Entrepreneurship and Startups (2000601)

UNIT-1 Introduction to Entrepreneurship and Start-up

Entrepreneur : An entrepreneur is an innovator who brings economic development through new combination of factors of production.

An entrepreneur is such kind of person who has already started or is in the process of starting an enterprise.

"An entrepreneur can done his job by solving the problem on social issues by takind some difficulties and risks. His foresightedness, motivation, peristent efforts, ability to presume the risk involved and their outcomes and trust to achieve the desired goals and facilities, converts their idea into reality."

Entrepreneur is derived from the word 'entreprendre' which means to undertake.

Difference between Entrepreneur and Businessman;

Entrepreneur	Businessman
• An entrepreneur is a person who uses his idea to run a Startup company.	• A businessman is a person who starts a business on an existing concept or idea.
• Create the market for his own business and is considered as market leader.	• Make his place in existing market & become a market player.
• Faces a lot of risk & their is high chances of failure.	• Less risk as it follow path created by other businessman.
• Uses quite unconventional method.	• Mostly uses traditional method.
• Primarily focus to solve the problem of society.	• Primary focus on profit.

Defination of Entrepreneur;

Basically entreprenuers are the socio-economic people who can detect and sense the business opportunity in the society. They establish and run an enterprise in order to provide product and services to the society to fulfill the needs of society and earn profit in return of it.

According to Jobseph A. Schumpeter;—
He refers entrepreneur as an innovator who initiate the process of economic and social development through introduction of new technology, new market, new products, new services by establishing new organization / industry / enterprise / Venture.

According to H.W. Janson;—
Entrepreneur is a person which characterized of three things invention, innovation, adoption.

According to international labour organization;—
Entrepreneur are those people who has ability to see & evaluate business opportunity, together with necessary resources to take advantage of them and to initiate appropriate action to ensure success.

Traits / Qualities of Entrepreneur

Innovation:- As we know that entrepreneurship is a process of innovation. Thus the entrepreneur must have the vision and talent of introducing new technology, new product, new market.
An entrepreneur must be creative and activity he perform must have uniqueness.

Risk Bearing :

- The business activities performed by the entrepreneur is full of risk and uncertainties.
- Thus the entrepreneur mush have the ability to face and bear these risk without any panic.

Decision Making :

- Entrepreneur are independent people who like to be decision maker rather than decision implementors.
- They always like to give desision rather than take direction from other.
- Success of entrepreneur depends upon the ability to make decision promptly and accurately & this requires creative and analytical mind.

Vision :

- They must have clear and certain vision about what to do, from whom to do, where to do & how to do.
- They must have the ability to preplan their work properly and organize their activity and resources property properly before starting their work.

Self Motivator :

- Entrepreneur are highly motivated people who work with consistency towards the goal set by them.
- They never loose hope if encountered some initial failure.
- They always work with positive mindset.

Self confidence :

- Entrepreneur must have self belief and be confident towards their business, their product and decision.
- This can be only possible when they are providing quality product at reasonable prices.

Steps

Perseverance :-

- This is the most demanded trait of entrepreneurs, Once they commit a goal they put their best effort to achieve.
- Entrepreneur are determined toward achieving success as well as growing their venture.
- They stay focused irrespective to herdles in their way to success.

Flexibility :

- Entrepreneur show flexibility in their decision.
- They are always reddy to modify their decision in case of adverse condition.
- They change their decision in accordance to present situation.

Time Management:

- As it is said that time is money.
- All successful entrepreneur allocates the time judiciously according to the priority of activities.
- They understand every minute is precious for them, hence doesn't give unreasonable long time for their leisure.

Motivation in Entrepreneurship

Entrepreneurial motivation is defined as a process which activates and motivates the entrepreneur to contribute best effort for achievement of the goal.

Motivation is something which moves person to action and continues him in course of action already initiated.

Steps in motivation:-

① Unsatisfied need : Motivation process begins when an entrepreneur need is unsatisfied or feels something is lacking.

② Tension : When entrepreneur need is unsatisfied then frustration builds up in mind.

③ Search behavior :- The entrepreneur selects the option available to satisfy his needs and works accordingly.

④ Satisfied need : After a period of time entrepreneur evaluate whether or not his needs are met.

⑤ Reduced tension : Once the needs of entrepreneur is met then his frustration and tension get relieved.

Conclusion

Motivation is based on needs.

Motivation is defined as willingness of an entrepreneur to make intense and persistence effort to achieve the goal inorder to fulfill his needs.

Types of Motivation

1. Positive motivation

Positive motivation is a type of motivation in which any employee of the organization is appreciated according to their capability which creates willingness in employee to work with full effort in order to complete the goal.

This type of motivation develops a positive and working environment in the enterprise.

2. Negative Motivation

Main aim of motivation is to create willingness inside the employee of enterprise to work with full effort, such motivation in which willingness to perform the work is created or achieved by developing fear in the employee. In this type of motivation the employee are afraid of punishable consiquences of not doing particular work in right way hence cause them to work with full effort.

3. Rational Motivation

Those motivation in which the personal analyses the benefits and drawbacks of all optional available for work to achieve his goal and enables him to work with best suitable working option.

4. Emotional Motivation

Those motivation in which feeling and joy of success is developed in mindset of entrepreneur which creates willingness to do his work with good effort.

5. Intrinsic Motivation

This kind of motivation is generated internally & doesn't need any outside factor like financial reward promotional reward or grades to creates willingness to do work or perform task.

6. Extrinsic Motivation

The motivation resulting due to outside factors like financial reward, promotional reward, grades recognisation to createis willingness to do work or perform task.

Ex

Extrinsic motivation are of two types :-

i). Financial Motivation -

These motivation is monetary in nature as it can be measured in terms of money like salery, Wages, allowances bonus etc.

ii). Non-financial Motivation -

It is non-monetary in nature as it can't be measured in terms money. In this person or entrepreneur's motivated by by job enrichment, appreciation, growth opportunity etc.

Business Structure

A business structure refers to how a company wants to represent itself legally in the industry or formation on the basis of profit and loss, taxation, libilities, no of members, role of members. It is the type of setup that allows ~~and~~ restricts activities a business undertakes after its estabilishment.

A business structure is a legal representation of the organization of a company. It defines who owns a company and how the business distributes its profits.

Types of business structure :-

1. Sole Proprietorship
2. Partnership
3. Limited Liability company (LLC)
4. Corporations.

Sole Proprietorship

- A structure is termed sole proprietorship when a person is the sole owner of a business.
- It is a simple setup where the owner is the single person responsible for the daily business operation.
- The revenues and liabilities are merged into personal accounts which are calculated and taxed on a personal level.
- Features of Sole Proprietors ;

The main feature of sole proprietorship are as follows:

Legal Formalities - No legal formalities are required to either commence or to shut down a sole proprietorship. But the owner must have a spacial license or certificate to run the business for specific occupations. For example, a sole proprietor planning to start a pharmacy must have a pharmacist's degree.

Risk & Reward - A sole proprietor has complete ownership over the profit or losses from their firm's operations.

