

- Understand the concept of Business Plan
- Identify various personality types for starting any venture
- Understand the role of society and family in the growth of an Entrepreneur
- Differentiate between Feasibility Study and Business Plan
- Understand the reasons for success and failure of Business Plan
- Understand the organisation and direction of activities in a business venture

Nandita Bijur



Nandita Bijur is the best person to answer these questions because this is exactly what she did. Tall and attractive, Nandita exudes strength, determination and drive. She started her business with an investment of only Rs. 5000 from her personal savings and through sheer grit and hard work, turned it into a huge success.

But there was no one around to take her for shopping. Her father did the best he could, but he couldn't do very much. She had two aunts who were kind and loving and she is eternally grateful to them.



The highlights of her life were those rare occasions when someone took her to visit her mother. She loved her mother dearly and her heart ached for her and she desperately wished she could wave a magic wand and make her well. But her mother's condition did not improve.

Nandita's inner strength and determination surfaces

Most relatives were not very kind and sometimes forgot she and her brother even existed. It hurt her deeply when they were not invited to their first cousin's wedding.

Relatives frequently referred to her as 'poor Nandita', which burned her up. Very early in her teens Nandita decided that she was not a 'poor thing' and refused to be called that. She would show 'them'. She decided that a day would come when the same people who now pointed to her and said, "There goes Malti's daughter, poor thing": would say instead, "There goes Malti's daughter, the successful businesswoman."

Nandita's husband, a good, kind man

Nandita married in her early 20's. Her husband was supportive. "He has a quiet strength that is very healing," she says. That was the beginning of her turnaround. Nandita was a school teacher and her husband, Pramod, a chemist. Neither had any entrepreneurs in their families. But they had a shared dream-to start a small business of their own. However, there was one big problem. They didn't have the capital to invest in a business. Soon they had two children and they needed both their incomes to live a comfortable life.

The idea for an ice cream mix

One evening, on his way back from work, Pramod felt like eating some ice cream. He noticed an ice cream mix in a store and bought it. When he got home, he asked Nandita to make some ice cream using the mix, which she did. When they finished their dinner, they had the ice cream for dessert. Nandita was disappointed. It just didn't taste as good as the ice cream she had earlier made at home. That night when everyone went to sleep, Nandita tossed and turned in bed thinking about the perfect ingredients that would make a great ice cream mix.

At about 4 a.m she woke up, tiptoed into the dining room, and wrote down on a piece of paper the recipe for an ice cream mix. Little did she know then that this recipe that she penned down on a scrap of paper in the wee hours of the morning, would, a few years later, make them rich.

When Pramod woke up in the morning, Nandita gave him the piece of paper with the recipe for the ice-cream mix and told him, 'I know what our business is going to be. We're going to make an excellent ice-cream mix that people are going to love. When she made the ice cream at home with her own recipe, her kids exclaimed, 'Mummy, this is yummy! She decided to call it "Yummy Ice-Cream." She took out Rs. 5000 from her savings account and invested it in buying the ingredients and packaging materials.

The start of a business

At first she made the ice cream mix at home in her own kitchen. She packaged it and sold it to friends and neighbours. She continued with her teaching job and made the ice cream mix in the evening. The demand for the ice cream grew in leaps and bounds. Soon it grew so big that she had to work all night and even enlist the help of her children and husband to meet the demand. She realized that she would have to quit her job and do this full time as she couldn't do both. She recognized that she would need to rent a place to make her products. She couldn't continue to do it at home. So she rented a small shed for her first factory in Jogeshwari. It covered an area of 550 square feet.



Malti's daughter becomes a businesswoman

Nandita got a bank loan for Rs. 70,000 for the factory premises and pledged her jewellery to get an additional loan for Rs. 40,000. "I was such a novice that I didn't even know that I needed a current account to run a business," she says.

The first year was very tough. Since her business was new nobody gave her any credit. All her suppliers wanted cash, yet she had to supply her retailers and customers on credit. At first, she couldn't afford to hire many staff so her children helped at the factory after school. During this whole period, the one thing that kept her going was the determination, "Malti's daughter is not a 'poor thing.'"

She told me, "I wanted to prove to myself and others that I could succeed and make something out of my life. I wanted my children to be wealthy. I wanted them to give salaries to others and not work to get a salary. These thoughts kept me going even during the most difficult times."

As Nandita became more and more successful with her ice cream mix, she introduced new products such as Gulabjamun mix and Basundi mix. She now has over 40 products. Soon her sales shot up and she hired more employees. Her husband still continued to work at his job.

A crisis hits and almost wipes her out

Nandita hired a capable distributor for her products. Her sales quadrupled. She hired even more employees and moved to a bigger factory. The distributor suggested a major advertising blitz. So, She invested Rs. 6 lakhs on TV commercials, magazine and newspaper advertisements, displays, bill boards and so on.

Then one day, disaster struck. Nandita did not know that there was already a company by the name of "Yummy Ice Creams" in Goa. Nandita had not bothered to find out if the name "Yummy Ice Cream" was already registered and trademarked by someone else. The businessman from Goa arrived with CBI officers and stormed into her factory and her home. He threatened to sue her until she was ruined. The distributor intervened and mediated and she also took legal advice. They negotiated with the Goa businessman and settled out of court. This proved so expensive that she almost gave up.

