreneur are,

- ❑ **Mental Ability** – Entrepreneur must have creative thinking and must be able to analyze problems and situations. He should be able to anticipate changes.
- ❑ **Business Secrecy** – He should guard his business secrets from his competitors.
- ❑ **Clear Objectives** – He must have clear objectives as to the exact nature of business or the nature of goods to be produced.
- ❑ **Human Relations** – He must maintain good relation with his customers, employees, etc.

Characteristics of an Entrepreneur cont.,

9

- **Communication Ability** – He should have good communication skills means both the sender and the receiver should understand each others message.
- **Technical Knowledge** – He should have sufficient technical knowledge.

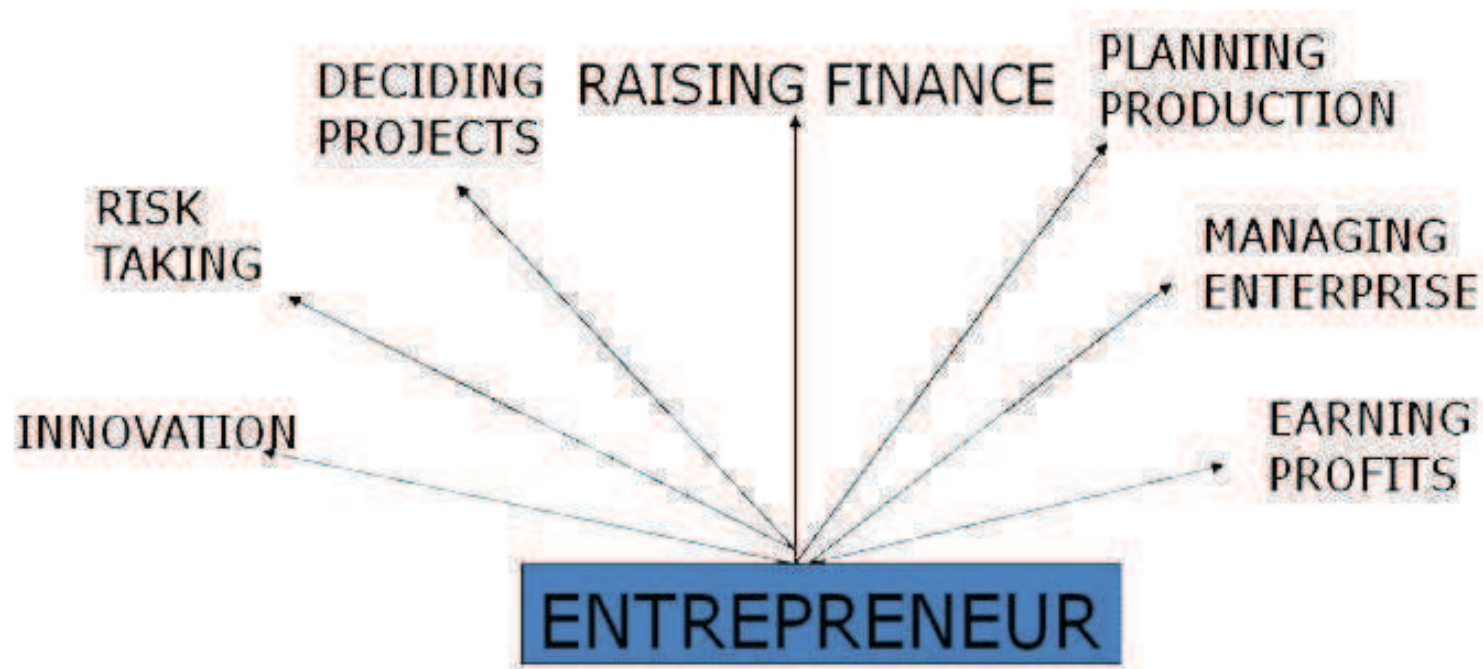




Function of Entrepreneur

10

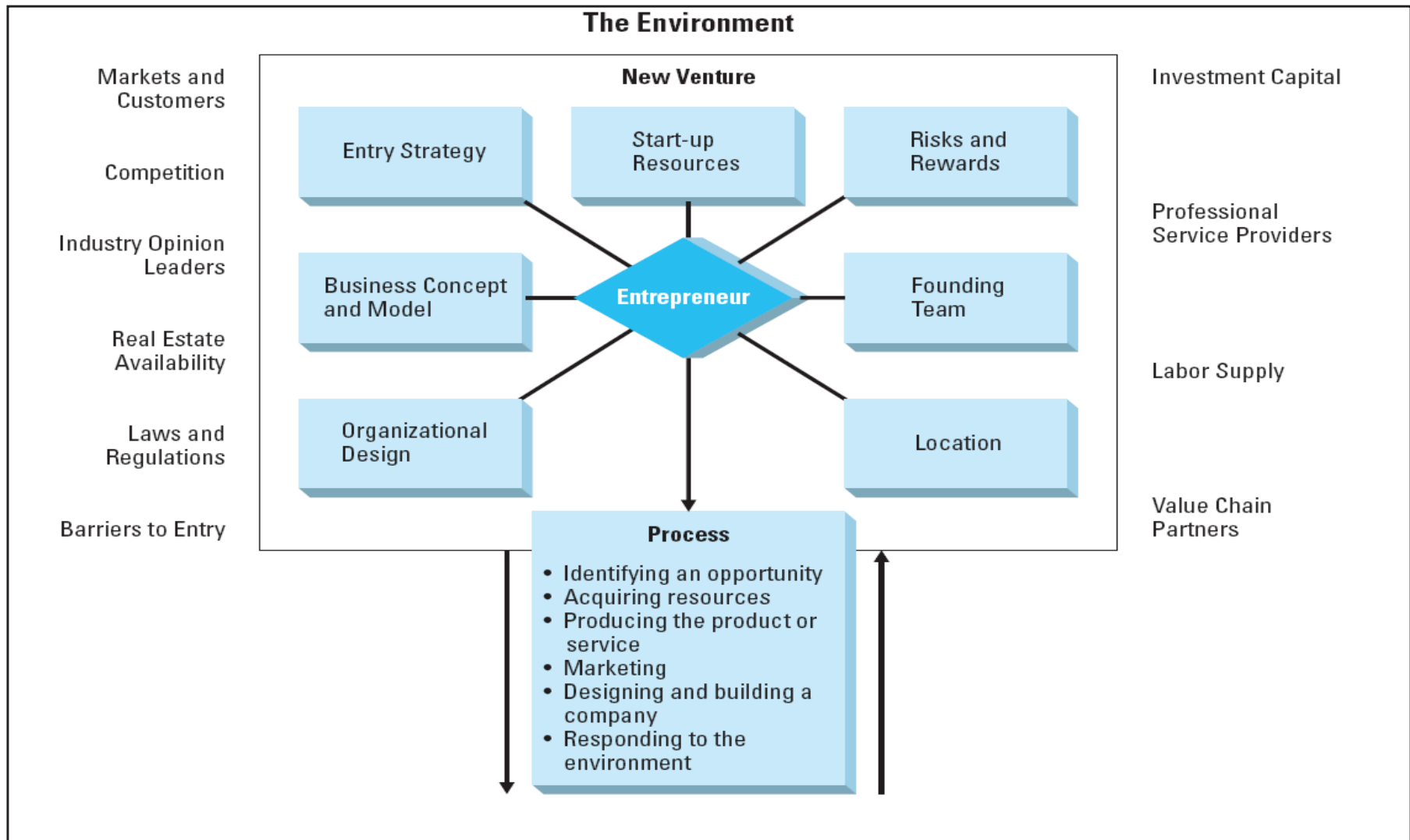
- Some of the functions are,





The Entrepreneurship Process

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Classification of entrepreneurs

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Based on Functional Characteristics

- **Innovative** : Innovative entrepreneur is one who assembles and synthesis information and introduces new combinations of factors of production.
- **Imitative/ Adoptive**: simply adopts successful innovation introduced by other innovators
- **Fabian**: very much skeptical in their approach in adopting or innovating new technology in their enterprise.
- **Drone**: never like to get rid of their traditional business and traditional machinery or systems of the business.



Classification of entrepreneurs cont.,

13

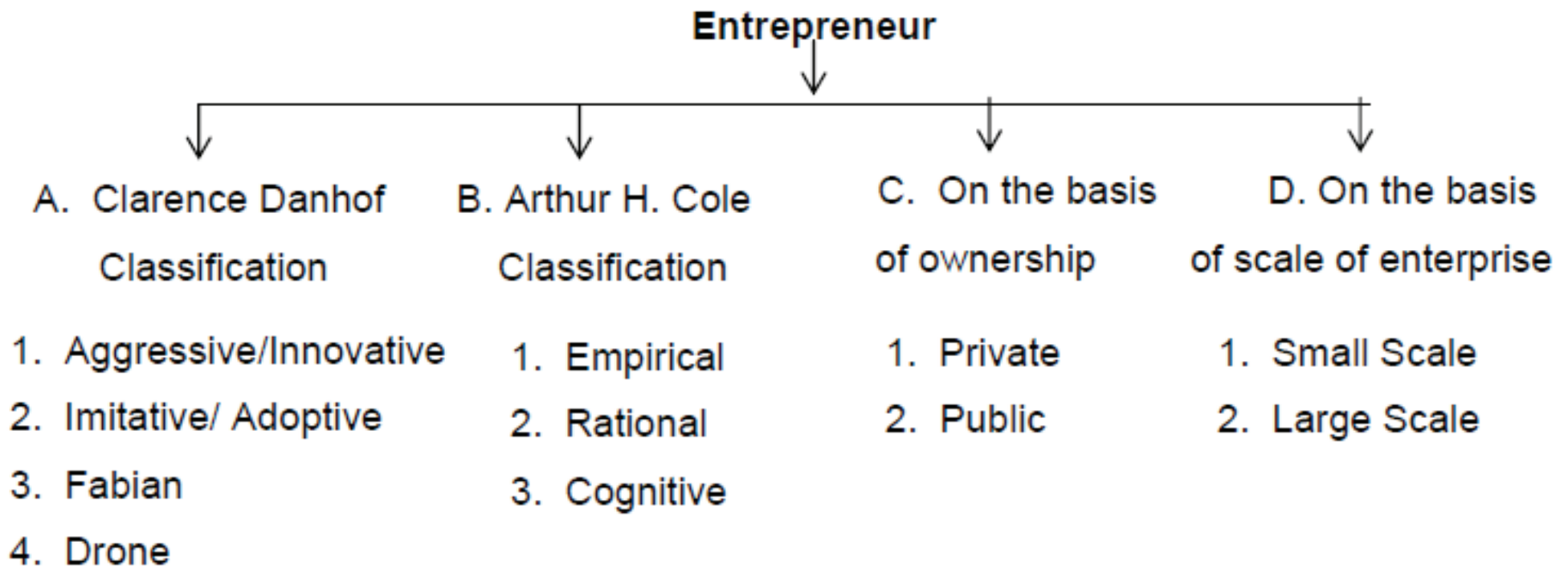
- Based on business type
 - a) Manufacturing: Produce the products
 - b) Wholesaling: Sell it to a middle man
 - c) Retailing: Buying the ongoing one
 - d) Service: Servicing rather selling