Control - The rights and responsibility of a sole proprietorship lies solely with its owner. No other person can interface in the business activities of a sole proprietor without prior permission.

Ultimited Liability - The sole proprietor is liable for the success or failure of their financial transactions. In case the proprietor takes a loan and fails to repay it, the creditors can attach the business owner's property to recover the loans.
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Advantages of Sole proprietorship

Swift Decisions - A sole proprietor has complete responsibility in terms of making business decisions. It results in faster decision making for the business as there is no need to consult multiple parties for every minor issue.

Confidentially - A sole proprietor can keep all business-related information to themselves as the business's only decision maker. The law does not bind them to make the accounts of sole proprietorship public.

Profit sharing - A sole propriedor has complete ownership of profit arising from business operations. They are not obligated to share profit with anyone else.

Disadvantages

Lack of Resources :- It is challenging to raise vast amounts of capital in sole proprietorship compared to partnership or company. This form of business runs mainly on personal savings and borrowings mady by its owner. Lack of adequate finances can becomes an obstacle in growing the business.

Dependence on owner :- The owner and their business are a singular entity in a sole proprietorship. While this has several advantages, the continuity of this form of business depends solely on the owner's well being. In case of death, insolvency, imprisonment etc, it can shut down if there is no successor or to continue the business.

Ultimate liability :- If the proprietor cannot pay de arising out of business from its assets, then personal property is also at stake. This results in sole traders taking zero or very minimal risks to ensure the survival of the business.

Partnership

- A partnership is a type of business structure that is formed by a group of two or more individuals.
- In such a business, the members mutually agreed to bear the profits and losses. The profit of the business, the members mutually share it. Consequently the losses are also distributed among the members.
- The members involved in the partnership are known as individually as partners, while they are collectively known as a firm. A partner in the firm will be liable for the actions of the other members of the firm.
- The members of the firm are bound by the partnership deal, and no member can take a sole decision without consulting the other partners.

Characterstics :-

Two or more persons; To form a partnership, there must be at least 2 partners who are competent to contract and who are not minor, persons of unsond mind and persons disqualified by any Law. The maximum number of the partners in the firm cannot exceed 50 vide rule 10 of companies rules, 2014 as prescribed by the central government.

Agreement : Partners, who decide to start this business have to make a formal mutual contract between them. This agreement is usually written following the norms of government act.

Share and Profit : One of the primary feature of partnership is to make and share profit among the partners as per agreed ratios. However the income will be distributed equally if there's no clause mentioned in the agreement about the same.

Liabilities :- In general partnerships, all the partners are subjected to liabilities. It means all of them are collectively responsible for recovering all debits of the firm, even if they have to liquidate their personal assets.

Advantages :

1. Easy to start - A simple agreement, verbal or written, is enough to initiate a partnership firm.
2. Flexible operations - There is a considerable scope for making changes in the business operations and strategies if the partners think these are need for overall growth of the firm.
3. Greater Resources - Since partnership comprises financial contribution from all partners, it infuses large capital to bussiness. As a result it increases firms borrowing capacity.
4. Reduced risk factor - As all the incomes and losses are devided among the partners, the risk for the losing money or defaulting can be narrowed

down substantially.

Combined skill - Another great advantages of partnership has to be combination of unique ideas, knowledge and skills from different partners with experties in their respective fields.

Dis advantages :-

Unlimited liability : In a partnership business, the partner agree to share all the losses and profits between them. The partners are also entitled to take responsibility for all the debits, even if they are not their debits. The liability of all the partners is not limited. This is usually a burden on the personal property and finances of the partners.

Blocking of capital : If a partner wishes to withdraw their wealth from the firm, they can not do so alone. If the other partner agree to it, only then is withdrawal possible.

Lack of public trust : The public has less confidence in partnership firms since their annual reports and accounts are not published.

Difficulty in decision making : In a partnership business, the consent of every partner is needed before making a decision. From the minor to major, all decisions require the approval of all the partners.

Limited Liability Company (LLC) or Limited Liability Partnership

- In a partnership firm the liability of the partners are unlimited that is upto the extent of their personal assets also.
- To overcome this problem the government introduced a law in 2008 known as LLP 2008 and will be effected from 01/04/2009.
- LLP is basically a partnership firm which is registered as per LLP act 2008 under the ministry of common affairs.
- In LLP the liability of the firm is limited to asset of the firm and limited to the contribution of partners in the firm.
- In LLP the liability of the firm is not upto the extent of the personal asset of partners that in simple language the asset of partners are not at risk.
- In LLP firm, the LLP agreement is done between partners to govern their rights and duties and to decide profit sharing as per their contribution.
- In LLP minimum two designated member are required to estabilished the firm in which one must be resident in india.

Advantages :-

→ Lower compliances and fewer regulation :-
In LLP there is not required to appoint general manager, company secretary as in company which means to operate the company there are not much rules and regulations to be followed.
There is no director report culture.

→ Limited liability of partners:-

In LLP the personal assets of the partners are not at risk. The liability of partners are limited to their contribution in firm.

→ Better goodwill due to transparency in the system:-

In LLP the understanding between partners are very good as because every thing is mentioned in agreement paper. There is no oral commitments each and every things are mentioned on paper and submitted to (registar of company) office.

→ LLP is a separate legal entity if there is death of any partners then the firm will not dissolved it will remains continues which will be not done in partnership firm.

Disadvantages :-

→ Inability to raise venture capital through liquidity funding like funding from share market or mutual fund.

→ Penalties upto 5 lacs if compliances are not done at right time, ie tax returns are not filled at right time

→ Public disclosure is the main disadvantages of an LLP. Financial accont have to be submitted to companies house for the public repord. The account may declare income of the members which they may not wish to be made public.

Corporation

- In business structure like partnership and LLP the funds required to runs the organization is to be operated in large scale it requires funding which may not be fulfilled if the business structure of firm is in form of sole proprietorship, partnership, LLP.
- Therefore to raise the problem of funding the organization sells portion of ownership called stock share. The individuals who purchase the stock share are called share holders. The stock holders invest money through purchase of stock share and become owner of the organization.
- Thus such business structure in which owners are the stockholders are corporation. The money invested by stock holder allows the organization to enlarge the business and hopefully generate profit. The stockholder then receive a portion of profit as a return on their investment.
- Corporation is defined as a separate legal entity that separate from the bussiness owners. It is owned by stock holders and operated by board of directors. It has all the legal rights and duties as that of an intevidual that is it can be suied and it can suied anyone.
- Three key types of person in corporation
  - → Stock holder
  - → Board of Directors
  - → Officers.

Stock Holders :-

- Stock holders are the owners of the business organization till they hold the stock share of firm within themselves.
- They purchase share of the organization to invest money in the organization for its business expansion.
- Since they are the owners of the firm hence they elect the board of directors.

Board of Directors :-

- They are elected by share holders.
- They develops the plan and policies to run the corporation.
- They are basically mainly either stockholders with maximum shares or top executives of the related field.
- They appoint officers to execute the plan and policies of corporation.

