

Entrepreneurship Development and Management

Chapter-1 (Entrepreneurship)

Topic Covered : Entrepreneurship, Characteristics of an Entrepreneur, Functions of Entrepreneur, Need of Entrepreneur, Barriers in Entrepreneur, Various Institutions Providing Support to Small Entrepreneur, Scanning of Business Environment, Sales forecasting, Project report, Project Appraisal

Entrepreneurship

An individual who forecasts future demand for a product or service and arranges a business enterprise to respond to their demands.

Characteristics of an Entrepreneur

Opportunity seeker

Risk taker

Proper planner

Efficient supervisor

Sound technical know- how

Functions of Entrepreneur

Innovation

Risk taking

Organization building

Need of Entrepreneur

Capital formation

Improvement in per capita income

Social development

Competitive market

Backward and forward linkages

Generation of employment

Barriers in Entrepreneur

Management factors

Production factors

High fixed cost

Marketing problem

Sole proprietorship

Single ownership, one man control, unlimited liability, Ease of formation Flexibility of operations, Quick decisions

Partnership firms

Two or more persons, Agreement written or oral, No separate legal entity of the firm, sharing of profit

Various Institutions Providing Support to Small Entrepreneur

Commercial Banks

District Industry Centers (DIC)

National Small Industry Corporations (NSIC)

Small Scale Industry Boards (SSIB)

NABARD

District Industry Centers (DIC)

Identification of Small Entrepreneur

Selection of projects

Registration under SSI

Recommending Applications

Financial Assistance

Subsidy schemes

Assistance to village artisans and handicrafts

NABARD

1. NABARD can grant medium term loan to the state cooperative banks and regional rural banks for periods exceeding from 18 months to 7 years for agriculture and rural development
2. NABARD provides long term loan exceeding upto maximum period of 25 years to the state land development banks, regional rural banks scheduled commercial banks, or any other financial approved institutions approved by RBI

SBI (State Bank Of India)

1. Initiation phase

2. Development phase
3. Support phase
 - a) Liberalized scheme
 - b) Entrepreneurs scheme

Chapter -2

MARKET SURVEY AND OPPORTUNITY IDENTIFICATION

Scanning of Business Environment

There are various methods first is PESTEL

P-Political

Taxation policy

Trade regulations

E-Economical factors

Inflation rate

Growth in spending power

S-Socio Cultural Factor

Values, beliefs

Language

Education

T-Technological factors

Internet

E- Commerce

Research and development

E-Environmental Factors

Competitive advantage

Waste disposal

Pollution monitoring

L-Legal factors

Employment laws

Labour laws

Advertising laws

DATA COLLECTION FOR SETTING UP OF SMALL VENTURES

1. Raw material data collection
2. Machinery and equipment data
3. Market Data
4. Financial Data
5. Personnel Data
6. General Data

Sales forecasting

It means to determine the pre- assumed sales of the products by collecting Data. Which is used for determining the volume of production or taking decisions in further development of the organization.

Factors for Sales forecasting

1. Competition
2. Change in technology
3. Government policies
4. Factors related to concern itself

Methods of Sales forecasting

1. Customers view
2. Salesman opinion
3. Trends projection

Considerations In Product Selection

1. Present Market
2. Scope of growth of market
3. Costs
4. Availability of main production factors
5. Risks

Chapter -3

(PROJECT REPORT PREPARATION)

PROJECT REPORT

It is a written statement of what an owner proposes to take up

CONTENTS OF PROJECT REPORT

1. promoter's profile
2. Location
3. Land and building
4. Plant and machinery
5. Production process
6. Raw materials
7. financial implications
8. Sources of finances

Preliminary project report

It is the summary of the project report in which basic details of projects are given

Detailed project report

It is the detailed knowledge of the project report in which brief details of projects are given

Project Appraisal

Assessment of project in terms of economics financial and technical term

Stages of project appraisal

1. Economical Analysis

1. Increased Employment
2. Increased output
3. Increased services
4. Higher earnings
5. Improved Income distributions
6. Increased National Income

