

**WAVOO WAJEEHA WOMEN'S COLLEGE OF ARTS AND SCIENCE,  
KAYALPATNAM**

**COMMERCE DEPARTMENT**

**PG ADD ON COURSE**

**ENTREPRENEURSHIP AND NEW VENTURE CREATION**

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## MODULE NO.1

### INTRODUCTION TO ENTREPRENEURSHIP

#### 1.1 ENTREPRENEURSHIP

Entrepreneurship is an act of being an entrepreneur, or "the owner or manager of a business enterprise who, by risk and initiative, attempts to make profits". Entrepreneurs act as managers and oversee the launch and growth of an enterprise. Entrepreneurship is the process by which either an individual or a team identifies a business opportunity and acquires and deploys the necessary resources required for its exploitation. Early-19th-century French economist Jean-Baptiste Say provided a broad definition of entrepreneurship, saying that it "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield". Entrepreneurs create something new and unique—they change or transmute value. Regardless of the firm size, big or small, it can take part in entrepreneurship opportunities. There are four criteria to becoming an entrepreneur. First, there must be opportunities or situations to recombine resources to generate profit. Second, entrepreneurship requires differences between people, such as preferential access to certain individuals or the ability to recognize information about opportunities. Third, taking on a level of risk is a necessity. Fourth, the entrepreneurial process requires the organization of people and resources

##### 1.1.1 MEANING

**Entrepreneurship** is the creation or extraction of economic value. With this definition, entrepreneurship is viewed as change, generally entailing risk beyond what is normally encountered in starting a business, which may include other values than simply economic ones.

An **entrepreneur** is an individual who creates and/or invests in one or more businesses, bearing most of the risks and enjoying most of the rewards. The process of setting up a business is known as entrepreneurship. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures.

### **1.1.2 DEFINITIONS**

1. Business Dictionary defines that “the entrepreneurship as the process of designing, launching and running a new business, which is often similar to a small business, or as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks to make a profit."
2. 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.”

### **1.2 CONCEPTS OF ENTREPRENEURSHIP**

Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses.

In economics, entrepreneurship connected with land, labour, natural resources and capital can generate a profit. The entrepreneurial vision is defined by discovery and risk-taking and is an indispensable part of a nation's capacity to succeed in an ever-changing and more competitive global marketplace.

### **1.3 TYPES OF ENTREPRENEURSHIP**

#### **1.3.1 Small Business Entrepreneurship-**

These businesses are a hairdresser, grocery store, travel agent, consultant, carpenter, plumber, electrician, etc. These people run or own their own business and hire family members or local employee. For them, the profit would be able to feed their family and not making 100 million business or taking over an industry. They fund their business by taking small business loans or loans from friends and family.

### **1.3.2 Scalable Startup Entrepreneurship-**

This start-up entrepreneur starts a business knowing that their vision can change the world. They attract investors who think and encourage people who think out of the box. The research focuses on a scalable business and experimental models, so, they hire the best and the brightest employees. They require more venture capital to fuel and back their project or business.

### **1.3.3 Large Company Entrepreneurship-**

These huge companies have defined life-cycle. Most of these companies grow and sustain by offering new and innovative products that revolve around their main products. The change in technology, customer preferences, new competition, etc., build pressure for large companies to create an innovative product and sell it to the new set of customers in the new market. To cope with the rapid technological changes, the existing organisations either buy innovation enterprises or attempt to construct the product internally.

### **1.3.4 Social Entrepreneurship-**

This type of entrepreneurship focuses on producing product and services that resolve social needs and problems. Their only motto and goal is to work for society and not make any profits.

## **1.4 CHARACTERISTICS OF ENTREPRENEURSHIP**

Not all entrepreneurs are successful; there are definite characteristics that make entrepreneurship successful. A few of them are mentioned below:

### **1.4.1 Ability to take a risk**

Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks, which is an essential part of being an entrepreneur.

### **1.4.2 Innovation**

It should be highly innovative to generate new ideas, start a company and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but in a more efficient and economical way.

#### **1.4.3 Visionary and Leadership quality**

To be successful, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality, a lot of resources and employees are required. Here, leadership quality is paramount because leaders impart and guide their employees towards the right path of success.

#### **1.4.4 Open-Minded**

In a business, every circumstance can be an opportunity and used for the benefit of a company. For example, Paytm recognised the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilised the situation and expanded massively during this time.

#### **1.4.5 Flexible**

An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service, as and when needed.

#### **1.4.6 Know your Product**

A company owner should know the product offerings and also be aware of the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market, or whether it is time to tweak it a little. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.

## 1.5 PROCESS OF ENTREPRENEURSHIP

The **process of entrepreneurship** is complex and there are many challenges that entrepreneurs face. Here, we will discuss **the steps of entrepreneurship** in order to start a business and the **process of entrepreneurship**.

The **stages of the entrepreneurship process** are like a roller coaster. It starts with a new idea, which is always exciting and rewarding. And when the idea takes off, you might feel extremely happy and excited. However, the long-term experience ends up being very different from what you expected it to be.

After starting the business, you have to put in a lot of hard work and effort to make it successful. You need to find your target audience, create marketing strategies for your product and establish connections with influencers in your niche. In addition to these tasks, you also need to keep up with the business's cash flow by managing expenses and selling enough products for survival & profits.

The **steps of the entrepreneurship process** can be divided into four stages: planning, idea generation, preparing for the next step, and finally executing the plan.

### STEPS OF THE ENTREPRENEURSHIP PROCESS



## 1. Idea generation

Idea generation is one of the key skills of a successful business and an important **process of entrepreneurship**. It assists in building new ideas and choosing the best one among them.

It is not just about brainstorming and writing down everything that comes to mind. Idea generation requires some skills to be able to come up with quality ideas at scale. It also requires intelligence to be able to choose the right idea and move forward that will lead to a profitable venture.

Whether you're a seasoned entrepreneur or just starting out, generating ideas for your business is an essential part of the journey. The idea generation process starts with understanding what you do best and then identifying the gaps in your current business model.

Many entrepreneurs think that idea generation is a natural trait and they can't use anything to speed up the process. This is not true as there are many tools and tricks that can help to make idea generation easier. As an entrepreneur, you should know how to leverage these tools and make efficient use of them.

There are different types of idea generation in the **entrepreneurial process**, This includes brainstorming within a group, alone, or through inspiration and observation.

### i. Group brainstorming

This is where you can get help in coming up with new ideas by getting input from other people in the group. It's best if this is done as a team exercise and not by yourself. This type of idea generation is more effective when there is an agreed-upon criterion and objective to achieve.

### ii. Solo brainstorming

When you're working on your own, it's important to be open to new ideas and impulses that come up during the **entrepreneurship processes** (you might not get those in a group setting). You need to have the patience for going through multiple ideas before finding one that really resonates with you.

iii. Creating Ideas from day-to-day activities: Entrepreneurs often go through day-to-day activities and think about the ideas that they could come up with for their businesses. They might

be focused on brainstorming, networking, or searching for solutions to problems they face in their businesses or personal life.

iv. Idea generation in creative fields: In creative fields like advertising, graphic design, and web design, idea generation can lead to fresh new concepts that can be used to create new products or content for clients.

Generating new ideas is important both for starting a new business or making changes to an existing organizational structure. It forms an integral part of the complete **process of entrepreneurship**.

## **Planning**

Planning is an essential skill that every entrepreneur must master if they want to run their business successfully.

A business plan can make the difference between success and failure. It helps businesses in their growth and also provides insight on what to do in the future when things don't go as planned. It is a roadmap for a company's future and an important aspect of the **process of entrepreneurship**.

We've all heard stories of businesses who failed because they didn't have a plan, or of companies that were launched just one day after getting funding. Business plans should be created with care, thoughtfulness, and thorough research.

Planning is essential to the success of any business. All small and medium-sized enterprises (SMEs) need a way to plan their businesses in order to make effective decisions so that they can have a successful run.

Planning helps an entrepreneur with decision-making and strategizing at various points in time before launching a business. Entrepreneurs are always on the lookout for new opportunities, risks, and threats for their businesses. With planning, entrepreneurs can make sure that their profits or losses do not cause major financial damage or put them out of business.

