

Entrepreneurship

Subject Code: **BBAD0-F95**

Entrepreneurs V. Intrapreneurs

- Entrepreneurs are people that notice opportunities and take the initiative to mobilize resources to make new goods and services.
- Intrapreneurs also notice opportunities and take initiative to mobilize resources, however they work in large companies and contribute to the innovation of the firm.
- Intrapreneurs often become entrepreneurs.

Intrapreneurship

- Learning organizations encourage intrapreneurship.
- Organizations want to form:
 - Product Champions: people who take ownership of a product from concept to market.
 - Skunkworks: a group of intrapreneurs kept separate from the rest of the organization.
 - New Venture Division: allows a division to act as its own smaller company.
 - Rewards for Innovation: link innovation by workers to valued rewards.

Small Business Owners

- Small business owners are people who own a major equity stake in a company with fewer than 500 employees.
- In 1997 there were 22.56 million small business in the United States.
- 47% of people are employed by a small business.

Advantages of a Small Business

- Greater Opportunity to get rich through stock options
- Feel more important
- Feel more secure
- Comfort Level

Disadvantages of a Small Business

- Lower guaranteed pay
- Fewer benefits
- Expected to have many skills
- Too much cohesion
- Hard to move to a big company
- Large fluctuations in income possible

Who are entrepreneurs?

- Common traits

- Original thinkers
- Risk takers
- Take responsibility for own actions
- Feel competent and capable
- Set high goals and enjoy working toward them

- Common traits

- Self employed parents
- Firstborns
- Between 30-50 years old
- Well educated – 80% have college degree and 1/3 have a graduate level degree

Successful and Unsuccessful Entrepreneurs

- Successful
 - Creative and Innovative
 - Position themselves in shifting or new markets
 - Create new products
 - Create new processes
 - Create new delivery
- Unsuccessful
 - Poor Managers
 - Low work ethic
 - Inefficient
 - Failure to plan and prepare
 - Poor money managers

Characteristics of Entrepreneurs

Key Personal
Attributes

Strong Managerial
Competencies

Good Technical Skills



Successful
Entrepreneurs

Key Personal Attributes

- Entrepreneurs are Made, Not Born!
 - Many of these key attributes are developed early in life, with the family environment playing an important role
 - Entrepreneurs tend to have had self employed parents who tend to support and encourage independence, achievement, and responsibility
 - Firstborns tend to have more entrepreneurial attributes because they receive more attention, have to forge their own way, thus creating higher self-confidence

Key Personal Attributes (cont.)

- Entrepreneurial Careers
 - The idea that entrepreneurial success leads to more entrepreneurial activity may explain why many entrepreneurs start multiple companies over the course of their career
 - Corridor Principle- Using one business to start or acquire others and then repeating the process
 - Serial Entrepreneurs- A person who founds and operates multiple companies during one career

Key Personal Attributes (cont.)

- Self-Confidence
 - Because of the high risks involved in running an entrepreneurial organization, having an “upbeat” and self-confident attitude is essential
 - A successful track record leads to improved self-confidence and self-esteem
 - Self-confidence enables that person to be optimistic in representing the firm to employees and customers alike

Technical Proficiency

- Many entrepreneurs demonstrate strong technical skills, typically bringing some related experience to their business ventures
- For example, successful car dealers usually have lots of technical knowledge about selling and servicing automobiles before opening their dealerships
- Especially important in the computer industry

Planning

- Business Plan – A step-by-step outline of how an entrepreneur or the owner of an enterprise expects to turn ideas into reality.

1. Lifestyle Venture

- Small company that provides its owner independence, autonomy, and control.
- Is often run out of household
- Provides flexibility (hours, meeting places, attire)
- Aligns your personal interests and hobbies with your desire to make a profit.

2. Smaller Profit Venture

- Small company not concentrated on pushing the envelope and growing inordinately large.
- Making millions of dollars not important.
- Content with making a decent living.
- Ex. Mom and Pop Stores

3. High Growth Ventures

- Goal is maximum profit and growth.
- Concentrated on pushing envelope and growing as large as possible.
- Focus on innovation

Start or Buy?

