

Sr. No	Question	Year
1.	<p>DEFINE ENTREPRENEURSHIP. What are their CHARACTERISTICS? Explain with live example</p> <p>Your friend wants to be a successful entrepreneur, what tips would you give him? What are the DIFFERENT TYPES OF ENTREPRENEURS?</p> <p>What are the distinguishing qualities of successful entrepreneurs? Answer this question with special reference EXAMPLE to any outstanding entrepreneur of your choice.</p>	<p>Apr 2015</p> <p>Apr 2013, 2011</p> <p>Apr 2009, 2007</p>
ANSWER:	<p>Robert Hisrich (1985): Entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, social risks and receiving the resulting rewards of monetary and personal satisfaction and independence.</p> <p style="text-align: center;"><u>I will summarize Entrepreneurship to my friend with these points:</u></p> <ol style="list-style-type: none"> a) Creating something different with value b) Devoting necessary time & effort c) Assuming accompanying financial, psychic and social risks d) Receiving resulting rewards – Monetary, Personal satisfaction, independence <p style="text-align: center;"><u>SUGGESTION FOR YOUR FRIEND:</u></p> <ul style="list-style-type: none"> ✚ You don't need to spend a lot of money ✚ It is easy to fall into paralysis by analysis ✚ Just because you build it, they won't come ✚ Your idea is worthless without execution ✚ You are your biggest competitor (Laziness) <p style="text-align: center;"><u>CHARACTERISTICS OF ENTREPRENEUR:</u> <i>(Imagine Escaping Land Mine Ground)</i></p> <ol style="list-style-type: none"> 1. Need for achievement <i>(I have to get there!)</i> 2. High level of motivation <i>(I am motivated to get there!)</i> 3. Creative / Innovative <i>(How to get there!)</i> 4. Moderate risk taker <i>(I'll take the risk)</i> 5. Self Confidence <i>(Because I am capable)</i> 6. Agility / quickness in analyzing and picking up opportunities 7. Flexible/ Ready to change 	

8. Resilience
9. Independence of thought & action
10. Excellent Leadership Qualities
11. Good business acumen

EXAMPLES:

- **Kailash Katkar** (CEO – Quickheal Technologies): Global Entrepreneur

TYPES OF ENTREPRENEURSHIP:

1. Small Business Entrepreneurship

- ✓ Small businesses are grocery stores, hairdressers, consultants, travel agents, internet commerce storefronts, carpenters, plumbers, electricians, etc. They are anyone who runs his/her own business.
- ✓ They hire local employees or family.
- ✓ Most are barely profitable.
- ✓ Their definition of success is to feed the family and make a profit, not to take over an industry or build a \$100 million business.
- ✓ As they can't provide the scale to attract venture capital, they fund their businesses via friends/family or small business loans.

2. Scalable Startup Entrepreneurship

- ✓ Unlike small businesses, scalable startups are what Silicon Valley entrepreneurs and their venture investors do.
- ✓ These entrepreneurs start a company knowing from day one that their vision could change the world.
- ✓ They attract investment from equally crazy financial investors – venture capitalists.
- ✓ Limited Financial Support
- ✓ They hire the best and the brightest.
- ✓ Their job is to search for a repeatable and scalable business model. When they find it, their focus on scale requires even more venture capital to fuel rapid expansion.
- ✓ Scalable startups in innovation clusters (Silicon Valley, Shanghai, New York, Bangalore, Israel, etc.) make up a small percentage of entrepreneurs and startups but because of the outsize returns, attract almost all the risk capital (and press.)

	<p>3. Large Company Entrepreneurship</p> <ul style="list-style-type: none"> ✓ Large companies have <u>finite life cycles</u>. ✓ Most grow through <u>sustaining innovation, offering new products that are variants around their core products</u>. ✓ <u>Changes in customer tastes, new technologies, legislation, new competitors, etc. can create pressure for more disruptive innovation</u> – requiring large companies to create entirely new products sold into new customers in new markets. ✓ Existing companies do this by either <u>acquiring innovative companies or attempting to build a disruptive product inside</u>. ✓ Ironically, large company size and culture make disruptive innovation extremely difficult to execute. ✓ <u>Conventional Venture Capital Support</u> <p>3. Social Entrepreneurship</p> <ul style="list-style-type: none"> ✓ Social entrepreneurs are innovators who focus on <u>creating products and services that solve social needs and problems</u>. ✓ Unlike scalable startups their <u>goal is to make the world a better place</u>, not to take market share or to create to wealth for the founders. ✓ They may be <u>nonprofit, for-profit, or hybrid</u>. 	
2.	<p>Elaborate on any three “ENTREPRENEURIAL THEORIES”</p> <p>Furnish at least FIVE DEFINITIONS of an entrepreneur, as given by well-known authorities on the subject. Which one of these do you prefer and why?</p> <p>Critically examine the contribution of JOSEPH SCHUMPETER in the theory of entrepreneurship.</p>	<p>Apr 2015</p> <p>Apr 2010</p> <p>Apr 2007,</p> <p>2006</p>
ANSWER:	<p><u>1934: JOSEPH SCHUMPETER – “Innovation is the sole cause of profit”.</u></p> <ul style="list-style-type: none"> - Schumpeter looks at entrepreneurship as innovation and not imitation. - Does not care much about economic profits - Only joy he gets from being an innovator and being a server to his society. - Primary Motive: Innovation; Acquisition of Power is secondary - In the Schumpeterian theory, the entrepreneur moves the economy out of the static equilibrium. 	

- By **creating new products or production methods** thereby rendering others obsolete. This is the process of "creative destruction" (creating uncertainty) which Schumpeter saw as the driving force behind economic development.
- Profits caused by a particular innovation tends to be **competed away as other imitate and adapt that**.
- If the entrepreneur **comes out with another innovation** at that time when the favorable effects of the former innovation are dying out, he will make profits again.
- Therefore, **as long as innovation exist, profits continue to arise out of them**. According to Schumpeter, Innovation is the sole cause of Profit.
- Schumpeter's Theory covers **5 key areas**:

- 1. Product innovation:** introduction of a new good or a new quality of a good
- 2. Process innovation:** introduction of a new method of production
- 3. Market innovation:** opening of a new market
- 4. Input innovation:** conquest of a new source of supply of raw material or intermediate input
- 5. Organizational innovation:** the carrying out of a new organisation of industry

SOURCES OF INNOVATION: AS MENTIONED BY PETER DRUCKER

Within an Enterprise

- ✓ Unexpected occurrences
- ✓ Inconsistencies
- ✓ Process needs
- ✓ Industry and Market changes

Outside the Enterprise

- ✓ Demographic changes
- ✓ Changes in perception
- ✓ New knowledge

1961: DAVID MCCLELLAND – N Ach factor - highly motivated, energetic, moderate risk taker.

- ✓ **Entrepreneurs:** showed very high need for achievement; fairly high need for power; low in their need for affiliation
- ✓ **In small companies/ Ventures:** President/ entrepreneur has a very high achievement motivation
- ✓ **In large companies:** CEO/ Entrepreneur tend to be average in achievement but stronger in power and affiliation

- **Need for achievement**
 - Have an intense desire for success and an equally intense fear of failure
 - Want to be challenged
 - Set moderately difficult goals for themselves
 - Take realistic approach to life
 - Would analyze and assess problems and take personal responsibility of completing a job
 - Like specific and prompt feedback on how they are doing

- **Need for Power**
 - People with high need for power have a great concern for exercising influence and control
 - They seek positions of leadership
 - Good conversationalists
 - Can be argumentative
 - Forceful, outspoken, hardheaded and demanding
 - Enjoy teaching and public speaking

- **Need for Affiliation**
 - Derive pleasure from being loved and tend to avoid the pain of being rejected by a social group
 - Concerned with maintaining pleasant social relationships
 - Enjoy sense of intimacy and understanding
 - Ready to console and help others in trouble

1964 : Peter Drucker – Searches for change, responds to it and exploits as opportunity. (Opportunity focused)