Back to square one

Now once again she had no money and nobody would give her any credit. Her accounts in the banks had been closed down. Once again she had to pay cash for everything she bought yet give credit to her retailers and customers. This was a very trying period. Once again, her determination that Malti's daughter will be a successful businesswoman, kept her going. She changed the name of her company to "Uma Food Products" after her mother-in-law and grandmother, who were both called Uma. Her packaged mixes were renamed "Eat-me".

Nandita and her husband save the business

At about this time, Nandita's husband quit his job and joined the business. He became the distributor of their products, thereby saving payments to the distributor.

The first thing she did was to pay off the bank loan because she needed to have a bank account in order to be able to write cheques. For this, she took a loan from a private lender at extortionate rate of 24%. They worked day and night and paid off all their loans. Since that time, things have only looked up. She learned a great deal from her mistakes and felt confident to run a successful business venture. She has been successfully running her business now for the past 9 years.



Nandita's advice to new entrepreneurs:

1. *Don't give up. Keep at it to succeed.*
2. *Pay the creditors, suppliers and vendors on time. It builds credibility.*
3. *Treat employees like family. If employees are happy, one's business will be successful.*

Self Assessment of Qualities, Skills, Resources and Dreams

Identify your personality type before starting a business venture

An article by Bill Wagner answers the question as to whether personality matters in becoming a successful entrepreneur. Recent studies say yes, successful entrepreneurs share a number of common personality traits, and these traits are the predominant indicators of their success. People, who choose business ventures that are in sync with their true personalities, tend to experience the greatest level of success and fulfilment.

Every personality type, and therefore, every person, has the potential to grow a successful business. One just needs to determine the right opportunity. Self-awareness guides us in understanding what's needed to bridge the gap between who we are and what the opportunity requires.

According to him, entrepreneurs can be divided into seven types.



1. Trailblazers:

Trailblazers are very competitive, ambitious and goal-oriented—so much so that they tend to be aggressive and sometimes take a steamroller approach. They are restless and energetic, with a strong drive and a sense of urgency, regardless of the task at hand. They tend to have two speeds: fast and faster. Independent, persistent and decisive, they aren't happy unless they are in charge. Trailblazers are logical, analytical, practical and realistic—they tend to base decisions on facts rather than feelings. They are calculated risk takers.

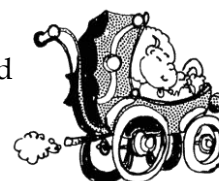
The trailblazers business strengths could include the medical, technology, finance, legal and consulting fields. Being strong strategic thinkers, they focus easily on marketing and operations.

Their challenge is likely to be working with people—they are usually better leaders than managers and need to surround themselves with others, who can manage the people side of the business.

Trailblazers prefer being the driving force of a business. They typically wouldn't buy a franchise or distributorship, but they would start a company that competes with a franchise. They are highly innovative, especially when it comes to taking an idea to the next level.

2. Go-getters:

They have a higher-than-average level of both dominance and sociability and are very driven and independent. They are competitive, but your drive to succeed is sometimes tempered by your interest in and concern for





others. Go-Getters represent the largest percentage of the founders. Their natural style lends itself to managing and leading both processes and people.

They show a great deal of initiative, coupled with a compelling sense of urgency to get things done. Go-Getters are typically good leaders and good managers, excelling at motivating themselves and those around them.

The go-getter's business strengths could include doing well in retail, but may prefer being the outside rainmaker. They work well in ambitious and unfamiliar environments. This means they can invest in, buy or start a business that's totally new to you and still make a success of it. They don't need to be an expert in the field to start the business, they are good collaborators and can learn as they go.

3. **Managers:**

They are dominant and independent. In their case, these two characteristics feed each other, so they can appear to be even more dominant or independent than they actually are. They are also very goal-oriented and can be quite analytical, focusing more on processes and outcomes than on people. They have a tendency to look at people as vehicles for helping them accomplish their goals. Consequently, they sometimes disregard or overlook the people part of the equation or unwittingly offend people with their straightforward style of communication.

Unlike the two previous entrepreneurial types, Managers have a higher-than-average level of relaxation and know that some projects simply take more time to complete and some goals take longer to achieve than others. They are loyal, sometimes to a fault, as they consider their employees to be an extension of their family. They can deal well with customers, especially repeat customers, so they'll probably be great at growing a business.



The manager's business strengths are: Doing things on their own, as great behind-the-scene leaders who love working with systems, concepts, ideas and technologies. They excel at competitive selling because they enjoy overcoming rejection and achieving goals despite obstacles. Managers enjoy working by themselves, and managing others can be a challenge, so they need to hire employees who are better than them at listening and working well with others.

4. **Motivators:**

They have a high level of sociability, an above-average level of dominance, and are both driven and independent. This also gives them the ability to work well under pressure and in autonomous situations. It also means that they will be a great consensus builder, a good collaborator and a driver of change. Just like the name suggests, they are the consummate motivator who does well working by, with and through others.





The motivator's business strengths: Retail can be their game—or any environment where people are a large part of the equation. They do well in almost any business that involves people, as long as it's a somewhat non-confrontational environment.

They can be convincing and avoid most confrontations by creating a strong emotional argument. Motivators do well in the toughest of customer service roles, as they are able to see both sides of the argument. They tend to deal with even the most negative arguments by using the three F's—feel, felt and found—saying, "I understand how you are feeling. In fact, I have felt the same way, but when I learned (inserting their point), what I found was (again, insert your point)."