- Start – cheapest, but very difficult
 - requires most planning/research
- Buy – expensive – may be out or reach
 - requires less planning and research
- Franchise (middle ground) – a business run by an individual (the franchisee) to whom a franchiser grants the right to market a certain good or service.

Entrepreneurship: Growth Pressures

Entrepreneurs often find that as their business *grows*, they feel more pressure to use *formal* methods to lead their organizations.

Although this *formalization* process may compromise some entrepreneurs spirit, it often leads to more *focus, organization,* and greater *financial returns*.

Basically, it's a movement from a "seat-of-the-pants" operation to a more structured, legitimate and recognizable business.

Entrepreneurship: Growth Pressures

Entrepreneurial and Formal Organizations differ in six business dimensions:

- Strategic orientation
- Commitment to opportunity
- Commitment to resources
- Control of resources
- Management structure
- Compensation policy

Entrepreneurship: Growth Pressures

Business Dimension	Entrepreneurial Organization	Formal Organization
Strategic orientation	Seeks opportunity	Controls resources
Commitment to opportunity	Revolutionary Short duration	Evolutionary Long duration
Commitment to resources (capital, people, and equipment)	Lack of stable needs and resource bases	Systematic planning systems
Control of resources	Lack of commitment to permanent ventures	Power, status, financial rewards for maintaining status quo
Management Structure	Flat Many informal networks	Clearly defined authority and responsibility
Compensation policy	Unlimited; based on team's	Short-term driven; limited by investors

CHARACTERISTICS OF AN ENTREPRENEUR

- 1. Calculated Risk-taker*
- 2. Innovator*
- 3. Organiser*
- 4. Creative*
- 5. Achievement Motivated*
- 6. Technically Competent*
- 7. Self-confident*
- 8. Socially Responsible*
- 9. Optimistic*
- 10. Equipped with Capability to drive*

11. Blessed with Mental Ability
12. Human Relations Ability
13. Communication Ability
14. Decision-Making
15. Business Planning
16. A venture Capitalist
17. Visionary
18. Entrepreneur make significant differences
19. Ability to Spot and Exploit Opportunities
20. Courage to Face Adversities
21. Leadership---An essential trait of the entrepreneur

Difference between entrepreneur and intrapreneur

1. An entrepreneur is an independence person who starts his venture and bears full risk of his failure and enjoys the fruit of his success whereas intrapreneur is partially independent and is sponsored by the corporation in which he is working. He is also not liable to bear the losses in case of his failure.
2. An entrepreneur raises the finance from various sources and also guarantees their return whereas an intrapreneur does not own responsibility to raise the capital or to return it.
3. An entrepreneur has no relation with any organisation whereas an intrapreneur operates within the organisation where he is working.

TIPS TO BECOME A SUCCESSFUL ENTREPRENEUR

- 1. Acquire sufficient and all-round knowledge about an enterprise you intend to start.*
- 2. Be conservative in calculating income and lavish in calculating expenditure.*
- 3. Don't expect quick and easy returns from your venture.*
- 4. Be prepared for delegation of work when needed.*
- 5. Take moderate risks; neither too high nor too low.*
- 6. Plan systematically and march ahead step by step according to the plan to achieve your goal.*
- 7. Time management is necessary to maximum utilisation of your resources.*
- 8. Collect maximum information about your competitor on continuous basis.*
- 9. Don't avoid or run away from problems.*
- 10. Take the help of experts and experienced persons or entrepreneur, when in doubt.*

WOMEN ENTREPRENEURS

INTRODUCTION

Women entrepreneurship is the process whereby women takes the lead and organise the business or industry and provides employment to others. though it is a new phenomenon in India.

a women entrepreneurs enterprise is termed as an SSI unit /industry related service or business Enterprise is managed by one or more women entrepreneurs in proprietary concerns in which she/they individually/jointly have a share capital of not less than 51%.

Women role in term of their share in small business has been increasing .the fact of the study are :

1. Women own 1/3 of small business in USA and CANADA.
2. Britain has seen increase in work force three times better than men.
3. Women makes 40% of total work force in Asian countries.
4. In Japan the % of women entrepreneurs increased from 2.4%in 1980 to 5.2%in 1995.

Indian women have increasing opportunities like higher levels of education ,economic compulsion ,constitutional rights
Indian women is victim of social evils like dowry ,sati, pardah .a large mass of women is ignorant of their rights today just as they were before independence..