Officers :-

- They are appointed by the board of directors.
- They are employee of the corporation.
- They are responsible for daily operation of organization.
- There role is manage all the bussiness activities in the business market.

Advantages :-

→ Limited liability :- The shareholders of a corporation are only liable upto the amount of their investments. The corporate entity shields them from any further liability, so their personal assets are protected.

→ Source of capital :- The corporation can raise their funds by selling the ownership of firm to stockholder.

→ Unlimited life span :- As the ownership and tranferable as the stock holder can sell their share to other stockholders very easily, therefore its life is not limited as the ownership can be passed to different investors.

Dis advantages :-

Corporation have only one major disadvantage is double taxation, Depending on the type of corporation it may pay taxes on its incomes after which shareholders pay taxes on any dividend received, so income can be taxed twice.

Difference between Entrepreneur and manager;

Entrepreneur	Manager
1. They are owner of business.	1. They are only just employee of organization.
2. They are visionary people and bear all risk.	2. They work for salary and doesn't bears any risk.
3. They focuses on starting and expanding of organization.	3. They focuses on day to day operation of organization
4. They are rewarded by profit for their risk bearing exercise which is uncertain and sometimes may be negative also.	4. They are rewarded with increment in salary, bonus allowance which is fixed and always positive that is certain in nature.
5. They requires innovative talents.	5. They require conceptual skill.
6. They are decision makers.	6. They are decision implementors

Difference between Start-up and entrepreneurship.

Start-up	Entrepreneurship
1. High innovation :- There has to be a definite uniqueness in business model product and services Start-up is offering.	1. Limited inovation :- They may adopt existing business ideas and technology
2. Lesser initial profit :- Most start-up doesn't early profit, however when idea clicks it will earn large revenue.	2. Higher initial profit :- They expect higher profit in early phase of business.
3. Startup should have scalable ideas :- This means when idea clickes it can be applicable to different geographical areas.	3. Limited expansion potential thus doesn't requires scalable ideas.
4. They are not localized that is having no fixed market place.	4. They localized that is having fixed market place.
5. High in risk.	5. Less in risk.

UNIT-2. Introduction to Business Idea

Every new business, new product or service and new marketing approach has started with an idea. Generating new ideas can be a very burdensome task. Putting them into practice can be much harder.

A good idea is nothing more than a tool in the hands of an entrepreneur. Finding a good idea is the first step in the task of converting an entrepreneur's creativity into an opportunity.

A promising venture always starts with a brilliant business idea. Successful entrepreneurs are innovators or problem resolvers who come with ideas to solve the existing problem of society and earn profit.

Main characterstics of business idea:

1. Fullfill the need : It must fullfill the need of society.
2. Clear focus : Business activity must be clear & focused.
3. Innovation : Modern technology must be adapted.
4. Uniqueness : The business model must be unique & new.
5. Longer profit : The business must earn profit for a long term.
6. Sustainable : The business idea must be such that the business must exist for certain period of time.

Needs of Business Ideas

1. Enable entrepreneur to utilize their skills.
   - → The business idea are generated by entrepreneur on the basis of his skill.
   - → They generate ideas to utilize their skill.
   - → An entrepreneur has technical, market and any other skill, if they generates ideas based on their skill, it gives their confidence to enter in the market.

2. Enable the use of available resources.

→ The entrepreneur generates ideas on the basis of the available resources like men, material, machine etc.

→ The ideas are generated for better utilization of the available resources

3. Demand of society.

→ An entrepreneur generates ideas to fulfill the demand of society.

→ They generates idea to produce and deliver services to customer for as per customer satisfaction.

4. Problem of socity.

→ The ideas are generated on the basis of problem of society.

→ An entrepreneur generates idea to eliminate the problem of society.

→ They generate idea to produce product and deliver services which gives person of society a greater relief.

→ In simple words we can say that society problem or market problem generates business ideas.

Aspects for discovering business ideas

End user benefit :—

→ An entrepreneur should introspect and what the real costomer benefit is and what problem are solved with the product and services for which he generates the business idea.

→ The key to marketing ~~source~~ success is not to produce large product either in number or in types rather the products are produced and services are deliver to satisfy customer needs.

→ People buy product and services to satisfy the needs or eliminate the problem.

Market ;-

→ A business ideas can succeeds only when the product and services for which entrepreneur generates ideas has commercial values that is when market accept it.

→ It is the second important aspect of a successful business idea to identify how big the target market is for product and services offered and how it differentiate itself from product of the competitors.

Revenue mechanism ;-

→ The business ideas should clearly reflect the manner in which the revenue is earned and in what quantum of revenue to be earned by selling the product or services.

→ In simple works from when period of time will be the revenue started to be generate and in what amount the revenue will be generated.

Challenges ;-

→ The business is so setup on the basis of an idea should not only be for profit but also be sustainable in line with legal, social and environmental challenges.

Sources of Idea Generation

→ Idea generation is basically act of forming ideas.

→ It is a creative process or procedure that company uses in order to find out solution against the challenges infront of the society.

→ Idea generation creates platform for innovation.

Sources of business ideas ;

1. External ideas :- Those ideas which are generated from the outside of the business organization.
2. Customers :- On the basis of customer demands/need/problems business ideas are generated.

3. Competitors :- On the basis of lag of competitors, business ideas are also generated.

4. Suppliers :- On the basis of information of gather from suppliers what problem, that is facing in market or what is the problem of market, business ideas are also generated.

5. Trade fairs / Trade magazine :- Through trade fairs & trade magazine business ideas are also generated on basis of various information gathered.

Internal Sources :

1. Research and Development :- Every business organization has its own research and development which continuously focusses and studies the scenario of market. Through the study they gather information what kind of product and services are in demand and generates ideas on basis of it.

2. Employee :- Employee produces/manufactures, they also helps in generating ideas by giving their advice to top management authority about new method /process/ technology to produce demanding product in best way.

3. Complaints System :- Every organization has feed back system through which any outside person can give feed back what kind of product is required through this also business ideas are generated.

4. Brainstorming :- It is a process of group discussion in which people participate in a group discussion to express different business ideas freely without the fear of criticism.

SCAMPER :-

Scamper is an idea generation technique;

S- substitute :- What are the substitute of existing product and services.

C- combine :- Various ideas are combine to form new idea.

A - Adapt :- New ideas are generated by adapting new techniques.

M - modify :- New ideas are generated inorder to modify product/services.

E - Eliminate :- Ideas are generated to eliminate society problems.

R - Reverse :- Think in reverse manner to new ideas.

5W+H Method :-

Ideas are generated on the basis of who, what, where, why, when and how.

Business activity map :-

- Business activity map is a very powerful technique to visually depict process steps as it shows how a process should function from start to finish.
- Business activity are laid down visually so that every one in the organization can understand the process of operation and participate in the activity as per their needs.
- Business activity map uses flow charts and symbols to answer three essential question,

1. What are the activity in process :-

As we know that every process is made up of various individual tasks known as business activity, thus when an activity map is prepared every activity must be clearly indicated with all details so that it can be identified easily by every one.