Classification of entrepreneurs cont.,

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□ Based on various point of view





Distinction between an Entrepreneur and a Manager

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Point for Distinction	Entrepreneur	Manager
1. Goal Management	An entrepreneur starts a venture by setting up a new enterprise for his personal gratification	But the main aim of a manager is to render his service in an enterprise already set up by someone.
2. Status	Entrepreneur is the owner of enterprise.	A manager is the servant in the enterprise.
3. Risk	An entrepreneur bears all risks and uncertainty involved in the enterprise.	A manager being a servant does not bear any risk involved in the enterprise.



Distinction between an Entrepreneur and a Manager cont.,

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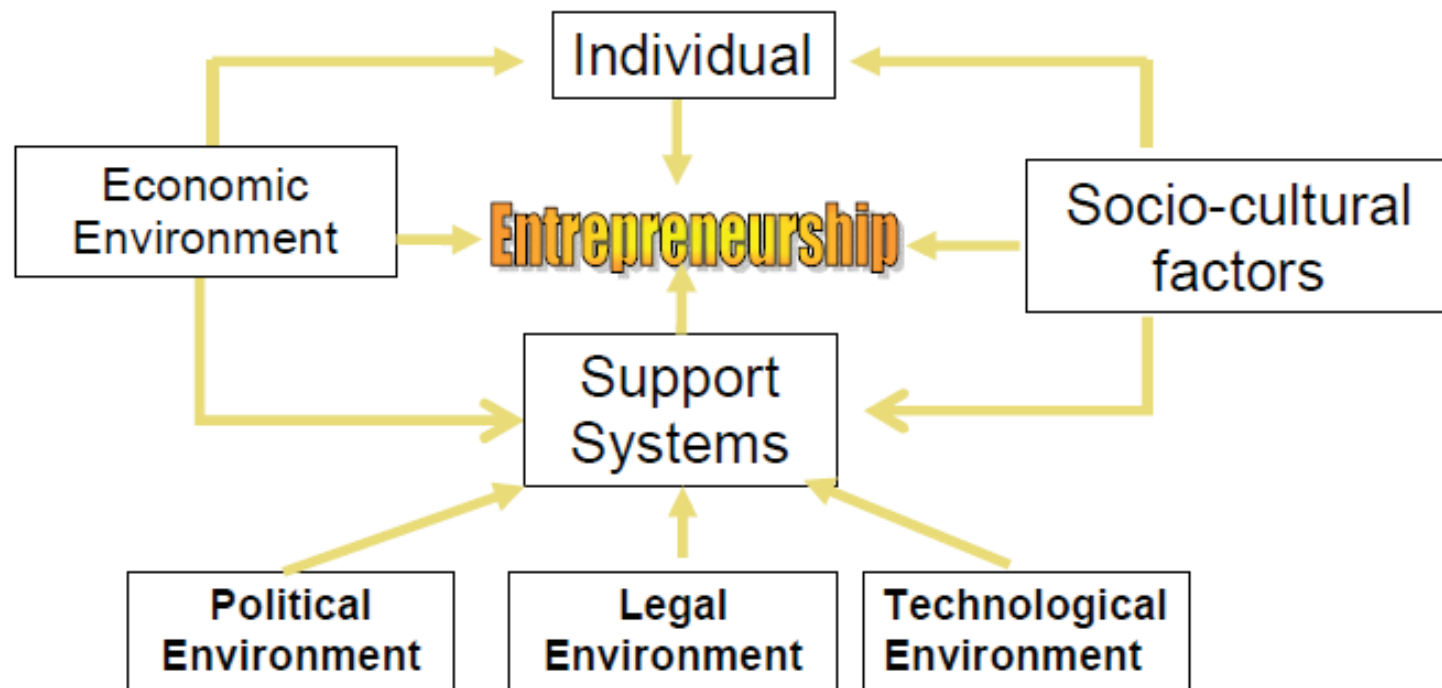
Point for Distinction	Entrepreneur	Manager
4. Rewards	Entrepreneur for his risk bearing role he receives profits. It is not only uncertain and irregular but can at times be negative.	A manager receives salary as reward for service rendered which is fixed and regular can never be negative.
5. Innovation	As an innovator he is called as change agent who introduces goods and services to meet changing needs of the customer	A manager executes the plans of the entrepreneur. Thus a manager translates the ideas into practice.



Factors Influencing Entrepreneurship

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- Some of the factors which influence the entrepreneurships are,





Entrepreneurial Development Models

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The models suggested for the development of entrepreneurship fall in the following categories,

- ❑ Psychological models
- ❑ Sociological models
- ❑ Integrated models

Problems faced by entrepreneurs

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- Problems of entrepreneurs may divided into two groups – External and Internal

- Internal Problems

1. Planning

- a) Technical feasibility

- b) Economic Viability

2. Implementing

3. Production

- Like, Production Management (Mgt), Labour Mgt, Marketing Mgt, Financial Mgt , Administrative Mgt





Problems faced by entrepreneurs

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External Problems

1. Infrastructural
2. Financial
3. Marketing
4. Taxation
5. Raw Material
6. Industrial & Financial regulations
7. Inspections
8. Technology
9. Government Policy
10. Administrative Hurdles
11. Lack of direction
12. Competitive & Volatile Environment



Intrapreneurship

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- Intrapreneurship is defined as entrepreneurship within an existing business set– up.
 - ▣ Intrapreneurship is corporate entrepreneurship
- Intrapreneur is a manager who focuses on innovation and creativity; who brainstorms, dreams and puts ideas into profitable venture by operating within the organisational environment.
- It is a tool for capitalizing the entrepreneurial spirit of employees in the organisation. It gives managers the freedom to try new ideas by employing firm’s resources in a unique way.



Characteristics of an Intrapreneur.

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- ❑ The major difference being that an entrepreneur risks his own money where as an intrapreneur works with his employer's money
- ❑ Vision – Intrapreneur has ability to visualise from idea to implementation.
- ❑ Motivation – Intrapreneur is generally self motivated, but expect corporation reward and recognition.
- ❑ Orientation – Intrapreneur is achievement oriented.
- ❑ Risk Appetite – Intrapreneurs are moderate risk takers since risk acceptance depends on their skills



Characteristics of an Intrapreneur cont.,

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- Locus of status – Intrapreneurs want to do the work on their own rather than delegate like managers
- Failure and Mistakes – Intrapreneur hide risky projects and ideas to ensure learning without political cost and public failure. They develop multi disciplinary team in the organisation and may go beyond organisation boundaries for results.
- Goal set up – Intrapreneur are determined to do things not even asked for. They set goals and quality standards.



Growth of entrepreneurship in India

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- The growth of entrepreneurship in India is presented into **two sections**,
 1. Entrepreneurship during Pre-Independence
 2. Entrepreneurship during Post-Independence



1. Entrepreneurship during Pre-Independence

- Entrepreneurship traced back early as **Rigveda**, when metal handicrafts existed in the society
- Indian people were organised in the economic and social system of the **village community**



Entrepreneurship during Pre-Independence cont.,

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- Elaborate **Caste-based division** of workers consists of,
 - ▣ Farmers, Artisans (Village Servants), Religious Priests
- Royal **patronage supports** the artisans industries
- Indian craftsmanship brought **ever-lasting name & fame**
 - ▣ Like, Nagpur for Silk-bordered clothes
 - ▣ Kashmir for Shawls
 - ▣ Banaras for Metal wares
- India enjoyed the **prestigious status** of the queen of the international trade with the help of its **handicrafts**



Entrepreneurship during Pre-Independence cont.,

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- Unfortunately, Indian **handicraft** industry **declined** at the end of 18th century due to,
 - Disappearance of Indian royal courts
 - Lukewarm attitude of the British government towards Indian crafts
 - Low priced British made goods
 - Changes in the taste & habits of Indian
 - Development of transport in Indian facility makes easy access of British products
 - Unwillingness of the Indian craftsmen to adapt to the changing tastes and needs of the people



Growth of entrepreneurship in India cont.,

Entrepreneurship during Pre-Independence cont.,

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- East Indian company establish **first ship-building** in Surat
- **Ranchodlal Chotalal**, setting up the **textile manufacturing** on the modern factory lines lies in 1847, but failed, In his second attempt, he succeeded in 1861 at Anamedabad
- **Swadesi campaign** emphasis on **indigenous goods** for developing nationalism in the country
- The second wave of entrepreneurial growth in India began at the first world war
- Indian government agreed to **'discriminating' protection** to certain industries, It helped **establishing and extending** the Indian manufacturing factory during 20th century decades