2. Financial Analysis

1. Financial soundness
2. Efficient operations
3. Cost of productions
4. Return on Investment
5. Prospects of Marketing
6. Profitability
7. Effective controls
8. Budgeting
9. Pricing

3. Technical feasibility

1. Process technology
2. Economic size of the project
3. Technical know- how and consultancy

4 . Managerial Competence

5.Market Analysis

Topic covered: Management, Importance of Management, Nature or Characteristics of Management , Functions of Management, Principles of Management, Hierarchy of Management structure , Types of Industrial Level Organization, Leadership, Qualities of Good Leader, Functions of A Leader, Motivation, Theories of Motivation, Human resource development, Man Power Planning, Recruitment and Selection, Material Management, Marketing management ,Financial management

Chapter -4

(INTRODUCTION TO MANAGEMENT)

MANAGEMENT

It is a distinct process consisting of planning, organizing staffing, controlling performance to determine and accomplish the objectives of people and resources

IMPORTANCE OF MANAGEMENT

1. Tough competition in market
2. Production efficiency
3. Industrial peace

4. Limited financial resources
5. Expansions of industries
6. Complexity of Industry

Nature or Characteristics of Management

1. Purposeful activity
2. Social process
3. Associated with effort of groups
4. Intangible force
5. Integrating process
6. Universal activity
7. Separate from ownership
8. Management is getting things done
9. Goal oriented
10. It is a process
11. Both Science and art
12. Fast developing profession

FUNCTIONS OF MANAGEMENT

1. Planning
2. Organizing
3. Staffing
4. Co-ordinating
5. Directing
6. Motivation
7. Controlling

PRINCIPLES OF MANAGEMENT

1. Division of work
2. Authority and responsibility
3. Discipline

4. Unity of command
5. Unity of directions
6. Centralization of authority
7. Scalar chain
8. Remuneration
9. Initiative
10. Stability of workers
11. Equity
12. Order
13. More emphasis to general interest as compared to individual
14. Team spirit

HIERARCHICAL MANAGEMENT STRUCTURE

1. Top level Management
2. Middle level Management
3. Lower level Management

TYPES OF INDUSTRIAL LEVEL ORGANIZATION

1. Line Organization
2. Functional organization
3. Line and staff organization

Point of Difference	Line organization	Line and staff	Functional
1.simplicity	Very simple	Simple	Complicated
2.Work load on Manager	High	Moderate	Uneven

3.Suitability	Suitable for smaller enterprises	For large and medium	For large
4.Economy	Highly economical	Moderately economical	Not economical
5.unity of command	Strictly observed	Not followed	Violated

DEPARTMENTATION

1. Personnel management
2. Finance management
3. Marketing department
4. Production management
5. Purchase department

Chapter-5

(LEADERSHIP AND MOTIVATION)

LEADERSHIP

Leadership is largely the art of getting things done through mobilizing people.

NEED OF LEADERSHIP

- 1) To motivate employees
- 2) To create confidence
- 3) To build morale
- 4) To define objectives of organization
- 5) To create a team spirit
- 6) For efficient and economical working
- 7) To handle difficult situations
- 8) To develop a sense of participation among workers

QUALITIES OF GOOD LEADER

- 1) Emotional stability
- 2) Human relations
- 3) Motivating skills
- 4) Communication skills
- 5) Technical skills
- 6) Objectivity
- 7) Social skills
- 8) Decisiveness
- 9) Sincerity, honesty and integrity
- 10) intelligence
- 11) Clarity of vision
- 12) Initiative

- 13) Enthusiasm
- 14) Forcefulness
- 15) Good administrative skill
- 16) Far sightedness
- 17) Correct judgement of followers
- 18) Impatrtiality and fairness
- 19) Good public relations
- 20) Delegation of authority