	<p><u>1980: KARL VESPER – Behaviour perceptions – Economists, Psychologists, Businessmen, Politicians, (Environment)</u></p> <p>ENTREPRENEUR TO AN ECONOMIST <u>One who brings resources, labor, material and other assets into combinations that make their value greater than before and also one who introduces changes, innovations and a new order.</u></p> <p>ENTREPRENEUR TO A PSYCHOLOGIST <u>One who is typically driven by certain forces – need to obtain or attain something, to experiment, to accomplish or perhaps to escape authority of others.</u></p> <p>ENTREPRENEUR TO A BUSINESSMAN <u>One who appears as a threat and an aggressive competitor OR an ally, a source of supply, a customer or someone who creates wealth for others as well, who finds better ways to utilize resources, reduce waste and produces jobs for others.</u></p> <p>1983 : Gifford Pinchot – Intrapreneur</p> <p>1985 : Robert Hisrich – Creating something different with value, devoting time and effort, assuming risks – financial, psychic and social, results – rewards, satisfaction (Leadership & Vision)</p>	
3.	<p>A comprehensive BUSINESS PLAN must contain all the vital data and information for the guidance of the entrepreneur as well as the banks/financial institution. Discuss with a MODEL PLAN.</p> <p>What is a Business Plan? Narrate the contents thereof in detail? What are the REASONS ATTRIBUTABLE TO BUSINESS FAILURES in spite of a Good Business?</p> <p>An entrepreneur’s business plan is ready. He is going to present it to his bankers, major suppliers and potential franchisees, what will be his approach to each of them?</p> <p>VISUALIZE THAT YOU HAVE ALREADY PREPARED A BUSINESS PLAN FOR A START UP IN THE SERVICES SECTOR. One of your immediate tasks is to present it bankers so as to obtain financial</p>	<p>Apr 2015</p> <p>Apr 2013, Apr 2012</p> <p>Apr 2011</p> <p>Apr 2010</p>

	assistance. Which aspects of your business plan would you like to stress and convince your bankers? How will you do it?	
ANSWER:	<p><u>BUSINESS PLAN DEFINITION:</u></p> <p>Written document describing all relevant internal and external elements and strategies for starting a new venture. It is often an <i>integration of functional plans</i> such as marketing, finance, manufacturing and human resources. It also addresses both short term and long term decision making for the <u>first 3 years of operation</u>.</p> <p style="text-align: center;"><u>REASONS FOR A BUSINESS PLAN</u></p> <p>The reason for compiling a business plan will be different for each situation:</p> <ul style="list-style-type: none">• If you are starting a new business you will require a plan <u>to clearly assess every aspect of the business and show how it will succeed</u>. Also helps to obtain capital for the venture.• If you are buying an already established business you will need <u>to identify the strengths and weaknesses of the business</u> to decide if you will be able to make it a success.• If you are already up and running and in need of extra finance you will need <u>a plan to convince those putting capital</u> into your business that you can and will succeed.• If you are applying for one of the many grants available <p style="text-align: center;"><u>WRITING THE BUSINESS PLAN</u></p> <p>The business plan could take more than 200 hours to prepare, depending on the <u>experience and knowledge of the entrepreneur</u> as well as the <u>purpose it is intended to serve</u>.</p> <ul style="list-style-type: none">- It should be comprehensive enough to give any potential investor a complete picture- Many entrepreneurs incorrectly estimate the length of time that an effective plan will take to prepare.- Once the process has begun, however, the entrepreneur will realize that it is invaluable in sorting out the business functions of a new venture. <p>I. <u>INTRODUCTORY PAGE</u> (<i>WHO PEOPLE</i>)</p> <ul style="list-style-type: none">• Name & address of the business• Name(s) & address(es) of principals• Nature of business• Statement of financing needed (<i>why you need financing?</i>)• Statement of confidentiality of report	

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|--|--|
| <p>II. <u>EXECUTIVE SUMMARY</u> <i>(WHAT SUMMARY)</i></p> <ul style="list-style-type: none">• Three to four pages summarizing the complete business plan <p>III. <u>INDUSTRY ANALYSIS</u> <i>(BAAKI KE KYA KAR RAHE HAI)</i></p> <ul style="list-style-type: none">• Future outlook and trends• Analysis of competitors• Market segmentation• Industry forecasts• Demand / Product sales forecasts <p>IV. <u>DESCRIPTION OF THE VENTURE</u> <i>(HUM KAUN HAI)</i></p> <ul style="list-style-type: none">• Product(s) / Capacity <i>(what)</i>• Service(s) / Capacity <i>(what else)</i>• Size of business <i>(how much)</i>• Office equipment and personnel <i>(how)</i>• Background of entrepreneurs <i>(who are they)</i> <p>V. <u>PRODUCTION PLAN</u> <i>(KAISE BANAYENGE)</i></p> <ul style="list-style-type: none">• Manufacturing process (including subcontracting, if any)• Physical plant• Machinery and equipment• List of suppliers of raw materials <p>VI. <u>MARKETING PLAN</u></p> <ul style="list-style-type: none">• Pricing• Distribution• Promotion• Controls <p>VII. <u>FINANCIAL PLAN</u></p> <ul style="list-style-type: none">• Proforma income statement• Cash flow projections | |
|--|--|

- Proforma balance sheet
- Break-even analysis
- Sources and applications of funds

VIII. ASSESSMENT OF RISK

- Evaluate weakness of business
- New technologies
- Environmental Risks
- Contingency plans

IX. ORGANIZATIONAL PLAN

- Form of ownership
- Identification of partners and principal shareholders
- Authority of principals
- Management-team background
- Roles and responsibilities of members of organization

X. APPENDIX (mainly contains back up material)

- Letters
- Market research data
- Leases or contracts
- Price lists from suppliers



REASONS WHY SOME BUSINESSES FAIL

	<ol style="list-style-type: none"> 1. The Planning flaws 2. Mindset Problem 3. The Personal issues 4. The Inappropriate team 5. The Marketing aspect <ol style="list-style-type: none"> a. Ignoring competition b. Ineffective customer service c. Approach not Customer driven d. Internal marketing 6. The Financial aspect <ol style="list-style-type: none"> a. Lack of foresight b. Cash flow problem 7. The Technological aspect 	
4.	<p>What are the specific CHALLENGES faced by women entrepreneurs? How entrepreneurship would be a BETTER CAREER OPTION for women? What are the opportunities for young women entrepreneurs in today's era?</p> <p>Women entrepreneurs are role models of today's young generation. Do you agree with the statement? Explain the ACHIEVEMENTS and challenges faced by women entrepreneurs with the help of a suitable example</p> <p>Explain the problems/difficulties faced by women entrepreneurs in India. Narrate the ORGANIZATIONS WHICH SUPPORT WOMEN ENTREPRENEURS, enabling them to solve their problems and progress further</p> <p>WHY IS THERE A GENDER BIAS with women entrepreneurs in India?</p> <p>'Gender bias is the largest single stumbling block that hinders the progress of women entrepreneurs'. Elaborate with the help of suitable theoretical insights and PRACTICAL EXAMPLES. Also outline a strategy to deal effectively with gender bias.</p> <p>'You are never born' a woman, but you become one'. Discuss the concept of gender bias and its harmful EFFECTS ON WOMEN ENTREPRENEURS in light of the above remark.</p>	<p>Apr 2015</p> <p>Apr 2014</p> <p>Apr 2013, Apr 2012</p> <p>Apr 2011</p> <p>Apr 2010</p> <p>Apr 2007</p>
ANSWER:	<p>Women entrepreneurs face a series of problems right from the beginning till the enterprise functions. Being a woman itself poses various problems to a woman entrepreneur.</p> <p style="text-align: center;"><u>ORGANIZATIONS SUPPORTING WOMEN ENTREPRENEURS:</u></p> <p>i. SIDBI: stands for <i>Small Industries Development Bank of India</i>. It is a national level institution which extends facilities for growth of small scale industries.</p>	