PROBLEMS OF WOMEN ENTREPRENEURS

- There are various problems faced by a woman entrepreneur from the idea initiating to till the enterprise lives. These are as follow.:
1. Patriarchal society
 2. Absence of entrepreneurial aptitude
 3. Marketing problems
 4. Financial problems
 5. Family conflicts
 6. Credit facilities
 7. Shortage of raw material

8. Heavy competition
9. High cost of production
10. Social barriers
11. Problem of middlemen
12. Lack of information
13. Lack of self confidence
14. Lack of access to technology
15. Lack of training
16. Late start
17. Involvement of high risk
18. Legal formalities

Hence these are the problems which effects the women to start up an enterprise.

SUGGESTIONS FOR IMPROVEMENT

Here are some suggestions which should be followed to increase the morale of women to emerge ,grown up as a leader ,initiator ,entrepreneur .

1. Change in attitude
2. Training
3. Increase in mobility
4. Initiation into professional work
5. Self recognition and decision making authority
6. Provision of amenities
7. Support of family
8. Increase in managerial skills

Reasons For Starting An Enterprise

“when women moves forward ,the family moves ,the village moves ,and the nation moves.” is rightly said by Pandit jawahar lal nehru.

Women set up an enterprise due to economic as well as non economic reasons.

Various reasons can be due to :

- 1.Motivational factors
2. Facilitating factors

MOTIVATIONAL FACTORS

- I. Economic necessity
- II. Self –actualisation
- III. Independence
- IV. Govt. policies and programmes
- V. Education and qualification
- VI. Role model to others
- VII. Employment generation
- VIII. Self identity and social status
- IX. Success stories of friends and relatives
- X. Family occupation

FACILITATING FACTORS

- I. Adequate financial facilities
- II. self – satisfaction
- III. Innovative thinking
- IV. Network of contracts
- V. Co –operation of family
- VI. Experienced and skilled people at work
- VII. Support of family members.

STEPS TAKEN BY GOVERNMENT

Women entrepreneur plays an important role in the economic development of a nation .the govt .of India has taken various steps to promote women entrepreneurs. These are as follow:—————

- I. **During 1980's** : during 1980's a lot of programmes under different sectors of agricultural activities,poultry ,animal husbandry and small scale industries were implemented for women . In 1990 the government started various training cum employment generation programmes in order to make them independent and self confident.

II. Eight five year plan :in this plan serious steps has been taken by govt. to increase employment ,and income generating activities for women.

- a. The govt. set up the women co operatives with full financial assistance.
- b. Khadi and village industries were set up.
- c. Various scheme like prime minister rojgar yozana,entrepreneurial programmes were launched.

III. Association of lady entrepreneurs of andhra pradesh: this was set in December 1993to develop entrepreneurial skills among women and it also provide assistance in marketing of products.

IV. The ninth five year plan : the govt has adopted a special strategy called women component plan according to which 30percent of funds are earmarked in all women related sectors.

- ❖ A scheme TREAD (trade related entrepreneurship assistance and development)was introduced in 1998 to develop entrepreneurial skills of women.
- ❖ Prime minister rojgar yojana was amended on april1999 in order to provide age relaxation.
- ❖ Swarn jayanti gram swarojgar yojna was introduced to assist and to encourage women.
- ❖ Schemes like mahila udyam nidhi, Mahila Vikas, micro credit scheme were launched to provide nidhi training and extension support services and to provide financial assistance.

❖ Govt. of andra Pradesh supported in setting up of many industries, electronic, garments, hand made paper, computer, hardware etc.

v. **Consortium of women entrepreneur in India** : it was set up in India to assist the women entrepreneur in finding innovative techniques of production and finance.

vi. **Mahila Vikas Nidhi**: during 1990-2001a cumulative assistance of rs.80.4million was sanctioned to this scheme to promote the women.

vii. **Micro credit scheme** : sidbi sanctioned an aggregated assistance of rs.810.50 million to develop women entrepreneur.