FUNCTIONS OF A LEADER

- 1) To define objectives
- 2) To prepare plans
- 3) To introduce new methods
- 4) To guide and co-ordinate
- 5) To give training
- 6) To control and motivate
- 7) To increase production
- 8) To maintain discipline and cordial relations
- 9) To distribute work
- 10) Optimum use of resources
- 11) To make decision and boost morale
- 12) To deal with delicate situation

TYPES OF LEADERSHIP

- 1) AUTOCRATIC LEADERSHIP
- 2) DEMOCRATIC LEADERSHIP
- 3) LAISSE-FAIRE

MANAGER VS LEADER

S.NO.	BASIS	MANAGER	LEADER
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1.	Scope	Manager plans ,organizes, directs, controls and leads the business activities.	Leader has limited scopes. He is only a part of management.
2.	Authority	Manager directs the employees through formal authority.	Leader exercises his influence through informal authority.
3.	Relationship	Manager has relationship with the subordinates	Leader has relationship with the followers.
4.	Function	Manager functions in organized group.	Leader functions in unorganized group.
5.	Importance	Manager is necessary in every enterprise.	Leader is not essential.
6.	Dominance	All the managers are leaders, so they enjoy dominating position.	All the leaders are not managers.

MOTIVATION

It is the activity of regulating the behavior of employees to achieve best results is called motivation

IMPORTANCE OF MOTIVATION

1. High performance level
2. Low employee turnover and absenteeism
3. Acceptance of organizational changes
4. Good industrial relation
5. Less no of complaints and grievances

FACTORS AFFECTING MOTIVATION

1. Achievement
2. Growth
3. Good working condition
4. Technical supervision
5. Job security
6. Recognition
7. Salary

TYPES OF MOTIVATION

1. Positive or negative motivation
2. Extrinsic or intrinsic motivation
3. Financial and non financial motivation

METHODS OF IMPROVING MOTIVATION

1. Financial incentives
2. Non financial incentives

NON FINANCIAL MOTIVATION ARE

1. Job security
2. Recognition of work
3. Responsibility
4. Promotion
5. Human relation in industry
6. Building high morale
7. Workers participation in management
8. Suggestion systems
9. Praise
10. Communication

THEORIES OF MOTIVATION

1. MASLOW NEED THEORY
2. HERZBERG THEORY
3. THEORY X AND THEORY Y

MASLOW NEED THEORY

1. Physiological needs
2. Safety needs

3. Social needs
4. Esteem and status need
5. Self actualization need

HERZBERG THEORY

a) Hygiene factor

- 1 .salary
- 2 .job security
3. Technical supervision
4. Status

b) Motivational factors

1. Achievement
2. advancement
3. Recognition
4. Responsibility
5. Possibility of growth

THEORY X AND THEORY Y

THEORY -X	THEORY –Y
1. Man by nature is sluggish and does not like to work	1 .Man want to work provided favorable conditions are available
2. People are afraid of taking responsibility	2 . people are responsible
3. People are motivated by negative motivation	3.People are motivated by positive motivation

Chapter- 6

(MANAGEMENT SCOPE IN DIFFERENT AREAS)

Human resource development

It is the process of increasing knowledge capabilities and positive attitudes of all people working at all levels in a business undertaking

To achieve H.R.D adopts various techniques i.e

1. Performance appraisal
2. Feed back
3. Career planning
4. Training
5. Quality of work
6. Organizational development

MAN POWER PLANNING

It is a process including forecasting developing implementing and controlling by which a firm ensures right kind and no of people at right place and at right time

Steps in man power planning

1. Goal plans of organization
2. Current human resource situation

3. Human resource forecast
4. Implementation of programmes
5. Audit and adjustments

RECRUITMENT AND SELECTION

It is the process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting the manpower in adequate no to facilitate effective selection of an efficient working force

SOURCES OF RECRUITMENT

INTERNAL SOURCES

1. Present permanent employee
2. Casual employees
3. Retired employees
4. Dependent of employees

EXTERNAL SOURCES

1. Education and training sources
2. Private employment agencies
3. Public employment exchange
4. Professional organizations
5. Data banks
6. Similar organizations