2. Who does each activity :-
In activity mapping, it is identified who is responsible for particular task. Thus activity map makes it clear on role and responsibility of every one participating in business activity of organization.

3. When does activity occur :-
An activity map will set up each activity with their sequence. That is in simple words which activity occurs first and which activity takes place next. Thus through activity map sequence of operation are clearly depicted.

→ An activity map is used to identify and understand stategic capability by mapping how the different activities of an organisation are linked together.

Advantages

1. Activity mapping documents the business processes :-
An activity map captures the processes in an easy to understand and easy to follow format. This gives a blue print for how the process is done.

2. Activity maps enable knowledge transfer :-
Capturing the processes captures knowledge that would otherwise be lost when employees move on from the organisation. But it is also a great way of sharing best practice ways of doing things throughout the organisation.

3. R.A.C.I. :-
Through business activity map we all are well knowned with :-

→ Responsible

- Who will be doing this task?
- Who is assigned to work on this task?

→ Accountable

- Who's head will roll if this goes wrong?
- Who has the authority to take decision?

→ Consulted

- Any one who can tell me more about this task?
- Any stakeholders already identified?

→ Informed

- Anyone whose work depends on this task?
- Who has to be kept updated about the progress?

4. Reduces the time of production :-

Through activity map the various activity of the process are well documented. This will helps in loss of time in discussion what to do, who will do & when to do.

5. Activity maps shows opportunities for improvement :-

Activity maping captures what is actually happening who is involved, where information, data, materials are following and most importantly the handover points between processes, departments and supply chains. Thus the fault in production system can be identified easily which can be easily corrected and improved.

Business Plan

A business plan is a written documented strategy for a business the highlights its goals and its plans for achieving them.

→ Purpose of business plans :-

1. Securing financing from investors :-

Since its contents revolve around how business succed, break even and turn a profit a business plan used as a tool for sourcing capital. This document helps an entrepreneur to show there capital will be put to work and how it will help the business grow.

2. Documenting a company strategy and goals :-

Business plans can span dozens or even hundred of pages affording their drafters for opportunity to explain what is a business goals are and how the business will achieve them with business plans writer being able to speak to the why behind anything outlined in the plane, what are the reason behind activity.

3. Legitimizing a business idea :-

The world legitimizing means making it legal or official. It helps the entrepreneur to make their idea patent before introducing to market. Thus through business plans the idea of entrepreneur become secure.

→ What does business plan includes :-

1. Business Plan Subtitle

Every business plans have their subtitle, this helps the entrpreneur to express his idea in market as through subtitle entrepreneur tells or explain the business in short sentence.

2. Executive summary

An executive summary is a short section of a larger document like a business plan, investment proposal or project proposal. It is mostly used to give investors and stakeholders a quick overview of important information about a business plan like the company description, market analysis & financial information.

3. Company Description

A company description is important part of business plan that often briefly describes an organization's history location, mission statement, management personnel, legal structure etc.

4. Business Opportunity

The business opportunity is important and should converse investors that the organisation meets the needs of the market in a way that no other company can. This section explains the specific problem the business solves within the market place and how it solve them.

5. Target Market

Who are the core customers of business and why? The target market portion of business plan outlines this in detail. The target market should explain the demographics -phychographics, behavioristics and geographis of the ideal customer.

6. Marketing Plans

Marketing is expensive and it'll be tempting to cover every type of marketing possible, but a brief overviews of how the market and unique business place to the target audience.

7. Financial Summary

Money doesn't grow on trees and even most digital sustainable businesses have expenses. Outlining a financial summary of where the business is currently and where it to be in future will substantiate this section. Consider including any monetary information that will give potential investors a glimpse into the financial health of business, assets liabilities, expenses, debt, investments revenue and more are all useful adds here.

8. Team

Here the organisation explains the key member of organisation, no. of members in organisation to attract the investor to raise the funds.

9. Funding requirements

Remember one of the goal of a business plan is to secure funding from investors so need to include funding requirements, like them to fulfill. The amount of business needs, for what reasons and for how long will meet the requirement for this section.

UNIT-3 Introduction to Target Market

→ A target market is a group of potential customers that identify to sell product or services to.

→ Each group can be devided into smaller segments. Segments are typically grouped by age, location, income and lifestyle.

→ Once the defined the target audience, find the easier to determine where and how to market our business.

→ Steps in target marketing
- Segmentation
- Targeting
- Positioning

Segmentation

→ Segmentation means to divide the marketplace into parts or segments which are definable, accessible actionable and profitable and have a growth potential.

→ In other words, a company would find it impossible to target the entire market, because of time cost and effort restrictions. It need to have a 'definable' segment - a mass of people who can be identified and targeted with reasonable effort, cost and time.

→ Segmentation is done by fours basis :-

1. Geographic basis

The defination of geographical segmentation is a marketing strategy that involves dividing customers into groups based on geographic characteristics. Devide the market place on the basic of :-

- State
- City
- Population
- Climatic conditions

2. Demographic segmentation basis

→ Demographic segmentation basis is defined as a market segmentation method that divides market place based on variables such as age, gender, income etc.

→ This segmentation helps organization understands consumer behaviour accurately that in turn, helps them perform better.

→ Demographic segmentation is done on basis of

- Age of customer
- Gender of customer
- Income of customer
- Profession of customer

3. Psychographic segmentation basis

Psychographic segmentation is the method of dividing marketplace by deviding customers into group using psychological characteristics including personality, lifestyle, social status, activities, interests, opinions and attitudes.

4. Behavioral segmentation basis

It divides the market place on the basis of behaviour of customers.

- How do they buy good/product (Online/Offline).
- When do they buy goods/products (time, month).
- What types of offer they expect while purchasing (flat discount/gift etc).

TARGETING

Targeting is a process of selecting a target market. For targeting a market for business following steps are followed

Conduct market research

Before targeting the market a research is done what are the needs of the customers and what does the customers de-mands and expects from products (quality and price).

Industrial analysis

In this we analyse the product which is to be manufactured on the basis of similar product made by the competitors already available in the market. What is product price and quality of product which is delivered by our competitor to the customers so that we can identify where the competitors are lagging.

Customer Analysis

In this we analyse in the type of customers that is what number and in what region the customer satisfaction by already available product is not achieved. This helps a lot in targeting a market.

Positioning

Positioning in marketing is a strategic process that involves creating an identity / image of the brand or product within the target customers minds. Once the segmentation and targeting is done the positioning is done.

In this we promotes the product /services and differentiate the product and services with respect to the product and services of our customers On following basis :-

- **Pricing**

  Promotes our product / services to our targeted customers on basis of price that is the product/ services which we are delivering is at reasonable cost as compared to our compitetors.

- **Quality**

  Promotes our product/services to our targeted customers on basis of quality that is the product services which we are delivering is with better quality as compared to our competitors.

- **Convenience**

  Promotes our product and services to our targeted customers on basis of availability and easily achievability. In this company launches their product services in both online and offline mode.