Many entrepreneurs find it difficult to plan effectively because they don't always have the necessary skillsets - Often data science skillsets are needed for effective planning but many

entrepreneurs lack this type of skill set, they can always hire an expert or take help from a mentor.

An entrepreneur's plan is typically composed of four critical parts: an executive summary, an introduction to the company, a description of competitive advantages, potential markets, and a financial model. In addition to a business plan, some entrepreneurs also make use of a personal development plan, which is used to outline goals and milestones that the individual has set in order to reach his or her personal goals and dreams. A successful personal development plan can help bring success into everyday life.

There are different types of business plans. The first one is the traditional business plan which is a high-level, comprehensive plan that includes all the information that an investor or potential investor would need to know before they invest in the company. The second type of plan is a company's market-entry strategy which focuses on how to enter a specific market and compete against competitors in that particular niche.

The third type of business plan is referred to as the pre-revenue business plan, which looks at how a company will make profits once it gets established and its revenue levels grow.

Moreover, there are different plans for the size and type of business.

**i) Business Plan for Startups** - This type is especially for entrepreneurs who have just started their company or those with no track record in their industry. It provides a summary of the startup's concepts and strategy as well as its target market.

**ii) Business Plan for Venture Funding** - This type includes key financial data about your venture before you even start your business.

Business plans are a vital part of the **process of entrepreneurship**. They help entrepreneurs and investors to evaluate the idea of starting a business, their potentials, and risks.

### **3. Preparing for Growth**

One of the most important factors in a successful business is an innovation which is a key element in the **process of entrepreneurship**. Companies that are able to adapt to change and create new products or services have a competitive advantage over those that don't.

Innovative companies have a competitive advantage and there are multiple ways that a company can grow.

- i. The first is through an increase in revenue by attracting more customers, which may come from increasing sales or from new customers coming into the company.
- ii. Another way is by growing its workforce, which can happen through hiring new employees or increasing employee productivity and output with new technology.
- iii. There is also growth in the market share where a company has a larger share of their industry compared to others and thus attracts more customers with their products or services.
- iv. Organic growth can be achieved by adding new products or services that create demand among your customers and leads you to profit. You can achieve this through good product development or marketing strategies.

V. Acquisition is a quick way to grow through mergers which help in diversifying the business or making a better market penetration strategy for existing ones. Acquisitions also help in understanding the market better for future expansion and profitability.

The growth of a business depends on its ability to provide value to its customers. As a business grows, it will eventually find itself in a place where it needs to hire more employees. However, hiring for its staff is not the only way that a company can grow. It can also grow by hiring freelancers who are experts in their fields and have experience in the company's industry.

Having a growth plan is a key **process of entrepreneurship** and can go a long way in fulfilling your dream of an independent startup.

#### **4. Executing the plan**

Executing the plan as an entrepreneur is the key to completing the **process of entrepreneurship**. It's important to have a plan that one can easily execute and follow through. Here's how you can do this.

In order to execute the plan, you need a clear understanding of what is your goal and why it matters. This will help you keep your focus on what's important in your business and not get distracted by irrelevant things. To make sure that these questions are answered, try asking

yourself: "What is my goal?" "Why does this matter?" "What is my reward for reaching this outcome?" By doing this, you ensure that you are always moving forward with your goals and working towards achieving them.

In order to create a plan and execute it efficiently, keep in mind what will happen in the best-case scenario and worst-case scenario. In order to execute their plan, entrepreneurs need good marketing skills on their team. They need people who can generate content that is compelling and relevant to their target audience.

Entrepreneurship and business plan execution are both complex processes. Entrepreneurship does not require specific skillsets, but it does require a lot of determination and an idea that can be executed.

With the current iterations of the business plan and its execution, the **process of entrepreneurship** is more time-consuming than ever before. Business plans are being offered at a high price by consultants and experts who have never been present in the company's day-to-day operations or who have no direct interest in it.

In order to successfully execute a business plan, we should take into account what resources are needed for the execution of various tasks, assign tasks accordingly, manage resources efficiently, identify weak spots in the plan and prioritize accordingly. To execute a business plan, start with the end in mind. It is important to know what you want to achieve in the long term and have an idea of how you will get there.

Many successful entrepreneurs do not follow a step-by-step process when executing their business plans. They are creative and rely more on their gut feelings and instincts than on numbers or spreadsheets.

Executing a plan involves: understanding your brand, understanding your target market, understanding your competition, setting realistic goals for yourself, setting realistic targets for yourself, and what resources you need. There are different methods of execution that business plans can take. Some of these include:

- The traditional approach which is taking a linear approach to the execution

- The decision tree approach helps managers and stakeholders understand how a given decision will impact the plan and its overall outcome
- Through an in-depth analysis of the problem, planning, budgeting, and prioritizing the resources needed for each step in order to execute it effectively.

## MODULE NO.2

### STARTUPS AND INNOVATIVE IDEAS

#### 2.1 INTRODUCTION

Startups are companies or ventures that are focused on a single product or service that the founders want to bring to market. These companies typically don't have a fully developed business model and, more crucially, lack adequate capital to move onto the next phase of business. Most of these companies are initially funded by their founders.

Many startups turn to others for more funding, including family, friends, and venture capitalists. Silicon Valley is known for its strong venture capitalist community and is a popular destination for startups, but is also widely considered the most demanding arena.

Startups can use seed capital to invest in research and to develop their business plans. Market research helps determine the demand for a product or service, while a comprehensive business plan outlines the company's mission statement, vision, and goals, as well as management and marketing strategies.

#### 2.1.1 MEANING

A **startup** or **start-up** is a company or project undertaken by an entrepreneur to seek, develop, and validate a scalable business model. While entrepreneurship refers to all new businesses, including self-employment and businesses that never intend to become registered, startups refer to new businesses that intend to grow large beyond the solo founder. At the beginning, startups face high uncertainty and have high rates of failure, but minority of them does go on to be successful and influential.

The term startup refers to **a company in the first stages of operations**. Startups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is demand. These companies generally start with high costs and limited revenue, which is why they look for capital from a variety of sources such as venture capitalists.

## 2.2 IMPORTANCE OF STARTUP

The majority of developed countries in a knowledge-based society encourage startup entrepreneurship from the aspect of investment into the future as well as from the aspect of actively designing long-term economic policy.

### Five key reasons for encouraging startup entrepreneurship:

- **Innovations** – They are the main driving force behind economic development and the increase of productiveness in a knowledge-based society. Startup companies are the most suitable form of implementing inventions and consequently the best mechanism for commercializing technological and other novelties. Startup companies contribute to a quick development of new technologies and the location where they operate. Large companies often buy startup companies because of technology (fundamental ingredient) that they then integrate into their business and thus keep their competitive advantage. At the same time, they provide knowledge as well as spin-off and spin-out companies to the startup environment, which wouldn't be possible without a well-functioning startup ecosystem.
- **New jobs and economic growth** – In the long term, startup companies create a large portion of new jobs and contribute to the country's economic growth. Considering that startup companies are based on innovations, the potential of startup companies represents the healthy core of the economy. If the country wishes to encourage new employments in the long term, it is necessary for it to invest into the segment of companies that create the most jobs in the long run (in 10 years and more). Startup companies are the ideal form and opportunity for employing and activating the Y generation.
- **Bringing new competitive dynamics into the economic system** – Startup companies are the most dynamic economic organisations on the market, since they provide additional dynamics and competitiveness to the economic system. This means that the economy stays healthy, vital and diligent, while individual companies find it harder to fall asleep on their laurels.
- **Promoting the research-innovation system** – High-tech as well as knowledge-based service startup companies are very closely connected to knowledge institutions. An

appropriate entrepreneurship ecosystem thus promotes the research & development as well as research & innovation approach of knowledge institutions, companies and connecting institutions as well as contributes to the applicative orientation of research work at universities and research institutions. Meanwhile it also works as a role model and encourages students and researchers to implement their ideas via a startup company.

- **Bringing the values of proactivity into the society** – Startup entrepreneurship changes the values of the society and brings a new mind-set, in line with the society based on knowledge and creativeness. The population is starting to increasingly realize that they have a responsibility for their work and career development.