PERFORMANCE APPRAISAL

1. setting standards for performance
2. communicating the standards to employees
3. measuring the performance
4. comparing the actual performance with the standard set

METHODS OF PERFORMANCE APPRAISAL

1. **Unstructured appraisal method** (based on health personality trait quality and job performance)
2. **Ranking method** (best employee would get first rank and poorest with last rank)
3. **Forced distribution method** (here it is divided into Outstanding average below average and above average ,acc to their performance)
4. **Check list appraisal method** (various questions are set up to fulfill the standards)
5. **Critical incident method**

MATERIAL MANAGEMENT

It is the integrating functioning of the various sections of an organizations dealing with the supply of materials and allied activities in order to achieve maximum co- ordination

FUNCTIONS OF MATERIAL MANAGEMENT

1. Material planning
2. Material purchasing
3. Stores management
4. Inventory control

INVENTORY MANAGEMENT

It is the technique in an organization to manage the inventory i.e finished goods raw materials and work in progress

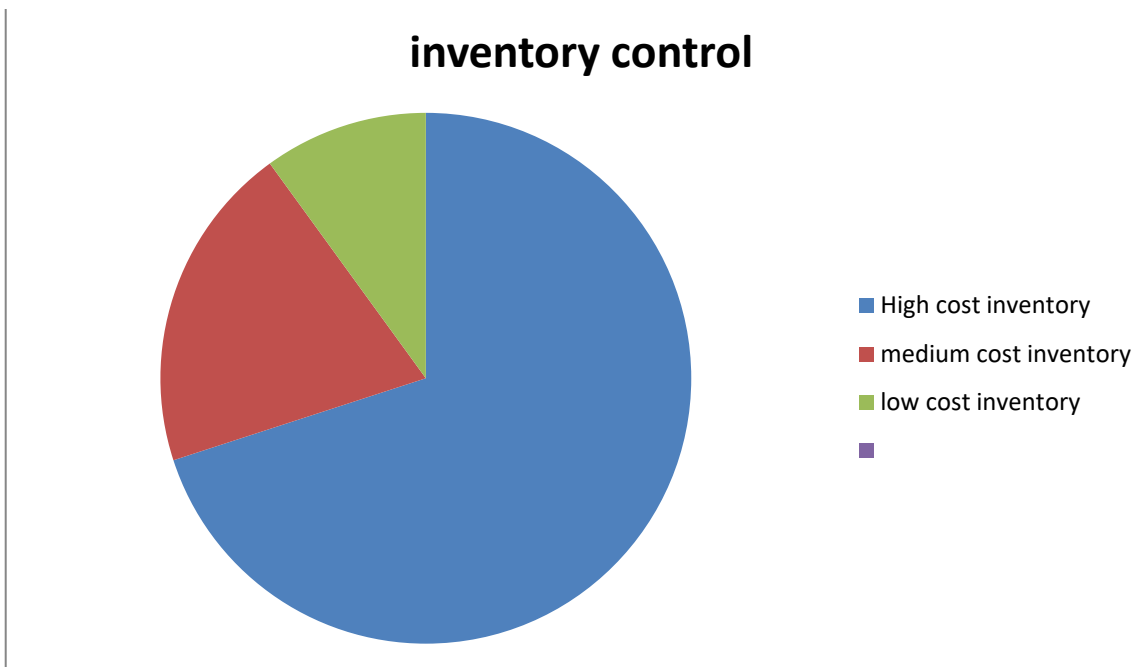
Techniques of Inventory Management

1. ABC Technique

2. EOQ(Economic order quantity)

ABC Analysis

Group	No of items	Inventory value
A	15	70
B	30	20
C	55	10
Total	100	100



EOQ TECHNIQUE

$$EOQ = \sqrt{2AS/C}$$

A= Quantity purchased in a year

S= Cost of placing an order

C= Annual carrying cost per unit

MARKETING

It is the process of discovering and translating consumer needs and wants into products and services and then in turn expand their demands