- ii. **SIDO:** stands for *Small Industries Development Organization*. The primary objective of this organization is to **conduct various programmes** including **Entrepreneurship Development programmes** for women - TV repairing, leather goods, screen printing and preparation of circuit boards.
- iii. **WIT (1968):** denotes *Women India Trust*. The promoter called **Kamila Tyabji** has taken initiative for establishment of this trust in **1968**. The sole objective of this trust is **to help women entrepreneurs**. With the establishment of Kamila Trust in U.K., it has facilitated its members to **market their product in London**. It has also extended **export support in the countries like Australia, Europe and Germany**.
- iv. **SEWA (1972):** stands for *Self Employed Women Association*. It is a **trade union of women which was registered under Trade Union Act, in 1972**. The primary objective of this organization is **to empower women entrepreneurs in rural sector**. Most of members of this organization are originated from unorganized sector. At present SEWA has shifted its operations from rural areas or level to global level and receive substantial grant from international organizations like Ford Foundation and UNICEF.
- v. **SHGs:** denotes *Self Help Groups*. It is regarded as an association consisting of small group of self-employed women entrepreneurs. The women entrepreneurs may be either from rural or urban areas. The primary objective of SHG is **to take care as welfare of its associated members**. It provides financial assistance as welfare of its members through financial institutions and non-government organizations.
- vi. **FIWE (1993):** stands for *Federation of India Women Entrepreneurs*. It came into existence in the year **1993** on the **outcome of resolution in 7th International conference of women entrepreneurs**. It has helped women entrepreneurs in diversified activities through interaction with various women organizations and associations.
- vii. **CWEI (2001):** Stands for *Consortium of Women Entrepreneurs of India*. It is a voluntary organization consisting of NGOs. It was formed in the year **2001** with the basic objective of providing **technological upgradation** facilities to women entrepreneurs. **Also facilitates - Marketing and Export support**.
- viii. **NABARD:** stands for *National Bank for Agriculture and Rural Development*. It is an autonomous organization. The primary objective of this autonomous organization is **to provide liberal credit facilities** to women entrepreneurs.

NEW AREAS

Mass media, Entertainment industry, Tourism, IT, Co-op Movement in Rural India, Politics, Corporates/ MNCs, Hospitality, Social entrepreneurship – NGO's.

EXAMPLE OF WOMAN ENTREPRENEURS:

Kiran Shaw Muzumdar of Biocon, Shahnaz Hussain, Vandana Luthra (VLCC), Ekta Kapoor, Indra Noyee, Naina Lal Kidwai, Chanda Kochar, Shikha Sharma, Kiran Bedi, Medha Patkar

Jyothi Reddy

- Youngest of the 5 children
- Field Laborer to CEO of Organization in the US
- CEO of a \$15 million IT company, Key Software Solutions, based in Phoenix, Arizona, US

A Woman Entrepreneur

WHY IS THERE GENDER BIAS FOR WOMEN ENTREPRENEURS

(HINT: Going from Inside Circle to Outside of Life – 11 points)

- ❖ Male dominated society
- ❖ Family Ties / Responsibilities
- ❖ Social Barriers
- ❖ Low mobility
- ❖ Required to Strike A Balance / Shift in Priorities
- ❖ Lack of education
- ❖ Low Risk Bearing Capacity
- ❖ Tough Competition (updates in technology)
- ❖ Problem of finance
- ❖ Exploited by Middle Men
- ❖ Legal Formalities

1. **MALE DOMINATED SOCIETY:**
 - Even though our constitution speaks of equality between sexes, **male chauvinism** is still the order of the day. Women are not treated equal to men.
 - Their entry to business requires the **approval of the head of the family.**
 - Entrepreneurship has **traditionally been seen as a male preserve.**

2. **FAMILY RESPONSIBILITIES:**
 - Women in India are very **emotionally attached** to their families.
 - They are supposed to **attend to all the domestic work**, to look after the children and other members of the family.
 - They are over burdened with family responsibilities like **extra attention to husband, children and in laws** which take away a lots of their time and energy.

3. **SOCIAL BARRIERS:**
 - The **traditions and customs** prevailed in Indian societies towards women sometimes stand as an obstacle before them to grow and prosper.
 - **Castes and religions** dominate with one another and hinders women entrepreneurs too. In rural areas, they face more social barriers.
 - They are always seen with **suspicious eyes.**

4. **LIMITED MOBILITY:**
 - Women mobility in India is highly limited and has become a problem **due to traditional values and inability to drive vehicles.**
 - **Moving alone and asking for a room** to stay out in the night for business purposes are still looked upon with suspicious eyes.
 - Sometimes, younger women feel uncomfortable in dealing with **men who show extra interest** in them than work related aspects.

5. **REQUIRED TO STRIKE A BALANCE:**
 - They have to strive hard to strike a balance between **managing a family and managing an enterprise.**
 - Sometimes she has to **sacrifice her entrepreneurial urge** in order to strike a balance between the two.

6. LACK OF EDUCATION:

- Women in India are lagging far behind in the field of education.
- Most of the women **(around sixty per cent of total women) are illiterate.**
- Those **who are educated are provided either less or inadequate education** than their male counterpart:
 - ✓ Partly due to **early marriage,**
 - ✓ Partly due to **son's higher education**
 - ✓ Partly due to **poverty.**
- Due to lack of proper education, women entrepreneurs **remain in dark about the development of new technology, new methods of production, marketing and other governmental support** which will encourage them to flourish.

7. LOW RISK-BEARING CAPACITY:

- Women in India are by nature **weak, shy and mild.**
- They cannot bear the amount risk which is essential for running an enterprise.
- **Lack of education, training and financial support from outsides** also reduce their ability to bear the risk involved in an enterprises.

8. TOUGH COMPETITION:

- Usually women entrepreneurs **employ low technology** in the process of production.
- In a market where the competition is too high, they have to **fight hard** to survive in the market **against the organized sector and their male counterpart** who have vast experience and capacity to adopt advanced technology in managing enterprises
- Women entrepreneurs face **technology obsolescence** due to non-adoption or slow adoption to changing technology which is a major factor of high cost of production.

9. PROBLEM OF FINANCE:

- **Bankers, creditors and financial institutes are not coming forward** to provide financial assistance to women borrowers on the ground of their **less credit worthiness** and more chances of business failure.

10. EXPLOITATION BY MIDDLE MEN:

- Since women cannot run around for marketing, distribution and money collection, they have to depend on middle men for the above activities.
- Middle men tend to exploit them in the guise of helping. They **add their own profit margin** which result in less sales and lesser profit.

11. LEGAL FORMALITIES:

- Fulfilling the legal formalities required for running an enterprise becomes an upheaval task on the part of a women entrepreneur because of the **prevalence of corrupt practices** in government offices and procedural delays for various licenses, electricity, and water and shed allotments.

WHY SHOULD WOMEN BE ON TOP (*Just-to-know, FYI types!*)

- Women constitute not only half of the World's population but also sway the growth of the remaining half
- They account for 60% of the workforce
- They produce 50 % of the world's food supply
- Comprise only 10% of the world economy
- Own less than 1% of the real estate

HOW ENTREPRENEURSHIP WILL BE A FAVORABLE CAREER FOR WOMEN?

1. **Flexibility in working hours** and targets
2. Profession with high elasticity – It can **never get crowded, no quota, no reservation**
3. Women are **excellent in managing finances**
4. On par or even better than men – **Responsibilities from early childhood**

WOMEN ENTREPRENEURSHIP MODEL

1. The Philippines model ('Entrepreneurial Couple' from B school)
2. The Malaysian model (Responsibilities from childhood)

BARRIERS TO WOMEN ENTREPRENEURSHIP

Barriers	Level	Individual	Household/ Family	Business	Community/ Government
Financial		Women look for security	Men decide about expenses	Less income, less property – no security – no loan	Some countries, signature of husband required for loan
Economical		Women get less education	Women lack support for household work	Lack of management know-how	Women discriminated in terms of access to economic resources
Socio-Cultural		Independent Thinking is not allowed to women	Violence against women Husband must not be neglected	Limited mobility – problems with the marketing, transportation & selling of goods	In male dominated industries, women entrepreneurs are not accepted

Barriers	Level	Individual	Household/ Family	Business	Community/ Government
Political-Legal		Women act privately, not politically	Women have got less influence and negotiation power in the family	Less means to exert power/less protection by the state for women Entrepreneurs	Lack of knowledge about women Entrepreneurs, in order to be able to develop appropriate policies
Psychological-Philosophical		Low self-esteem, does not dare to demand rights	Women are divided	Women are afraid to be more successful than men/husbands	State views men as the ones who publicly represent the family

5. What is **SOCIAL ENTREPRENEURSHIP**? What are their **CHARACTERISTICS**? Discuss their contribution in today's challenging environment.
- Discuss the **SIMILARITIES AND DIFFERENCES** between social entrepreneurs and conventional entrepreneurs. What is the **ROLE** of social entrepreneurs in a developing country like India?
- Explain the concept of Social Entrepreneurship. Prepare your action plan for setting up the scheme of Social Entrepreneurship in India
- What is meant by 'social Entrepreneurship'? What **MEASURES TO STRENGTHEN** the drive towards it? (OR)
- Social entrepreneurship is the need of the hour. Bring out the significance of this statement and also put forward an **INTEGRATED ACTION PLAN** for stepping up social entrepreneurship in the country.