Sandile is the Founder of Startup Mzansi Foundation, a non-profit organisation supporting innovative youth entrepreneurship in South Africa. The Foundation develops programs that revolutionise the South African startup ecosystem and help young people become high-impact entrepreneurs through the provision of the best resources.

## 2.3 TYPES OF STARTUPS

**2.3.1 Scalable startups.** Companies in a tech niche often belong to this group. Since technology companies often have great potential, they can easily access the global market. Tech businesses can receive financial support from investors and grow into international companies. Examples of such startups include Google, Uber, Facebook, and Twitter. These startups hire the best workers and search for investors to boost the development of their ideas and scale.

**2.3.2 Small business startups.** These businesses are created by regular people and are self-funded. They grow at their own pace and usually have a good site but don't have an app. Grocery stores, hairdressers, bakers, and travel agents are the perfect examples.

**2.3.3 Lifestyle startups.** People who have hobbies and are eager to work on their passion can create a lifestyle startup. They can make a living by doing what they love. We can see a lot of examples of lifestyle startups. Let's take dancers, for

instance. They actively open online dance schools to teach children and adults to dance and earn money this way.

- 2.3.4 **Buyable startups.** In the technology and software industry, some people design a startup from scratch to sell it to a bigger company later. Giants like Amazon and Uber buy small startups to develop them over time and receive benefits.
- 2.3.5 **Big business startups.** Large companies have a finite lifespan since customers' preferences, technologies, and competitors change over time. That's why businesses should be ready to adapt to new conditions. As a result, they design innovative products that can satisfy the needs of modern customers.
- 2.3.6 **Social startups.** These startups exist despite the general belief that the main aim of all startups is to earn money. There are still companies designed to do good for other people, and they are called social startups. Examples include charities and non-profit organizations that exist thanks to donations. For instance, Code.org, a non-profit organization, encourages school students in the US to learn computer science.

## 2.4 ENTREPRENEURIAL CHALLENGES

Entrepreneurs face many challenges in today's ultra-competitive business world. Fortunately, entrepreneurs also have more resources than ever before to tackle those problems.

The following 9 challenges are faced by many entrepreneurs today. Perhaps you've run up against some of them already. Read on to learn why each challenge exists, and to get solutions and workarounds so you can operate your business efficiently and successfully.

### 2.4.1. Cash Flow Management

Cash flow is essential to small business survival, yet many entrepreneurs struggle to pay the bills (let alone themselves) while they're waiting for checks to arrive. Part of the problem stems from delayed invoicing, which is common in the entrepreneurial world. You perform a job, send an invoice, then get paid (hopefully) 30 days later. In the meantime, you have to pay everything from your employees or contractors to your mortgage to your grocery bill. Waiting to

get paid can make it difficult to get by — and when a customer doesn't pay, you can risk everything.

### **How to overcome it: Budget and plan**

Proper budgeting and planning are critical to maintaining cash flow, but even these won't always save you from stressing over bills. One way to improve cash flow is to require a down payment for your products and services.

- Your down payment should cover all expenses associated with a given project or sale as well as some profit for you.
- By requiring a down payment, you can at least rest assured you won't be left paying others' bills; by padding the down payment with some profit, you can pay your own.

#### **2.4.2. Deciding what to sell**

Probably the biggest challenge of entrepreneurship is figuring out what kind of product or service to offer. It's not an easy question because getting it wrong means your business will fail no matter how well-designed and set up it is.

Entrepreneurs must understand the customer who is likely to purchase their product, what market they are seeking to serve, what the competition looks like, what they could offer to give themselves a competitive advantage, if their target market is large enough to support the product, if their target market is too broad, and a host of other issues.

### **How to overcome it: Self-assess and research**

There's only one way to deal with this challenge: diligent research. You must come up with a detailed business plan that you can defend to any potential investor or partner. Your research should describe your target market in great detail and offer realistic plans for how you will become profitable -- not pie-in-the-sky predictions based on nothing more than hope.

You also have to assess yourself to determine if you have the energy to pursue this idea to fruition and whether you have the right skills and strengths for the job.

### **2.4.3. Marketing**

To paraphrase sales guru Grant Cardone, if people don't know you, they can't buy from you -- not *won't* buy from you but *can't* buy from you. Marketing introduces you and your brand to customers so it is possible for them to even consider buying your product and service.

But marketing is a challenge for entrepreneurs because oftentimes they're strapped for cash, and building a brand through marketing can be expensive with no immediate benefit early on. You've got to decide how to market your product or service -- choose from mobile, social media, or print -- and determine whether it's wise to work with outside agencies.

#### **How to overcome it: Test and examine**

When you're starting out lean, you must figure out where your marketing money will get the most bang for the buck. Start small with free social media platforms and try out a few different approaches.

Consider broad, more capital-intensive approaches based on some of the results you see. Always start with a small marketing effort and collect extensive data and business metrics on various approaches before jumping in with both feet.

### **2.4.4. Hiring talent**

Entrepreneurs who want to expand must find help. At a certain point, you can't do it all on your own. But finding the right people is a big challenge, especially early on before you have your own human resources department and processes.

You must learn how to identify what type of people you need, how to evaluate them, and how to integrate them into your business so they are vital parts of your organization rather than "gofers" who need constant direction. You must invest time in reviewing credentials and candidates, or employees may actually hinder success.

### **How to overcome it: Narrow your focus**

Develop a specific description of the role you're hiring for and a detailed breakdown of what skills and personality attributes you need for the position. Then start vetting applicants, checking each box to see how many of these attributes they meet so you can compare them later. Considering using outside headhunters to take over the process.

#### **2.4.5. Delegating authority**

It's not good enough to hire a bunch of people -- you must properly delegate work and responsibility to them. As an entrepreneur, the temptation is to try to do everything yourself, but this is not productive and will limit your company's growth. Strike a balance between monitoring the business and trusting others to accomplish objectives.

### **How to overcome it: Learn to trust**

Give your employees clear roles and responsibilities, as well as rewards for meeting certain benchmarks. Make them stakeholders in your company's success. Avoid micromanaging people and processes. Give people the space to use their talents and only step in for minor course corrections. Be patient with others -- and with yourself.

#### **2.4.6. Managing time**

While it may seem like money is constantly in short supply, [time](#) is the only thing that will always be limited. Entrepreneurs must make sure their time is spent on the most important tasks, and they must avoid spending time on tasks team members can do. By freeing up this time, they can focus on the bigger-picture issues, such as how to take the company in a direction for growth.

### **How to overcome it: Be organized and delegate**

Identify tasks that can be delegated and then delegate them. Resist the urge to do them yourself because you know you could do it perfectly. Trust your team members -- they will

surprise you with how much they can get done and how well they can do it. Focus on your own strengths and let others handle everything else.

#### **2.4.7. Guarding cash flow**

Cash is always running for entrepreneurs, so you must guard it carefully. It's a challenge to ensure revenue is consistent and can always cover costs and payroll. The last thing you want to do is start paying employees late because you didn't plan cash flow properly, which can have ripple effects on the morale of your staff and their trust in your company and leadership.

#### **How to overcome it: Budget and plan**

Entrepreneurs need an effective billing system in place and good record-keeping, which is where [accounting software](#) can save the day. This software can account for all costs and help entrepreneurs promptly invoice for service and products. Consider working with an accounting professional if you need extra help in this area -- it's that important.

#### **2.4.8. Finding capital**

Before they even get to worry about cash flow issues, an entrepreneur needs capital to get off the ground. This is one of the most significant problems faced by entrepreneurs, particularly those striking out on their own who aren't well-connected to angel investors with deep pockets.

Without enough financial resources to start your business, it will be doomed to fail. You will need capital for space, equipment, or to develop and produce your product.

#### **How to overcome it: Be resourceful and aggressive**

Just like you must be [a good salesman](#) to get customers to buy your product, you must also [market yourself](#) and your company to potential investors. Consult with banks and investors in your area, or look to public platforms like Kickstarter. Consider approaching family, friends, and associates seeking investment or for connections to someone who might be willing to invest.

A word of caution on taking money from friends and family, however: That money will affect your relationship if things go south, so be very careful before taking this route.