Growth of entrepreneurship in India cont.,

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2. Entrepreneurship during Post Independence

- After 1947, Government of India took **3 Important measures** in Industrial resolutions
 1. To maintain **proper distribution of economic power** between private and public sector
 2. To encourage the **tempo of industrialisation** by spreading entrepreneurship
 3. To **disseminate the entrepreneurship** from dominant communities to large no. of industrial potential people
- For these, government emphasis on developing **small-scale industries**



Entrepreneurship during Post Independence cont.,

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- Since, 3rd **Five year plan** in the form of,
 - ▣ Capital, Technical Know-how, Markets & Land
- Due to this efforts, Small size industries increase in No.
 - ▣ In 1966 it's 121,6119
 - ▣ In 1970 it's become 190,727
- After the Second world war,
 - ▣ Entrepreneur grew from Small to Medium; Medium to Large
- The **family entrepreneur** like Tata, Birla, Dalmia, Kirloskar **grew** beyond the expected size and establish new frontiers in this period



Role of Entrepreneurship in Economic Development

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- Economic development is a process of upward change whereby the real per capita income of a country increases over a long period of time
- **Adam Smith** (*foremost classical economist*) extolled, By **improvement in productivity** to the increase dexterity of each worker due to division of labour
- **David Ricardo** identify **3 factors** for production,
 - ▣ Machinery, Capital & Labour
 - ▣ Profits leads to saving of wealth i.e, Capital formation
- **Sayigh** describes ‘Entrepreneurship is a **dynamic force**’
 - ▣ It act as a catalyst or Agent in economic development



Role of Entrepreneurship in Economic Development cont.,

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- Some of the **important roles** played by entrepreneurship in the economic development are,
 - It provides capital formation by saving the public
 - It provides immediate large scale employment
 - It promotes country's export trade
 - It simulates the equitable redistribution of wealth, income etc.,
 - It encourages effective resource mobilisation of capital and skill
 - It reduces the concentration of economic power





Factors affecting Entrepreneurial Growth

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1. Economic Factors

a) Lack of adequate overhead facilities

- ▣ Profitable innovations require basic facilities like transportation, communication power supply etc. They reduce cost of production and increase profit.

b) Non availability of capital

- ▣ Inventions are capital oriented. In less developed countries most capital equipment have to be imported which involves foreign exchange which acts as a difficult problem.





2. Non-economic Factors

a) Sociologist factors

- Legitimacy of entrepreneurship:
- Social mobility
- Marginality
- Security

b) Psychological factors

- Need Achievement
- Withdrawal of Status Respect



Profile of successful Indian Entrepreneurs

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Profile of successful Indian Entrepreneurs

- Dhirubhai Ambani
- Kasanbhai Patel : Nirma Story
- Kunjachan.P.J : The king of Omega 3





Rags to Riches: Dhirubhai Ambani

- Dhirubhai Ambani born to Jamunaben & Hirachand Govardhandas Ambani, a low paid school teacher in a village of Gujarat
- At the age of 17 he followed his elder brother in filling gas at a shell pump for a monthly salary of Rs. 300
- He started trading in spices (ginger, turmeric)
- In 1959, Dhirubhai switched his trading business from spices to yarn. He expanded a small textile unit
- This was also a period when Indian Government faced as massive foreign exchange crisis for importing nylon fabric



Rags to Riches: Dhirubhai Ambani cont.,

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- This provides Ambani's company a massive profits made from exports to Russia, Poland, and other countries
- And another major resources was Reliance 'Petrochemical' which was India's largest private sector company with sales crossing Rs.4,000 crore mark
- Reliance was a first instance of an Asian company entering the US market
- Dhirubhai dedicated the world's largest grassroots refinery worth Rs 25,000 crore to the nation

Meeting the deadline is not good Enough, Beating the deadline is my Expectation.

*-Dhirubhai Ambani
(Founder of Reliance)*





The Nirma Story: The saga of Karsanbhai Patel

[Business opportunity Identification]

- Karsanbhai Patel worked as a chemist at Gujarat Mineral Development in Ahamedabad
- Karsanbhai Patel recognised that there is a vacuum in the rural Indian Market for affordable detergent and the low quality soap bars didn't wash well
- With accurate belief he started conducting experiments in his kitchen, he finally yield a 'Whitish-Yellow' powder. He named it as 'Nirma'





The Nirma Story: The saga of Karsanbhai Patel cont.,

38

- He produced small quantities of washing powder and sell it to his neighbours
- He gained the support from Hindustan Lever with his homespun unit, Which is cheaper than Surf
- Every morning Patel got on his bicycle and went from door to door selling his washing powder
- The cheap washing powder became a boon to housewives who are struggling to balance their monthly budgets
- As word-of-mouth spread, Kasanbahi got more & more customers to whom he effected his deliveries on foot



The Nirma Story: The saga of Karsanbhai Patel cont.,

39

- As television reach spread India during late 1970s. The little girl on the pack became a symbol of Nirma with good quality & low price
- Nirma sells over 8,00,000 tones of detergent annually, giving it a 35 % share to the market
- Karsanbhai Patel did not start up a media assalut until the entire distribution network had the product in place
- Additional Nirma Products: Low-priced toilet soap, toothpaste





The King of Omega3: P.J Kunjachan

40

- Kunjachan started his career as a proofreader in local daily with Rs. 1.50 per day as wages
- He was the fourth of six children, his education came to a halt after his pre-degree course due to family condition
- He began a joint venture supply chain at home due to insufficient money he became the partner in newspaper distribution in his village
- He learnt about the scope of running the distribution of a fertilizer manufacturing company in his locality through newspapers
- His inborn talent of maintain excellent human relations make him a CEO



The King of Omega3: P.J Kunjachan cont.,



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- He became the distributor of fertilizer for the state of Kerala, His business grew steadily
- He ventured into more risky field of manufacturing. He started a 'bone meal' (*Crused bone as fertilizer*) factory in Tamilnadu to minimise the operational costs and also avoid political interference
- Kunjachan took up another ambitious project to set up a plant for manufacturing Omega-3 fatty acids from fish oil
- His company 'Arjuna Natural Extracts Ltd' won awards from government & Non-government agencies for export and innovation



Summary

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- Definitions
- Importance of Entrepreneurship
- Characteristics of an Entrepreneur
- Classification of entrepreneurs
- Entrepreneurial Development Models
- Problems faced by entrepreneurs
- Growth of entrepreneurship in India
- Role of Entrepreneurship in Economic Development
- Factors affecting Entrepreneurial Growth
- Profile of successful Indian Entrepreneurs



ENTREPRENEURSHIP DEVELOPMENT

UNIT- II MOTIVATION



Srinivasan N

Mechanical Engg.

12/4/2015



UNIT PLAN

Name of the unit: **MOTIVATION**

2

General Educational Objectives

- 1.To understand the functions of entrepreneur**
- 2. To know about the entrepreneurial growth**

S. No.	Activity	Time
1	Introduction to entrepreneurship	1
2	Characteristics & Functions of Entrepreneur	2
3	Types & Concepts of entrepreneurship	2
4	Entrepreneurial Growth & factors	2
	<i>Revision</i>	1
	Total	8



UNIT- II MOTIVATION

3

Major Motives Influencing an Entrepreneur – Achievement Motivation Training, self Rating, Business Game, Thematic Apperception Test – Stress management, Entrepreneurship Development Programs – Need, Objectives.

Books

1. S.S.Khanka “**Entrepreneurial Development**” S.Chand & Co. Ltd. Ram Nagar New Delhi,1999.
2. Poornima M Chanrantomath “**Entrepreneurship development small business enterprises**” Pearson publications



II - Motivation

4

- Nature and Characteristics of Motivation
- Importance of Motivation
- Process of Motivation
- Motivation Incentives
- Theories of Motivation
- Motivation Factors
- Achievement Motivation
- Business Game
- Stress Management
- Entrepreneurship Development Programmes



Motivation

5

- Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals.
- In the work goal context the psychological factors motivating (stimulating) the people's behaviour can be,
 - ▣ Desire for money
 - ▣ Success
 - ▣ Recognition
 - ▣ Job-satisfaction
 - ▣ Team work etc.

Motivation is defined as “the process that motivates a person into action and induces him to continue the course of action for the achievement of goals”



Nature and Characteristics of Motivation

6

□ **Motivation is an Internal Feeling**

Motivation is a psychological phenomenon which generates in the mind of an individual the feeling that he lacks certain things and needs those things.

□ **Motivation is Related to Needs**

Needs are deficiencies which are created whenever there is a physiological or psychological imbalance.

□ **Motivation Produces Goal-Directed Behaviour**

Goals are anything which will alleviate a need and reduce a drive. An individual's behavior is directed towards a goal.

□ **Motivation can be either Positive or Negative**

Positive or incentive motivation is generally based on reward.





Importance of Motivation

7

- Motivation is a very important for an organization because of the following benefits it provides,
 1. Puts human resources into action
 2. Improves level of efficiency of employees
 3. Leads to achievement of organizational goals
 4. Builds friendly relationship
 5. Leads to stability of work force





Motivation is important to an individual as: Motivation will help him achieve his personal goals.

- ▣ If an individual is motivated, he will have **job satisfaction**.
- ▣ Motivation will help **in self-development** of individual.

Motivation is important to a business as: The more motivated the employees are, the more empowered the team is.

- ▣ The more is the team work and individual employee contribution, more **profitable** and **successful** is the business.
- ▣ During period of amendments, there will be more adaptability and creativity.
- ▣ Motivation will lead to an optimistic and challenging attitude at work place.



