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ENTREPRENEURSHIP ESSENTIALS

BBA Semester 4 – Calicut University

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MODULE 1: INTRODUCTION TO ENTREPRENEURSHIP

Entrepreneurship

1. Entrepreneurship is the process of identifying opportunities and creating a business by taking risks to earn profit and create value.
2. Entrepreneur is the person who starts and manages the venture.

Characteristics

1. Innovation.
2. Risk-taking.
3. Leadership.
4. Decision-making ability.
5. Goal orientation.
6. Creativity.

Functions and Types of Entrepreneurs

Functions

1. Identifying opportunities.
2. Organizing resources.
3. Taking risks.
4. Innovation.
5. Decision making.
6. Employment generation.

Types of Entrepreneurs

1. **Innovative Entrepreneur:** Introduces new ideas and products.
2. **Imitative Entrepreneur:** Adopts existing successful ideas.
3. **Fabian Entrepreneur:** Adopts changes cautiously.
4. **Drone Entrepreneur:** Resists change and innovation.

Need for Entrepreneurship Development

1. Generates employment.
2. Promotes innovation.
3. Encourages economic growth.
4. Develops rural and local industries.
5. Improves standard of living.

Role of Self-Help Groups (SHGs)

1. Encourage self-employment.
2. Provide financial support.
3. Promote women entrepreneurship.
4. Facilitate skill development.

Entrepreneurial Motivation

Meaning

1. Internal drive that encourages entrepreneurial action.

Need for Achievement Theory

1. Proposed by David McClelland.
2. Individuals with high achievement needs are more likely to become entrepreneurs.

3. Focus on excellence and goal accomplishment.

McClelland's Theory of Entrepreneurial Motivation

Three important needs:

1. Need for Achievement (nAch).
2. Need for Power (nPow).
3. Need for Affiliation (nAff).

Entrepreneurial Success is mainly linked with high nAch.

Risk-Taking Behaviour

1. Entrepreneurs take calculated risks rather than blind risks.
2. Risk is unavoidable in business decisions.

Types of Risks

1. Financial Risk.
2. Market Risk.
3. Operational Risk.
4. Technological Risk.

Importance

1. Creates opportunities.
2. Supports innovation.
3. Leads to business growth.

Venture Idea Generation

Business Idea Generation

1. Process of identifying business opportunities.

Sources of Inspiration

1. Customer problems.
2. Market gaps.
3. Technological changes.
4. Personal experience.
5. Social needs.

Design Thinking

1. Human-centered approach to innovation.
2. Focuses on understanding customer needs and developing solutions.

Feasibility Study

1. Evaluation of viability of a business idea before implementation.

Barriers to Entrepreneurship

Financial Barriers

1. Lack of capital.
2. Difficulty obtaining loans.

Personal Barriers

1. Fear of failure.
2. Lack of confidence.

Environmental Barriers

1. Competition.

2. Government regulations.
3. Market uncertainty.

Social Barriers

1. Lack of support.
2. Cultural restrictions.

Qualities of a Successful Entrepreneur

1. Leadership.
2. Creativity.
3. Confidence.
4. Commitment.
5. Decision-making ability.
6. Risk-taking ability.
7. Communication skills.
8. Adaptability.

Entrepreneurial Leadership and Intrapreneurship

Entrepreneurial Leadership

1. Leadership style focused on innovation, growth and opportunity identification.

Importance

1. Encourages innovation.
2. Drives organizational growth.
3. Creates competitive advantage.

Intrapreneurship

1. Entrepreneurial activities within an existing organization.

Intrapreneur

1. Employee who develops innovative ideas inside an organization.

Role of Entrepreneurship in Economic Development

1. Employment generation.
2. Wealth creation.
3. Industrial development.
4. Regional development.
5. Innovation and technological progress.
6. Improvement in living standards.

MODULE 2: DEVELOPING A BUSINESS PLAN

Business Plan

1. Written document describing business objectives and methods to achieve them.
2. Acts as a roadmap for business operations.

Components

1. Executive Summary.
2. Marketing Plan.
3. Financial Plan.
4. Organizational Plan.
5. Operational Plan.

Writing, Evaluating and Implementing Business Plans

Writing

1. Define objectives.
2. Analyze market.
3. Prepare financial projections.

Evaluating

1. Assess feasibility.
2. Identify strengths and weaknesses.
3. Analyze risks.

Implementing

1. Allocate resources.
2. Execute strategies.
3. Monitor progress.

Uses

1. Business guidance.
2. Fund raising.

3. Performance evaluation.

Marketing Plan

Importance

1. Helps attract customers.
2. Supports sales growth.
3. Creates competitive advantage.

Market Survey

1. Collection of market information.

Market Demand

1. Customer willingness and ability to purchase.

Sales Forecast

1. Estimate of future sales.

Competitive Analysis

1. Study of competitors and market position.

Financial Plan

Purpose

1. Estimates financial requirements and performance.

Risk Analysis

1. Identifies possible business risks and their impact.

Break-Even Analysis

1. Determines point where total revenue equals total cost.

Feasibility Report

1. Detailed report evaluating business viability.

Legal Formalities

1. Registration.
2. Licensing.
3. Tax compliance.

Documentation

1. Legal and financial records required for business operations.

Project Feasibility Analysis

1. **Market Feasibility:** Demand and competition analysis.
2. **Technical Feasibility:** Availability of technology and resources.
3. **Financial Feasibility:** Profitability and funding assessment.