#### **2.4.9. Projecting confidence**

Becoming an entrepreneur seems fun and exciting, and sometimes it is. But most of the time -- particularly early on -- you're constantly battling self-doubt. Do you have the confidence it takes to be an entrepreneur? Are you able to shake off feelings of the imposter syndrome?

Unless you are brimming with confidence and have the spirit to fight through adversity -- because you will face significant obstacles you can't foresee -- you will struggle as an entrepreneur and will likely quit.

#### **How to overcome it: Believe in your skills and vision**

One way to deal with imposter syndrome is to remind yourself that, even when you're failing, that's never true. You have skills that are valuable, and your persistence and hard work is admirable and something most people aren't even brave enough to attempt.

Seek support and advice from other entrepreneurs to get you through the tough times. And don't completely bat away feelings of doubt. Sometimes they open your eyes to problems that you need to fix, so be honest with yourself and willing to learn from setbacks.

### **2.5 SOURCES OF INNOVATION IDEAS**

Innovative ideas can come from a wide variety of different places, and companies who leave sources out of their innovative process are significantly reducing their innovative capabilities. A recent survey of innovative organization revealed that customers provided the greatest source for ideas, followed by marketing & sales, employees, firm leaders, suppliers and competitors.

### **2.5.1 Customers**

Since customers are the ones to provide the final evaluation of products and services and well as drive sales, it is no wonder that they are the most fruitful source for ideas. In order to fully utilize the power of customers, innovation leaders should put into place methods for garnering and gathering customer ideas. The internet is an excellent place to begin, especially for companies in the technology industries. There are countless outlets online for customers to provide reviews on products. Companies in the retail and services industries may also want to invest in an online portal attached to their website which allows customers to submit, reviews, complaints and ideas.

Innovation leaders should actively compile this information, along with any other feedback received from customer surveys and test groups to derive a set of ideas for new products or product improvements. Properly evaluating and implementing ideas rooted in customer feedback is one of the best methods to staying ahead of the competition.

### **2.5.2 Competitors**

Competing organizations and firm leaders are two other underutilized sources for innovation. Attending industry conferences, exhibitions and tradeshows is a good way to keep aware of what the competition is developing or researching. Businesses can often use these ideas and append or modify them to create new products themselves. On a higher level, business leaders should endeavour to stay well-connected and networked with other leaders in their industry as this is yet another avenue for gathering ideas.

### **2.5.3 Internal Departments**

Internal employees in addition to sales and marketing together make up one of the largest sources for ideas. By virtue of experience and exposure within an industry and its related products, employees are often the most well-informed idea source and can provide detailed, structured proposals for new products and services. Encourage employee ideas by providing them with the necessary infrastructure to submit new proposals. The sales and marketing department usually experiences the greatest balance between customer relations and internal

communication. This allows them to easily anticipate and articulate the needs of consumers and translate them into usable ideas.

#### **2.5.4 Look to the Past**

Companies should not disregard old ideas when gathering proposals for new products or product improvements. Ideas are not always abandoned because they were evaluated poorly. Often times, the technology available at the time the idea was submitted would not allow for a cost-effective development and/or process. Existing patents should also be considered and with most US patents readily accessible on the internet, it is a low cost method of gathering ideas.

One of the best examples of innovation from past ideas is the answering machine. Originally patented in the 1930s, the concept was not realistically marketable at the time due to the inhibitive costs and poor recording quality. It was not until the 1970s that Casio developed a smaller, higher quality answering machine based off of the same patent. It had taken nearly four decades for technology to render the original patent fully marketable.

#### **2.5.5 Look to the Future**

Just as the past can hold a remarkable number of ideas, the future, in the form of young academic researchers, can prove to be just as fruitful. Large companies have been working in conjunction with university research institutions for a very long time. University students are less stifled by industry conventions and are generally more able to come up with new concepts and “think outside the box”. Their relative inexperience can be a valuable asset to an organization otherwise full of tenured researchers. Students are more apt to ask questions, solve problems in creative ways, and come up with features relevant to a wider demographic consumer base.

Ideas take on many forms and can be found in the most unlikely of places. The role of an innovation leader within a company is to identify the likely sources for these ideas, and put the processes in place to properly gather them for effective evaluation and use within the organization.

### **2.6 ENTREPRENEURS AND CREATIVITY**

Creativity helps entrepreneurs with one of the most important steps in their business journey: coming up with a business idea. Entrepreneurs with high levels of creativity are often able to come up with exceptionally creative business ideas that fill a niche gap in the market.

Entrepreneurial creativity and artistic creativity are very similar in that entrepreneurs may find inspiration from their favourite books, TV shows, nature, conversations, as well as existing products and services. Brainstorming and mind mapping are the two main methods in which entrepreneurs may use creativity to come up with ideas (coming up with ideas is also known as ideation).

But creativity does not only assist entrepreneurs in the initial stages of coming up with a business idea. Creativity will also be highly valuable in terms of:

- Coming up with branding and marketing ideas
- Ideas for blogs, other SEO-related content
- Finding creative solutions to everyday business problems
- Fun and exciting social media strategies
- A good balance of linear and lateral thinking

Does an entrepreneur need to possess high levels of creativity to be successful? Of course not, but it definitely helps! Creativity is all around us, and when you start noticing it, it is hard not to be inspired! Creativity can be found in fine art, nature, advertisements, and so much more.

But remember, creativity is practically useless if it is not properly harnessed and implemented.

## **2.7 IDEA GENERATION**

Ideas are the key to innovation. Without them, there isn't much to execute and because execution is the key to learning, new ideas are necessary for making any kind of improvement.

Idea generation is described as the process of creating, developing and communicating abstract, concrete or visual ideas.

It's the front end part of the idea management funnel and it focuses on coming up with possible solutions to perceived or actual problems and opportunities.

### **2.7.1 SUCCEEDING WITH IDEA GENERATION**

Before engaging more people to use these tools and techniques for generating more ideas, there are a few more tips that can help you get more out of your ideation methods.

- **Define the problem or opportunity**

Although this seems obvious, the more accurately you're able to describe your current or perceived problem or opportunity, the better chances you have of actually generating useful ideas.

Before you start, try to gather as much information about the problem as possible to get to the heart of the problem. Identify what you already know about it and what information is still needed.

- **Involve the right people**

For your ideation to be as productive as possible, it is important to involve the right people to the process. Engage those people who know about the topic and are genuinely interested in making a change in your organization.

If your plan is to engage a larger group of people to generate ideas, make sure your audience is relevant and well informed on the subject.

- **Set constraints**

Communicating that any idea is a good idea may hinder creativity, so make sure your goals are ambitious and specific enough. One way to get more of actually creative ideas from your audience is to set constraints.

## **MODULE NO 3**

### **INITIATIVE VENTURE**

#### **3.1 MEANING**

The process of turning a new idea or technology into a business that can succeed and will attract investors: Potential entrepreneurs trying to identify a possible business idea, pay attention to everything in the media.

Defined as a process that involves an establishment of a new business venture from scratch, growing the venture and then effectively harvesting the business venture.

#### **3.2 STAGES OF NEW VENTURE CREATION**

1. Pre-launch Stage
2. Launch Stage
3. Post launch Stage

A step by step approach is provided to assist the potential entrepreneur.

##### **3.2.1. Pre launch Stage**

The following steps are involved in a Pre-launch stage in starting of a new venture.

1. Identify, Analyze and Decide on the business idea.
2. Analysis of strengths, weaknesses, opportunities and threats.
3. Analyze competition and select the positioning strategy.
4. Estimate and forecast the market size, growth and marketing feasibility which involves measurement of demand — supply gap.
5. Whether to be an ancillary unit.

6. Understand the technology, process and selection of the idea.
7. Decide on the size of the enterprise in terms of production capacity, employees.
8. Decide on the [location of the venture](#).
9. Identify the incentives given by the Government to promote the small and medium industries.
10. Understand the relevant laws which are applicable for the business.
11. Analyse the business idea as opportunity in terms of Profit, costs, expenditure, income, sales, market share.
12. Estimation of [manpower requirements](#).