- **User Group**

  In this company explains their product/services to the targeted customers why it best for this user group and only made for this user groups.
  For example, Johnson's vs. Axe. While Johnson's baby shampoo positions itself as gentle for children, Axe body spray targets men.

Benefits of targeting marketing

Marketing to a targeted audience can have several benefits compared to marketing to everyone :-

Increased Efficiency -

By targeting a specific group of people, we can make the most of our marketing budget and resources. We can tailor our message, product and strategy to meet the specific needs and interests of the target audience, leading to a higher return on investment.

Better conversation rate -

When we market to a target audience, we are more likely to reach people who are genuinely interested in our product or service. This leads to higher conversion rates, as people are more likely to take action when they see a message that relates with them.

Deeper customer relationships -

By targeting a specific audience we have the opportunity to build deeper relationships with our customers. We can better understand their needs and preferences and use this information to create a more personaliLed experience.

Better brand Recognition -

When we consistently target the same group of people they become familiar with our brand. This leads to better brand recognition can help us to estabilish a strong reputation within our target marget.

Competitive Evaluation

Competitive evaluation is also known as competitor analysis.

It is basically a strategy where we identify major competitors in the market which delivering same kind of product and services; research our product sales and business strategies.

By doing this, we can create solid business strategie which helps us in improving the product/services which we are delivering with respect to our competetors.

Thus through competitor analysis we can know about the weakness of our competitor and make that of as our strength on the basis of that improve our product and services and become 'king' of market.

Needs/Advantages/Benefits of competitive analysis :-

- It also enables to stay a top of industry trends and ensure our product is consistently meeting and exceeding industry standards.
- Helps in making our product unique among all the available products and differentiate with them.
- Enables us to identify what our competitor is doing right. This information is critical for staying relevent and ensuring both product and marketing campaigns are outperforming industry standards.

→ Tells us where our competitors are falling short - which helps us identify areas of opportunities in the marketplace and test out new, unique marketing strategies

→ Learn through customer reviews what's missing in a competitor's product and consider how we might add features to our own product to meet those needs.

How to do a <u>competitive Analysis</u>

1. Determine the competitors

Devide the competitors into two categories, direct or indirect.

Direct competitors are businesses that offer a product or service that could pass as a similar substitute for our and that operate in our same geographic area. Example, maruti-suzuki and mahendra both manufactures cars.

On the other side, an indirect competitor provides products that are not the same customer need or solve the same problem. Example, bike manufacturer and scooter manufacturer.

2. Determine the products our competitors offer

At the heart of any business is its product or service which is what makes this a good place to start.

We have to analyse our competitor's complete product line and the quality of the products or services they are offering.

We should also take note of their pricing and any discounts they are offering to customers.

3. Research our competitors sales, statics & results :-

- What channel are they selling through?
- Do have multiple locations and how does this give them an advantages?
- Do they have partner reselling programs?
- What are their customers reasons for not buying?
- What are their revenues each year? What about total sales volume?
- Do they regularly discount their products and services?
- How involved is a salesperson in the process?

4. Analyze how our competitors market their products:-

Analyzing our competitors website it is the fastest way to gauge their marketing efforts. Take note of any of the following items and copy down the specific URL for future reference:

- Do they have a blog?
- Are they creating whitepapers or ebooks?
- Do they have post videos or webinars?
- Are they using static visual content such as infographic and cartoons?
- Do they have a FAQs section?
- What online and offline advertising campaigns are they running.

5. Learn what technology stack our competitors use:-

Understanding what type of technology our competitors use can be critical for helping our own company reduce friction and increase momentum within our organization.

6. Analyse the engagement of our competitor's content:-

To gauge how engaging our competitor's content is to their readers, we'll need to see how their target audience responds to what they're posting. Check the average number of comments, shares and likes on our competitor's content and find out if.

→ The comments are negative, positive or a mix.

→ People are twisting about specific topics more than others.

→ Readers respond better to facebook, you tube, instagram, snapchat and other social media platform.

S.W.O.T Analysis

S- Strength

→ What do we do well?

→ What have our customers or partners told us they like about us?

→ In what areas do we outspace our competitors?

→ What's unique about our business, products or services?

→ What assets do we own?

W - Weakness

→ What can we improve?

→ What are our customers or partners dissatisfied with?

→ Where do we fall behind our competitors?

→ Where are we lacking in knowledge or resources?

O - Opportunities

→ What emerging trends can we take advantage of?

→ Which of our strengths might be valuable to potential partners?

→ What adjacent markets might we tap into?

→ Are there geographic locations with less competition?

T - Threats

- What is our competition doing?
- How could our weaknesses leave us vulnerable?
- What market trends are we unprepared for?
- What economic or political issues could impact our business?

Accounting and Marketing

- Marketing and accounting both are key function in the running of a business. However they are different areas of operations with a different focus.
- Marketing looks outside of the company to the customers and the organization's relationships with them while accounting aim on the monetary affairs of the business.
- Accounting is all about numbers. It is the process by which a company records its outgoing and incoming income and balance them against each other.
- Accounting records the nature and value of each transaction performed by the company. This includes the purchase of a service, product or material, the sale of a service or product and expenditures of any other kind, inclding staff wages, taxes paid by the organization, overheads for company premises or interest on financial loans.
- Marketing concerns public relations between a company and its customers.
- It is concerned with company getting the right product into the right places to satisfy a need identified in its customer base.

- It is also about ensuring that customers are aware of the availability of a company's product, through means such as advertising and other product promotions.
- Although accounting departments and marketing departments are separate and distinct, but they must work together to monitor sales trends and to manage the effectiveness of marketing campaigns.
- When the two departments work togetherly, sales trends are tracked, marketing campaigns are budgeted wisely, resources are allocated efficiently and the business runs more smoothly.
- Accounting department determines a business financial condition, which in turn gives a marketing department a budget in which to operate. By keeping track of sales trends accounting departments inform senior management as to whether the organization can allocate more fund to marketing.

Risk Analysis

- Risk analysis also known as risk assessment.
- Risk in business are those unwanted and uncertain factors which are having hazardous impact on the functioning of organization which cause the organization to suffer loss.
- Therefore it is very much necessary to eliminate or reduce these unwanted, uncertain factors inorder to protect the organization from suffering the losses.
- The process of identifying, assessing and prioritizing risk and developing strategy to reduce or eliminate them is called risk management.

5 steps in risk management

1. Identifying the risk

This involves looking all aspect of our business including operations, finance and other activites.

Risk in operational activities :-

- Interuption in supply of resources
- Interuption in production due to techuical failure.

Risk in financial activites :-

- Sudden increment in prices of resources required for production.
- Sudden increment on tax rate on loan/debt.
- Sudden increment labour cost.

Risk due to other activities

- Natural or man-made calamities.

In identifying risk we must have to consider both external risk like market changes and competitors threat and internal risk like employee turnover & equipment failure.