4. **Social Feasibility:** Impact on society and community.

Organizational Plan

Organizational Structure

1. Framework of authority and responsibilities.

Elements of Organizational Plan

1. Ownership structure.
2. Management team.
3. Roles and responsibilities.
4. Operational procedures.

Self-Help Group Entrepreneurship

1. Group-based enterprise managed collectively by SHG members.

MODULE 3: FINANCING OF THE PROJECT

Start-Up Costs and Financial Plan

Start-Up Costs

1. Initial expenses required to start a business.
2. Examples: Equipment, Registration, Marketing, Rent.

Financial Plan

1. Estimates income, expenses, funding needs and profitability.

Importance

1. Ensures financial preparedness.
2. Assists investors and lenders.

Financing Options for Self-Help Group Entrepreneurs

1. Bank loans.
2. Microfinance.
3. Government schemes.
4. Cooperative finance.
5. SHG savings and internal lending.

Benefits

1. Easier access to capital.
2. Supports small-scale ventures.

Sources of Finance

1. **Venture Capital:** Investment in high-growth start-ups.
2. **Angel Investment:** Funding from wealthy individual investors.
3. **Crowdfunding:** Raising small contributions from many people through online platforms.

Bank Loans

1. Borrowed funds repaid with interest.

Importance

1. Provides capital for business growth and operations.

Investment Proposals and Venture Capital Proposal

What Investors Look For

1. Strong business idea.
2. Growth potential.
3. Competent management.
4. Market opportunity.
5. Profitability prospects.

Venture Capital Proposal Outline

1. Business overview.
2. Market opportunity.
3. Financial projections.
4. Funding requirement.
5. Growth strategy.

Basic Start-Up Problems

Financial Problems

1. Lack of capital.
2. Cash flow issues.

Marketing Problems

1. Customer acquisition.
2. Competition.

Operational Problems

1. Resource constraints.
2. Skill shortages.

SHG Entrepreneurship Problems

1. Limited funding.
2. Management difficulties.
3. Market access issues.

Role of Banks and Financial Institutions

Functions

1. Provide loans and credit.
2. Offer financial advice.

3. Support entrepreneurship development.
4. Assist project financing.

Importance

1. Encourages business formation.
2. Supports expansion and growth.

MODULE 4: GOVERNMENT SUPPORT FOR ENTREPRENEURSHIP

Government Promotional Measures

1. **Incentives:** Financial benefits encouraging business activities.
2. **Subsidies:** Financial assistance reducing business costs.
3. **Bounties:** Government rewards for specific activities or industries.

Objectives

1. Promote entrepreneurship.
2. Increase investment.
3. Generate employment.

Policy Initiatives for Entrepreneurship

Objectives

1. Encourage innovation.
2. Promote self-employment.
3. Support MSMEs.
4. Strengthen SHG entrepreneurship.

Focus Areas

1. Finance.
2. Skill development.
3. Technology support.
4. Market access.

Institutional Support

Central-Level Support

1. Government ministries.
2. National entrepreneurship agencies.
3. Financial institutions.

State-Level Support

1. State industrial development corporations.
2. State entrepreneurship missions.

Industrial Estates

1. Planned industrial areas with common facilities.

Special Economic Zones (SEZs)

1. Areas providing special incentives for businesses and exports.

Programmes for Self-Help Group Entrepreneurship

Objectives

1. Promote self-employment.
2. Improve income generation.

3. Empower women and rural communities.

Support Provided

1. Training.
2. Credit facilities.
3. Marketing support.
4. Capacity building.

MSME Policy

MSME

1. Micro, Small and Medium Enterprises.

Government Support

1. **Entrepreneurial Input:** Business guidance and mentoring.
2. **Technical Assistance:** Technology and production support.
3. **Marketing Assistance:** Help in promotion and market access.

Sickness of Units

1. Financial or operational difficulties faced by enterprises.

Remedial Assistance

1. Rehabilitation and support measures.

Training of Target Groups

1. Entrepreneurship development programs and skill training.

Entrepreneurial Climate in India and Kerala

Startup India

1. Promotes innovation and startup growth.

Stand-Up India

1. Supports entrepreneurs from underrepresented groups.

Udyamimitra

1. Facilitates access to finance and support services.

PMMY (Pradhan Mantri Mudra Yojana)

1. Provides loans to small businesses and entrepreneurs.

Business Incubation

1. Provides mentoring, infrastructure and support to startups.

Importance

1. Encourages new ventures.
2. Improves startup survival.
3. Strengthens entrepreneurship ecosystem.

Kerala Initiatives

1. Startup Mission (KSUM).
2. Innovation and incubation support.

3. Entrepreneurship development programmes.

4. SHG-based entrepreneurship initiatives through Kudumbashree.

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