Pre-Launch Stage of a new venture involves collection of information through primary and secondary sources of data. It is a critical stage. The skills that are required are entrepreneurial skills of business opportunity identification and analytical skills.

The functional areas of marketing and finance dominate this stage. Forecasting skills are also required in this stage.

### **3.2.2 Launch Stage**

1. Selection of the Name of the enterprise.
2. Hiring or construction of building
3. Deciding on the ownership pattern — sole proprietor, [partnership](#), private or public limited company and limited liability partnership.
4. Registration of the firm. If it is a [partnership firm](#), then agreements has to be signed. The registration processes of SMEs have been streamlined.

Now provisional registration certificate can be obtained online with District Industries Centre.

5. Preparation of business plan and [project report](#).
6. Deciding on the product mix and markets to serve.
7. Application for loan to banks. If private or public, issue of shares.
8. Raising of finance.
9. Ordering and installation of machinery.
10. Recruitment of people.
11. Deciding on the channel of distribution.
12. Sources of raw materials to be finalized and purchases made.
13. Production started.
14. Products to be made available in the market.

In Launch stage of a new venture, operational actions and decisions are taken. It requires managerial skills of coordination with the various agencies. Project management skills are required.

There is lead time from planning to implementation stage. Close monitoring has to be made to see that the launch is as per the plan. Delay will increase the cost and have impact on the finances of the firm.

### **3.2.3. Post Launch**

1. Teething problems to be solved.
2. Systems to be developed in all the areas of management
3. Feedback on the product

4. Changes if needed to be introduced.

5. Expansion decisions.

After launch of the business, the gestation period varies from one to three years. The provisional certificate is valid for a year. After commencement of business, permanent certificate is to be obtained from [District Industries Centre](#).

An entrepreneur has to plan and prepare for this critical period. The profits will start flowing once the business settles down. All the businesses may not succeed, so mental preparation for failure and exit route should also be a part of the business plan.

### ***3.3 ACQUISITION***

An acquisition is when one company purchases most or all of another company's shares to gain control of that company. Purchasing more than 50% of a target firm's stock and other assets allows the acquirer to make decisions about the newly acquired assets without the approval of the company's other shareholders. Acquisitions, which are very common in business, may occur with the target company's approval, or in spite of its disapproval. With approval, there is often a no-shop clause during the process.

We mostly hear about acquisitions of large well-known companies because these huge and significant deals tend to dominate the news. In reality, mergers and acquisitions (M&A) occur more regularly between small- to medium-size firms than between large companies.

- An acquisition is a business combination that occurs when one company buys most or all of another company's shares.
- If a firm buys more than 50% of a target company's shares, it effectively gains control of that company.
- An acquisition is often friendly, while a takeover can be hostile; a merger creates a brand new entity from two separate companies.
- Acquisitions are often carried out with the help of an investment bank, as they are complex arrangements with legal and tax ramifications.

- Acquisitions are closely related to mergers and takeovers.

### **3.3.1 ADVANTAGES OF ACQUISITIONS**

Acquisitions offer the following advantages for the acquiring party:

#### **1. Reduced entry barriers**

With M&A, a company is able to enter into new markets and product lines instantaneously with a brand that is already recognized, with a good reputation and an existing client base. An acquisition can help to overcome market entry barriers that were previously challenging.

Market entry can be a costly scheme for small businesses due to expenses in market research, development of a new product, and the time needed to build a substantial client base.

#### **2. Market power**

An acquisition can help to increase the market share of your company quickly. Even though competition can be challenging, growth through acquisition can be helpful in gaining a competitive edge in the marketplace. The process helps achieves market [synergies](#).

#### **3. New competencies and resources**

A company can choose to take over other businesses to gain competencies and resources it does not hold currently. Doing so can provide many benefits, such as rapid growth in [revenues](#) or an improvement in the long-term financial position of the company, which makes raising capital for growth strategies easier. Expansion and diversity can also help a company to withstand an economic slump.

#### **4. Access to experts**

When small businesses join with larger businesses, they are able to access specialists such as financial, legal or human resource specialists.

## **5. Access to capital**

After an acquisition, access to capital as a larger company is improved. Small business owners are usually forced to invest their own money in business growth, due to their inability to access large loan funds. However, with an acquisition, there is an availability of a greater level of capital, enabling business owners to acquire funds needed without the need to dip into their own pockets.

## **6. Fresh ideas and perspective**

M&A often helps put together a new team of experts with fresh perspectives and ideas and who are passionate about helping the business reach its goals.

### **3.4 CRITERIA FOR EVALUATING NEW- VENTURE PROPOSALS**

Entrepreneurs often begin with innovative ideas, but succeeding in a new business also requires objective assessment procedures. If your gut tells you a product, service or existing business is a risk you want to take, use objective measurements to better determine its likelihood of success. The bottom line is profitability. By using a number of business assessment tools, you can reduce your risk of buying or starting an enterprise that fails.

#### **3.4.1 Financials**

Assess the company's financial performance or potential financial performance. Evaluate historical sales revenues, profit margins of products and services, recent sales trends and cash flow. Examining cash flow lets you determine when you will get your money in and how much credit you might need to obtain. For example, your business might have excellent sales, but if the customers don't pay for 60 days, you might have to delay your salary, operate using your savings while you wait for your bills to be paid, or take out a loan to buy materials. If you are launching a new business, look for trade association data that shows financial trends for similar companies and expected trends for the coming year.

#### **3.4.2 Sales**

A thorough sales assessment will give you insight into how sales have taken place and where you might improve them. Spot trends by analyzing where products are selling and to what types of customers. For example, if a business is selling exclusively through independent retailers, you might have a chance to grow market share by entering mass retailers. Items with high profit margins might be producing most of the company's profits, but causing it to lose sales. Adding low-margin items might help it expand. Certain geographic territories with low sales may not be underperforming, but are simply underserved, offering opportunities to grow the business.

### **3.4.3 Market Data**

Researching the marketplace will help determine if it is being underserved or possibly saturated. Detailed demographic data can show that even if the marketplace contains significant competition, you have an opportunity to successfully introduce a new business or improve the performance of an existing one. Demographics such as gender, age, race and marital status will help you better understand who your potential customers are. Analyzing the price points of your competitors will also give you insight into why people might be buying a particular product or service. Look at market trends, such as sales during the last three years, and look for advances in technology that might affect the marketplace. For example, a shift from PCs to mobile devices causes a decrease in demand for traditional hardware and software and more demand for smartphone apps.

### **3.4.4. Assets and Liabilities**

Look at the assets of an existing business to determine how it depends on them. The business might depend on a recipe, trademark, copyright or patent for its unique selling proposition. A company's location, specific manufacturing process, grandfathered agreements or no-compete agreements with a supplier might be giving the business an edge, without which it would struggle to compete. A franchise might be thriving because of a restricted territory it owns or specific benefit it has been receiving from the owner's status as a minority. Check the assets of any business you plan to purchase to determine what would happen if you lose them. Look for liabilities, such as debts, lawsuits and expiring contracts and assets.

### **3.4.5 Relationships**

Key factors in a small business's success often include personnel, endorsements and relationships. Key personnel, such as a well-known chef, IT whiz or top sales performer can make or break a business. Having a professional sports league or a celebrity endorse a business might be key to driving its sales. Having official sponsor, supplier or partner status of a trade association or other organization can also boost sales. Assess the impact of losing a key relationship on sales and revenue, and look at contracts before you buy a business that relies on any.

### **3.4.6 Opportunity Costs**

Look at what entering a new business will cost you, in terms of lost revenue, personal time or sales connected to other business or opportunities you have. For example, using your cash to buy a business reduces your ability to pay down debt, lower interest payments, improve or upgrade current facilities, increase advertising and make other investments with that cash. You will need to devote your personal time to the new business. Accurately assess the number of hours you will need to spend on a new business venture and calculate the revenue your time would generate spent on another opportunity.

## MODULE NO: 4

### 4.1 BUSINESS FINANCE

Business is concerned with the production and distribution of goods and services to meet demands. Finance is required by businesses to carry out many activities. As a result, finance is said to as the “vital blood” of any business. **Business finance** refers to a company’s need for finances to carry out its numerous operations.