Process of Motivation

9

**Needs
(Motives)**

**Goal-directed
behaviour**

**Interpretation
of goals**

**Accomplishment
of goals**

- Motivation is a dynamic process which produce a goal-directed behaviour
- Goal-directed behaviour begins with individual needs
- These needs give an energising thrust to the individual towards certain goals



Motivation Incentives

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- ❑ **Incentive** is an act or promise for greater action. It is also called as a stimulus to greater action.
- ❑ Incentives really can sometimes work to accomplish the goals of a concern.

The need of incentives can be many,

- ❑ To increase productivity,
 - ❑ To drive or arouse a stimulus work,
 - ❑ To psychologically satisfy a person which leads to job satisfaction,
 - ❑ To enhance commitment in work performance,
 - ❑ To inculcate zeal and enthusiasm towards work,
- etc.,





Management has to offer the following two categories of incentives to motivate employees:-

1.Monetary incentives- These incentives which satisfy the subordinates by providing them rewards in terms of rupees.

2.Non-monetary incentives- Besides the monetary incentives, there are certain non-financial incentives which can satisfy the ego and self- actualization needs of employees.

- Security of service
- Praise or recognition
- Suggestion scheme- Taking suggestions from the subordinates
- Job enrichment- Improve the quality of a worker job
- Promotion opportunities



Positive Incentives

- Positive incentives are those incentives which provide a positive assurance for fulfilling the needs and wants.
- Positive incentives generally have an optimistic attitude behind and they are generally given to satisfy the psychological requirements of employees.
 - ▣ For example-promotion, praise, recognition, perks and allowances, etc.

Negative Incentives

- Negative incentives are those whose purpose is to correct the mistakes or defaults of employees.
- The purpose is to rectify mistakes in order to get effective results.
 - ▣ For example- demotion, transfer, fines, penalties.



Approaches / Theories of Motivation

13

Classification of motivation theories are,

□ **Content theories** : Deals with *what motivates an individual*

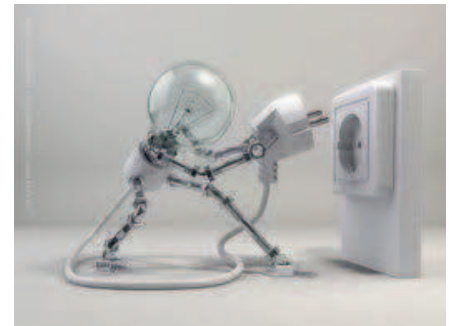
1. Maslow's Need Hierarchy Theory
2. Herzberg's Two-Factor Theory
3. McClelland's Achievement Theory etc.,

□ **Process theories**: Deals with *how behaviour is caused*

1. Victor Vroom's Expectancy Theory
2. Adam's Equity Theory

□ **Reinforcement theory**: Deals with *way in which behaviour is learned*

1. Skinner's Behaviour Modification Theory





1. Maslow's hierarchy of needs theory

14

- Abraham Maslow is well renowned for proposing the Hierarchy of Needs Theory in 1943. This theory is based on the assumption that there is a hierarchy of five needs within each individual.

These five needs are as follows,

- **Physiological needs** : These are the basic needs of an individual which includes food, clothing, shelter, air, water, etc. These needs relate to the survival and maintenance of human life.
- **Safety needs** : These needs are also important for human beings. Everybody wants job security, protection against danger, safety of property, etc.



Maslow's hierarchy of needs theory cont.,

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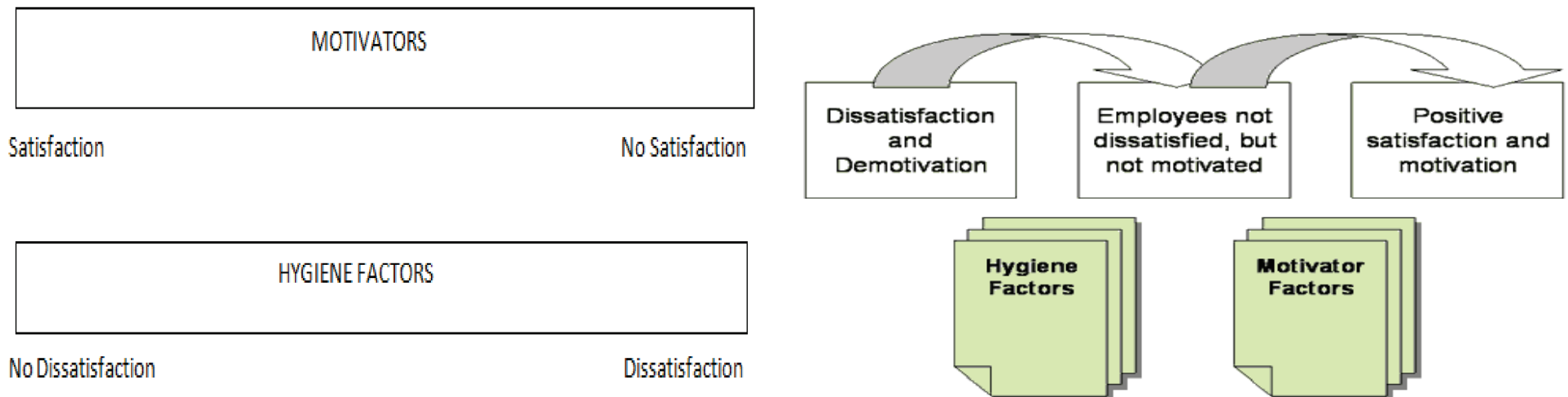
- **Social needs** : These needs emerge from society. These needs become important. For example- belongingness, friendship, conversation, etc.
- **Esteem needs** : These needs relate to desire for self-respect, recognition and respect from others.
- **Self-actualization needs** : These are the needs of the highest order and these needs are found in those person whose previous four needs are satisfied. This will include need for social service, meditation.



2. Herzberg's Two-Factor Theory

16

- In 1959, Frederick Herzberg, a behavioural scientist proposed a two-factor theory or the motivator-hygiene theory.
- According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction.
- According to Herzberg, the opposite of “Satisfaction” is “No satisfaction” and the opposite of “Dissatisfaction” is “No Dissatisfaction”.



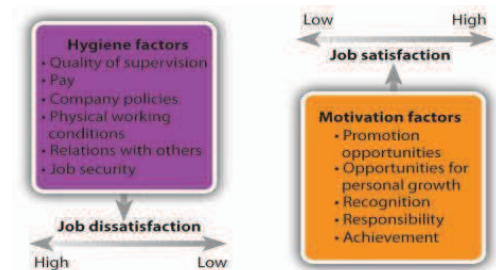


Two - Factor Theory cont.,

Herzberg classified these job factors into two categories,

17

- a) Hygiene factors :** Hygiene factors are those job factors which are essential for existence of motivation at workplace.
- These do not lead to positive satisfaction for long-term. But if these factors are absent / if these factors are non-existent at workplace, then they lead to dissatisfaction.
 - Hygiene factors are also called as **dissatisfiers or maintenance factors** as they are required to avoid dissatisfaction.
 - These factors describe the job environment / scenario.
 - The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled.





- b) Motivational factors-** According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction.
- These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers.
 - These are factors involved in performing the job. Employees find these factors intrinsically rewarding.
 - The motivators symbolized the psychological needs that were perceived as an additional benefit.



Motivational factors cont.,

19

Motivational factors include:

- Recognition- The employees should be praised and recognized for their accomplishments by the managers.
- Sense of achievement
- Growth and promotional opportunities
- Responsibility- The managers should give them ownership of the work.
- Meaningfulness of the work



□ Comparison of Maslow's and 2 Factor theory

Maslow	Herzberg
self-actualisation	motivators
self-esteem	
social	
safety	hygiene
physiological	



3. McClelland's Theory of Needs

21

- David McClelland has developed a theory on three types of motivating needs :
 - (i) Need for Power (n Pow)
 - (ii) Need for Affiliation (n Aff)
 - (iii) Need for Achievement (n Ach)
- Basically people for high **need for power** are inclined towards influence and control.
 - ▣ They like to be at the center and are good orators.
 - ▣ They are demanding in nature, forceful in manners and ambitious in life.
 - ▣ They can be motivated to perform if they are given key positions or power positions.



- In the second category (*n Aff*) are the people who are social in nature.
 - ▣ They try to affiliate themselves with individuals and groups.
 - ▣ They are driven by love and faith.
 - ▣ They like to build a friendly environment around themselves.
 - ▣ Social recognition and affiliation with others provides them motivation.
- People in the third area (*n Ach*) are driven by the challenge of success and the fear of failure.
 - ▣ Their need for achievement is moderate and they set for themselves moderately difficult tasks.
 - ▣ They are analytical in nature and take calculated risks.
 - ▣ Such people are motivated to perform when they see at least some chances of success.