FUNCTIONS OF MARKETING

1. **Buying raw material** (by inspection, by sample, by description)
2. **Selling**
3. **Marketing Research** (internal source and external source)
4. **Pricing** (to determine the price of product with cost and competition in market)
5. **Transportation**
6. **Packaging**
7. **Advertising and sales promotion**
8. **Financing**

ADVERTISING

It is defined as any paid form of non personal presentation and promotion of goods services or ideas by an identified sponsors

1. Indoor advertising
2. Outdoor management
3. Direct advertising
4. Display advertising

SALES PROMOTION

It consists of the incentives which are given to the customers to buy products

SALES PROMOTION TECHNIQUES

1. Sampling
2. Coupons
3. Price packs
4. Discounts
5. Free gifts
6. Free trials
7. Cash refund offers

FINANCIAL MANAGEMENT

Financial management deals with how corporation obtains funds and how it uses them

TYPES OF CAPITAL

There are two ways of classifying the capital needs these are

1. On the basis of extent of permanence

- a) Fixed capital (amount of money to be invested on fixed asset like land plant and machinery)
- b) Working capital (amount of money used in day to day life like purchase of raw material payment of wages and salaries rent etc)

2. On the basis of period of use

- a) Long term capital (money whose repayment is done in more than five years)
- b) Short term capital (money which is borrowed and is to be payed with in one year)

IMPORTANCE OF FINANCIAL MANAGEMENT

1. Helpful in acquiring sufficient funds
2. Proper cash management
3. Ploughing back the Profits
4. Important for share holders
5. Important for financial Institutions

FUNCTIONS OF FINANCIAL MANAGEMENT

1. Determining financial needs
2. Arranging funds
3. Investments of funds
4. Financial analysis
5. Profit planning and control
6. Maintaining liquidity
7. Implementing financial control

TAXATION

It is the collection of share of individual and organizational income and wealth by a government under the authority of law

PRINCIPLES OF TAXATION

1. EQUAL
2. CERTAIN
3. TIMELY
4. ECONOMICAL

TYPES OF TAXATION

1. **Direct taxation** (It is collected at the very source and hence the cost of collection is smaller)
2. **Indirect taxation** (the burden of which is passed on by the person on whom it is to be imposed , to the other persons)
 - INCOME TAX
 - SALES TAX (From Book)

EXCISE DUTY

Excise duty is the tax levied necessarily on those durable goods which are produced or manufactured in India and it has no relationship with the sale of these goods.

TYPES OF EXCISE DUTY

1. Basic excise duty
2. Special
3. Education cess

MERITS OF EXCISE DUTY

1. Productive
2. Easy collection and lower collection cost
3. Helps in reducing the inequality in income
4. Flexibility
5. Controlled production and consumption

Topic covered: Culture, Components of Organizational Culture, Values, Individual Behaviour , Group Behaviour, Professional Ethics, Accounting, Book Keeping, Double Entry System of Accounting, Financial Accounting and Statement, Financial Management, Total quality management (T.Q.M), Just In Time (J.I.T) Concept, Intellectual property Rights.

Chapter -7

(work culture)

Culture

It may be defined as interactive aggregate of common characteristics which influences a human group responses to its environment

COMPONENTS OF ORGANIZATIONAL CULTURE

1. Structure authority
2. Freedom
3. Job satisfaction
4. Morale
5. Reward
6. Team spirit
7. Task orientation

ATTITUDE

Attitude is something by which we perceive(to understand) the things or outcome of the business

VALUES

Values means standards regarding the field of art, culture, profession, etc. Value is a belief of a person that what is right and what is wrong.

IMPORTANCE OF VALUES

1. Act as guide
2. Credibility with public
3. Necessary for the success of organization
4. Gives rise to co ordination
5. Values are forever
6. Forms the policies and rules

Types of values

1. **Intrinsic values** (arise due to itself or internal)
2. **Extrinsic value** (which means to some other value)
3. **Productive value**
4. **Group value**
5. **Unproductive value**

ETHICAL BEHAVIOUR

It refers to a system of moral principles a sense of right and wrong goodness and badness of actions and results.