#### 4.1.1 SOURCES OF FINANCE

A company can raise capital from a variety of sources. Each source has distinct features that must be properly analyzed in order to choose the greatest accessible method of obtaining finances. For all organisations, there is no one optimum source of funding. A choice of the source to be used may be made depending on the situation, purpose, cost, and associated risk.

Finance is required at the point when an entrepreneur decides to launch a business. **For example**, funds are needed to buy furniture, equipment, and other fixed assets. Similar to this, funds are needed for regular operations, such as buying supplies or paying employees’ salaries. Additionally, a business needs funds to expand. **For Example**, if a company wants to raise funds to fulfil its fixed capital requirements, long-term finances may be necessary, which can be raised through either owned or borrowed funds. Similarly, if the goal is to meet the day-to-day needs of the business, short-term sources may be utilized.

Without sufficient funding, a business is unable to operate. The entrepreneur’s initial investment may not always be enough to take care of the company’s entire financial needs. As a result, a businessman needs to look for various other sources where the need for funds can be satisfied. Running a business organisation, therefore, requires a clear understanding of the financial requirements and the identification of various sources of funding.

#### 4.1.2 DIFFERENT SOURCES OF FINANCE

##### 1. Retained Earnings:

In most cases, a company does not release all of its earnings or share its profits with its shareholders as dividends. A part of the net earnings may be retained in the company for future use. This is known as retained earnings. It is a source of internal finance, self-financing, or profit ploughing. The profit available for reinvestment in an organisation is dependent on a variety of factors, including net profits, dividend policy, and the age of the organisation.

## **2. Trade Credit:**

Trade credit is credit given by one trader to another for the purchase of products and services. Trade credit facilitates the purchase of goods without the need for immediate payment. Such credit shows in the buyer of goods' records as 'sundry creditors' or 'accounts payable.' Business organisations frequently utilise trade credit as a form of short-term finance.

It is granted to consumers that have a solid financial status and a good reputation. The amount and period of credit provided are determined by criteria, such as the purchasing firm's reputation, the seller's financial status, the number of purchases, the seller's payment history, and the market's level of competition. Trade credit terms might differ from one industry to another and from one person to another.

## **3. Factoring :**

Factoring is a financial service in which the 'factor' provides a variety of services such as :

- Bill discounting (with or without recourse) and debt collection for the client: Under this, receivables from the sale of goods or services are sold to the factor at a certain discount. The factor takes over all credit control and debt collection from the buyer and protects the company against any bad debt losses.

Factoring has basic two methods: Recourse and Non-recourse. The customer is not safeguarded against the risk of bad debts while using recourse factoring. Non-recourse factoring, on the other hand, involves the factor assuming the complete credit risk, which means that the full amount of the invoice is reimbursed to the client if the debt goes bad.

- Factors retain vast volumes of information on the trading history of businesses, which they use to provide information about the creditworthiness of prospective clients, among other things. This can be beneficial to individuals that use factoring services, and therefore avoid doing business with consumers who have a bad payment history. Factors may also provide appropriate consulting services in areas, like finance, marketing, and so forth.

#### **4. Lease Financing:**

A lease is a contractually enforceable arrangement whereby a one party, the owner of an asset, grants the other party the right to use the asset in exchange for a monthly payment. In other terms, it is the rental of an asset for a certain amount of time. The party who owns the assets is known as the ‘lessor,’ while the party who utilises the assets is known as the ‘lessee.’ The lessee pays the lessor a predetermined periodic sum known as lease rental in exchange for the usage of the asset.

The lease contract includes the conditions and terms that regulate the lease arrangements. At the end of the lease agreement, the asset will be returned to the owner. Lease financing is a critical tool for the firm’s modernization and diversification.

#### **5. Public Deposits:**

Public deposits are deposits gathered from the public by organisations. Interest rates on public deposits are often higher than those on bank deposits. Anyone who wants to make a monetary contribution to an organisation can do so by filling a specified form.

In return, the organisation gives a deposit receipt as proof of payment. A business’s medium and short-term financial needs can be met through public deposits. Deposits are beneficial to both the depositor and the organisation. While depositors receive higher interest rates than banks, the cost of deposits to the corporation is lower than the cost of borrowing from banks. Companies often seek public deposits for up to three years. The Reserve Bank of India regulates the acceptance of public deposits.

## **6. Commercial Papers:**

Commercial Paper (CP) is an unsecured promissory note. It was first created in India in 1990 to allow highly rated corporate borrowers to diversify their sources of short-term borrowings and to give investors an additional instrument.

Following that, primary dealers and all-India financial institutions were authorised to issue CP in order to cover their short-term funding needs for their operations. Individuals, banks, other corporate organisations (registered or incorporated in India), unincorporated bodies, Non-Resident Indians (NRIs), and Foreign Institutional Investors (FIIs), among others, can invest in CPs. CP can be issued in denominations of Rs.5 lakh or multiples thereof with maturities varying from 7 days to up to one year from the date of issue.

## **7. Issue of Shares:**

A share is the smallest unit of a company's capital. The firm's capital is split into small units and issued to the public as shares. The capital gained via the issuance of shares is referred to as 'Share Capital.' It's a kind of Owner's Fund.

There are two kinds of shares that can be issued:

- **Equity Shares:** These are shares that do not pay a fixed dividend, but do have ownership and voting rights. Owner of the firm refers to the company's equity shareholders. They do not get a set dividend, but are paid dependent on the company's profitability.
- **Preference Shares:** Preference shares are shares that have a slight preference over equity shares. Preference Shareholders get a set dividend rate and have the right to receive their capital before equity shareholders in case of liquidation. They do not, however, have any voting rights in the company's management.

## **8. Debentures:**

Debentures are an effective instrument for raising long-term debt capital. A firm can raise capital by issuing debentures with a fixed rate of interest. A firm's debenture is a recognition that the company has borrowed a specified amount of money, which it commits to repay at a later

period. Debenture holders are part of the company as the company's creditors. Debenture holders get a definite stated amount of interest at predetermined periods, such as six months or a year.

Debentures issued publicly must be assessed by a credit rating agency such as CRISIL (Credit Rating and Information Services of India Ltd.) on factors such as the company's track record, profitability, debt payment capability, creditworthiness, and perceived risk of lending.

## **9. Commercial Banks:**

Commercial banks play an important role in providing finances for a variety of purposes and time periods. Banks provide loans to businesses in a variety of ways, including cash credits, overdrafts, term loans, bill discounting and the issuance of letters of credit. The interest rate imposed on such credits varies depending on the bank as well as the nature, amount, and duration of the loan.

## **10. Financial Institutions:**

The government has established many financial institutions in the country to give financing to businesses. They provide both owned and loan capital for long- and medium-term needs. These organisations are often known as 'Development Banks' since they aim to promote a country's industrial development. In addition to financial help, these institutes conduct surveys and provide organisations with technical assistance and management services. Financial institutions provide funds for the expansion, reorganization and modernisation of an enterprise.

## **4.2 VENTURE CAPITAL**

Venture capital (VC) is a form of private equity and a type of financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential. Venture capital generally comes from well-off investors, investment banks, and any other financial institutions.

However, it does not always take a monetary form; it can also be provided in the form of technical or managerial expertise. Venture capital is typically allocated to small companies with

exceptional growth potential, or to companies that have grown quickly and appear poised to continue to expand.

- Venture capital financing is funding provided to companies and entrepreneurs. It can be provided at different stages of their evolution, although it often involves early and seed round funding.
- Venture capital funds manage pooled investments in high-growth opportunities in startups and other early-stage firms and are typically only open to accredited investors.
- Venture capital has evolved from a niche activity at the end of the Second World War into a sophisticated industry with multiple players that play an important role in spurring innovation.

#### **4.3 STAGES OF VENTURE CAPITAL INVESTMENT**

**4.3.1 Pre-Seed:** This is the earliest stage of business development when the founders try to turn an idea into a concrete business plan. They may enroll in a business accelerator to secure early funding and mentorship.

**4.3.2 Seed Funding:** This is the point where a new business seeks to launch its first product. Since there are no revenue streams yet, the company will need VCs to fund all of its operations.