- In case of entrepreneur, the high **need for achievement (*n Ach*)** are characterised by the following,
 - ▣ They set SMART (Specific, Measurable, Attainable, Realistic & Time bound) goals
 - ▣ Prefer to situations for finding solutions
 - ▣ Feedback of the current performance
 - ▣ They look for challenging tasks



Motivation Factors

24

- Some of the factors motivate entrepreneurs to start enterprises. Research studies identify the factors that motivate people to start business enterprises
- **Sharma** classified all the factors motivating the entrepreneurs into two types
 - ▣ **Internal Factors:** like, Desire to do new things, Education, Experience etc.,
 - ▣ **External Factors:** like, Government assistance & support, Raw material & Labour availability etc.,



- **Murthy et.al** classified motivating factors on three different bases,
 - ▣ Ambitious Factors : having or showing ambition
 - ▣ Compelling Factors : able to be made or give evidence
 - ▣ Facilitating Factors : make easier
- **Khanka** studied 50 small-scale entrepreneurs in Kumaun Division of Uttar Pradesh and concluded that,
 - ▣ **Previous experience** has been the most motivating factor
 - ▣ The next factor is heavy **demand** for a particular **product** in the market



- After the foregoing analysis, the majority of entrepreneur motivated to enter industry mainly because of the following 4 factors
 1. Possessed **technical knowledge** or **experience** in related line
 2. Heavy **demand** for a particular **product**
 3. Governmental and institutional **assistance** facilities for an individual to enter into industry
 4. **Enterprising attitude**



Achievement Motivation

27

- Need for achievement plays an important role in making an entrepreneur as successful
- It is an **inner spirit** that activates an entrepreneur to strive for success (desire to do well)
- There is the need for developing achievement motivation for developing entrepreneurship in an economy
- **David C. McClelland** suggested that achievement motivation can be developed through **training** and **experience**
- For this, McClelland conducted his experiments with group of businessmen in **three** countries (Malawi, India & Equator)



- McClelland carried out a separate full-fledged training programme in India. This successful experiment is popularly known as 'Kakinada Experiment'

Kakinada Experiment

- Kakinada is an industrial town in Andhra Pradesh. The experiment started in Jan, 1964
- A total of 52 persons were selected from business and industrial community of the town
- The main Objective of the experiment was, **to break the barrier of limited aspiration** by including achievement motivation



Kakinada Experiment cont.,

29

- The participants are spitted into 3 batches and they were given an orientation programme at Small Industry Extension Training Institute (**SIETI**), Hyderabad for 3 months
- It could help the trainee to improve imagination and enable them introspect their motivation
- The programme included the following items in the syllabi,
 - ▣ Individuals strived to attain **concrete & regular feedback**
 - ▣ Participants sought **models** of achievement to **imitate**
 - ▣ Participants **thought** of success & **accordingly set** plans & goals
 - ▣ Participants were encouraged to **think** and **talk positively**



Kakinada Experiment cont.,

30

- The impact of the training program on the participants behaviour was observed after a period of 2 years. The observations were encouraging
- It was found that those attended the programme **performed better** than those didn't
- The participant's 'Need for Achievement' was evaluated using 'Thematic (*relating to a particular subject*) Appreciation Test [TAT]
- In the **TAT**, ambition related pictures (related to achievement) were displayed to the trainees and they were asked to interpret the result pictures



Kakinada Experiment cont.,

31

McClelland reached to the conclusion that,

- The training programme **positively influenced** the entrepreneurial behaviour of the participants
- The **traditional belief** and imitation of western culture **didn't determine one's behaviour** as an entrepreneur
- The 'Need for Achievement' motivation can be developed more especially in **younger minds** is well supported by the cross-country experiments
- Accordingly, efforts have made to include success stories from history & legends in the **curriculum** of the students to induce the 'Need for Achievement' of young minds



Business Game

32

Some of the exercises or game,

Exercises or Game	Objectives
Micro-Lab	To help trainees familiarize themselves with each other & Expectations of trainees
TAT	<ul style="list-style-type: none">•To determine the level of achievement motivation among trainees•To emphasize the formation and usage of achievement language in thinking and action
Who am I?	To know themselves, goals, strengths & weakness
Tower Building	To Know goal setting ability, understanding of help behavior, decision making



Business Game

33

Some of the exercises or game,

Exercises or Game	Objectives
Achievement Planning Exercises	To help trainees internalize thought process related to high need for achievement
Convince and crown [GD]	To know the process of influencing others, leadership, communication skills.
Creative games	To remove the barriers of creative thinking



Business Game

34

According to Thomas Hellmann,

Entrepreneurship / Business Game has one simple objective:

- *To experience the challenges of starting and financing a new company*

Overview of the Game

- Entrepreneurs work in teams. Teams will have dual roles, both as entrepreneurs and investors.
- As entrepreneurs, teams will develop a business opportunity. They will write a “business proposal,” which can be thought of as a reduced version of a business plan.



Business Game cont.,

35

- There will be two consecutive sections of this undergraduate elective. There will not be two separate games, but one integrated game.

Grading of the Game

- The main motivation for playing this game comes from being evaluated by your peers and by outside panelists
- 10% comes from the class presentation.
- 25% comes from what I call the unweighted team performance.
- Another 25% comes from the weighted team performance.



Business Game cont.,

36

- ❑ **Class presentations**
- ❑ Communication is very important in the game. Each team will have the opportunity to present to the class.
- ❑ **Team meetings**
- ❑ To know about the progress and the challenges you face.
- ❑ **Protection of intellectual property**
- ❑ Each person is responsible for protecting his or her intellectual property
- ❑ **Pre-existing and concurrent business plans**



Prediction of Stress

37

Write down "yes" or "no" to the following stress test questions and see how you rate.

1. Do you worry about the future?
2. Do you sometimes have trouble falling asleep?
3. Do you become irritated over basically insignificant matters?
4. Do you have less energy than you seem to need or would like to have?
5. Do you have too many things to do and not enough time to do them?



Stress Management cont.,

38

Write down "yes" or "no" to the following stress test questions and see how you rate.

6. Do you have headaches or stomach problems?
7. Do you feel pressure to accomplish or get things done?
8. Are you very concerned about being either well-liked or successful?
9. Do you perform well enough in life to satisfy yourself?
10. Do you get satisfaction from the small joys or simple pleasures of life?
11. Are you able to really relax and have fun?



Stress Management cont.,

39

Scoring

- 1-8: one point for each yes answer.
- 9-11: one point for each no answer.
- A score of 4 or more suggests that you may be under significant stress.



Stress

40

- Stress is the reaction people have to excessive pressures or other types of demand placed upon them. It arises when they worry that they can't cope.
- Stress is Mental and physical response to change
- Stressor → any physical, social, or psychological event or condition that causes the body to adjust to a specific situation



Types of Stress

41

- **Eustress**
 - ▣ Manageable Stress can lead to growth and enhanced competence
- **Distress**
 - ▣ Uncontrollable, prolonged, or overwhelming stress is destructive.
- **Acute Stress**
 - ▣ Immediate response to a threat or challenge
- **Chronic Stress**
 - ▣ Ongoing exposure to stress, may seem unrelenting



Stress Management

42

The Four Common Types of Stress

- Dr Karl Albrecht, a management consultant and conference speaker based in California, is a pioneer in the development of stress-reduction training for businesspeople. He defined four common types of stress in his 1979 book, "**Stress and the Manager.**"
- Albrecht's four common types of stress are:
 - ▣ Time stress – Based on time availability
 - ▣ Anticipatory stress – Based on future events
 - ▣ Situational stress – Based on the current situation
 - ▣ Encounter stress – Based on unexpected events



Sources of Stress

43

- ❑ Change
- ❑ Petty annoyances, irritations, frustrations
- ❑ Pressure to work faster to meet demands or higher standards
- ❑ Disparity between goals and actual behaviors
- ❑ Decisions between two competing motives
- ❑ Overload
- ❑ Discrimination, harassment, unemployment, poverty



Causes of Stress

44

□ External causes

- ▣ Family, work, economics, work, school, major life changes, unforeseen events, etc.

□ Internal causes

- ▣ Worry, uncertainty, fear, attitudes, unrealistic expectations, etc.



How Entrepreneurs Can Manage Stress

45

Some guidelines to make it a little easier on yourself

- **Effective time management.**

- ▣ Plan your time and establish priorities on a daily “to do” list..

- **Focus on the urgency of the task.**

- ▣ Make a habit of completing every task that start without having to go back to it.

- **Eliminate distractions.**

- ▣ Notice what are the four or five big time-wasters are and learn techniques to eliminate them or compensate for them.



How Entrepreneurs Can Manage Stress cont.,

46

- Make an effort to adjust your thinking
 - ▣ Worry constructively
 - ▣ Don't rush into action
 - ▣ Consider alternatives
- Stay in contact with people.
- Give your home business as much of a separate and distinct physical identity as possible.
- Take care of your major business asset: YOU.



Simple Techniques to Manage Stress

47

- ❑ Talk to someone. You don't have to fix the problem, just report it.
- ❑ Notice if any of the muscles in your body are tense. Just noticing that will often relax the muscle.
- ❑ Ask your boss if you're doing OK. This simple question can make a lot of difference and verify wrong impressions.
- ❑ Delegate.
- ❑ If you take on a technique to manage stress, tell someone else. They can help you be accountable to them and yourself.
- ❑ Cut down on caffeine and sweets. Take a walk instead. Tell someone that you're going to do that.



Simple Techniques to Manage Stress

48

- ❑ Use basic techniques of planning, problem solving and decision making.
- ❑ Concise guidelines are included in this guidebook. Tell someone that you're going to use these techniques.
- ❑ Monitor the number of hours that you work in a week. Tell your boss, family and/or friends how many hours that you are working.
- ❑ Write weekly status reports. Include what you've accomplished last week and plan to do next week. Include any current issues or recommendations that you must report to your boss. Give the written status report to your boss on a weekly basis.
- ❑ Do something you can feel good about.



Entrepreneurship Development Programmes (EDP's)

49

Objective of EDPs

- ❑ Develop and strength their entrepreneurial quality.
- ❑ Analysis environmental set up relating to small industry and small business.
- ❑ Select product
- ❑ Formulate project for the product
- ❑ Know pros and cons in becoming an entrepreneurs
- ❑ Develop a broad vision about the business.