2. Assessment of risk

When the risk are identified then it is important to assess the likelihood and impact of risk.
In this we analyse the probability of each risk occurs and what is the intensity of the consequences of each risk this will help in prioritizing the risk helps in determing which will require most attaintion.

3. Risk management strategy

Once the identification and assessment of risk is done then the required strategy are develop to minimize the risk or eliminate the risk.

Following strategy for risk management are follows;-

1. Avoiding Risk :-

If a product or service poses more risk than benefits, then it may be necessary for an organization not to invest in that product or service. If there are geopolitical risks that can threaten an organization's project, it may be a better choice to avoide those risk and select a different region to launch a project.

2. Accepting Risk :-

Sometimes avoiding isn't an appropriate response and acceptance may be the better practice. When a risk is unlikely to occur or if the impact is minimal, then accepting the risk might be the best response.

3. Mitigating Risk :-

The means identifying the risk, assessing all possible solution, devising a plan, taking action and monitoring the results. For example, to mitigate risk of new product production, a project team may decide to implement product testing to avoid the risk of product failure before the final production is approved.

4. Risk Transfering :-

There are when challanges or issues arise and we or our team may not be able to avoid, accept or mitigate them. One example may be lack of experties or training required to address the risks. In this case it may be a good idea to transfer the risk to another party for example, risk can also be transferred to an insurance company, which may reimburse organization for certain realized failure.

4. Implement the risk management strategy :-

→ Once the risk management strategy are developed then its time to put them into action.

→ This may include changes to our business operations, implementing new policies or investing into new product and technology.

5. Monitor and review the risk management plan

→ Risk management plan is not an one time effor, it is required to continuously monitor and review the risk management plan to ensure its effectiveness.

→ This includes reassessing our risk and updating the strategy if required.

UNIT-4 Organisational Structure

Organisational structure is the systematic arrangement of human resources in an organisation so as to achieve common business objectives.

It outlines the role and responsibilities of every member of the organization so that work and information flow seamlessly, ensuring the smooth functioning of an organization.

The organizational structure often shows the 'chain of command' and how information moves within the company. Employees want to understand their job responsibilities, whom they report to, what decisions they can and and should make and how they interact with other people and teams with in the company. An organizational structure creates the frame work.

An organizational structure is the arrangement of an organization's workforce according to job responsibility and ranking.

It ensures the proper functioning of an organization by establishing its chain of command and workflow.

Organizational structure enables quick decision making and better coordination and communication among employees resulting in ehanced productivity.

Elements of organizational structure

Following are the elements on the basis of which organization creates its structure :-

Work specialization

- It defines how the responsibilities are allocated to the employee based on their job profile in which their job skills are mentioned.
- By this any project is divided into small activities and distributed to the required employee.
- If this is not done correctly then the organization gets fails to operate.
- In this decision are made what are the things to do and who will do.

Formalization

- Formalization is a process of creating rules, regulations, procedure etc for the employee for how to work is organization.
- It is very much necessary for the descipline of organization and well being of employee.
- It is just a method of creating a work standard for employee in organization

Departmentation

- Departmentation refers to the process of grouping related activites or functions into specialized units known as departments within an organization.
- It is derived from the word 'department' which means an organization's distinct area or dévision responsible for specific tasks or functions.

→ Departmentation involves dividing the organizations workload into smaller, manageable units, allowing employees to focus on their specific areas in which they are experts.

→ As a result; departmentation streamlines the functioning of an organization and helps in achieving its objectives more efficiently.

Chain of command

→ It is link or connection from top level of management to the inline workers working within the organization.

→ It represents a system for passing information which may be either inform of instruction or report within the organization.

→ Through this top management instruct their right inline workers to implement their decision and inline worker give report of the activity to correct top level management.

→ Through chain of command correct information is passes to correct one thus increases productivity and effectiveness.

→ Through this every one know whom to instruct and whome to report.

Span of control

Span of control can be defined as the total number of direct subordinates that a manager can control or manage. The number of subordinates managed by a manager varies depending on the complexity of the work.

For example, a manager can manage 4-6 subordi[nates] when the nature of work is complex, whereas, the number can go up to 15-20 subordinate for repetitive or fixed work.

Generally two types of span can be seen in organizations that are:

Wide span of control

When one manager supervise many subordinates it shows a wide span of control. It is also called operative span as it is generally applicable at the lower or operating managerial level.

Narrow span of control

When one manager manages a few subordinates it shows a norrow span of control. It is also called executive span because it is applicable at the top or middle managerial level.

Centralization and Decentralization

It is the most important element of organizational structure. It defines how higher authority, managers, employee and staff gives there input to company goals.

In centralization top authority has ultimate power and control over decision while in decentralization managers and staff are allowed to impact the business decision.

Types of Organizational Structure

Organizational structure are of following types :-

Functional Structure

- A functional structure devides the organization into small units known as departments based on other three functions.
- It is a team structure that groups employees into departments based on areas of experties. This type of structure is one of the most common types in business especially in larger companies, where group of employees and organized according to the function they perform.

Divisional structure

- Divisional structure is usually followed by big companies like TATA, ADANI etc, which manufacture more than one one product based on products or markets as demand of different geographical locations. It is a System in which a company segments its employees based on products or markets as according to their job roles.
- Through this organizational structure organization can produce and sell wide variety of products in different geographical locations.

Matrix Structure

- It is an organizational structure which is multiple chain of commands.
- That is in this the employee or inline workers have to respond and report to several heads / manager at one time.
- Due to having multiple supervisors allows the organization to have greater interaction, communication resulting in faster product delievery.

Hierarchical Structure

- It is an organizational structure that contains a direct chain of commande from top management of organization to bottom.
- Senior management makes all critical decisions, which are then passed down through subsidiary levels of management. If someone at the bottom of this organizational want to make a decision, they pass the request up through the chain of command for approval.
- A hierarchical structure operates well when there are few products that are sold in high volume, so that tight control can be maintained over the design, quality, production and distribution of goods.

Talent Management and Recuitment

The term talent management refers to the commitment of an organization to identify, manage, develop & retain the talented employee for the growth and outperformance of the organization.

Talent management is the integral part of human resources management known as HRM.

Objective of talent management :-

Filling the gaps :

The primary objective of this process is to bridge the gap between talented person in the organization and the talent they require to achieve the required goal of organization.

Enhancement of performance

It aims to improve the level of performan of employee in current position inorder to make them ready for next level of transition.

Accurate decision maoking

This process makes to helps in making correct decision about employee promotion based on the performance and contribution in the organization.

Operational objectives

Organization invest a lot in this process to increase the skill of talented employee to meet the upcoming challenges of the market with greato level of success by performing all the required operation to meet goal of organization.

Steps in talent management process

Talent Identification

It involves in identifying and selecting employee which have the capabilities to perform the concerned activity in a best way.

This is done by continuosly monitoring and evaluating the performance of the employee.

Talent Development

Once the talanted employee is identified organization works and invest on them by giving proper training to them.

This helps to perform better in present scenario as well in upcoming future with challenges.

Talent Retention

It involves all the process and strategies required to retain the talented employee in the organization works as the organization has invest a lot in them.