Motivators excel at leadership or sales. They do well in business with partners, or in a business that involves others. Motivators are good at nurturing relationships and often do best in a business that involves keeping clients for the long term. They thrive in a team environment.

5. **Authoritarians:**

They are the backbone of society. Authoritarians are the loyal workers who make the world function—they make their products, service their systems, and always do it right. As an Authoritarian, they may not always be the best founders of an entrepreneurial enterprise, but they can be an excellent distributor, franchisee or owner of an existing business—they can do well when they purchase an ongoing operation.



They are detail- and tactic-oriented, and motivated by doing things one-way-the right way. They are very conscientious and cooperative, following rules, procedures and policies carefully. Very thorough with details, they're cautious, deliberate, logical and analytical. They are also relaxed, patient and accommodating by nature, and are a great team player who tends to avoid confrontation.

Examples of businesses that fit this personality type would be dry cleaning stores and liquor or convenience stores, where the need for the product or service is strong. They grow their customer base, embracing them with loyalty—they see their customers as an extension of their family.

The authoritarians' business strengths: They often refer to themselves as "accidental" entrepreneurs, because they may end up running a business that was never part of their original plan. Consequently, they're best served by going into a business that embraces their level of expertise or allows them to develop a new level of expertise. Because they are accommodating, they may dislike prospecting, so they may need to be in a business where customers or clients are driven to them. Most authoritarian need a partner with a stronger natural ability to prospect or network. They can be very successful buying a franchise or business opportunity, as long as the organization is well-supported with advertising and marketing.



6. Collaborators:

The primary difference between collaborator and authoritarian is that they have a personality gift called sociability. It's this characteristic that allows them to use their influence to get what they want. It's all about people—they relish the people side of business. They typically benefit from having a partner who is more aggressive about developing new business. Collaborators usually aren't comfortable with cold calling or pitching new ideas; they like to follow prescribed rules and guidelines.



Collaborators are good at running customer service-oriented or retail businesses, or any business where being convincing is an important aspect of getting the job done, and done right. From an entrepreneurial perspective, collaborators do well within structured environments where people are an element of success. Collaborators can be great salesmen in a warm selling market because they use their sociability to sell their expertise.

'Warm selling' means they bring the prospect to them, often through a letter or advertisement enticing the prospect to contact them for more information about their product or service. Once prospects do get in touch, their expertise takes over, and they sell your heart out. On the other hand, cold selling, which generalist personalities typically do well, involves picking up the phone and dialling for dollars, or hitting the streets looking for prospects door to door.

7. Diplomats:

They are restless and enjoy working under a certain amount of pressure. They get things done quickly and work well with deadlines. They adjust easily to change and deal well with new situations.

They have a high sense of urgency and like variety, and because of their compliance and their need to do things right, their work at their full capacity. They multitask and keep a variety of jobs going at once. Active and energetic, they vigorously attack the parts of their business that they enjoy. They can experience difficulty in delegating details, but do a great job when they can do the work themselves.



"The reason I'm successful is because I'm lucky. But I didn't get lucky until I started working 90 hours a week!"

Diplomats are considered to be the best of the specialist entrepreneurs, as they have both sociability and drive in their personalities. These are two important elements to success. Like most specialists, they are not the greatest rainmaker, but once they have a client or prospect, they do a great job of keeping them.

The diplomat's excel in retail or other people-oriented environments. Both outgoing and empathetic, they tend to be well-liked, but they sometimes have a hard time asserting them self and holding others accountable. Therefore, to successfully lead a company, they typically need to hire stronger, more results-oriented personalities, to be sure that deadlines are met, commitments are kept and staff members follow through on duties.



Business Ideas

Even though research tells us newer and smaller firms are less likely to engage in formal or structured environmental research, the fact is that generating and evaluating business ideas is an important step in the entrepreneurial process. Some of you may have fairly specific ideas about potential entrepreneurial ventures; others may now only in broad sense in what entrepreneurial direction they did like to go; and the rest may not have any clue whatsoever! No matter what the stage may be of entrepreneurial idea readiness it is important to generate and evaluate potential business ideas.

Misconceptions and realities

Entrepreneurship journals, books and available literature are filled with stories of Entrepreneurs striking it rich because they had a great idea. These, however, tend to give a false impression about great workable ideas. These misconceptions about great idea are:

1. Great ideas just appear out of nowhere

The reality is that the best idea generators tend to do so in a structured systematic way. They don't wait for the things to happen but instead approach idea generation as the top priority activity by devoting sufficient period of time to it.

2. There are no illogical ideas

The reality is that, many ideas may not be very good, though to prevent others from feeling that their contribution are not valued; the belief is that, all ideas should be approached as worthy. Sometimes, the most powerful ideas come from what at first glance seemed illogical.

3. The customer will tell you what to do if you will only listen

The best source of ideas is the people who will purchase your products. The only problem with this belief is that, although customers can help identify unmet needs, they require more involvements in making a great idea workable than simply listening to the customers.

4. We can generate all the ideas we will ever need if we sit down at a meeting.

Generating great ideas should not be restricted to a meeting. Great ideas are best shaped through an ongoing dialogue, not relegated to a specific place and time.