Apr 2015

Apr 2014

Apr 2012

Apr 2010, 2009, 2008, 2007, 2006

ANSWER: SOCIAL ENTREPRENEURSHIP is the work of a social entrepreneur. A social entrepreneur

- recognizes a social problem and
- uses his entrepreneurial principles and skills (Creativity, Determination, Empathy)
- To organize, create and manage a venture to **achieve social change**

DIFFERENCE BETWEEN CONVENTIONAL AND SOCIAL ENTREPRENEURS

Business vs. Social Entrepreneurs

Goal	Capture a market securely	Fill a market gap; change the world!
Objective	Build a business; earn profits	Create sustainable solutions for social change
Profit motive	Maximize shareholder value; profit as an end	Advance social aims; profit as a means to financial sustainability
Risk	Basic business risk	Basic business risk plus social aspect
Growth	Competitive for one company	Collaborative for societal impact
Link to social problems	Indirect	Direct
Feedback	Established consumer and market information sources	Need to be creative in obtaining market responses
Competition	"Win" for one business over others in a market	Exists because no one else adequately solving problem; "win" for society
Capital	Benefit from robust financial and managerial services	Contend with unpredictable and fragmented financing

Source: Cisco IBSG, 2011

CHARACTERISTICS OF SOCIAL ENTREPRENEUR

- 1) Selfless approach
- 2) Burning Desire / Passion
- 3) Creativity & Innovation
- 4) Problem solving
- 5) Dynamism
- 6) Goal orientation
- 7) Achievement motivation (N-Ach factor)
- 8) Commitment
- 9) Leadership
- 10) Team building

11) Risk taking & Decision making

CHALLENGES FACED BY SOCIAL ENTREPRENEURS:

Challenges Faced by the Social Entrepreneurs and their solutions

- ✓ Social entrepreneurs should always self reflect and avoid being a part of the problem.
- ✓ To modulate the existing mindset of the people is a very crucial task which a social entrepreneur has to work upon in order to make his/her enterprise fruitful in the society.
- ✓ Getting grants may be difficult and that is why entrepreneurs need to explore other options for finance. These may include building two layer business models that have on one part a purely philanthropic organisation and on the other, a for profit business that helps reduce the financial strain.
- ✓ To ease on human resource needs, entrepreneurs can fully explore options such as employing students and exchanging equity for labour. To note, because access to finance is difficult, they need to bring human capital on board without expending much capital.

ANOTHER CHALLENGE has to do with **GOVERNMENTS**.

- Finding ways to promote it through fiscal and legislative incentives, including the review of tax laws,
- The elimination of burdensome regulations, arbitrary decision-making and other onerous requirements and inefficient practices that hamper social entrepreneurs.
- Currently, the government is not providing any kind of assistance for promoting these social cause ventures.
- The government's policies and regulations for social entrepreneurs are very complex and strict, with no tax incentives or subsidies being provided for a social business.

LACK OF CAPITAL is another major challenge for the Indian entrepreneur.

- Generally, the social entrepreneurs run their business with their own funds or by raising funds from the local money lenders at a high rate of interest, which sometimes becomes a financial burden on them.
- The reason behind this is the **bank's avoidance to providing loan facilities** for social entrepreneurs given the various social complications attached with them.

- Hence the social enterprises have to deal with the challenge of facing a **hostile reaction from financial institutions and governments** as far as funding is concerned.
- This forces social entrepreneurs to take, what can be, a more difficult path of **approaching venture capitalist and philanthropic organizations.**

CONTRIBUTION OF SOCIAL ENTREPRENEURSHIP:

Social entrepreneurship sector is increasingly important for economic and social development because it creates social and economic values:

1. EMPLOYMENT GENERATION – jobs, training etc.

The first major economic value that social entrepreneurship creates is the most obvious one because it is shared with entrepreneurs and businesses alike: **job and employment creation.**

Estimates ranges from one to seven percent of people employed in the social entrepreneurship sector.

Secondly, social enterprises provide employment opportunities and **job training to segments of society at an employment disadvantage** (long-term unemployed, disabled, homeless, at-risk youth and gender-discriminated women). In the case of **GRAMEEN**, the economic situation of six million disadvantaged women micro-entrepreneurs were improved. A similar SHG movement is helping disadvantaged women in rural in India.

2. INNOVATION/ NEW GOODS AND SERVICES:

Social enterprises develop and apply innovation important to social and economic development and develop new goods and services. **Issues addressed include some of the biggest societal problems** such as HIV, mental ill-health, illiteracy, crime and drug abuse which, importantly, is confronted in innovative ways.

An example: Brazilian social entrepreneur Veronica Khosa, who developed a home-based care model for AIDS patients which later changed government health policy.

3. SUSTAINABLE DEVELOPMENT: Social entrepreneurship fosters a more equitable society by addressing social issues and try into achieve ongoing sustainable impact through their social mission rather than purely profit-maximization.

In Yunus's example, the **GRAMEEN BANK** supports disadvantaged women. Another case is the American social entrepreneur **J.B. SCHRAMM** who has helped thousands of low-income high-school students to get into tertiary education resulting in income generation.

4. SOCIAL CAPITAL:
 Next to economic capital one of the most important values created by social entrepreneurship is **social capital (usually understood as “the resources which are linked to possession of a durable network of ... relationships of mutual acquaintance and recognition”)**.
Examples are the success of the **German and Japanese economies**, which have their roots in long-term relationships and the ethics of cooperation, in both essential innovation and industrial development. The World Bank also sees social capital as critical for poverty alleviation and sustainable human and economic development.

EXAMPLE OF SOCIAL ENTREPRENEURSHIP:

Dr. G. Venkataswamy

- Eldest of the 5 children
- Lost 3 cousins due to childbirth issues when he was 10
- Crippled by Rheumatoid Arthritis at Age 30
- Resumed after two years, headed ophthalmology division of Government Hospital – 100,000 eye surgeries
- Marketing team went in search of customers who couldn't afford to pay

A Social Entrepreneur

In 1976 ...
 An 11-Bed Clinic

By 2011...
 32 million patients seen
 Over 4 million surgeries performed

5 powerful ideas for global impact from Social Entrepreneurs

1. Partner for scale
2. Combine focus with flexibility
3. Design is important, but distribution is key
4. Use technology everywhere you can
5. Scale your solution, not your organization

6. What is the difference between **“MANAGERS”, “INTRAPRENEURS” AND “ENTREPRENEURS”**? Apr 2015
 Why ‘Intrapreneurship’ is given so much importance in modern times?
 Explain the main **DIFFERENCES AND SIMILARITIES** between managers, entrepreneurs and intrapreneurs? Apr 2014
 Write comparative features of entrepreneur, manager and corporate entrepreneur Apr 2013

ANSWER:	ENTREPRENEUR	INTRAPRENEUR	MANAGER
	Employer	Employee	Employee

	Independent in Operation	Depends on Enterprise	Depends on Reporting Superior	
	Involvement: Direct Involvement	Direct Involvement, more than delegation	Delegates and supervises	
	Bears Risk: Bears the risk involved in Business	Does not fully bear the risk involved	Does not bear any business risk	
	Risk Taker: Moderate	Moderate Risk Taker	Careful	
	Qualification: May not have formal qualification	Professional or Technical Qualification	Professional or Technical Qualification	
	Growth: Business Growth	Professional Growth	Career Growth	
	Status Symbols: Not concerned about status symbols	Not concerned about traditional status symbols, desires independence	Concerned about status symbols	
	Motive: To start a venture by setting up an enterprise	Motive: To assist entrepreneur start a venture and facilitate growth	Motive: To render service in an enterprise already set up by entrepreneur	
	Deals with failures & Mistakes	Attempts to hide risky projects from view until ready	Tries to avoid mistakes and surprises	
	Follows dreams with decisions	Able to get others to agree to help achieve his dreams	Agrees with those in top management	
	Follows Norms & Rules of Business	Follows Norms & Rules of Organization	Follows Norms & Rules of Organization	
	Profits goes to Entrepreneur	Profits goes to Organization	Profits goes to Organization	
	Serves: Self & Customers	Serves Self, Customers, Sponsors	Serves Others	
7.	Surekha is a fashion designer working for past few years with a multi-national brand. A business opportunity to set up her own business knocked at her door when a costume designed by her daughter at school annual function was appreciated by everybody. The school approached her to design costumes in large quantity for all the annual functions. Surekha realized that there are many other schools in the city which may have similar demand. She has decided to set up			Apr 2015

her own boutique. She needs your advice to know the **VARIOUS SOURCES OF FINANCE WITH THEIR PROS AND CONS** and which is the right source for her own venture.