This can be done by giving the right salery, time to time extra allauance and bonus, providing opportunity for their career growth and by providing a great work culture.

Benefits of Talent Management

- Right person for right job
- Retaining the top talent
- Understanding employee
- Create a large workforce of talented employee

Recuitment

→ It is defined as a process of identifying, attracting interviewing and selecting the employee to work for the organization.

→ In simple words it is a process of finding the right people to work for a company organization at right post based on their capabilities or potential.

→ Recuitment is very important for any organizatio to have right people In right post/role inorder to achieve the goal/objective of organization in best way.

Various steps in recruitment ;

Job Analysis

- In this organization analysis what are the skills, knowledge and capabilities are required in employee for achieving any specific activity in the organization.
- It is basically a process of collecting all information related to operation and responsibilities of specific jobs.
- This information helps in creating the job description /profile and job specification to attract those people who understands that they are fit for the role to perform required job activity as mentioned in job description / profile and job specification.
- In job description following things are mentioned job title, duties and responsibilities to perform, machine and equipment to operate location in where to perform.
- In job specification it is mentioned what are the qualification and qualities required to perform job, ie experience, education, training and skills.

Job Sourcing

- Sourcing refers to the process of searching for identifying and contacting potentially correct candidates for specific activity.
- This is done by job posting through advertisement through help of certain agencies and several candidates refers from with in or outside the organization.

Job screening

- It is a process of analyzing potential candidates to determine whethere they are correct for the right post/role or not.
- This is done by interviewing the potential candidates and decided whether they meet all the requirement as mentioned in job description/specification.

Job selection

- Selection is the process of picking or choosing the right candicate, who is most suitable for a vacant job position in an organization.
- After screening it becomes very much easy to decide which candidate is right of specific activity in the organization.

Benefits of recruitment

- Attracting the potential candidates.
- Increase the productivity and turnover of the organization.
- Creating a large talented workforce.
- Improve incredibility of organization.

Challenges in recruitment

- Talent shortage
- Attracting the right candidate
- Time consumption
- Cost effectiveness
- Biasing.

Financial Management

- The word finance means acquiririgg funds/money for an organization for its smooth functioning.
- Financial management is defines as the process of managing or contolling flow of money or fund in order to accomplish the overall objectives of the organization.
- The main objective of financial management :-

1. Maximization of wealth

   In this organization aims to raise the necessary and required money known as funds for the functioning of the organization.

2. Maximization of Profit

   In this organization aims to ultilize the fund in best possible way by eliminating the wastage of fund due to improper allocation and maximize the profit.

3. Maintenance of Liquidity

   With the help of proper financial management, the organization can easily monitor the regular supply of liquidity in the company.

   But it is not as easy as it sounds. To maintain the proper cash flow, the organization must keep an eye over all the inflows and outflows of money to reduce the risk of underflow and outerflow of cash.

4. Improved Efficiency

   Financial management is also beneficial in increasing the efficiency of all sections and departments of the organization.

   If the finance is effectively distributed to all the departments then they will work efficiently. It will support the company to achieve its targets easily which will be further helpful for the growth of the entire company.

Scope of Financial Management

The main objective of financial management is to arrange sufficient finance for meeting short term and long term needs. The organization will have to concentrate on the following areas of finance function.

1. Estimating Financial Requirement

The first task of a financial manager is to estimate short term and long term financial requirements of his business. The amount required that are needed for proper functioning of the organization.

2. Deciding capital structure

After deciding the amount of funds required it should be decided which type of securities should be raised for the shake of which funds can be raised.

3. Selecting a source of finance

If finance is needed for short term periods then banks loans, public deposits and financial institutions may be the appropriate.
On the other hand, if long term finance is required then share capital may be the useful.

4. Selecting a pattern of investment

When funds have been procured then a decision about investment pattern is to be taken. A decision will have to be taken as to which assets are to be purchased. The amount of fund will be retained for working capital and for other requirements.

5. Proper cash management

Organization has to access various cash needs at different times and then make arrangements for arranging cash.

6. Proper use of surpluses

The utilization of profits is also an important factor in financial management. A judicious distribution of profit is essential for protecting the interests of share holders.

Capital Budgeting

- It is a process in which organization decides about the investment they had to make in the future.
- These investments may include new projects acquisitions or expansion of existing projects.
- It is not only a process of making decision for investment but in this it is also decided where to invest so that maximum profit can be generated.
- All the decision regarding investment comes under capital budgeting.
- The thing is which investment is done is called project.

Steps in capital budgeting

- Project identification

  The first step in capital budgeting is to identify projects in which to investments that align with the company's strategic goals and objectives. This may involve conducting market research, analyzing industry trends.

- Project evaluation

  Once the project is decided where to invest they are analysed on the basic of return and risk.

- Project selection

  On the basis of project evaluation finally that project is selected for investment which gives maximum return with minimum risk.

- Project investment monitor

Once the company selects the appropriate investments they implement them and monitor by tracking the performance.

Capital Structure

→ Capital structure means proportion of debt and equity present in the fund for financing the operation of business.

→ Capital structure of a company is a critical factor to estimate the overall financial health and performance, as it determines the amount of finacial risk that the company can adapt and the amount of interest and dividends that it might pay to its creditors and share-holders.

→ Capital means funds required for operation and structure means what amount of fund are raised from where that is either from debt or equity.

→ Working capital management is the process of ensuring the company has the necessary capital available to keep the company operational and meet sudden expenses.

→ This involve managing company accounts cash flow and ~~[illegible]~~ production schedules to ensure everything don in right time in right way.

→ key factors of working capital management
1. Management of proper cashflow.
2. Managing proper cash recievable
3. Managing inventory.

UNIT-5: Financing methodes for entrepreneur

- The money required by the entrepreneur to establish and run the enterprise is called funds.
- The methods by which the funds are raised is called Financing methods.
- Financing methods are also known as start-up funding.
- There are various funding methods for start-up:-

Personal Source:

Many start-up doesn't raise funds from the third party, they are funded by founders and family relative of founders only to prevent the debt and equity dilution.

- For this they use their personal savings mainly.

Angel Investors:

An angel investor is a wealthy person who invests his or her own money in a company usually a Startup, that is in early stages of development.

Angel investors expect to take ownership positions in the companies they support because their capital is unsecured, they have no clams on company's assets. Their ownership may take the form of equity or convertible debt. They also tend to have clear exit strategies for ending involvement with business.

They are known as angels because they often inv[e]
in risky supports, unestablished unproven enterprise
for with other source of loans are unavailable.

Some popular angel investors :-

Anupam Mittal Founder and CEO of People group
Rajan Anandan, Managing director - sequoia capital,
Girish Mathrubootham CEO - Fresh Works,
Rohit Bansal co-founder of Snapdeal, Acc Vector
and Titan capital.