Entrepreneurship Development Programmes (EDP's) cont.,

50

Course contents and curriculum of EDPs

1. General instruction to Entrepreneurship
2. Motivation Training
3. Management Skills
4. Support system and procedure
5. Fundamentals of project feasibility study
6. Plant visits



Phases of EDPs

51

1) Pre- training Phase

- a) Selection of entrepreneurs
- b) Arrangement of infrastructure
- c) Tie-up of guest faculty for the training purpose. Like that

2) Training Phase

- a) Purpose of training is to develop „need for achievement“
- b) Role play as like entrepreneur

3) Post-training Phases

- a) Follow- up
- b) Review the pre- training work
- c) Review the process of training programmes and
- d) Review past training approach



Summary

52

- Nature and Characteristics of Motivation
- Importance of Motivation
- Process of Motivation
- Motivation Incentives
- Theories of Motivation
- Motivation Factors
- Achievement Motivation
- Business Game
- Stress Management
- Entrepreneurship Development Programmes



1

ENTREPRENEURSHIP DEVELOPMENT

UNIT- III BUSINESS



Srinivasan N

Mechanical Engg.

12/4/2015



UNIT PLAN

Name of the unit: **BUSINESS**

2

General Educational Objectives

- 1.To understand the small enterprise function**
- 2. To know about the project report**

S. No.	Activity	Time
1	Small Enterprises	2
2	Forms of Business Ownership	1
3	Opportunity Identification and Selection	1
4	Formulation of Business Plan	2
5	Project Appraisal	1
		<i>Revision</i>
		Total
		8



UNIT- III BUSINESS

3

Small Enterprises – Definition, Classification – Characteristics, Ownership Structures – Project Formulation – Steps involved in setting up a Business – identifying, selecting a Good Business opportunity, Market Survey and Research, Techno Economic Feasibility Assessment – Preparation of Preliminary Project Reports – Project Appraisal – Sources of Information – Classification of Needs and Agencies.

Books

1. S.S.Khanka “**Entrepreneurial Development**” S.Chand & Co. Ltd. Ram Nagar New Delhi,1999.
2. Poornima M Chanrantomath “**Entrepreneurship development small business enterprises**” Pearson publications



III. BUSINESS

4

- Small Scale Enterprise
- Classification of Small Enterprises
- Characteristics of a Small-Scale Enterprises
- Scope of Micro & Small Enterprises
- Objectives of Micro Enterprises
- Problems faced by SSI
- Ownership Structure
- Formulation of Business Plan / Project Report
 - ▣ Network Analysis
- Steps involved in Starting small business
- Project Identification
- Project Selection
- Project Appraisal



Small Scale Enterprise

5

Definition of Enterprises in Manufacturing Sector

- a) A Micro Enterprise, where the investment in plant and machinery does not exceed Rs 25 Lacks;
- b) A Small Enterprise, where the investment in plant and machinery is more than Rs 25 Lacks but does not exceed Rs 5 crores;
- c) A Medium Enterprise, where the investment in plant and machinery is more than Rs 5 crores but does not exceed Rs 10 crore.



Definition of Enterprises in Services Sector

- a) A Micro Enterprise, where the investment in equipment does not exceed Rs 10 lakh;
- b) A Small Enterprise, where the investment in equipment is more than Rs 10 lakh but does not exceed Rs 2 crore;
- c) A Medium Enterprise, where the investment in equipment is more than Rs 2 crore rupees but not exceed Rs 5 crore.



Classification of Small Enterprises

7

1. Manufacturing Industries: Produce complete articles
2. Feeder Industries: Specialised in certain type of products and services
3. Servicing Industries: Provide service more than producing
4. Ancillary to large industries
5. Milling and Quarrying



Characteristics of a Small-Scale Enterprises

8

Some of the characteristics are,

□ Low Startup Costs

- ▣ The initial startup costs for a small-scale business are usually pretty low, depending on the specific business model and what products or services are being sold

□ Portability

- ▣ A small-scale business is generally portable, making it easy to set up and tear down.

□ Employees

- ▣ Usually very few employees, if any, work for a small-scale business. This type of business may have one or two employees for busy times.



Scope of Micro & Small Enterprises

9

Some important activities are,

- ▣ Manufacturing Activities
- ▣ Servicing / Repairing Activities
- ▣ Retailing Activities
- ▣ Financial Activities
- ▣ Whole-Sale Activities
- ▣ Construction Activities
- ▣ Infrastructural Activities



Objectives of Micro Enterprises

10

1. To generate immediate and large scale opportunities with low investment
2. To eradicate unemployment problem
3. To encourage dispersal of industries to all over country
4. To bring backward areas too in the mainstream of national development
5. To promote balanced regional development
6. Equitable distribution of Nation's Income
7. To encourage effective mobilisation of untapped resources
8. To improve the level of the living people



Problems faced by SSI

11

Small-scale industries in India could not progress satisfactorily due to various problems that they are confronted with while running enterprises.

- ❑ Problem of skilled manpower
- ❑ Inadequate credit assistance
- ❑ Irregular supply of raw material
- ❑ Absence of organised marketing
- ❑ Lack of machinery and equipment:



Problems faced by SSI cont.,

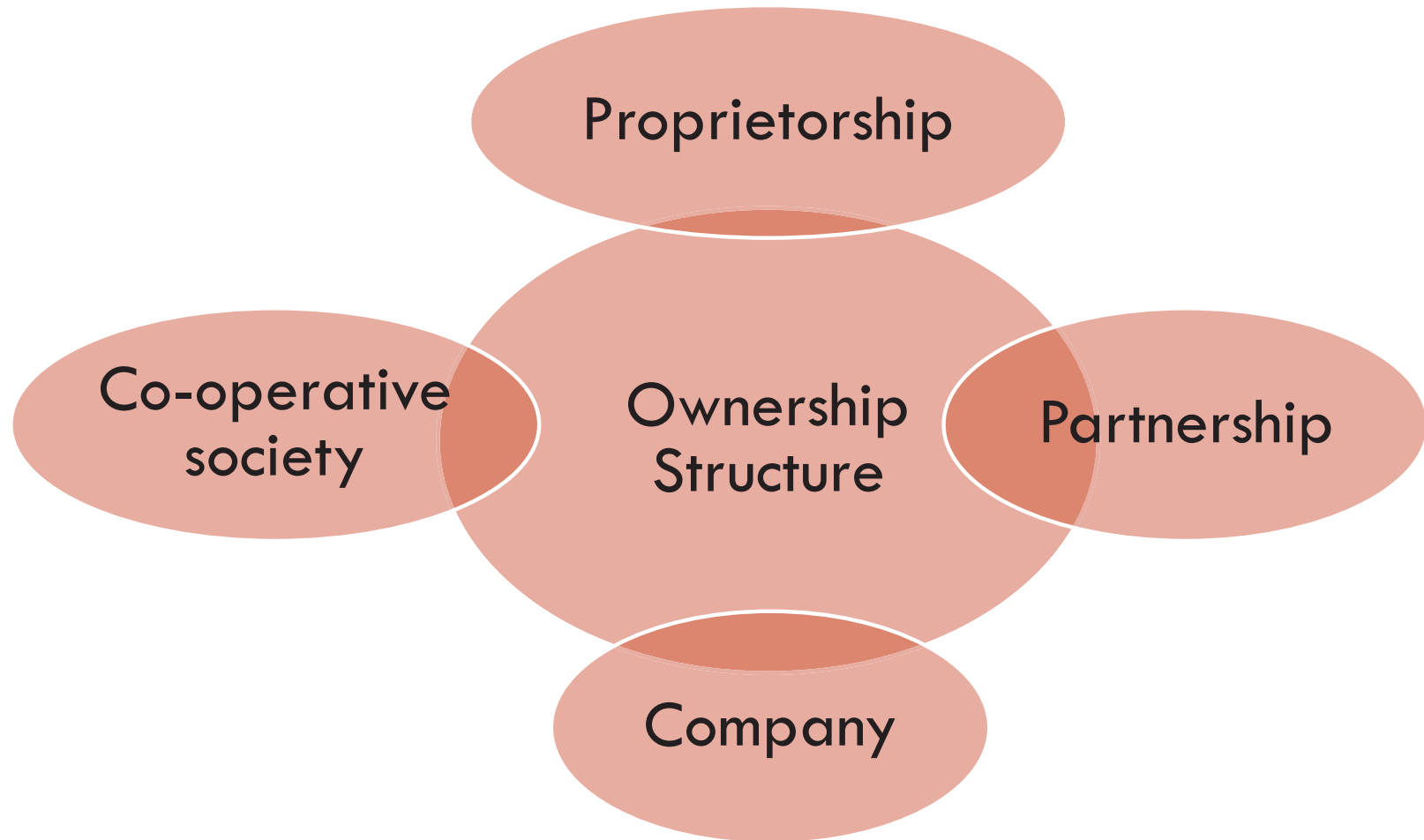
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- ❑ Absence of adequate infrastructure
- ❑ Competition from large-scale units and imported articles
- ❑ Other problems: poor project planning, managerial inadequacies, old and orthodox designs, high degree of obsolescence and huge number of bogus concerns



Ownership Structure

13





Proprietorship

14

- The vast majority of small businesses start out as sole proprietorships. These firms are owned by one person, usually the individual who has day-to-day responsibilities for running the business.
- Sole proprietors own all the assets of the business and the profits generated by it. They also assume complete responsibility for any of its liabilities or debts.

Advantages of a Sole Proprietorship

- Easiest and least expensive form of ownership to organize.
- Sole proprietors are in complete control, and within the parameters of the law, may make decisions as they see fit.



Proprietorship cont.,

15

Advantages of a Sole Proprietorship cont.,

- Sole proprietors receive all income generated by the business to keep or reinvest.
- Profits from the business flow directly to the owner's personal tax return.
- The business is easy to dissolve, if desired

Disadvantages of a Sole Proprietorship

- Sole proprietors have unlimited liability and are legally responsible for all debts against the business. Their business and personal assets are at risk



Partnership

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- In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners.
- The partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved,

Advantages of a Partnership:

- Partnerships are relatively easy to establish; however time should be invested in developing the partnership agreement
- The business usually will benefit from partners who have complementary skills.