What are the various **SOURCES OF FINANCING** the new venture? What are their pros and cons?

Discuss the various modes of financing with special reference to venture capital funding. Why has the relative **IMPORTANCE OF VENTURE CAPITAL GONE UP IN TECHNO-INTENSIVE START-UPS?**





Apr 2014

 Apr 2010,
 2009, 2008,
 2007, 2006

ANSWER:

SOURCES OF CAPITAL

Source of Financing	Length of Time		Cost				Control	
	Short Term	Long Term	Fixed Rate Debt	Floatin g Rate Debt	% of profits	Equity	Covenants / Collaterals	Voting Rights
Self		X				X		X
Family and Friends	X	X	X	X		X		X
Suppliers and trade credit	X				X			
Commercial Banks	X		X	X			X	
Asset-based lenders		X	X	X			X	
Institutions and insurance cos		X	X	X	X		X	
Venture capital		X				X	X	X
Private equity placements						X	X	X
Public equity offerings						X		X
Govt. Programs		X						

WEIGHING THE PROS AND CONS OF FUNDING SOURCES		
	ADVANTAGES	DISADVANTAGES
 DEBT	Bank debt allows the founder to <u>maintain full control of the business</u> .	Bank debt is mainly about cash—it doesn't provide any of the <u>non-financial benefits</u> of other types of financing.
 EQUITY	VC-backed companies have <u>faster employee growth, greater sales, and faster sales growth</u> .	Misaligned incentives can cause firms to IPO earlier than optimal, or <u>founders to be replaced</u> .
 CROWDFUNDING	Crowdfunding can help entrepreneurs <u>get feedback</u> and determine the validity of their idea.	Crowdfunding may lead entrepreneurs to disclose business details or intellectual property, thereby exposing them to competitors.
 GRANTS	Grants can stimulate R&D and technology commercialization that <u>would not have happened otherwise</u> .	Most grants are very specific. For example, more than two-thirds of SBIR-funded companies <u>had a founder who was previously an academic</u> .

¹ See *The State of Small Business Lending: Credit Access During the Recovery and How Technology May Change the Game* in the "For More Information" section for a discussion about home equity lines of credit.
² The four main types of crowdfunding are: donation-based (e.g., Kiva), reward-based (e.g., Kickstarter), debt-based (e.g., Prosper, Lending Club), and equity-based.

VENTURE CAPITAL IS MOSTLY USED IN:

- Innovative and highly technical ventures
- High growth and high risk ventures
- Sunrise or Emerging ventures
- Phased disbursements
- Management support
- Multi skill support

THE MAIN FEATURES OF VENTURE CAPITAL FINANCING

- **Long term** source of investment
- **Equity participation** through direct purchase of shares or convertible securities
- Participation in the **management of entrepreneur's business**
- **Provide services of marketing, technology, organizational structure**
- Enters when access of **funds from conventional sources become difficult**
- The **business must have high potential of growth**, not averse to the risk
- Flow of **funds in a phased manner** and can be in a form of debt also in initial stage
- **Not a permanent equity holder**
- Ensures **the exit route in the appropriate manner** - ensuring the interest of the entrepreneur as well

	<p style="text-align: center;"><u>VENTURE CAPITAL PROCESS</u> – The 6 Steps!</p> <ul style="list-style-type: none"> ➤ The preliminary screening ➤ Due diligence ➤ Negotiations ➤ Signing of MOU ➤ Flow of funds ➤ Exit 	
8.	<p>Why is 'Intrapreneurship' given so much importance now a days? How it can be developed deliberately within the organization? What are the MAIN CHALLENGES?</p> <p>"INTRAPRENEURING LIES AT THE HEART OF A LEARNING ORGANIZATION". Comment upon this statement and enumerate the steps involved for developing intrapreneurial skills in the organization</p> <p>A director of a company wishes to introduce intrapreneurship in his organization – what are the STRATEGIC ACTION PLANS that he could introduce?</p> <p>Who is an Intrapreneur? What ROLE DOES AN INTRAPRENEUR PLAY in an organization? How best can one sustain and nurture intrapreneurs? (OR)</p> <p>Who is an Intrapreneur? What benefits are conferred by Intrapreneuring within an organization? Illustrate your answer with SUITABLE EXAMPLES.</p>	<p>Apr 2014</p> <p>Apr 2012, 2009</p> <p>Apr 2011</p> <p>Apr 2007, 2006</p>
ANSWER:	<p>INTRAPRENEURSHIP:</p> <ul style="list-style-type: none"> • It is a <u>corporate entrepreneurship</u> • It is <u>entrepreneurship in existing business</u> • They <u>bridge a gap between a manager and an innovator</u>. • Their contribution is in taking new ideas and even working prototype and turning them into profitable products and businesses. • The rise of the Intrapreneur is driven in part by a <u>restless, younger workforce eager to make a real impact with their careers</u>. • The word, "Intrapreneur" is iconic for many millennials. They use it as shorthand for the freedom to pursue their own ideas and the chance to make a meaningful difference early in their careers. This is what millennials are demanding. • The rapid growth of corporate programs in Intrapreneuring is also driven by a rapid rise in the strategic importance of internal innovation. 	

- Just as innovation in startups requires entrepreneurs, innovation in big companies requires intrapreneurs.

CHARACTERISTICS OF INTRAPRENEURSHIP

An Intrapreneur is not far removed from an entrepreneur. The **major difference** being that an entrepreneur risks his own money where as an Intrapreneur works with his employer's money. Thus, the risk level of an Intrapreneur is considerably reduced. Secondly, the desire for independence and material success is not as strong in case of Intrapreneurs.

ADVANTAGES OF INTRAPRENEURSHIP:

- Intrapreneurial ideas offer a way to **build onto or improve the corporate business**
- Capital for the idea is easy to come from internal sources within a corporate identity
- Corporates offer economies of scale in marketing, distribution and service.
- The Intrapreneur **retains the job security but as well enjoys the freedom** and prosperity.
- **MOTIVATION:** The prospect of a new business venture, though a startup of one entrepreneur or a venture inside a company, motivates people to achieve. An organization should encourage employees to innovate by providing the right working environment. Some conditions that **foster innovation** are encouraging new ideas, providing access to resources, supporting trial and error and failure, and multi-disciplinary teamwork.
- **STABILITY:** In a firm that encourages innovation, or ways to improve operations and products and create new products, the owners and employees enjoy economic stability. This company adapts to changes in the market to stay competitive and therefore has a **better chance for survival**. Stakeholders, although not innovators themselves, share in the economic stability provided by innovation. Without new business ideas, a company might lose its relevance in the market, which can lead to scaling down operations.
- **TAPPING NEW MARKETS:** Entrepreneurs and intrapreneurs find ways to tap new markets. When the new business venture grows, employment increases and other businesses crop up to provide services to workers of that business venture. Therefore, the emergence of a new market provides fuel for overall growth.

- **SHARING RESOURCES:** Intrapreneurs need access to upper management to share their ideas. Entrepreneurs can try out their ideas directly. Consider the business owner who starts a printing business. He orders printers, toner and copy paper from other providers, negotiating deals to manage his costs. He also provides a valuable service to customers. The printing business becomes part of a supply chain. Entrepreneurs (and intrapreneurs) brainstorm how to maximize relationships in the supply chain with and between suppliers, competitors and consumers.