Venture Capitalist :

- Venture capital industry have for main players.
- Entrepreneur that needs fund.
- Investors that need high returns.
- Bank who need companies to give loans.
- Venture capitalist who make market for other three.
- Venture capital is firm that invest people money in start-up enterprise and small business that have believed to have long term groth-potential.
- They provides large investment as compared angel investors.
- They provide funds to company and become share holder or become partner of the firm.
- Accel partners, Blume ventures, Kalaari Capital, Nexus venture are popular venture capital in india.

Debt Financing

- Loan from banks and NBFC's.
- Banks and non-banking financing companies (NBFCs) grant loans and become business~~man~~ leaders and not owners, unlike VCs and angels. These loans so procured can be used for various business needs like :-

1. Purchasing of inventory and equipment.
2. Operating capital (working capital).
3. Fund requirement for expansion etc.
4. However, these are several drawbacks of this funding option. The interest on loan has to be paid periodically irrespective of how the business is fairing.

CGTMSE Loans

The ministry of micro, small and medium enterprises (MSME), Government of India launched credit Guarantee trust for micro and small enterprise (MSE) scheme to encourage entrepreneurs.

Under the scheme, one can get loans of upto 1 crore without collateral or security. Any new and existing micro and small enterprise can take the loan from all scheduled commercial banks and specified regional rular banks, NSIC, NEDFi and SIDBI, which have signed an agreement with the credit Guarantee trust.

Communication of Ideas to potential investors -

- Investor Pitch

Entrepreneur must be a good communicator;-

1. Communicating to the vision;

A successful entrepreneur must be able to articulate the vision and goals to potential investors, partners and employees without the crucial step, it can be difficult to attract the right team or secure funding

2. Building Relationships

Entrepreneurship is all about building relationships and communication is the foundation of those relationships. Effective communication skill can help entrepreneurs estabilish and maintain strong connections with investors, customers, suppliers and employees.

3. Negotiating

Whether Securing funding, negotiating a partnership agreement or closing a sale, entrepreneurs must be skilled negotiators. Effective communication helps a lot during negotiation.

4. Crisis Management

Every entrepreneur will face a crisis at same point. Effective communications to internal messageing to employees. This skill is essential.

5. Team building

As an entrepreneur, need a team to help in achieve the vision. Building a team that shares the passion, value and vision is key and communication is the tool that will help us achieve that.

Presentation tips for pitching to investors:-

Pitching to investors is a crucial for entrepreneur looking to grow their business. Here are some presentation tips for pitching to investors.

1. Start with a strong hook

The first few minutes of presentation tips for pitching to crucial for capturing the attention of audience. Start with a strong hook, such as a suprising statistic or an interesting story, to pique their interest and set the tone for the rest of presentation.

2. Be clear and concise

Investors want to see that the presentation is clear and concise with a clear structure and a focus on the most important information.

3. Use Visual aids

Visual aids such as slides, infographics or videos can help to convey message more effectively and keep the audience engaged.

4. Know the numbers

Investors also want to see that their a clear understanding of the financial side of business. Be prepared to present financial projections, revenue streams and other key matrics that demonstrate the potential for growth.

5. Highlight the unique selling proposition

Investors want to see what sets the business apart from the competition. Be clear about the unique selling proposition and what makes the product or service valuable to customers.

Patenting and Licensing

- A patent is a right granted for an invention that is new and useful.
- A registered patent provides the owner of the invention with the exclusive right to exploit it commercially for the life of the patent.
- The owner also has the right to license others to make, use or sell the invention or products made usind the invention.
- Patent gives exclusive right to the owner exclusive right implies that no one can else can make, use, market the invent without the consent of patent holder.

Objective

To provide protection of creativity of creators.

To promotes the creativity of new creators.

To accelerate the technological and industrial development of the countries.

To provide the exclusive right to invention and affords protection against unauthorized use of invention by third parties.

Characteristics of Patent

1. Invention must be "New" - Invention must never have been made public in anyway, anywhere before the date on which the application for patient is filled.

2. An invention must involved an "Invention steps:"
The invention must be non-obvious to person skilled in that particular art, i.e it must not follow plainly or logically from what is already known.

3. Invention must be having "Industrial Application"-
For the patentable, the invention has to be capable of industrial application.

- It can be used in an industry.

Licencing

It is an contractual agreement between two business entities where by licensor allows to licencse to use its...

Technology

Patents

Trademark

Designs

Processes

In exchange for a fee for royalty.

Defination of Licencing

The transfer of rights to manufacture or market a particular product to another individual or organization through a legal arrangement or contact. It usually require that a fee, commission or royalty is paid to the licensor.
The person granting the license is usually called the licensor.
And the person receiving the license is called licensee.

Objectives

- The major objective of licensing system is to give effect to the industrial policy.
- To protect and promote small scale sector.
- To regulate foreign capital and technology.
- To encourage exports and ~~subs~~ substitution of imports.
- To regulate government rules and balanced industrial policy.

UNIT-6 Exit Strategy For Entrepreneur

A business exit strategy is a plan that a founder or owner of a business makes to sell their company or share in a company to other investors or other firms.

Their are various exit stategy for an entrepreneur.

Merger and Acquisition exit stategy :-

In this the entrepreneur merges his enterprise to another company or organization.

It can be also said that other organization acquire the entrepreneur enterprise who may want to increase their geographic footprint, eleminate competition or aquire their talent, infrastructure or product.

Family Succession :-

The family succession exit (or legacy exit) is the idea of keeping a profitable business in the family.

In this entrepreneur transfer the ownership of his enterprise to the people of his family who is capable of holding the ownership.

Acquihires :-

The term acquihire is a combination of the words aquisition and hire.

It is also an exit strategy for an entrepreneur in which the other organization hire the employ of an enterprise who is willing to exit its business.

This is very beneficial to the organization who hire the employee as it get skillfull workforce for his organization.

Management and employee buyouts :-

Management and employee buyout occurs when both Management and employee join together to take management and selected employee join together to take over the firm in which they are working and thus credtes a exit pathway for the entrepreneur of business enterprise.

Liquidation :-

The term liquidate means converting property or assets into cash or cash equivalents by selling them on the open market.

Liquidation similarly refers to the process of bringing a business to an end and distributing its assets to public.

Bankruptcy :-

When an organisation is unable to honour its financial obligations or make payment to its creditors, it files for bankruptcy. A petition is filed in the court for the same, where all the outstanding debts of the company are measured.

The court becomes responsible for liquidating the personal property of the insolvent and distributing it among the creditors.

Harvesting

After enterprise start-up, the entrepreneur invests time effort and money with the intent of growing the business. The entrepreneur invests time, effort and money from the firm in the future.

- Through such entrepreneurial efforts, the entity accumulates value.
- In case, the business could be vulnerable to hostile takeovers ie easily captured by other.
- A hostile takeover is a type of acquisition where a company (the acquirer) takes control of another company (the target company) without approval or consent of the target company's board of directors.
- Thus harvesting is the business provides the entrepreneur with maximum returns on the investment made.
- Bussiness harvesting is defined as a systematic practice by which the entrepreneur recovers value gained by the entity through the selling of individual assets or the entire firm as a whole.