**4.3.3 Early-Stage funding:** Once a business has developed a product, it will need additional capital to ramp up production and sales before it can become self-funding. The business will then need one or more funding rounds, typically denoted incrementally as Series A, Series B, etc.

#### **4.4 SOURCES OF FINANCING FOR INDIAN ENTREPRENEURS**

**4.4.1 Personal Investment:** As a start-up loan, you can start with your tangible form of assets that you already have in cash, as a commercial or residential property, or as some gold bonds, solid gold, ornaments, etc. Shares and debentures can also help. Basically, as part of personal investment, you are not taking any amount from outside, and you are investing your own money for the start-up to run smoothly.

**4.4.2 Love money:** For a **Business loan**, love money primarily indicates an amount that has been raised very directly with the help of friends and family members. It is a kind of seed capital, to simplify, that can accelerate your start-up. The nature of risk is very dubious in this direction, and when you get love money, then you do not go for traditional venture capital or take loans from banks.

**4.4.3 Venture Capital:** It is yet another type of start-up loan that you can apply for any kind of funding related to technology-based start-up solutions. Usually, this case of funding can be given to all those businesses that promise better future potential, steady rise, and growth, for instance, in the field of information technology or medicine, or biotechnology. When you consult a venture capitalist, he or she agrees to invest in the start-up business only in exchange for what you call equity. As a result, the ownership gets shared between you and an external party. It offers a high return on investment and tries to consult a venture capitalist who has a fair enough idea and expertise about your area of business.

**4.4.4 Angel Investors:** Sometimes retired company professionals and executives decide to make an immediate and direct investment in many start-up ventures. You can get advice from them because they have already been stalwarts in their own industry. They can also help you with the right business network, expertise, and management skills. If you ask for a return, they might want to speak about the betterment and the flow of your business and also guide you on how to move on with the entire start-up management. They do active monitoring from their end.

**4.4.5 Government grants and subsidies:** When it is about your start-up, it is about your innovation and constant pursuit to get a high-quality return. When you describe your project to some government agencies or organizations, they might provide the right support to your start-up if they find it interesting. If you have proper funding, you can do thorough research, check the marketing plans, decide which equipment to buy, how to provide salaries to your employees, and how to maximize the future potential and growth of your company. Generally, there is no additional burden as such when you go for government grants and subsidies, but you are not supposed to squander the amount and spend the funding only for the start-up.

## MODULE NO 5

### MARKETING PLAN AND INTERNATIONAL ENTREPRENEURSHIP

#### 5.1 MARKETING PLAN

A marketing plan is a strategic roadmap that businesses use to organize, execute, and track their marketing strategy over a given period. Marketing plans can include different marketing strategies for various marketing teams across the company, all working toward the same business goals.

The purpose of a marketing plan is to write down strategies in an organized manner. This will help keep you on track and measure the success of your campaigns. Writing a marketing plan will help you think of each campaign's mission, buyer personas, budget, tactics, and deliverables. With all of this information in one place, you'll have an easier time staying on track with a campaign. You'll also discover what works and what doesn't. Thus, measuring the success of your strategy.

##### 5.1.1 HOW TO WRITE A MARKETING PLAN

1. State your business's mission.
2. Determine the KPIs for this mission.
3. Identify your buyer personas.
4. Describe your content initiatives and strategies.
5. Clearly define your plan's omissions.
6. Define your marketing budget.
7. Identify your competition.
8. Outline your plan's contributors and their responsibilities.

###### 1. State your business's mission.

Your first step in writing a marketing plan is to state your mission. Although this mission is specific to your marketing department, it should serve your business's main mission statement.

Be specific, but not too specific. You have plenty of space left in this marketing plan to elaborate on how you'll acquire new customers and accomplish this mission.

For example, if your business's mission is "to make booking travel a delightful experience," your marketing mission might be "to attract an audience of travelers, educate them on the tourism industry, and convert them into users of our bookings platform."

## **2. Determine the KPIs for this mission.**

Every good marketing plan describes how the department will track its mission's progress. To do so, you'll need to determine your [key performance indicators \(KPIs\)](#). KPIs are individual metrics that measure the various elements of a marketing campaign. These units help you establish short-term goals within your mission and communicate your progress to business leaders.

Let's take our example of a marketing mission from the above step. If part of our mission is "to attract an audience of travelers," we might track website visits using organic page views. In this case, "organic page views" is one KPI, and we can see our number of page views grow over time.

These KPIs will come into the conversation again in step 4.

## **3. Identify your buyer personas.**

A buyer persona is a description of who you want to attract. This can include age, sex, location, family size, and job title. Each buyer persona should directly reflect your business's current and potential customers. Therefore, all business leaders must agree on your buyer personas.

## **4. Describe your content initiatives and strategies.**

Here's where you'll include the main points of your marketing and content strategy. Because there is a laundry list of content types and channels available to you today, you must choose

wisely and explain how you'll use your content and channels in this section of your marketing plan.

A [content strategy](#) should stipulate:

- Which types of content you'll create. These can include blog posts, YouTube videos, infographics, and ebooks.
- How much of it you'll create. You can describe content volume in daily, weekly, monthly, or even quarterly intervals. It all depends on your workflow and the short-term goals you set for your content.
- The goals (and KPIs) you'll use to track each type. KPIs can include organic traffic, social media traffic, email traffic, and referral traffic. Your goals should also include which pages you want to drive that traffic to, such as product pages, blog pages, or landing pages.
- The channels on which you'll distribute this content. Popular channels at your disposal include Facebook, Twitter, LinkedIn, YouTube, Pinterest, and Instagram.
- Any paid advertising that will take place on these channels.

## **5. Clearly define your plan's omissions.**

A marketing plan explains the marketing team's focus. It also explains what the marketing team will *not* focus on.

If there are other aspects of your business that you aren't serving in this particular plan, include them in this section. These omissions help to justify your mission, buyer personas, KPIs, and content. You can't please everyone in a single marketing campaign, and if your team isn't on the hook for something, you need to make it known.

## **6. Define your marketing budget.**

Your content strategy might leverage many free channels and platforms, but there are several hidden expenses a marketing team needs to account for.

Whether it's freelance fees, sponsorships, or a new full-time marketing hire, use these costs to develop a marketing budget and outline each expense in this section of your marketing plan.

## **7. Identify your competition.**

Part of marketing is knowing whom you're marketing against. Research the key players in your industry and consider profiling each one.

Keep in mind not every competitor will pose the same challenges to your business. For example, while one competitor might be ranking highly on search engines for keywords you want your website to rank for, another competitor might have a heavy footprint on a social network where you plan to launch an account.

## **8. Outline your plan's contributors and their responsibilities.**

With your marketing plan fully fleshed out, it's time to explain who's doing what. You don't have to delve too deeply into your employees' day-to-day projects, but it should be known which teams and team leaders are in charge of specific content types, channels, KPIs, and more.

Now that you know why you need to build an effective marketing plan, it is time to put on the work. Starting a plan from scratch can be overwhelming if you haven't done it before. That's why there are many helpful resources that can support your first steps. We'll share some of the best guides and templates that can help you build effective results-driven plans for your marketing strategies.

## **5.2 CUSTOMER ANALYSIS**

Customer analysis combines qualitative and quantitative research methods with the goal of [better understanding of your customer base](#). Knowing what makes your customers tick means you'll be able to cater to their specific needs.

It's a tide that lifts all boats: marketing can create campaigns with better wording, sales can come up with better pitches, product development will know what features to prioritize, etc.

Customer analysis typically moves through the following stages:

- It's a tide that lifts all boats: marketing can create campaigns with better wording, sales can come up with better pitches, prod Identifying who your customers are.
- Discovering their needs and their pain points.
- Grouping customers according to similar traits and behaviors.
- Creating a profile of your ideal customer(s).

### **5.3 SALES ANALYSIS**

Sales analysis is **using data to evaluate sales team performance**. It provides valuable insights about the top performing and underperforming products/services, selling and market opportunities, and includes sales forecasting.

A common example of a sales analytics activity is **setting role-specific objectives for your team in the form of KPIs or metrics**. For instance, setting a revenue target for your sales director while setting a sales productivity goal for your account management team.

