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MBCIV - 2 – Entrepreneurship Development

Unit – II

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Program Objectives

- PO1:** Apply knowledge of management theories and practices to solve business problems.
- PO2:** Foster Analytical and critical thinking abilities for data-based decision making.
- PO3:** Ability to develop value based leadership ability.
- PO4:** Ability to understand, analyze and communicate global, economic, legal, and ethical aspects of business.
- PO5:** Ability to lead themselves and others in the achievement of organizational goals, contributing effectively to team environment.

Program Objectives

PO6: Ability to evaluate a business idea and formulate a feasible business plan.

PO7: Recognize the need for and have the orientation and ability to engage in an independent & lifelong learning in a dynamic business environment.

PO8: Ability to appraise and explain societal and environmental aspects of business.

Course Objectives Of ED

- **CO1- Develop** solutions for the problems faced by women entrepreneurs.
- **CO2-Illustrate** different methods of generating business ideas.
- **CO3- Justify** the importance of business plan in starting a new business.

Course Objectives Of ED

- **CO4- Explain** project appraisal with example.
- **CO5- Classify** feasibility study and inspect their role in setting up a printing business.
- **CO6-** Entrepreneurs should be socially responsible. **List** the motives.

UNIT II: Starting the venture :

- Generating **business idea** – source of new ideas, methods of generating ideas, steps in setting up a small business enterprise,
- Introduction to **business plan**: Concept of business plan: need and use. Key elements of business plan: Executive Summary, Business Description, Relevant information about the company, its legal form of operation, Production Plan, General Errors in Preparation of Business Plan.

Unit Objectives

- Understanding Innovation and creativity.
- Sourcing & Methods of generating new Ideas
- Steps in setting up small enterprise.
- Concept of business plan; Need and use.
- Key elements of business plan - Executive Summary, Business Description, Relevant information about the company, its legal form of operation, Production Plan.
- General Errors in Preparation of Business Plan.

Creativity, Invention and Innovation

- Creativity is the capability or act of conceiving something original or unusual
- Innovation is the implementation of something new.
- Invention is the creation of something that has never been made before and is recognized as the product of some unique insight.

Creativity & Innovation

- One way smaller firms may compete with their larger rivals is by being better at the process of innovation, which involves creating something that is new and different. It need not be limited to the creation of new products and services.
- **Innovation** can involve new ways in which a product or a service might be used. It can involve new ways of packaging a product or a service. Innovation can be associated with identifying new customers or new ways to reach customers. To put it simply, innovation centers on finding new ways to provide customer value.

Business Idea

- A **business idea** is a concept that can be used for financial gain that is usually centered on a product or service that can be offered for money. An idea is the base of the pyramid when it comes to the business as a whole.
- The characteristics of a promising business idea are:
 - Innovative
 - Unique
 - Problem solving
 - Profitable

Major Sources of Business Ideas

- a) Surveys - Business ideas can be generated from market surveys indicating or showing which sector is viable or possibly void of products.
- b) Training.
Business ideas can be acquired through training individuals where they are equipped with necessary skills and knowledge.
- c) Experience.
An idea can also be generated from experience.
- d) Hobbies.
Hobbies are what one is fond of doing most of his or her time. At least each and every one finds something interesting and comfortable doing every time.

Major Sources of Business Ideas

- e) Talents - A business idea can also come from individual talents. For instance, if you are talented to play football, you might spot an idea in supplying football kits to customers in the market.
- f) Strengths of an individual - For instance, if you have a particular strength in helping out clients through consultations, that could form a base to start a business.
- g) Market gaps (niche) - Spotting a gap in the market can also form an idea. Sometimes, a particular area in the market may be empty with nobody really providing some goods or services needed by customers. This is what can be formed to an idea.

Major Sources of Business Ideas

- h) Events - A business can also be generated through attending events in which new ideas are exchanged.
- i) Media - Reading magazines, newspapers and such published materials that contain business related issues can help one generate an idea.
- j) Shows and exhibition - An idea can also be extracted from shows and exhibitions.
- k) Recognizing needs. - An idea can also be generated from recognition of what customers need in the market.
- l) Merging existing businesses - Business people can also come up together to merge their business as a new development towards achieving or getting more customers or for provision of better services to customers.

Major Sources of Business Ideas

- Consumers
- Existing products and services
- Distribution channels
- Federal government:- The files of the patents.

The new product ideas can come in response to government regulations.

- Research and development:- Collect the data depending upon the need of the customers.

Major Sources of Business Ideas

- **Focus groups:-** Groups of individuals providing information in a structured format.
- **Brainstorming:-** A group method for obtaining new ideas and solutions. Allows people to be stimulated to greater creativity by meeting with others and participating in organized groups experiences.
- **Problem Inventory Analysis:-** A method for obtaining new ideas and solutions by focusing on problems.

Steps in Setting up small enterprise

Step 1 – Write a Business Plan. ...

Step 2 – Get Help and Training. ...

Step 3 – Choose Your Business Location. ...

Step 4 - Understand your Financing Options. ...

Step 5 – Decide on a Business Structure. ...

Step 6 – Register Your Business Name

Step 7 – Get a Tax ID. ...

Step 8 – Register with Tax Authorities

Step 9 - Apply for Permits and Licenses

Step 10 - Hiring Employees

Business Plan

- It is a written statement of what an entrepreneur proposes to take up.
- A business plan is a written description of your business's future, a document that tells what you plan to do and how you plan to do it.
- It is a roadmap of launching a business initiative based on a thorough analysis of external environment & need and a thorough scheme for execution of the initiative.
- It covers both operational (marketing & processing) & financial dimensions.

Contents of the Business Plan

- Table of Contents
- Executive Summary
- General Company Description
- Products & Services
- Marketing Plan
- Operations Plan
- Management & Organization
- Personal Financial Statement
- Start-up Expenses and Capitalization
- Financial Plan

General Errors in Preparation of Business Plan

- Product Selection
- Capacity Utilization Estimates
- Market Study
- Technology Selection
- Location Selection
- Selection of Ownership Form

Assessment Questions

1. What is a business idea? What are the major sources of generating business ideas?

Students should understand the meaning and definition of business ideas & what are the major sources of generating business ideas.

2. List out the steps in setting up a small business enterprise.

Students should write down the steps of setting up business enterprise.

3. What is a business plan and what are its contents?

Students should know the importance of business plan and its contents.

Book Reference

- Entrepreneurial Development by S.S.Khanka.
- The Dynamics of Entrepreneurial Development and Management by Vasant Desai.