Partnership cont.,

17

Advantages of a Partnership cont.,

- The profits from the business flow directly through to the partners' personal tax returns.
- Prospective employees may be attracted to the business if given the incentive to become a partner.

Disadvantages of a Partnership

- Partners are jointly and individually liable for the actions of the other partners.
- Profits must be shared with others.
- Since decisions are shared, disagreements can occur.



Company

- A company is an artificial person being created by the law that has an existence separate and apart from its owners.

Companies take various forms such as:

- Voluntary associations which may be registered as a Nonprofit organization
- A group of soldiers
- Business entity with an aim of gaining a profit
- Financial entities and Banks



Private Company cont.,

19

- ❑ It's minimum number of persons is two and the maximum is 50.
- ❑ It makes the use of private limited after its name.
- ❑ It can commence its business operation after getting certificate of incorporation.
- ❑ The memorandum of association and the articles of association is signed by at least two persons.
- ❑ The filling of both memorandum and article of association is obligatory.
- ❑ It does not require the filling of the prospectus or statement-in-lieu of prospectus.



Private Company cont.,

20

- ❑ It cannot sell shares to the general public in the open market.
- ❑ Transfer of share is restricted in the articles of association.
- ❑ There are of least two directors and they need not retire by rotation.
- ❑ There is no legal restriction on director's remuneration.



Public Company cont.,

21

- It's minimum number of persons is seven and the maximum is unlimited.
- It makes the use of the word limited after the name.
- It requires both the certificate of incorporation and the certificate of commencement for its commencement.
- It's memorandum and articles of association is signed by at least seven persons.
- It must file prospectus or statement in lieu of prospectus before allotment of shares.
- It sell shares to the general public in the open market.



Public Company cont.,

22

- ❑ Transfer of shares is not restricted and as such shares are freely transferable and are quoted in the stock exchange.
- ❑ It has at least 3 directors and they are subject to retire by rotation.
- ❑ The directors cannot draw remuneration more than 11 percent of the net profit of the company.



Company

23

Advantages of a Cooperative

- Professional Management
- Expansion Potential
- Transferability of Shares
- Diffusion of Risk

Disadvantages of a Cooperative

- Lack of Secrecy
- Management Mischief's
- Lack of Personal Interest
- More legal restriction



Cooperative

24

- A cooperative may also be defined as a business owned and controlled equally by the people who use its services or who work at it.
- In the cooperative, the members have a close association with the enterprise as producers or consumers of its products or services, or as its employees.
- It is based on the values of self-help, self-responsibility, democracy and equality.

Advantages of a Cooperative

- Easy Formation: Any ten persons can voluntarily start a business



Cooperative

25

Advantages of a Cooperative cont.,

- ❑ Limited liability, Perpetual Existence (Separate legal entity)
- ❑ Open membership: Independent of caste, economic status
- ❑ State assistance: Govt. adopted cooperatives as an effective instrument of socio-economic change

Disadvantages of a Cooperative

- ❑ Lack of secrecy and Interest in between members
- ❑ Corruption may taken part
- ❑ Lack of mutual interest



Selection of an appropriate form of ownership structure

- Nature of business- if business require pooling of capital and skill are generally run as partnership
- Areas of operation- local operation require proprietorship. National and international businesses require company ownership structure.
- Degree of control – direct control over business operation is required suitable ownership may be proprietorship.



Selection of an appropriate form of ownership structure cont.,

- Capital requirement- if capital requirement is more so it is better to choose partnership firm.
- Duration of business – if business have a definite period of time it suitable for proprietorship or partnership.
- Government regulation- if the owner not like much more government involvement so he can choose partnership or proprietorship.



Formulation of Business Plan / Project Report

28

Business Plan

- It's the blue print of all the activities that an entrepreneur proposes to engage in establishing the business enterprise
- It gives a course of action of what to achieve ?, how to achieve ?

Contents of Business Plan

1. Title Page
2. Executive Summary
 - Vision Statement
 - Fact Sheet



Contents of Business Plan Cont.,

29

3. Company Plan

- ❑ Company description
- ❑ Merchandising Plan
- ❑ Operating Plan
- ❑ Organisational Plan

4. Marketing Plan

- ❑ Marketing description and Target market
- ❑ Competition Analysis
- ❑ Method of Distribution
- ❑ Advertising
- ❑ Product Design
- ❑ Industry Trends

12/4/2015



Contents of Business Plan Cont.,

30

5. Financial Plan

- ❑ Summary of Financial Needs
- ❑ Cash flow statement
- ❑ Break even analysis
- ❑ Balance Sheet
- ❑ Income Statement

6. Supporting documents

- ❑ Personal resumes
- ❑ Personal Financial statement
- ❑ Credit Report
- ❑ Letter of References



Network Analysis

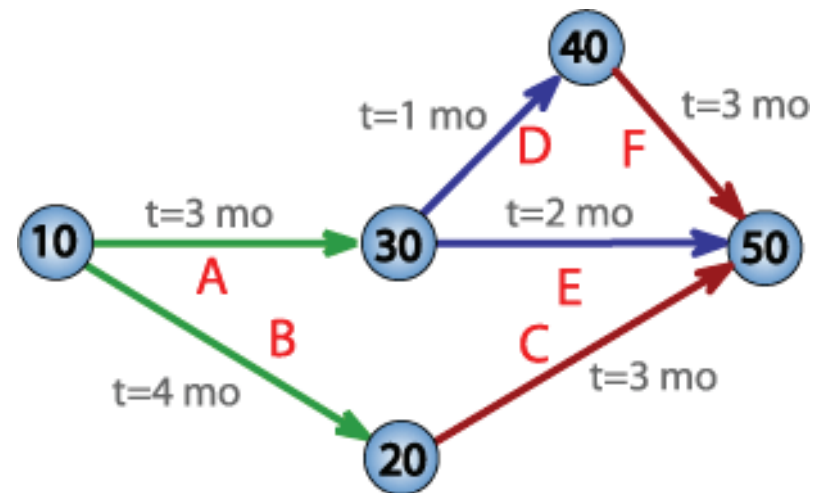
- Network is a set of symbols connected with each other with sequential relationship with each step making the completion of a project/ Event
- Number of Network techniques have been developed for project scheduling
- Some of them are,
 - ▣ Programme Evaluation and Review Technique (PERT)
 - ▣ Critical Path Method (CPM)
 - ▣ Graphical Evaluation and Review Technique (GERT)
 - ▣ Line of Balance (LOB)



Network Analysis Cont.,

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- Program (Project) Evaluation and Review Technique (PERT) is a project management tool used to schedule, organize, and coordinate tasks within a project.
- It is basically a method to analyze the tasks involved in completing a given project, especially the time needed to complete each task, and to identify the minimum time needed to complete the total project.





PERT Network Analysis Cont.,

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PERT planning involves the following steps,

- ▣ Identify the specific activities and milestones.
- ▣ Determine the proper sequence of the activities.
- ▣ Construct a network diagram.
- ▣ Estimate the time required for each activity.
- ▣ Determine the critical path.
- ▣ Update the PERT chart as the project progresses



Network Analysis Cont.,

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- The Critical Path Method is an algorithmic approach to finding critical paths.

There are five steps in CPM:

1. Creating a network showing the task names, durations, and precedence relationships,
2. Making a Forward Pass through the network, determining the early start and early finish for every task.
3. Making a Backward Pass through the network, determining the late start and late finish for every task.
4. Calculating the float for every task.
5. Finding the paths that consist entirely of tasks with zero float. These paths will go from the very first task to the very last one.



Differences between PERT and CPM

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PERT	CPM
PERT was developed by the US Navy for the planning and control of the Polaris missile program and the emphasis was on completing the program in the shortest possible time	CPM was developed by Du Pont and the emphasis was on the trade-off between the cost of the project and its overall completion time
PERT considers optimistic, likely and pessimistic time, thereby adding an element of probability to the final figure one obtains	CPM takes only a single time for any task This time typically would be the 'likely' time for the task
PERT is a probabilistic tool using 3 estimates of duration for completion of activities of a project and is basically a tool for planning and control of time	CPM is a deterministic tool, with only single estimate of duration. CPM also allows an explicit estimate of costs in addition to time, thereby CPM can control both time and costs



Network Analysis Cont.,

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Differences between PERT and CPM

PERT	CPM
PERT is more suitable for R&D related projects where the project is performed for the first time and the estimate of duration are uncertain	CPM is best suited for routine and those projects where time and cost estimates can be accurately calculated
PERT is event oriented	CPM is activity oriented. CPM network is built on the basis of activities.



Common Errors in Business Plan

- ❑ Product Selection : Wrong product selection
- ❑ Capacity Utilization Estimate : Make over-optimistic estimates of capacity utilization
- ❑ Market Study
- ❑ Technology Selection
- ❑ Location Selection
- ❑ Selection of Ownership Form



Steps involved in Starting small business

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1. Selection of a project
 - a. Product or service selection
 - b. Location selection
 - c. Project feasibility study
 - d. Business plan preparation
 - e. Prepare project profile
2. Decide on the contribution (Based on business type)
3. Obtain SSI Registration (Provisional Registration Certificate [PRC], Permanent Certificate [PMC])
4. Obtain clearance from departments (if applicable)



Steps involved in Starting small business

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5. Arrange for Land / Shed
6. Arrange for Plant and Machinery
7. Arrange for Infrastructure
8. Prepare project report
9. Apply and obtain finance
10. Proceed to Implement
 - ▣ Obtain final clearance





Project Identification

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Project

- It is defined as a typically has a distinct mission that it is designed to achieve and a clear termination point, the achievement of the mission

Idea Generation

- Project selection process starts with the generation of a product idea. The project ideas can be discovered from various internal and external sources.