5. Great ideas aren't the problem; implementing them is

The reality is that, problems with implementation arise from not screening carefully enough, the ideas that are generated. If this were done, a lot of frustration could be minimized as ill-thought-out ideas could be screened out before even being implemented.



Generating Ideas

After clearing some of the initial misconceptions about ideas, it's time to look at the process involved with generating ideas. Generating ideas is an innovative and creative



process. Initially it seems difficult to think of many ideas and it will take some time, not only in the beginning stages of the entrepreneurial venture but also throughout the life of the business. The process of generating ideas we are going to discuss where ideas come from, ways to generate ideas and the role of structured approach, analysis and intuition.

Ways to Generate Ideas

The different structured approaches that might be adopted to generate ideas are:

1. Environment Scanning

One of the important techniques that can be used to generate ideas is environment scanning, the screening of large amounts of information to detect emerging trends. A humongous amount of information from popular news magazines, reviews, government and consumer publications, trade publications, commercials, etc. will have to be scanned. The challenge in this method is not having too little information to scan, its having too much. It seems like a lot of effort to work but if you are serious about being a successful entrepreneur in action, it is energy well spent.

2. Creativity and Creative Problem Solving

Creativity is the ability to combine ideas in a unique way or to make unusual associations between the ideas. It means cross thinking by seeing new angles, connections and approaches. The role of creativity and creative problem solving as a structured technique for generating ideas is that a number of specific creative approaches can be used. For instance (i) attribute listing - in which entrepreneur develops a new idea by looking at the positive or negative attributes of a product or a service and so on. (ii) free association - whereby, an entrepreneur develops a new idea through a chain of word associations etc.

3. Brainstorming

A group of persons sit together and generate a number of business ideas by innovating alternative ways of meeting the needs and solving problems. It is usually an unstructured discussion in which one idea leads to another. This is a very productive method for generating as many ideas as possible.

4. Focus Groups

These groups of individuals provide information about proposed products or services in a structured setting. In a typical focus group a moderator focuses the group discussion or whatever issues are being examined. For instance, a focus group might look at a proposed product and answer specific answer asked by the moderators. A focus group can provide an excellent way to generate new ideas and to screen proposed ideas and concepts.



5. Market Research

This is a method of gathering information about products/services that already exist in the market. A systematic and in-depth study is undertaken to obtain useful data to determine demand supply position for a particular product or service that is already available in the market. Such a research will help in getting new ideas for products and services.

The Role of Intuition

Intuition is a cognitive process whereby we subconsciously make decisions based on our cumulative knowledge and experiences. It is being called that 'Aha' feeling you get when your internal search engine hits its mark. You may have heard it called "gut feeling". Although structured, methodical approaches to generating ideas are important, intuition also can play an important role. Intuition can be a powerful source of new ideas if you learn to use it.

Evaluating ideas

Although generating ideas is an important process for entrepreneurs, it is only half the battle! Look at ideas carefully before taking action and proceeding any further with an entrepreneurial venture. When in the market for a new computer or car, does one take the first one that one sees? Most would. One shops around. One looks at each possibility in order to determine which is best to meet the needs and fit the available budget. This process is just as important in evaluating entrepreneurial ideas. After all, one wants to pursue the option that's going to allow one to best meet one's goals given the resources one has available. This section discusses why evaluation is important, and looks at different ways to evaluate ideas.

Importance of evaluating ideas

Amidst of rapidly changing environment, it may seem that evaluating ideas are a big waste of time. One may think that if one takes time to evaluate one's entrepreneurial ideas one will miss the quickly closing window of opportunity. However, there are good reasons why idea evaluation is an important step in researching the venture's feasibility.

1. To decide what is important

Idea evaluation is important because it forces the entrepreneur to decide what is important to the entrepreneurial venture, which the entrepreneur is pursuing. Potential ideas should be evaluated against what is important to him/her.

2. To Identify Strengths and Weaknesses of the Idea

Another reason that idea evaluation is important is that all ideas are not created equal some ideas that an entrepreneur comes up with will have better chances of success than others. By evaluating the strengths and weakness of each idea, the entrepreneur is forced to identify and assess the strong and weak points because in looking at the strengths and weaknesses of each alternative one is getting information to help one to make a better decision.



3. To make the best use of limited resources

The next reason why idea evaluation is important has to do with the reality of limited resources at disposal. Most entrepreneurs have limited amount of money, time, people or other resources that will be needed to pursue their entrepreneurial ideas by evaluating their entrepreneurial ideas, they can make sure their choices make the best use of those limited resources.

4. To minimize risks while maximizing return

The final reason why idea evaluation is important has to do with the desire to minimize risks while maximizing returns. Naturally, one does like to have the least uncertainty (risk) while getting the largest payback (return) from entrepreneurial decisions and actions, an entrepreneur puts in the effort to evaluate potential entrepreneurial ideas, there is an opportunity to minimize the level of risk exposure while maximizing the possible amount of payoff return.

Feasibility Study

Centre for Entrepreneurship at University of Rochester explained that *"a feasibility study can be defined as a controlled process for identifying problems and opportunities, determining objectives, describing situations, defining successful outcomes, and assessing the range of costs and benefits associated with several alternatives for solving a problem."*

The information gathered and presented in a feasibility study will help entrepreneurs to:

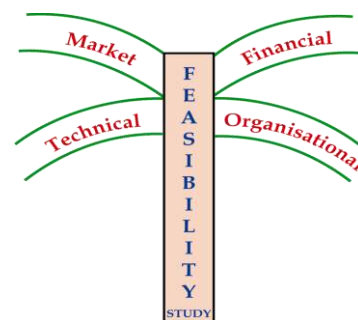
- List in detail all the things they need to make the business work;
- Identify logistical and other business-related problems and solutions;
- Develop marketing strategies to convince a bank or investor that their business is worth considering as an investment; and
- Serve as a solid foundation for developing their business plans.