- VIII. Under the scheme of prime minister rojgar yojna loan was granted to women entrepreneur.
- IX. In 1993 rashtriya mahila kosh was set up to provide financial assistance.
- X. The govt. also started the training programmes for the development of self employed women.
- XI. A number of agencies like national institute of small scale industry extension ,state financial corporation, was set up to train women.
- XII. District industries centres were also set by govt. In order to organise lectures ,seminars in girls college.
- XIII. The university grant commission also made the of entrepreneurship mandatory in order to develop entrepreneurial skills.

From above points we are clear that govt. has recognised

Reasons for the failure of entrepreneurial ventures

- Lack of Experienced Management
- Few Trained or Experienced Manpower
- Poor Financial Management
- Rapid Growth
- Lack of Business Linkages
- Weak Marketing Efforts:
 - Lack of Information
 - No Financing or Interested Investors
- Location
- Incorrect Pricing:

Role of The Agencies in Entrepreneurship Development

District Industries Centres (DICS)

- Provides full assistance to the entrepreneurs who are going to start the business on their own and in their regional places.
- These centers provide service and support to small entrepreneurs under a single roof at both pre and post investment.
- Started on May 1st in the year of 1978 with a view to providing integrated administrative framework at the district level for promotion of small scale industries in rural areas.
- implementing arm of the central and state governments of the various schemes and programmes
- Registration of small industries is done at the district industries centre and PMRY (Pradhan Mantri Rojgar Yojana) is also implemented by DIC.
- **a total of 640 Districts as per the census of 2011.**

OBJECTIVES OF DISTRICT INDUSTRIES CENTERS (DICS)

The following are the main objectives of DICs:

- To identify the new entrepreneurs and providing assistance to them regarding their own startup's.
- To provide financial and other facilities to smaller blocks.
- To rise the complete efforts for industrialization at district level.
- To enhance the rural industrialization and also the development of handicrafts.
- To reach economic equality in multiple areas of the district.
- To allow various government schemes to the new entrepreneurs.
- To desize the regional imbalance of development.
- To make all the necessary facilities to come under one roof.



Functions of DIC

- **Identification of Entrepreneurs:** DIC develops new entrepreneurs by conducting entrepreneurial motivation programmes throughout the district especially in Panchayat Union Headquarters and small towns.
- **Selection of Projects:** DIC offers technical advice to new entrepreneurs for the selection of projects suitable to them.
- **Provisional Registration under SSI:** After the selection of projects, entrepreneurs are issued with provisional SSI Registration which is essential for obtaining assistance from the financial institutions.
- **Purchase of Fixed Assets:** DIC sponsors the loan applications to TIIIC, SIDCO and banks for the purchase of land and buildings and sanctioned margin money under Rural Industries Project Loan Scheme payable to other financial agencies for the purchase of plant and machinery.
- **Clearances from Various Departments:** It takes the initiative to get clearances from various departments and takes follow up measures to get speedy power connection.
- **Assistance to Raw Material Supplies:** It makes necessary recommendations to the concerned raw materials suppliers and issues the required certificates for the import of raw materials and machinery wherever necessary.
- **Assistance to Village Artisans and Handicrafts:** DIC arranges for the financial assistance with the lead bank or nationalised banks of the respective areas.
- **Interest-Free Sales Tax Loan:** SSI units set up in rural areas can get IFST Loan up to a maximum limit of 8% of the total fixed assets from SIDCO. But the sanction order from the same is being issued by DIC. The DIC also recommends the SSI units to NSIC for registration for Government Purchase Programme.
- **Subsidy Schemes:** DIC assists SSI units and rural artisans to get subsidies such as power subsidy, interest subsidy for engineers, subsidy under IRDP, etc., from various institutions.
- **Training Programmes:** DIC gives training to rural entrepreneurs and also assists other units giving training to small entrepreneurs.
- **Self-employment for Unemployed Educated Youth:** This scheme was introduced in 1983-84 for youths between 18-35 years of age. with SSLC, Technocrats and women are given preference.



Resources For District Industries Centers (DICs)

Funding assistance is provided by the Government of India for District Industries Centre in the following manner:

1. A non-recurring grant up to Rs.2 lakh for the construction of an office building.
2. A non-recurring grant up to Rs.3 lakh to meet the expenditure on furniture and fixtures, office equipment and vehicles.
3. Recurring establishment expenditure to the extent of 75% of the actual expenditure, bounded up to Rs.3.75lakhs.