Idea Generation

They may be,

1. Knowledge of potential customer needs
2. Watching emerging trends in demand for certain products
3. Scope for producing substitute product
4. Going through certain professional magazines catering to specific interest like electronics, computers etc.,
5. Success stories of known entrepreneurs or friends or relatives.
6. A new product introduced by the competitor.



Project Selection

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- It starts from where project identification ends. After having some project ideas, these are analysed in the light of existing economic conditions, the government policy and so on.
- A tool generally used for this purpose is, what is called the managerial jargon, SWOT analysis.
- On the basis of this analysis, the most suitable idea is finally selected to convert it into an enterprise.



- **SWOT Analysis**
- It has always been important for a business to know and understand how it fits in and interacts with the surrounding environment on both an internal (office/factory/shop environment) and external view (how your business operates with the outside world).
- Researching your environment will benefit you and/or your management team by putting you in a position to develop a strategy for both the long and short term.



- **Analyzing the Business**
- The most influential way of doing this is to perform a SWOT analysis of the company. It is a common phrase used to abbreviate Strengths, Weaknesses, Opportunities and Threats.
- Each term is a heading for a separate analysis of the business but they can be related as seen below:
- **Strengths provide an insight to your business opportunities & weaknesses in your business can cause immediate threats**

Performing SWOT

- Recognizing the Strengths and Weaknesses before tackling the Opportunities and Threats is the best way to approach the analysis: the more Strengths and Opportunities the better they can both be seen as the bigger influences for the success of your company.





□ Performing SWOT

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Strengths

- The Strengths can be considered as anything that is favourable towards the business for example:
- Currently in a good financial position (few debts, etc)
- Skilled workforce (little training required)
- Company name recognized on a National/Regional/Local level
- Latest machinery installed
- Own premises (no additional costs for renting)
- Excellent transport links (ease of access to/from the Company)
- Little/non-threatening competition



□ Performing SWOT

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□ Weaknesses

- Recognizing the Weaknesses will require you being honest and realistic. Don't leave anything out as this is an important part as to realize what needs to be done to minimize this list in the future. Here are a few examples:
 1. Currently in a poor financial position (large debts, etc)
 2. Un-Skilled workforce (training required)
 3. Company name not recognized on a National/Regional/Local level



□ Performing SWOT

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Weaknesses

4. Machinery not up to date (Inefficient)
5. Rented premises (Adding to costs)
6. Poor location for business needs (Lack of transport links etc)
7. Stock problems (currently holding too much/too little)
8. Too much waste



□ Performing SWOT

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Opportunities

- Keeping in mind what you have listed as your Company Strengths, SWOT Analysis can now influence the Opportunities for the business. These can be seen as targets to achieve and exploit in the future for example:
 1. Good financial position creating a good reputation for future bank loans and borrowings
 2. Skilled workforce means that they can be moved and trained into other areas of the business



□ Performing SWOT

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Opportunities

3. Competitor going bankrupt (Takeover opportunity?)
4. Broadband technology has been installed in the area (useful for Internet users)
5. Increased spending power in the Local/National economy
6. Moving a product into a new market sector



□ Performing SWOT

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Threats

- The final part of the analysis will also be seen as the most feared- the Threats. It has to be done and therefore taking into account what you have listed as your weaknesses, the threats will now all seem too clear.

Examples

1. Large and increasing competition
2. Rising cost of Wages (Basic wage, etc)
3. Possible relocation costs due to poor location currently held



□ Performing SWOT

52 Threats

4. Local authority refusing plans for future building expansion
5. Increasing interest rates (increases borrowing repayments, etc)
6. End of season approaching (if you depend on hot weather, etc)
7. Existing product becoming unfashionable or unpopular



□ Performing SWOT

53 □ Using the Analysis

- Once the SWOT analysis is complete, it will then be time to put it all together and look closely to form a strategy. This will involve how you can exploit the Opportunities and how to eliminate or deal with the Threats. This may well depend on your company's original objectives and goals but the whole process will certainly give an overall look at the current position of your business.





Project Appraisal

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- It means the assessment of a project. Project appraisal is made both proposed and executed projects.

Methods of Project Appraisal

1. Economic Analysis. (requirement of raw material, level of capacity, utilization, anticipated sales, anticipated expenses and the probable profits)
2. Financial Analysis. (working capital, fixed capital, fixed asset and current asset)
3. Market Analysis.



Market Analysis cont.,

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i) Opinion Polling Method

- ▣ Complete Enumeration Survey
- ▣ Sample Survey
- ▣ Sales Experience Method
- ▣ Vicarious Method

ii) Life Cycle Segmentation Analysis

- ▣ Introduction
- ▣ Growth
- ▣ Maturity
- ▣ Saturation
- ▣ Decline



4. Technical Feasibility

- ▣ Availability of land and site
- ▣ Availability of other inputs like water, power, communication facility.
- ▣ Copying-with anti-pollution law

5. Managerial Competence



Pre-feasibility Studies

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- Pre-feasibility studies are well researched yet generic due diligence reports that facilitate potential entrepreneurs in project identification for investment
- The main objective of the pre-feasibility studies prepared by SMEDA is to provide information about investment opportunities to the small & medium enterprises (SME"s).



A typical pre-feasibility study provides:

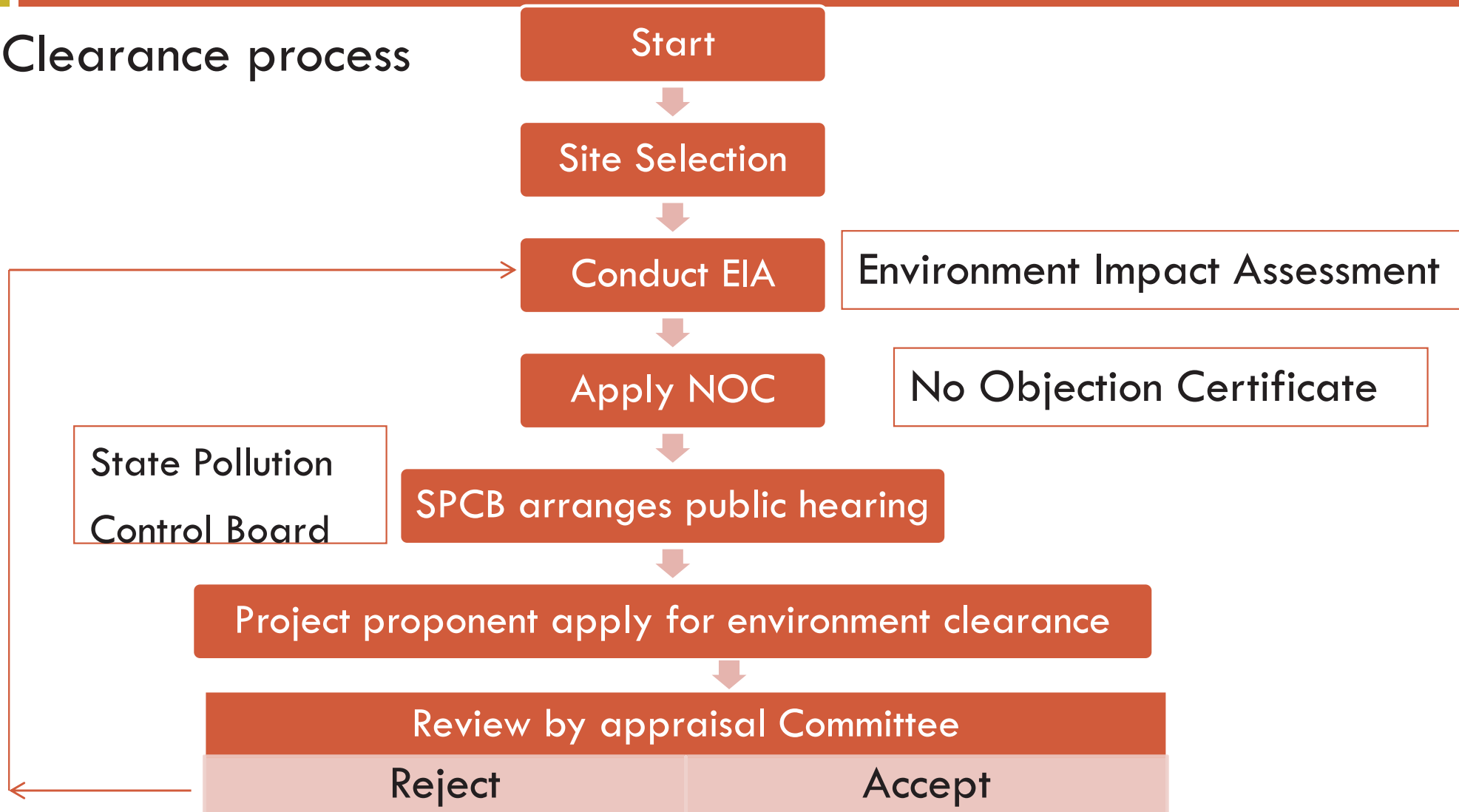
1. Comprehensive information for investment opportunity in a business.
2. Specific information regarding different business areas like, marketing, technical, industrial information etc. for the existing entrepreneurs to improve their exiting setup.
3. Project investment information and financial projections to support viability of the business.



Environmental clearance for SME

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□ Clearance process





Summary

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- Small Scale Enterprise
- Classification of Small Enterprises
- Characteristics of a Small-Scale Enterprises
- Scope of Micro & Small Enterprises
- Objectives of Micro Enterprises
- Problems faced by SSI
- Ownership Structure
- Formulation of Business Plan / Project Report
 - ▣ Network Analysis
- Steps involved in Starting small business
- Project Identification
- Project Selection
- Project Appraisal