“CHALLENGES TO INTRAPRENEURSHIP”

While more and more companies open their minds to this idea of employee driven innovation, it requires a dramatic shift in culture, thinking and management styles which ensures some form of internal resistance.

1. CULTURE IS TOUGH TO CHANGE
2. STRUCTURAL & OPERATIONAL COMPLEXITY OF BUSINESSES MAKE INNOVATION DIFFICULT
3. EFFICIENT IMPLEMENTATION IS DIFFICULT WITHOUT CONFLICTS
4. SUPPORT ISN'T EASY TO FIND
5. EXPECTATIONS ARE DIFFICULT TO MANAGE
6. FOCUS IS CHALLENGING TO KEEP
7. FAIR REMUNERATION IS DIFFICULT
8. EMPLOYEES MAY FEEL DISAPPOINTED WHEN THEY FACE FAILURE IN TRYING THEIR NEW IDEAS

“DEVELOPING INTRAPRENEURIAL SKILLS IN ORGANIZATION”

STEP 1: CREATE THE ENVIRONMENT NECESSARY TO SUPPORT AND ENCOURAGE IT

CORPORATE ENVIRONMENT. Share with staff your **definition of entrepreneurship and intention of fostering** it throughout the corporation well before the plan is complete and the details fixed. **Poll staff's fears**, seek their input and suggestions: create an **atmosphere of excitement and support**.

CORPORATE VISION. Revisit with staff your **corporate vision, mission and values.** If these do not permeate the organisation like the rings of a tree, take the steps necessary to make that happen.

INTRAPRENEURIAL ENVIRONMENT

- ✚ Organization operates on frontiers of technology
- ✚ New ideas encouraged
- ✚ Trial and error encouraged
- ✚ Failures are allowed
- ✚ Resources available and accessible
- ✚ Multidiscipline teamwork approach
- ✚ Long time horizon
- ✚ Appropriate reward system
- ✚ Support of top management

STEP 2: BUILDING YOUR STAFF'S SKILLS FOR INTRAPRENEURSHIP

✚ **PERSONAL GOALS.** Are your people encouraged to develop their own personal missions, visions and values? If not, help staffers create them. **Should the two be mutually exclusive,** then it is in everybody's best interests to help those concerned find another corporation in which there will be no conflict.

✚ **TRAINING.** As part of your professional/personal development program offer the associated courses to your staff. Help them to be their best in every area of their lives, including the promotion of your corporation.

✚ **EMPOWERMENT.** Are there any clients with whom your employees have difficulties working? On the one hand you clearly want to avoid bringing in work that is simply going to create friction, but on the other, your people may have a different perspective that eliminates the problem.

✚ **SIMPLICITY.** Give your people the language to express the business of your corporation in simple terms as well as the appropriately technical. The more they share your business and its achievements with all around them, the more people in their lives will understand

	<p><u>the work of your company and the more leads will come</u> from completely unexpected sources.</p> <ul style="list-style-type: none"> ✚ HELP STAFFERS EFFORTLESSLY INTRODUCE THEMSELVES. Help your people to effortlessly introduce themselves to individuals and groups not in terms of what they do, but the benefits they bring to the corporation's clients. ✚ HELP STAFFERS EFFORTLESSLY INTRODUCE YOUR COMPANY. Help your people find the language uniquely right for them to introduce your corporation to individuals and groups in terms of the benefits of its range of services. ✚ NETWORKING. Present or arrange a networking workshop for staff. Have them learn networking skills, teach them about relationship marketing, have them practice asking the open-ended questions. Follow up with group coaching sessions to help staff find the right language for each situation, to disengage from fruitless conversations and to reprise any interactions that didn't go as well as anticipated. ✚ SEARCH FOR OPPORTUNITIES. Where do staff go, to whom do they speak, what do they read? Entrepreneurship is not for inside the head only. Your people may already be surrounded by untapped business opportunities. Their lives outside of work may not change at all but they will be <u>more alert to opportunities</u> as they arise and the way in which they present themselves will attract more business enquiries. Help them develop their strategies for capitalising on all the opportunities, existing and as yet unrecognised. 	
9.	<p>What are the various SUPPORT SYSTEMS available FOR BUDDING ENTREPRENEURS IN India? What role do they play?</p> <p>There are various types of organizations rendering assistance to entrepreneurs in India. Narrate the NAMES OF SUCH ORGANIZATIONS and explain the specific role they play in assisting entrepreneurs</p> <p>What role do support organizations play in nurturing effective entrepreneurship in the country? Indicate a plan of action for further strengthening their performance.</p> <p>Bring out the nature and significance of "TECHNOPRENEURSHIP". How can the various support organizations try to promote this concept more effectively?</p>	<p>Apr 2014</p> <p>Apr 2012</p> <p>Apr 2008</p> <p>Apr 2007</p>

ANSWER:

Support Organisations

1. Small industries development organisation (SIDO)
2. Small industries service institute (SISI) - it's a service agency
3. National small industries corp. Ltd. (NSIC)
4. Small industries development bank of India (SIDBI)
5. Technology bureau for small enterprises (TBSE)
6. Maharashtra industrial development corp. (MIDC)
7. Maharashtra small scale industries development corp. Ltd. (MSSIDC)
8. Maharashtra industrial & technical consultancy services ltd. (MITCON)

SSI / MSME (Services & Manufacturing)

Manufacturing – Plant & Machinery (> 25 lacs, > 5 Cr, >10 Cr)

Services – Equipment's (>10 lacs, >2 Cr, >5 Cr)

Subsidy only to Micro & Small: (Prescribed by RBI to Indian Banking Association)

Priority Sector Lending (Agriculture, Housing, Education, SSI/MSME): Bank 40% mandatory

Subsidy from **NSIC** based on performance & credit rating given by CRISIL, CARE, ICRA (i.e.; 75% of rating)

- 75% of ISO 9001-2008 Fees provided by **NSIC**
- NSIC – GP Certification: EMD (Earnest Money Deposit) can be waved off for Government tenders

District of Industry Center (DIC): Issues MSME registrations to the companies covered under MSME Development Act, 2006. Under this act, if any company is unable to pay to the supplier within 45 days, then as per this act, the buyer can charge 3% of interest to the supplier which is notified by RBI. Under MSME dev act, corporate companies have to pay small & micro companies on time or else 3% interest.

Technology Upgradation Scheme (TUSS): If a registered micro or small enterprise is purchasing a machine up to INR. 1 Cr, 15% rebate on machine is given by government

10.	<p>Can entrepreneurship be acquired by teaching or entrepreneurs need to be born? What is your opinion? Explain</p> <p>'ENTREPRENEURS ARE BORN AND NOT MADE'. Do you agree? Give reasons in support of your contention.</p> <p>Can Entrepreneurship be 'taught' to people or is it merely an in-born quality? Analyze the pros and cons of this statement.</p>	<p>Apr 2014</p> <p>Apr 2010</p> <p>Apr 2006</p>
ANSWER:	<p>Entrepreneurs are not born. Entrepreneurs are not like athletes, they don't need natural inherent body and muscles. An athlete's child may grow up an athlete, but it would not happen in an entrepreneur's family. Many businesses bankrupted every day, including some entrepreneur's family. However, entrepreneurs are nurtured and made, and they own some special qualities and also need some trainings and experiences as athletes. Many people from non-entrepreneur's families start their own business and become entrepreneurs' every day.</p> <ul style="list-style-type: none"> - Dhirubhai Ambani, the most enterprising business man whose father is a school teacher, started his business on his own. - Warren Buffett, is not born as an entrepreneur either. He started his company when he was 27 years old using his earns from his pervious investments, made a great profit from his unique and accurate opinion on the stock market, and his Berkshire industrial Kingdom became a famous huge business in the world. <p>There are many examples of entrepreneurs who started their businesses as a green hand, instead of inheriting from their families. Thus we could not say that entrepreneurs are born, however, the entrepreneurs acquired many qualities that made them success.</p> <p>The main quality of entrepreneurship is INNOVATION, <u>which is not obtained naturally.</u> Innovation is a new product, a new technology, a new source, and a new market. There are many examples of entrepreneurs bankrupted due to lack of innovation.</p> <ul style="list-style-type: none"> - For example, Carrozzeria Touring, an Italian automobile coachbuilder company, ceased his business in 1966, due to the substitution of the new automobile construction (van den Brink, n.d). - On the other hand, the famous company, Apple, make its success by innovation. As we all know, Apple will release his new product or innovation of its existing products every 	

year, and the big success of iphone, ipad and imac make Steven Jobs the most well-known famous entrepreneur.