ACTIVITIES OF DISTRICT INDUSTRIES CENTRE (DICs)

The DIC's performs the following activities primarily:

- Economic Investigation.
- Plant and Machinery.
- Research, education and training.
- Raw materials.
- Credit facilities.
- Marketing assistance.
- Cottage industries.



Small Scale Industries (SSIs)

The SSI sector became a part of MSME, with the emergence of The Micro, Small and Medium Enterprises Development in June 2006, things are set to change for Micro, Small and Medium Enterprises (MSMEs). It helps improve cash flows for MSMEs by providing for a penal interest for delayed payments by buyers.

Classification	Manufacturing (Investment in Plant & Machinery)	Service (Investments in Equipment)
Micro	Rs.25 Lakhs	Rs. 10 Lakhs
Small	Rs.500 Lakhs	Rs. 200 Lakhs
Medium	Rs.1000 Lakhs	Rs. 500 Lakhs

Small Industries Service Institute (SISI)

- MSME - Development Institute, (MSME-DI) (Formerly Known as Small Industries Service Institute) maintains a close liaison with the state industries department, Financial Institutions, Voluntary Organizations and other agencies concerned with the entrepreneurial development.
- There are 28 SISI's and 30 branches of SISI's are set up all over the country.

Functions of SISI

- Serve as an interface between central and state governments.
- Rendering technical support services.
- Conducting EDP's.
- Initiating Promotional Programs. It maintains an effective linkage is maintained with DIC's for providing the techno-economic and managerial consultancy.



NATIONAL SMALL INDUSTRIES CORPORATION LIMITED (NSIC)

- The NSIC was set up in 1955 with the objective of supplying machinery and equipment to small enterprises on a hire-purchase basis and assisting them in procuring Government orders for various items of stores. NSIC provides a wide range of promotional services to small scale units
- **The Corporation's Head Office is at Delhi and it has four regional offices at Delhi, Bombay, Madras and Calcutta, an eleven Zonal offices. It has one central liaison office at Delhi and depots and sub-centres.**

Functions of NSIC are:

- To develop small scale units as ancillary units to large-scale industries;
 - To provide SSIs with machines on hire-purchase basis;
 - To assist small enterprises to participate in the stores purchase programme of the Central Government;
 - To assist small industries with marketing facilities;
 - To distribute basic raw materials through their depots;
 - To import and distribute components and parts to actual small scale users in specific industries; and
 - To construct Industrial estates and establish and run prototype production-cum-training centres.
 - To develop small scale industries in other developing countries on turn key basis
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- The NSIC has taken up the challenging task of promoting and developing small scale industries almost from scratch and has adopted an 'integrated approach' to achieve the socio-economic objectives.
 - NSIC, in consultation with Rating Agencies and Indian Banks Association, has formulated Performance & Credit Rating Scheme for Small Industries.



Entrepreneurship Development Institute of India

ENTREPRENEURSHIP
DEVELOPMENT
INSTITUTE OF INDIA



- Autonomous and not-for-profit institute
- Set up in 1983
- Sponsored by the IDBI Bank Ltd., IFCI Ltd., ICICI Bank Ltd. and State Bank of India (SBI).
- Set up twelve state-level exclusive entrepreneurship development centres and institutes.
- Runs a range of educational programs including 2 year Post Graduate
- Diploma in Management program for first generation entrepreneurs, agribusiness, family business inheritors.

Functions

- Promoting micro enterprises at rural areas.
- Participating in institutional building efforts.
- Inculcating spirit of 'Entrepreneurship' in youth.
- Developing new knowledge and insights on entrepreneurship theory.
- Improving managerial capabilities.
- Creating a multiplier effect on opportunities for self-employment.
- Augmenting the supply of competent entrepreneurs through training.
- Augmenting the supply of entrepreneur trainer-motivators.
- Facilitating corporate excellence through creating intrapreneurs.
- Sensitizing the support system to facilitate entrepreneurs establish and manage their enterprises.
- Collaborating with organizations to accomplish the above objectives.