Even if entrepreneurs have a great business idea they still have to find a cost-effective way to market and sell their products and services.

For example, most commercial spaces lease place restrictions on businesses that can have a dramatic impact on income. A lease may limit business hours/days, parking spaces, restrict the product or service that can be offered in some cases, even limit the number of customers a business can receive each day.

Types

1. **Market Feasibility:** Includes a description of the industry, current market, anticipated future market potential, competition, sales projections, potential buyers, etc.





2. **Technical Feasibility:** Details on how to deliver a product or service (i.e., materials, labour, transportation, where the business will be located, technology needed, etc.).
3. **Financial Feasibility:** Projects how much start-up capital is needed, sources of capital, returns on investment, etc.
4. **Organisational Feasibility:** Defines the legal and corporate structure of the business (may also include professional background information about the founders and what skills they can contribute to the business).

Features

- A feasibility study is a process in which an idea is studied to see if it is "feasible," that is, if and how it will work.
- A comprehensive feasibility study looks at the entire structure, needs, and operations of a business.
- A limited or project feasibility study looks at one specific task, program, idea, or problem.
- A feasibility study looks at both sides, considering advantages and disadvantages, and troubleshoots potential problems.
- A feasibility study is not a business plan, but serves as a foundation for developing a business plan.
- A market feasibility study is not a marketing plan, but studies markets and market potential, and can be used to support or develop a marketing plan.
- In addition to a business plan, an investor or lending institution may require the submission of a feasibility study before considering the request for capital.

A good outline

- Introduction
- Product or Service
- Technology
- Market Environment
- Competition
- Industry
- Business Model
- Market and Sales Strategy
- Production Operations Requirements
- Management and Personnel Requirements
- Regulations and Environmental Issues
- Critical Risk Factors



- Financial Predictions Including: Balance Sheet, Income Statement, Cash Flow Statement, Break Even Analysis, and Capital Requirements
- Conclusion

Opportunity Assessment

It is a more in-depth review of business opportunity including market research and due diligence that includes intellectual property analysis, opportunity development timing, legal liability issues, applications of the opportunity, barriers to entry, industry trends, growth potential, market positioning, competitive analysis, financial projections and pricing, resource requirement analysis and licensing etc.

Preparation of a Business Plan

A Business Plan is a written summary of various elements involved in starting a new enterprise of how the business will organize its resources to meet its goals and how it will measure progress.

A business plan serves the following purposes:

- Provides a blueprint of actions to be taken in future
- Guides the entrepreneur in raising the factors of production
- Serves as a guide to organizing and directing the activities of the business venture
- Helps in measuring the progress of the venture at successive stages
- Communicates to investors, lenders, suppliers etc., initiating the programmes of the business



Elements of a Business Plan:

Do all business units need to prepare a business plan and will the plan vary depending on the size of the unit? Not necessarily, and yes, the plan size will vary from one unit to another. For example, for a manufacturer of computer, while entering a new market would definitely need a comprehensive business plan, whilst for an entrepreneur who will be opening a small stationery shop would not need a detailed business plan.

The plan must define the objectives, strategies, customer scenario, market segments, products and services to be offered, sales forecast and steps required to attain the objectives. The plan should describe distribution systems, promotional activities and pricing decisions.

Proposed Business Plan

1. General Introduction

- Name and address of business
- Name and address of entrepreneur
- Stakeholder of business
- Nature of business and customers



2. **Business Venture**

- a) Product (s) to be offered
- b) Service (s) to be offered
- c) Scale of business operation
- d) Type of technology used
- e) Type of skilled personnel required

3. **Organized Plan**

- a) Form of ownership, sole proprietorship, partnership or joint stock company
- b) Identification of business, associated partners/members etc.
- c) Administrative structure
- d) Identification of management team

4. **Production Plan**

- a) Details of manufacturing process
- b) Physical infrastructure required
- c) Types of plant and machinery
- d) Raw materials to be used
- e) Requirement of power, water etc.

5. **Human Resource Plan**

- a) Categories of human resources or staff required
- b) Human resource already identified
- c) Human resource required to be procured
- d) Time frame for procurement of human resource

6. **Marketing Plan**

- a) Products and services offered
- b) Pricing policies
- c) Promotional strategies
- d) Logistics for distribution
- e) Channels of distribution

7. **Financial Plan**

- a) Breakeven analysis
- b) Fixed capital requirements
- c) Working capital requirement
- d) Sources of capital
- e) Schedule of procurement of capital



- f) Schedule of procurement of asset
- h. Cash flow projection

8. Miscellaneous/Appendix

- a) Market research report
- b) Contract with vendors
- c) Contract with financial institutions
- d) Type of business risk
- e) Contingency plan

Business Plan Execution

Keys to success and why many plans fail

Companies often fail to deliver on their promises. The most frequent explanation is that the strategy was wrong. But companies that take the time and expend their energy to develop a focused strategic business plan are much more likely to have a solid understanding of their markets, their competition, and their customers than those that fail to plan or think through the issues. So then, why do many of these plans fail?