### **5.4 COMPETITIVE ANALYSIS**

Competitive analysis in marketing and strategic management is an assessment of the strengths and weaknesses of current and potential competitors. This analysis provides both an offensive and defensive strategic context to identify opportunities and threats.

A competitive analysis is a strategy that involves researching major competitors to gain insight into their products, sales, and marketing tactics. Implementing stronger business strategies, warding off competitors, and capturing market share are just a few benefits of conducting a competitive market analysis.

A competitive analysis can help you learn the ins and outs of how your competition works, and identify potential opportunities where you can out-perform them.

It also enables you to stay atop of industry trends and ensure your product is consistently meeting — and exceeding — industry standards.

#### **5.4.1 ADVANTAGES OF COMPETITIVE ANALYSIS**

- Helps you identify your product's unique [value proposition](#) and what makes your product different from the competitors', which can inform future marketing efforts.
- Enables you to identify what your competitor is doing right. This information is critical for staying relevant and ensuring both your product and your marketing campaigns are outperforming industry standards.
- Tells you where your competitors are falling short — which helps you identify areas of opportunities in the marketplace, and test out new, unique marketing strategies they haven't taken advantage of.
- Learn through customer reviews what's missing in a competitor's product, and consider how you might add features to your own product to meet those needs.
- Provides you with a benchmark against which you can measure your growth.

#### **5.5 MARKETING RESEARCH**

Market research, also known as "marketing research," is the process of determining the viability of a new service or product through research conducted directly with potential customers. Market research allows a company to discover the target market and get opinions and other feedback from consumers about their interest in the product or service.

This type of research can be conducted in-house, by the company itself, or by a third-party company that specializes in market research. It can be done through surveys, product testing, and focus groups. Test subjects are usually compensated with product samples or paid a small stipend for their time. Market research is a critical component in the research and development (R&D) of a new product or service.

## 5.5.1 STEPS IN MARKETING RESEARCH

### 1. Define the Problem or Opportunity

The most important part of the marketing research process is defining the problem. In order to do any research and collect data, you have to know what you are trying to learn from the research. In marketing research, defining the problem you need to solve will determine what information you need and how you can get that information. This will help your organization clarify the overarching problem or opportunity, such as how to best address the loss of market share or how to launch a new product to a specific demographic.

Develop questions that will allow you to define your problem (or opportunity), and examine all potential causes so that the research can be whittled down to the information you actually need to solve that problem or determine what action to take regarding an opportunity. Oftentimes, these are questions about who your target market or ideal buyer persona is (for example: “What does our ideal customer look like?”). These might include questions about demographics, what their occupation is, what they like to do in their spare time—anything to help you get a clearer picture of who your ideal buyer persona is. Consider as many variables and potential causes as possible.

### 2. Develop Your Marketing Research Plan

After you’ve examined all potential causes of the problem and have used those questions to boil down exactly what you’re trying to solve, it’s time to build the research plan. Your research plan can be overwhelming to create because it can include any method that will help you answer the research problem or explore an opportunity identified in step one.

To help you develop the research plan, let’s review a few techniques for conducting research:

- **Interview prospects and customers.** Oftentimes, you get the best feedback by using this tactic because you’re going straight to the source. This might take the form of a focus group or one-on-one interviews. Use your defined research problem to help select the right people to interview.
- **Conduct a survey** using [SurveyMonkey](#) or another tool.

- **Run user tests** on your website or landing page(s). This is a cost-effective approach that can provide a lot of insight and data on how your customers or potential customers behave or respond to something, whether it's new messaging or branding or a modified product or service you are thinking about offering. Simple [A/B tests](#) can go a long way in discovering user behavior. Use heatmap tools, such as Hotjar or Lucky Orange, and website analytics tools, such as Google Analytics or [HubSpot analytics](#), to track results depending on what data you need to collect.

Oftentimes, we do all of this work and gather all of the data—only to realize that we didn't have to reinvent the wheel because someone had already run a similar, credible study or solved the same problem. That doesn't mean you don't need to do any research, but learning about what other organizations have done to solve a problem or seize an opportunity can help you tweak your research study and save you time when considering all of the research options. In marketing research, this is called secondary data because it has been collected by someone else, versus the primary data that you would collect through your own research study.

### **3. Collect Relevant Data and Information**

In marketing research, most of the data you collect will be quantitative (numbers or data) versus qualitative, which is descriptive and observational. Ideally, you will gather a mix of the two types of data. For example, you might run an A/B test on your website to see if a new pricing tier would bring in more business. In that research study, you might also interview several customers about whether or not the new pricing tier would appeal to them. This way, you're receiving hard data and qualitative data that provide more color and insight.

When collecting data, make sure it's valid and unbiased. You should never ask a research interviewee, "You think that we should offer a higher pricing tier with additional services, correct?" This type of question is clearly designed to influence the way the person responds. Try asking both open-ended and closed-ended questions (for instance, a multiple-choice question asking what income range best describes you).

### **4. Analyze Data and Report Findings**

Now that you've gathered all of the information you need, it's time for the fun part: analyzing the data. Although one piece of information or data might jump out at you, it's important to look for trends as opposed to specific pieces of information. As you're analyzing your data, don't try to find patterns based on your assumptions prior to collecting the data.

Sometimes, it's important to write up a summary of the study, including the process that you followed, the results, conclusions, and what steps you recommend taking based on those results. Even if you don't need a formal marketing research report, be sure that you review the study and results so that you can articulate the recommended course of action. Sharing the charts and data you collected is pointless if it doesn't lead to action.

Was your hypothesis proven wrong? Great—that's why you do testing and don't run with assumptions when making decisions that could have a major impact on your organization. It's always better to take the results as they are than to twist the data to prove yourself right.

## **5. Put Your Research into Action**

Your research is complete. It's time to present your findings and take action. Start developing your inbound marketing strategies and campaigns. Put your findings to the test and get going! The biggest takeaway here is that, although this round of research is complete, it's not over.

The problems, business environment, and trends are constantly changing, which means that your research is never over. The trends you discovered through your research are evolving. You should be analyzing your data on a regular basis to see where you can improve. The more you know about your buyer personas, industry, and company, the more successful your marketing efforts and company will be. When you look at it that way, you should start to wonder why so many organizations don't budget time and resources for marketing research.

### **5.6 INTERNATIONAL ENTREPRENEURSHIP**

It is an approach that considers the **internationalization** of firms has a strong influence of the entrepreneur and the networks the entrepreneur has established with foreign actors. It usually follows an opportunity seeking approach typical from an entrepreneurial perspective.

Discovery, enactment, evaluation, and exploitation of opportunities across national borders. The term **international entrepreneurship** was originally related to the way technological advances and cultural awareness allowed new ventures to access untapped foreign markets. It comprises novel and innovative activities that crosses borders with the aim of creating value and growth in business firms. As such, it refers to innovative activities pursued by a firm across borders.

### **5.6.1 DEFINITION**

According to McDougall and Oviatt, “*International Entrepreneurship is a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations.*“

### **5.6.2 MEANING**

When an Entrepreneur goes to other countries to run and operate their business, then it is known as International Entrepreneurship. These are the industries that cross the national boundaries of their nation. These types of Entrepreneurship include exporting of goods, licensing as well as commencing a sales office in other countries. Under this, an Entrepreneur operates all the business activities out the boundaries of the nation and it indicates the development of the business internationally.

Most of the businesses across the national border to establish value and grow the business. A different set of innovative activities performed by most of the businesses across the borderlines and enhance those opportunities to create some creative products and services.

### **5.6.3 Famous Examples of International Entrepreneurs**

There are many industries that have produced numerous international entrepreneurs Coca-Cola, Nike, MacDonald, BMW, Puma, Philips and Tata etc. But most famous entrepreneurs are came from techy world, who started there business from a small ventures but then took it to international level. Some examples are

- Apple- Steve Jobs
- Google- Larry Page and Sergey Brin

- Microsoft- Bill Gates
- Facebook- Mark Zukerberg
- Yahoo- Jerry Yang and David Filo
- Amazon- Jeff Bezos
- Alibaba- Jack Ma
- Tiktok- Zhang Yiming