EDII's Institutional Network



National Entrepreneurship Development Board (NEDB)

- It devises and recommends to the Government, the schemes for promotion of entrepreneurship, for encouraging self-employment in small scale industries and small business. The Board also recommends suitable facilities and incentives for entrepreneurship training.
- The NIESBUD is acting as the secretariat for NEDB by performing the task of processing the recommendations made by the board.

Functions of NEDB

- Identify & remove entry barriers for potential entrepreneurs.
- Focus on existing entrepreneurs and identify and remove constraints to survival & growth.
- Facilitate the growth and diversification of existing entrepreneurial venture in all possible ways.
- Support skill up-gradation and renewal of learning processes among entrepreneurs and managers.
- Support agencies in the area of entrepreneurship about the current requirements of growth.
- To act as catalyst to entrepreneurship development by supporting and strengthening state level institutions for entrepreneurship development.



National Institute for Entrepreneurship and Small Business Development (NIESBUD)

- Established in 1983 by the then Ministry of Industry [now Ministry of Micro, Small & Medium Enterprises (MSMEs)], Government of India
- An apex body for coordinating and overseeing the activities of various institutions/agencies engaged in Entrepreneurship Development
- In the area of small industry and small business. This Institute is registered as a Society under Societies Registration Act, 1860 (XXI of 1860), started functioning from 6th July, 1983.
- The policy, direction and guidance to the Institute is provided by its Governing Council whose Chairman is the Minister, MSME.
- The Executive Committee consisting of Secretary (Micro, Small & Medium Enterprises) as its Chairman and Director General of the Institute as its Member-Secretary executes the policies and decisions of the Governing Council through its whole time Director General.

Activities of NIESBUD

- Assisting/supporting EDPs
- Training for trainers/promoters
- Creation & capacity building of EDP Institutions
- Small business focus
- National/international forum for exchange of ideas & expressions.
- Developing entrepreneurial culture.
- National entrepreneurship development board (NEDB)
- Services to affiliate members
- Sustaining entrepreneurship



Objectives of NIESBUD

- To evolve standardized materials and processes for selection, training, support and sustenance of entrepreneurs, potential and existing.
- To help/support and affiliate institutions/organizations in carrying out training and other entrepreneurship development related activities.
- To serve as an apex national level resource institute for accelerating the process of entrepreneurship development ensuring its impact across the country and among all strata of the society.
- To provide vital information and support to trainers, promoters and entrepreneurs by organizing research and documentation relevant to entrepreneurship development.
- To train trainers, promoters and consultants in various areas of entrepreneurship development.
- To provide national/international forums for interaction and exchange of experiences helpful for policy formulation and modification at various levels.
- To offer consultancy nationally/internationally for promotion of entrepreneurship and small business development.
- To share internationally, the experience and expertise in entrepreneurship development.

NIESBUD also serves as the secretariat for National Entrepreneurship development Board(NEDB), the apex body which determines policy for entrepreneurship development in the country. The institute, therefore, performs the task of processing the recommendations made by the Board.



Government of India Support for Innovation and Entrepreneurship in India

The Government of India has undertaken several initiatives and instituted policy measures to foster a culture of innovation and entrepreneurship in the country. Job creation is a foremost challenge facing India.

In the recent years, a wide spectrum of new programmes and opportunities to nurture innovation have been created by Government of India across a number of sectors. From engaging with academia, industry, investors, small and medium entrepreneurs, non-governmental organizations to the most underserved sections of society. A few of India's efforts promoting entrepreneurship and innovation are:

Startup India:

- Through the Startup India initiative, Government of India promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle.
- Since its launch in January 2016, the initiative has successfully given a head start to numerous aspiring entrepreneurs.
- With a 360 degree approach to enable startups, the initiative provides a comprehensive four-week free online learning program, has set up research parks, incubators and startup centres across the country by creating a strong network of academia and industry bodies.
- More importantly, a 'Fund of Funds' has been created to help startups gain access to funding.
- At the core of the initiative is the effort to build an ecosystem in which startups can innovate and excel without any barriers, through such mechanisms as online recognition of startups, Startup India Learning Programme, Facilitated Patent filing, Easy Compliance Norms, Relaxed Procurement Norms, incubator support, innovation focused programmes for students, funding support, tax benefits and addressing of regulatory issues.

#startupindia

