

ENTREPRENEURSHIP DEVELOPMENT



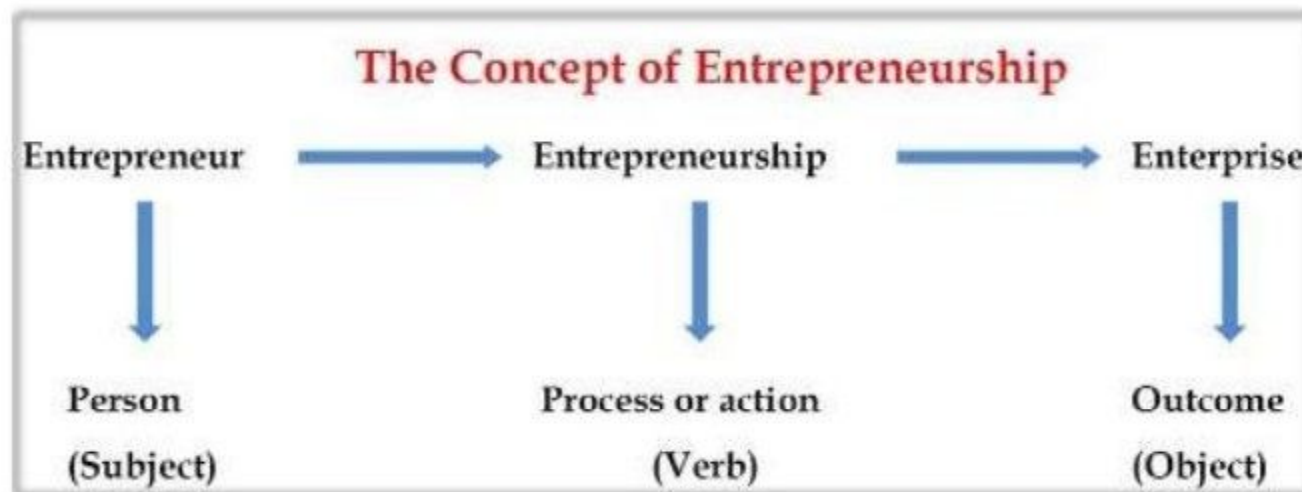
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INTRODUCTION

- **Entrepreneurship** is defined as the process of using private initiative to transform a business concept into a new venture or to grow and diversify an existing venture or enterprise with high growth potential.
- **Entrepreneurship development (ED)** refers to the process of enhancing entrepreneurial skills and knowledge through structured training and institution-building programmes. This accelerates employment generation and economic development.
- Entrepreneurship development focuses on the individual who wishes to start or expand a business.

CONCEPT OF ENTREPRENEURSHIP

- Entrepreneurship is the act of setting out on your own and starting a business.
- It is basically communicative and management functions to mobilize financial and material resources.
- Entrepreneurs play role in strengthening economic growth of a country as well as speeds up modernization by doing research and development.



➤ **Benefits of entrepreneurship:**

- Create own destiny.
- Make difference.
- Reach one's full potential.
- Reap extraordinary profits.
- Societal responsibility and recognition.
- Opportunity to engage in work of their choice.



➤ **Drawbacks of entrepreneurship:**

- Uncertainty of income.
- Risk of losing entire investment.
- Long hours of hard work.
- Lower quality of life until the business gets established.
- High level of stress, complete responsibility.

THE ENTREPRENEUR

“Entrepreneur”= “to undertake”

- **Cantillon** described an entrepreneur as a person who pays a certain price for a product to resale it at an uncertain price, thereby making decisions about obtaining and using resources while consequently assuming the risk of enterprise.
- Entrepreneurs identify an innovation to seize an opportunity, mobilize money and management skills, and take calculated risks to open markets for new products, processes and services.
- Four aspects of being an entrepreneur today:
 - ✦ Involves creation process.
 - ✦ Requires devotion of time and effort.
 - ✦ Involves rewards of being an entrepreneur.
 - ✦ Requires assumption of necessary risk



ENTREPRENEURIAL COMPETENCIES



- Knowledge – Mental models, Declarative knowledge, Self-insight
- Skills – Marketing, Opportunity, Interpersonal, Learning, Strategic
- Attitudes – Entrepreneurial passion, Self-efficacy, identity, Proactiveness, Uncertainty/ambiguity tolerance, Innovativeness.
- **Self-awareness** a conscious knowledge of one's own character, feelings, motives, and desires contributes extensively to the success of an entrepreneurial business.
- Developing strong **interpersonal skills** are usually more successful in both their professional and personal lives.
- **Creativity:** Creating new ideas for competitive advantage, thinking of novel ways to develop product, thinking the unthinkable, developing new niches.
- **Assertiveness** is emotional ability to assert your rights, to express yourself, and to stand up for yourself and what you believe in.