1. It is related to society
2. It is related to stake holders
3. Internal policy

INDIVIDUAL BEHAVIOUR

It means an employee or an individual behaves and reacts in a particular situation

FACTORS AFFECTING INDIVIDUAL BEHAVIOUR

1 . Personal

- A) Biographical
- B) Learned characteristics

Biographical

1. Physical characteristics
2. Gender
3. Age
4. Religion
5. Marital status
6. Experience

Learned characteristics

1. Personality
2. Perception
3. Attitude
4. values

Environmental

1. Economic
- 2 .Socio- cultural
3. Political

Oganizational

1. Leadership
2. Reward system
- 3 .Organization structure and design

GROUP BEHAVIOUR

A group is two or more persons who are interacting with one another in such a way that each person influences and is influenced by each other person

IMPORTANCE OF GROUP BEHAVIOUR

1. Solving work problems
2. Channel of communications
3. Filling gaps in Manager ability
4. Better relations
5. Restrains on managers
6. Better co ordination
7. Satisfaction to work force

DETERMINANTS OF GROUP BEHAVIOURS

1. **External force**
2. **Group member resources** (Abilities of members, Personality)
3. **Group structure** (leadership, goals, communication, role relationship, group size)
4. **Group processes**
5. **Group tasks**

PROFESSIONAL ETHICS

It is a systematic body of knowledge and skill to perform certain functions in an organization

NEED OF PROFESSIONAL ETHICS

1. Welfare of the society
2. Engineering profession
3. To understand specialized knowledge
4. To remove the tension and fear of cheating
5. To gain trust

6. To inculcate the spirit of working

CHAPTER -8

(Basics of accounting and finance)

Accounting

It is the process of identifying, measuring and communicating economic information to permit informed judgment and decisions by users of information

Accounting process or cycle

1. Identification
2. Measurement
3. Recording
4. Classifying
5. Summarizing
6. Analysis and interpretation
7. Communicating

BOOK KEEPING

It is the art of recording the books of accounts the monetary aspects of commercial or financial transactions.

DIFFERENCE BETWEEN ACCOUNTING AND BOOK KEEPING

Basics	Book keeping	Accounting
Stage	Primary stage. basis of accounting	Secondary stage. Begins after the book keeping
Scope	<ul style="list-style-type: none">Identifying financial transactions	<ul style="list-style-type: none">Summarizing the record transaction

	<ul style="list-style-type: none"> Measuring them in money Recording Classifying the recorded transactions 	<ul style="list-style-type: none"> Analysis and interpretation of financial statement Communicating the required information
Objective	Is to maintain the systematic records of financial transactions	Is to ascertain the net result and financial position of business and to communicate
Knowledge	It does not require special knowledge	Requires special knowledge and ability to analyse
Nature of job	It is often routine and clerical in nature	It is analytical and dynamic in nature
Performance	Routine work is done by junior staff	Specialized work by senior staff
Base	Base for accounting	Language of business
Decision making	Management decision cannot be taken without it	Management take decision on the basis of this
Supervision and taking	The book keeper does not check and supervise the work of an accountant	An accountant check and supervise the work of book keeper
Sub field	No sub field	Has several sub field like financial accounting ,accounting management and cost accounting
Principles	Similar accounting principles are followed	The reporting and interpretation may be different for different times

Time of recorded	On the same day on which they take place	After book keeping final accounts are prepared at the end of the year
Activities	Covers journalizing, posting and extracting of balances	Preparation of final accounts and balance sheet
Financial positions	Does not reveal the financial position	reveal the financial position and presents profit-loss table assets and liabilities

DOUBLE ENTRY SYSTEM OF ACCOUNTING

It seeks to record every transactions in money or money's worth in its double aspects the receipt of a benefit by one account and surrender of a like benefit by another account , the former entry being to the debit of account receiving and later the credit of that account surrendering