Strategies most often fail because they are not executed well. Things that are supposed to happen just don't happen. The failure to execute the plan, not the plan itself, is most often cited as the reason a strategic plan has underperformed. This creates significant frustration and cynicism within an organization. It is not surprising that business planning can get a bad name because the value of any plan lies only in the results of its execution.

The key to a successful execution is alignment. Strategy, people, and work processes need to be effectively linked. The strategic plan must be understood by the entire organization, the right people need to be in the right jobs to allow for maximum work performance, and action plans must be developed, implemented, and reviewed. A common issue is that individuals within the various departments in an organization may view the goals and objectives of the company very differently. Where a communication vacuum exists, sales, manufacturing and finance may view a singular priority very differently. To effectively align strategy, people, and the tactical action plans that lead to a successful execution, a lot of hard work and diligent communication must happen.

Although there is no singular process to manage the execution of a business plan, there are basic processes and fundamentals to be followed.

- Once the broad mission, vision and strategy for the organization have been established, focusing on its core competencies, specific quantifiable goals to support the strategy must be formulated.
- The organization must be evaluated. Do you have the right people with the right skills in the right jobs? Should human resources be reallocated? Do you have the right number of employees in the appropriate departments?



- Identify the key initiatives and broad actions that must be accomplished to achieve the strategy. Identify the transitional issues, or the “gaps”, between where you are today and where you plan to be. Push the initiatives throughout the organization. They must be consistently understood in all functional departments. Every employee needs to understand his/her individual role in accomplishing some aspect of the plan.
- Develop a budget to support the plan. This may be an iterative process until the right combination of strategy, tactics, and financial prudence is achieved.
- Communicate well. Get the message out to the entire organization. Develop compensation and reward systems to support the future vision of the organization. Create decision filters that help guide the organization through a thought process for those times when the organization wrestles with a concept that may stray from its strategy.
- Establish a review process. As the markets, customers, competitors, government regulations, economy, etc evolve; some priorities, and possibly some goals, may change. Go back to the beginning, review each step, and determine if further changes are necessary.

Difference between Feasibility study and Business Plan

- **Meaning:** A feasibility study is not the same thing as a business plan. The feasibility study would be completed prior to the business plan. The feasibility study helps determine whether an idea or business is a viable option. The business plan is developed after the business opportunity is created.
- **Objective:** Before anything is invested in a new business venture, a feasibility study is carried out to know if the business venture is worth the time, effort and resources. A feasibility study is filled with calculations, analysis and estimated projections while a business plan is made up of mostly tactics and strategies to be implemented in order to grow the business.
- **Linkage:** A feasibility study can readily be converted to a business plan.
- **Benefit:** It's important to think of the business plan in terms of growth and sustainability and the feasibility study in terms of idea viability.

Role of society and family in the growth of an entrepreneur

The individual perception of what his/her family and friends think or opine about entrepreneurship has a crucial role to play. Besides, the view of the family, their support and the society with regard to failure is also a very important factor playing upon the young minds and framing their opinion. Family's support is very essential because in most cases, the youth would need to borrow initial finances from the family and friends. The family's attitude towards education and other careers in fields like medicine, engineering etc are also likely to dominate the youth's mindset towards entrepreneurship. It is quite likely that the families will be ready to take loan and fund the youth's professional education rather than funding a new business venture where risk is involved.



Surprising, but true is the fact that the society's views about business entrepreneurs as a prospective bride-groom can also become a deciding factor, promoting or inhibiting entrepreneurship. In some societies people prefer to marry their daughters to persons holding government jobs, thinking that the jobs are secure and permanent as compared to a self employed individual's. Normally professionals like lawyers, doctors and scientists are seen to be the most preferred as bridegrooms. These factors are relevant in terms of shaping entrepreneurship in the society.

Woman Entrepreneurs Need to Overcome Challenges

Women entrepreneurs face a series of problems right from the beginning till the enterprise functions. Being a woman itself poses various problems to a female entrepreneur. The problem of Indian women pertains to her responsibility towards family, society and huge workload. Women in rural areas have to suffer still further. They face tough resistance from men. They are considered as helpers. The attitude of society towards them and constraints in which they have to live and work are not very conducive.

The following are some of the limitations faced by women entrepreneurs:

1. Patriarchal society:

The gender bias that exists in society is predominantly due to the patriarchal attitude that has existed over a long period of time.

2. Lack of opportunities:

As in some area education still has not reached to every female, the lack of education does stand as a barrier, they are no doubt skilled which enables them to work, but more focused programmes for their education would enable them to overcome this challenge.

In the words of Gandhiji, "Woman is the companion of man, gifted with equal mental capacity. Investing in women's education yields one of the highest returns that equip women with the skills, knowledge, and self confidence required for carrying the role of better parents, workers, and citizens which are regarded as a permanent solution to a number of economic and social problems that improve the quality of life."

3. Enabling technologies for women:

There is a need to create more opportunities regarding new methods of production, marketing and other modern technologies.

4. Social barriers:

The traditions and customs prevailing in Indian society sometimes stand as an obstacle to women is to grow and prosperity. In rural areas, they face more social barriers. The can be overcome through education and positive legislation. The government policies are and should continue in a greater measure to support women entrepreneurs.