- It is the same with Microsoft. Microsoft releases its new products every year. We all have noticed that every year we will update our system to the new window. The popularity of the system proves the success of Microsoft, and makes Bill Gates the famous entrepreneur.

After all, the **sense of innovation is not grown natural, it COMES FROM OPPORTUNITIES**. When there is problem, there are opportunities.

- Several years ago, there were no software in the computer, and Bill Gates made his entrepreneurship from creating the first software, window.
- The Body Shop International, was created by Anita Roddick because "She was tired of paying for unnecessary perfume and fancy packaging when she bought makeup". The problem that Anita faced made her start her own business to solve the problem. The problem finding quality is the quality that everyone were born with, and the opportunity is just coming from those problems.

The **second quality of entrepreneurship is EXPERIENCE**, which is exactly extracted from posteriority. About 60 percent of the entrepreneurial leaders are "transitioned", and the number one ranking factor of success is the experience as the employee. From the previous experience, the entrepreneur can easily tackle the key of a problem and forecasting the development of his or her business.

- Yu Min Hong, a great entrepreneur, started his tutoring school, New Oriental, after his experience of teaching and tutoring in Peking University. He extracted his way of teaching from his previous experience of teaching, and used the teaching method in his company. The big success of New Oriental make Yu Min Hong one of the greatest entrepreneurs in China, and his method of teaching spreads all over the country.

The rules of business are simple, making a business plan, initiating your customers, operating and developing the business. From your previous experience, you will have the blueprint of your business, and moreover, you have already have your customers when you start. Thus with your employment experience, you are actually jumping the first two steps, which are making a business plan and getting customers, and directly shortcut into the third step -- operating and developing the business.

11.	<p>What are the various QUICK START ROUTES available to entrepreneurs? Discuss their relative merits and demerits?</p> <p>What is meant by franchising? Why is it said to be a gift of the 20th Century to the world of business? Also discuss the MERITS AND DEMERITS of franchising as a quick start route to business.</p> <p>Compare and contrast the relative merits and de-merits of (a) FRANCHISING and (b) ANCILLARISING as a quick-start route to entrepreneurship.</p>	<p>Apr 2013, 2012</p> <p>Apr 2010</p> <p>Apr 2007</p>
ANSWER:	<p style="text-align: center;">“FRANCHISING”</p> <p><i>A management whereby the manufacturer or sole distributor of trademarked product or services gives the exclusive rights of local distribution to independent retailers for their payment and conformance to standardized operating procedures.</i></p> <p><u>Types of Franchising</u></p> <ol style="list-style-type: none"> a. Product Franchising (e.g. McDonald’s, Monginis, Barista) b. Process Franchising (NIIT, Aptech, Euro kid) c. Business Format Franchising (e.g. Mckinsey, Ernst & Young) <p><u>Advantages to the Franchisee</u></p> <ul style="list-style-type: none"> ✚ The entrepreneur does not have to incur all the risks that are often associated with starting a business from a scratch. ✚ Enters into a business that has an accepted name, product or service ✚ Managerial assistance and upfront support is often provided by the Franchiser. ✚ Knowledge and behavioral pattern of the market ✚ Maintaining quality control of products and services <p><u>Advantages to the Franchiser</u></p> <ul style="list-style-type: none"> ✚ Market Reach ✚ Focus on manufacturing, quality control, product and service innovations ✚ Expansion programmes ✚ Better financial management <p><u>Disadvantages of Franchising</u></p> <ul style="list-style-type: none"> ➤ Inability of franchiser to provide service, advertising and location, data and actionable points from market research, meeting timelines ➤ Franchiser is bought out by another company. ➤ Territorial protection. ➤ Renewal of agreement/ advancement/ growth 	

“ANCILLARISATION”

Industrial undertaking having investment in fixed assets in plant & machinery ***not exceeding INR 2 crores*** and engaged in: Manufacturing of parts, components, sub-assemblies, tooling or intermediates and Rendering services and supplying not less than 50% of its production to one or more other industrial undertakings for production of other articles

Areas of Ancillarisation

<u>Industry</u>	<u>Anc.range(%)</u>
Automobile	50 to 90
Industrial machinery & machine tools	20 to 40
Chemical & Pharmaceuticals	15 to 30
Consumer durables	10 to 50

Advantages of Ancillarization

- ✚ Minimizes set up cost
- ✚ Low level of Inventory
- ✚ Economical Sourcing
- ✚ Better Quality Standards
- ✚ Complementary Role
- ✚ Development of Entrepreneurial Skills

Disadvantages of Ancillarization

- Dependence on parent company
- Obsolescence
- Multiplicity of suppliers by parent company
- Securities like earnest money deposit
- Delay in receiving payments

Government Initiatives to promote Ancillarization

- ✓ Sharing successful company experiences
- ✓ Training on ISO / QS 9000

- ✓ Collaboration on Benchmarking Services
- ✓ Joint Projects for Productivity Improvements
- ✓ Technology Development Projects
- ✓ Trade Delegations Worldwide / Trade Fairs / Exhibitions
- ✓ Global Dissemination of Information
- ✓ Linkages Building / Networking
- ✓ Science & Technology Parks
- ✓ Vendor Development Programmes
- ✓ Sub-contract Exchanges
- ✓ Cluster-development Program
- ✓ Purchase & Price Preference Scheme

“ACQUISITION”

“An acquisition is the purchase of a business or a part of it so that the acquired business is completely absorbed and no longer exists as a business entity.”

Whether the acquisition will become the core of the business or represents a needed capability, such as a distribution outlet, sales force or production facility, the entrepreneur must ensure that it fits well in the overall direction and structure of the strategic plan of the present venture. Acquisition is a start-up option as well as growth strategy.

Advantages of an acquisition

- ✚ An existing business will have an operation in place and thus can avoid some of a new venture’s risks and challenges
- ✚ An entrepreneur typically starts with some profits and positive cash flow
- ✚ Market speculation and uncertainty in sales projections are reduced because the business already has a track record.
- ✚ Condition of the plant and equipment (assets), if any, is known.
- ✚ Bankers and lenders and new outside investors feel more comfortable while lending or investing in an established business.
- ✚ The previous owner brings valuable experience to the enterprise.
- ✚ Fixed assets can be purchased for less in a buyout.
- ✚ Existing business may have a developed market structure of suppliers, wholesalers, retailers etc.

	<ul style="list-style-type: none"> ✚ Employees of the existing business can be an important asset. ✚ The entrepreneur can spent more time in assessing new opportunities to expand or strengthen the business. <p><u>Disadvantages of an acquisition</u></p> <ul style="list-style-type: none"> ➤ The existing business may have marginal success record or even failure ➤ The business if acquired at an inflated purchase price reflecting unwarranted goodwill or a faulty business model ➤ One may end up inheriting someone else' problem. ➤ The existing products are in the decline phase of the life cycle. ➤ Employees may have difficult time to adjust with the new management 	
12.	DEFINE INNOVATION. What are the TYPES AND SOURCES OF INNOVATION so as to apply them in Business?	Apr 2013
ANSWER:	<ul style="list-style-type: none"> ➤ Creative means: Involving creation or invention; showing imagination and originality ➤ Innovative means: Introducing something new ➤ Inventive means: Making or Designing something new (Oxford Dictionary) <div style="background-color: black; color: white; padding: 10px; margin-top: 10px;"> <p style="text-align: center; font-size: 1.2em;">Types of Innovation</p> <ul style="list-style-type: none"> ☞ Efficiency Innovation: Internally focused ☞ Evolutionary Innovation: Incremental Achievements ☞ Revolutionary Innovation: Externally focused </div>	