Features

1. Systematic and scientific
2. Affects two accounts
3. Two parties
4. Each party is affected
5. Specific rule is followed
6. Preparation of trial balance

Advantages

1. Accuracy of accounts
2. Scientific system
3. Knowledge of financial position
4. Helps management in taking decisions

5. Legal approval
6. Tax liability
7. Comparative study is possible

FINANCIAL ACCOUNTING AND STATEMENT

Consists of

- 1. Trading account**
- 2. Profit and loss account**
- 3. Balance sheet**

TRADING ACCOUNT

DEBIT (Dr)					Credit
	Rs	Rs		Rs	Rs
particulars			particulars		
To opening stock			By sales		
To purchases			Less sales return		
To direct expenses			By closing stock		
To carriage inward					
Gross profit (transferred to P and L)			Gross loss(transferred to P and L)		

PROFIT AND LOSS ACCOUNT

It summarizes all indirect revenues expenses in one side which is compared with gross profit or revenue in another side net trading income of an accounting period is assessed

Particulars (Dr)	Rs	Particulars (Cr)	Rs
To Trading account (for gross loss)		By Trading account (for gross profit)	
To salaries		By income and gain	
To insurance		By rent received	
To repair		By profit on sale	
To advertising		By income or investment	
To net profit		By net loss	
TOTAL		TOTAL	

BALANCE SHEET

It is a mirror which reflects the true position of assets and liabilities of a business on a particular date

1. Prepares on specific date
2. Statement
3. Knowledge of financial position
4. Statement of assets and liabilities
5. Total of sides

Liabilities	Amount	Assets	Amount
Current liabilities		Current assets	
Banks overdrafts		Cash in hand	
Outstanding expenses		Cash at bank	
In advance		Bill receivable	
Sundry expenses		Sundry debtors	
Long term liabilities		Prepaid expenses	
Income received		Accrues income	
Loan		Closing stocks	
Capital		Fixed assets	
Opening balance		Furniture and fixtures	
Add net profit		Plant and machinery	
Reserves and surpluses		Building	
General reserve and reserve funds		Land	
		good will	

FINANCIAL MANAGEMENT

Is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations

OBJECTIVES OF FINANCIAL MANAGEMENT

1. Profit maximization
2. Wealth maximization

Profit maximization

1. Barometer of efficiency
2. Social welfare
3. Survival business

4. Utilization of scarce resources
5. Motivator

Chapter – 9

(MISCELLANEOUS TOPICS)

Total quality management (T.Q.M)

T.Q.M is the control of all transformations processes of an organization to satisfy customers need in the most economical manner

PRINCIPLES OF T.Q.M

1. Focuses on customers
2. Leadership
3. Involvement of people
4. Process approach
5. Continuous improvement
6. Decision making approach
7. Good relationship

ELEMENTS OF T.Q.M

1. Ethics
2. Integrity
3. Trust
4. Training
5. Team work
6. Leadership
7. Communication
8. Recognition

IMPLEMENTATION OF T.Q,M

1 .PLAN 2. DO 3. CHECK 4. ACT

JUST IN TIME (J.I.T) CONCEPT

A philosophy of manufacturing based on planned elimination of all wastes and of continuous improvement of productivity

Some Key Elements of J.I.T

1. Reduce set up time
2. Reduce lot sizes
3. Reduce lead time
4. Preventive maintenance
5. Flexible work force
6. Implement a zero defect quality program
7. Small lot (single unit) conveyance

INTELLECTUAL PROPERTY RIGHT

PATENT

Patent is a grant made by the government to an inventor that excludes others from manufacturing , using or selling the invention for a specific period of time and in a specific geographical area

COPY RIGHT

It is a form of protection provided to the authors of original works of authorship including literary ,dramatic musical, artist and certain other intellectual work both published and unpublished

TRADEMARK

It is any word, slogan, design, picture or other symbol used to identify or distinguish products from others to the same nature offered in the market

ALL THE BEST