5. Attitude of creditors towards women:

Women entrepreneurs suffer while raising and meeting the financial needs of their business. The society was slightly biased in their attitude towards women entrepreneurs,



but the records reflect that the rate of bad debts is the least in the case of women entrepreneurs, and the self-help groups in micro finance is most successful because of them.

6. Organised sector:

The skilled women work more in the unorganised sector and hence does not get her due, if she can overcome the challenge of education and be aware of all the schemes she would not only be able to join the organised sector but be a leader in it.

Ray of Hope

In spite of all the above mentioned problems, the rate at which women entrepreneurs are growing is slowly increasing. Read the following case study of a women entrepreneur who has made a difference, not only for herself but also for the people around her.

Case Study

Leela Bordia- Jaipur Blue Pottery

She single-handedly brought prosperity and a sense of pride in craft of hundreds of villagers, made their craft famous world over and built a business worth 25 crores. Behind her worked the towering personality of Mother Teresa and her mother. It always amazed Leela how her mother juggled her various roles of a caring wife, a loving mother of four daughters, an efficient house holder with many guests who visited frequently and above all a compassionate volunteer of Mother Teresa's orphanages.



BLUE SUCCESS

According to Leela, it was her mother who created in her a deep sense of compassion for fellow human beings and strong social consciousness. She grew up in Calcutta and after marriage, moved to Jaipur. Leela visited a couple of villages surrounding Jaipur. She was moved to see the art work and hard labour that was involved in the pottery and ceramic of the village and yet the villagers lived in unhygienic conditions as they were extremely poor.

She discovered that the wonderful skill, an ancient craft dying away before her eyes and she did not know what she could do about it. When she asked them the reason behind their prevailing conditions as to why they were so poor their reply was nobody wanted to buy their pottery. She had never thought of starting a business alone because she wanted to do something new and concrete but her grooming and her mind set inspired of Mother Teresa and her own mother, was yet alive in her. She got involved with the artisans to save their dying craft.

She was quick to understand their problem- even though their craft was exquisite, they did not have any modern elements, so she suggested some new designs. The artisans were not ready to believe in her designs, until finally one craftsman agreed to try making her design in ceramic hand painted beads. The design was a huge success and she was able to gain the confidence of the other artisans as well. She had started her business with just Rs. 500/- and quick rotation of money set the business. She designed bead curtains which were largely accepted.

The flourishing business required a proper business set up and so Leela formed a company "Neerja International" (Neerja is her youngest sister). The unique and exquisite pottery the villagers made and



Leela sold was named "Jaipur Blue Pottery." Buyers wanted to know the history behind the products they buy and Leela told them all that she had learned from the villagers. During its 200 years of History in Jaipur, blue pottery had its period of expansion under state patronage that started from 19th century of Maharaja of Jaipur, Sawai Ram Singh II. Credit for its revival goes to Kamla Devi Chatopadya who promoted cottage industry and handicraft all over India and Raj Mata Gayatri Devi.

Then, under the guidance of Leela Bordia it received fresh lease of life. Today, she provides a livelihood to thousands of people. She had some early hardships in the export of these products but all got set with Leela's link with Faith and John who are the owners of "Anokhi". Faith is an Irish and John is an Indian. They helped Leela export her products.

Slowly as the company grew, her husband joined hands with her to help her in the business. Although married into a joint family, her mother in law was a huge support to her, encouraging her to keep doing the business.

Leela was able to revive the dying craft as well as increase the standard of living of the artisans who were associated with this traditional craft. In fact, when the former US President, Clinton visited Jaipur, all "Jaipur Blue Pottery" which was gifted to his mother in law, was from Neerja International

It is evident from the hardships and success of Leela, that persistence and perseverance will definitely bring success to women. For an Indian woman, who has to play multiple roles in her life and walk the fine line between managing her home and the work front, entrepreneurship is often the path that gives her this balance.

In fact, according to a new study commissioned by **Dell** in January 2012, the ideal country to be where a woman starting a business in 2012 could well be India. As a part of the survey, when asked about expectations for business growth, women entrepreneurs in India anticipate, an average of 90 percent over the next five years.

Dell announced the final results of its study in June 2012. What came out was this:

1. 71 percent of women entrepreneurs in India say their business is very successful, and eight in 10 of them say they are hiring;
2. 74 percent of them say their technology needs are getting more complex;
3. 90 percent started their business while maintaining their day job;
4. 85 percent of Indian women entrepreneurs believe it is very important that their business has a social impact.

Hina Shah, a pioneer in the space of women entrepreneurship for more than three decades, and founder of the International Centre for Entrepreneurship and Career Development (ICECD), says, "Currently, the overall environment for women entrepreneurship in India is conducive and a series of initiatives has been taken up to encourage it. However, from a macro policy point of view, women entrepreneurship development has been a residual category."

Shah says that policies have been formulated for industry as a whole and have been further broken down into sector-wise policies. "The government's policy for women employment and



enterprise development needs to change from a piecemeal approach to a comprehensive one, treating this emerging sector with the importance it deserves.”

So we can see that there is hope that women both in the rural as well as the urban sector is sure to understand their role as entrepreneurs in their own self- development as well help in the economic development of the country.

SUMMARY

7 Personality types of Entrepreneurs:

Trailblazers:

Competitive, ambitious and goal-oriented, a strong drive and a sense of urgency, regardless of the task at hand.