GOVERNMENT POLICIES AND SCHEMES

- National Small Industries Corporation (NSIC), National Institute of Small Industry Extension Training (NISIET) Hyderabad, National Institute for Entrepreneurship (NIE) Guwahati and National Institute for Entrepreneurship and Small Business Development (NIESBD), New Delhi.
- ◆ Mahila udhyam nidhi scheme
- ◆ Mahila vikas nidhi scheme
- ◆ Scheme for Market Development Assistance for MSME Exporters (MSME-MDA)
- ◆ Rajiv Gandhi Udyami Mitra Yojana (RGUMY)
- ◆ Assistance to States for Developing Export Infrastructure and Other Allied Activities (ASIDE).



LAUNCHING AND ORGANISING AN ENTERPRISE

- Choose a Project Leader
- Assemble the Venture Team
- Conduct a Venture Audit
- Identify Core Customers
- Identify Core Competencies
- Determine Venture Capacity
- Identify Unique, Marketable Assets



Environmental scanning is a useful tool for assessing political, economic, social, and technological factors

ENTERPRISE SELECTION

- Enterprise should be evaluated with respect to consistency with the ongoing business to remain profitable and competitive.
- Basic strategy is become a **low cost producer** and compete on price, **differentiation by producing a unique product**, be a **service provider** to customers.
- **Market assessment:** It is detailed and objective evaluation of the potential of a new product, new business idea or new investment (environmental forces, market trends, competition, risks, opportunities, company's resources, and constraints).
- Failure results in wastage of resources, missed opportunities, poor returns, substantial financial losses which may be detrimental.



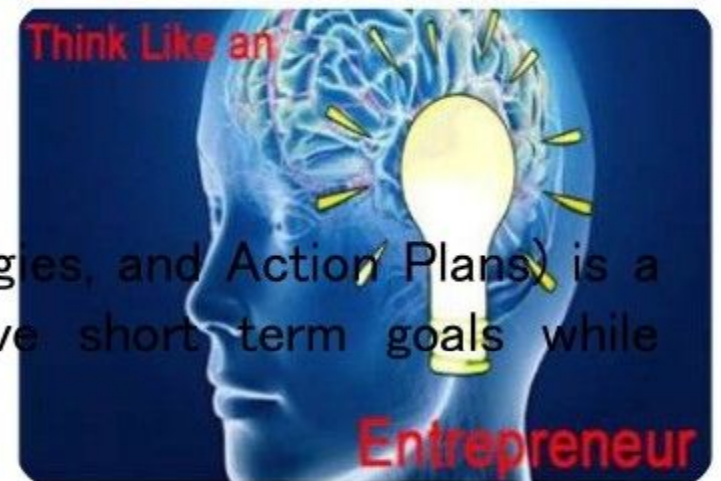
SWOT Analysis

- **Strengths, Weaknesses** : Human resources – staff, volunteers, board members, target population
 - ◆ Physical resources – location, building, equipment
 - ◆ Financial – grants, funding agencies, other sources of income
 - ◆ Activities and processes, Past experiences
- **Opportunities, Threats**: Future trends in your field or the culture
 - ◆ The economy – local, national, or international
 - ◆ Funding sources – foundations, donors, legislatures
 - ◆ Demographics – changes in the age, race, gender, culture
- **Used to:**
 - ✚ Explore new solutions to problems
 - ✚ Identify barriers that will limit goals/objectives
 - ✚ Decide on direction that will be most effective
 - ✚ Reveal possibilities and limitations for change

GROWTH STRATEGIES

- The effective process of Growth, Diversification and Expansion are:
 - Increase in Sales
 - Identification of New Customers or Markets
 - Developing New Products for Existing Customers
 - Developing New Product for New Customers
 - Merger and Acquisition
 - Vision strategies

VMOSA (Vision, Mission, Objectives, Strategies, and Action Plans) is a practical planning process used to achieve short-term goals while keeping sight of long term vision.



PROFITABILITY AND CONTROL MEASURES

- Increasing profitability is one of the most important tasks of the business managers.

- **TOOLS TO MEASURE PROFITABILITY:**

- **Gross Profit Margin:** measure of how efficient a company is at manufacturing and distributing its products.

$$\text{Gross Profit Margin} = (\text{Revenue} - \text{Cost of Goods Sold}) / \text{Revenue}$$

- **Return on Invested Capital:**

$$\text{ROIC} = \text{Net income} / (\text{Long-Term Debt} + \text{Equity})$$

- **Overhead Ratio** = Operating Expenses / (Operating Income + Interest Income)

- **Asset Turnover:** measures how efficiently business uses its assets to generate sales.

$$\text{Asset Turnover} = \text{Total Revenue} / \text{Total Assets}$$

Efficient organization and operations of cost control system involves the following steps:

- Setting up the targets
- Measurement of the actual
- Comparison of actual with targets to ascertain variances
- Analysis of variance to their causes
- Taking such corrective actions as are necessary to eliminate the variations



CONCLUSION



- Entrepreneurship plays a crucial role in the growth and development of economic system of society.
- Entrepreneurs play role in **strengthening economic growth** of a country as well as speeds up **modernization** by doing research and development.
- Thus, ED aims to enlarge the base of entrepreneurs in order to hasten the pace at which new ventures are created. This accelerates **employment generation** and **economic development**.

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THANK YOU