	<h2 style="color: #C8513E;">Seven sources of innovation opportunities</h2> <p><i>Sources (descending order of reliability and predictability)</i></p> <h3>Changes within the enterprise or industry</h3> <ul style="list-style-type: none"> • The unexpected (success, failure and events) • The incongruity (between reality and 'ought to be') • Innovation based upon process needs • Changes in industry structure or market structure (that catch everyone unaware) <h3>Changes outside the enterprise or industry</h3> <ul style="list-style-type: none"> • Demographics • Changes in perception, mood and meaning • New knowledge (scientific and non- scientific) 	
<p>13.</p>	<p>CREATIVITY IS THE PRIMARY MOTIVATION in entrepreneurship. An entrepreneur looks from different points of view e.g. how would you apply the creativity process to:</p> <ol style="list-style-type: none"> a. Car b. Mobile c. Bank d. Printing e. Stapler f. Handkerchief g. Ball point pen 	<p>Apr 2013, Apr 2011</p>
<p>ANSWER:</p>	<div style="text-align: center;"> <h2 style="color: #4F7942;">The Questions to be Asked</h2> </div> <p>Red Hat: How do I feel about this right now?</p> <p>White Top Hat: What information do we have? What information do we need?</p> <p>Yellow Hard Hat: What are the good things about this? What are the strengths and pluses? How will it help us? Why will it work?</p> <p>Blue Beret: What is our focus? What thinking is needed? What have we done so far? What do we do next?</p> <p>Black Witch Hat: What are the minuses about this? What are the weaknesses? What might go wrong with this?</p> <p>Green Hat: What is possible? What ideas do you have?</p>	

14. Outline and discuss the **SOCIO-CULTURAL, LEGAL ECONOMIC, POLITICAL AND TECHNOLOGICAL** factors which can make or mar the entrepreneurial climate in the country.
 Discuss the various socio-cultural, legal or regulatory, economic, political and technological factors which have the effect of shaping the climate for entrepreneurship. Give appropriate examples drawn from both the domestic as well as international scenario

Apr 2012,
 2009, 2008

ANSWER:

POLITICAL	ECONOMIC	SOCIAL	TECHNOLOGICAL	LEGAL	ENVIRONMENTAL
Government stability and initiatives Deregulation Privatisation Foreign trade regulation Taxation policy	Business cycles Interest rates GNP trends Money supply Credit control Inflation Unemployment Disposable income Competitor's pricing	Population demographics Income distribution Social mobility Lifestyle changes Educational and vocational qualifications Working conditions Attitudes to work and leisure	Spending on research by Government and industry Speed of technology transfer New materials and processes Refinements in equipment such as: robotics, computers, fax machines Information technology development	Health & safety law Employment regulations Monopolies legislation New restrictions on trade and product standards Restrictions on working hours – EU integration	Pollution control Noise levels Parking restrictions in towns and cities Additional requirements on manufacturing processes The disposal of waste

EXAMPLE OF HEALTHCARE INDUSTRY:

Issue	Impact on Business
Political	
<ul style="list-style-type: none"> Growing political focus and pressure on Healthcare Global governments looking for healthcare savings. Harmonization of healthcare across Europe. 	<ul style="list-style-type: none"> Cut backs (loss of business) more pressure on pricing. Increase pressure on pricing. Reference pricing, exposing prices across borders.
Economic	
<ul style="list-style-type: none"> Global economic crisis. Reduction in individual disposable income. Increasing number of buying groups putting pressure on pricing. Reduction in Pharma Growth. 	<ul style="list-style-type: none"> Reluctance of consumers to spend on healthcare. Again, an increased pressure on pricing, however market is likely to grow due to aging population. Need to introduce value adding processes. Increased pressure from shareholders.
Social / Culture	
<ul style="list-style-type: none"> Patient awareness, changing expectations. Patient /public activism is also increasing (e.g. harnessing new social networking technologies). Increasing age of population & growth in obesity. 	<ul style="list-style-type: none"> More pressure on customer service, increased need for education and more price transparency. Better intelligence gathering requires. Market likely to grow with increasing health concerns.
Technological	
<ul style="list-style-type: none"> New info and Comms technologies (Social Media). Customized Treatments. Direct to Patient Advertising. 	<ul style="list-style-type: none"> New digital opportunities: creating new "e-models". Direct to patient communications. More responsive service facilities required.
Legislation	
<ul style="list-style-type: none"> Changes to advertising laws. Increased litigation. Global inconsistencies. 	<ul style="list-style-type: none"> Need to focus on Education. Quality becomes key. Unable to rationalize (US and European markets require different formulas).
Environmental	
<ul style="list-style-type: none"> Growing environmental agenda and community awareness. 	<ul style="list-style-type: none"> Identify eco opportunities to market.

15.	WORKING CAPITAL CYCLE STARTS WITH CASH AND ENDS WITH CASH. Comment by giving suitable examples.	Apr 2011
ANSWER:	<pre> graph TD Cash --> RawMaterials[Raw materials, wages, expenses] RawMaterials --> Stock Stock --> WorkInProgress[Work in progress] WorkInProgress --> FinishedGoods[Finished goods/service] FinishedGoods --> Revenue[Revenue (Sales)] Revenue --> Debtors Debtors --> Cash </pre>	
16.	Your father has been running a petrol pump for the past 15 years in a traditional manner. You have now inherited the petrol pump, what STRATEGY would you apply to IMPROVE THE BUSINESS?	Apr 2011
ANSWER:	<p>A. What your competitor does not have, which you can take advantage of?</p> <ul style="list-style-type: none"> – Build on his weakness? <p>B. New strategy to garner customers</p> <ul style="list-style-type: none"> i) Increase foot-falls by installing more <u>customer touch points</u> at your station. Like an ATM. ii) Tie-Up with e-commerce companies as a <u>delivery pick-up point</u>, where customers can come and pick their shipments, ordered online. iii) Look for big wholesale customers, like <u>tour operators, school bus operator and office transport companies</u>; offer them some discount and some credit facility. iv) Start community exercise, like <u>planting trees in the neighborhood</u>. Take a roundabout for maintenance from Municipal Corporation. Whenever people would see nice plants and flowers, <u>they will remember your pump and shall incline to come at your place more often</u>. v) Offer every customer water, with a smile. Costs nothing but build long lasting relationship. And if after you, <u>everyone starts the same practice, you can be proud of the fact, where this started</u>. vi) Have all female staff, as pump attendant. By that I mean in a positive sense. You should project your pump as the one on the forefront of equal gender rights. The 	

	<p>biggest fall-out of this is, the <u>ladies would be more prompted to have a refill at your pump.</u></p> <p>vii) <u>Fly the Indian National Flag at your pump respectfully.</u> We all are pseudo-patriots and always look for avenues, to pacify the nationalist within us. This could be a good hack to attract more people.</p> <p>viii) <u>Do not keep any kind of gasoline vehicle parked at your petrol pump.</u> Keep a string of bicycles only, with their mud-guards painted in one unifying color, to signify that they belong to your pump. Keep a sign near the bicycles - "<u>Ride bicycles and save the planet</u>". People come to the place, which is the talk of the town. Bicycles only pump is a good talking point, and spreads via word of mouth.</p> <p>ix) If you have old dispensers, upgrade to the new ones. Also goes for surrounding areas of dispenser. Use earthen pots to keep ornamental plants. <u>Keep the place as clean as possible always.</u> Provide a pleasant experience.</p> <p>x) <u>Celebrate all festive occasions,</u> irrespective of religion, from 1st January to 31st December. Put up a smart "Wish you happy XXXX" and offer all customers on that day, couple of chocolates may be. Make them your part, be a part of them.</p>	
17.	<p>Write Short Notes On:</p> <ul style="list-style-type: none"> a. Managing Risk in Entrepreneurship b. Support Institutions for Small Industries c. Ancillarization as a quick start route d. Venture Capital e. Business Plan f. Franchising as a source of entrepreneurship g. Role of SIDBI in nurturing entrepreneurship h. Working capital management for running a successful venture i. Venture Capitalist j. B.P.O k. People Management l. Role of an Information Technology vis-à-vis Entrepreneurs – utility thereof and benefits available to them <p>{All Short Notes are Part of the Answers Above}</p>	<p>Apr 2015</p> <p>Apr 2015,</p> <p>2012</p> <p>Apr 2014,</p> <p>2011</p> <p>Apr 2014</p> <p>Apr 2014</p> <p>Apr 2014,</p> <p>2013, 2011</p> <p>Apr 2013,</p> <p>2012, 2011</p> <p>Apr 2013,</p> <p>2009, 2006</p> <p>Apr 2013,</p> <p>2011, Apr</p> <p>2012</p>