Go-getters:

They have a higher-than-average level of both dominance and sociability, very driven and independent. Their natural style lends itself to managing and leading both processes and people.

Managers:

They are dominant, independent, and goal-oriented, can be quite analytical, focusing more on processes and outcomes than on people. They have a tendency to look at people as vehicles for helping them accomplish goals.

Motivators:

They have a high level of sociability, an above-average level of dominance, and are both driven and independent. This also gives the ability to work well under pressure and in autonomous situations. It also means that they will be a great consensus builder, a good collaborator and a driver of change.

The motivator's business strengths:

Retail:

or any environment where people are a large part of the equation. Motivators excel at leadership or sales.

Authoritarians:

The backbone of our society, they may not always be the best founder of an entrepreneurial enterprise, but they can be an excellent distributor, franchisee or owner of an existing business – they can do well when you purchase an ongoing operation.

Collaborators:

The primary difference between them and authoritarians is that they have a personality gift called sociability. It's this characteristic that allows them to use their influence to get what they want. It's all about people – they relish the people side of business.

Diplomats:

They are restless and enjoy working under a certain amount of pressure. They get things done quickly and work well with deadlines. They adjust easily to change and deal well with new situations.



Generating Ideas:

Personal interest and hobbies- Work experiences, skills and abilities- Familiar and unfamiliar ones- Brainstorming- External environment opportunities

Ways to Generate Ideas

Environment scanning- Creativity and creative problem solving- Brainstorming- Focus group-Doing Market Research

Feasibility Study

Rochester.edu explained that a feasibility study, "can be defined as a controlled process for identifying problems and opportunities, determining objectives, describing situations, defining successful outcomes, and assessing the range of costs and benefits associated with several alternatives for solving a problem."

Types

Market Feasibility:

initiating Includes a description of the industry, current market, anticipated future market potential, competition, sales projections, potential buyers, etc.

Technical Feasibility:

Details how you will deliver a product or service (i.e., materials, labour, transportation, where your business will be located, technology needed, etc.).

Financial Feasibility:

Projects how much start-up capital is needed, sources of capital, returns on investment, etc.

Organisational Feasibility:

Defines the legal and corporate structure of the business (may also include professional background information about the founders and what skills they can contribute to the business).

A good outline for a feasibility study includes:

- *Introduction*
- *Product or Service*
- *Technology*
- *Market Environment*
- *Competition*
- *Industry*
- *Business Model*
- *Market and Sales Strategy*
- *Production Operations Requirements*
- *Management and Personnel Requirements*



- *Regulations and Environmental Issues*
- *Critical Risk Factors*
- *Financial Predictions Including: Balance Sheet, Income Statement, Cash Flow Statement, Break Even Analysis, and Capital Requirements*

Opportunity Assessment:

It is a more in-depth review of business opportunity including market research and due diligence that includes intellectual property analysis, opportunity development timing, legal liability issues, applications of the opportunity, barriers to entry, industry trends, growth potential, market positioning, competitive analysis, financial projections and pricing, resource requirement analysis and licensing etc.

Business Plan Preparation:

It is a written summary of various elements involved in starting a new enterprise of how the business will organize its resources to meet its goals and how it will measure progress.

A business plan serves the following purposes:

- Provides a blueprint of actions to be taken in future*
- Guides the entrepreneur in raising the factors of production*
- Serves as a guide to organizing and directing the activities of the business venture*
- Helps in measuring the progress of the venture at successive stages*
- Communicates to investors, lenders, suppliers etc., the programmes of the business*

Challenges Faced by Woman Entrepreneurs

Patriarchal society, Lack of opportunities-enabling technologies for women, Social barriers-attitude of creditors towards women, limited mobility.

Q.1. Answer the following in about 15 words

- List the fields in which 'Trailblazer' has business strengths.
- List the fields in which 'Motivator' has business strengths.
- List the fields in which 'Collaborator' has business strengths.
- List the fields in which 'Diplomat' has business strengths.

Q.2. Answer the following in about 50 words

- Describe the characteristics of a 'go-getter' type of personality.
- What is 'Brainstorming'?
- What do you mean by 'Environment Scanning'?
- What are focus groups?
- Explain 'Feasibility Study'.
- What do you think is the reason for failure of business plan Execution?



Q.3. Answer the following in about 75 words

- (i) What do you mean by 'Opportunity Assessment'?
- (ii) Why are feasibility studies more important?
- (iii) Why do you think the role of family in an entrepreneur's life is important?

Q.4. Answer the following in about 150 words.

- (i) According to Dell, what was the final outcome of the study about women entrepreneurs.
- (ii) Explain in detail any four entrepreneurial types.
- (iii) Explain any four main sources of ideas.
- (iv) Explain the types of feasibility study.
- (v) Differentiate between feasibility study and business plan.
- (vi) What purposes does a business plan serve?

Q.5. Answer the following in about 250 words

- (i) Explain in detail the elements of business plan
- (ii) Although there is no singular process to manage the execution of a business plan, there are basic processes and fundamentals to be followed. Enlist them.
- (iii) Explain in detail any six problems faced by women entrepreneurs

Q.6. HOTS: (High Order Thinking)

Application based exercise:

Activities:

1. It is fun to think of yourself as a business owner, to dream about your successes, and to talk about your ideas. But when you have to answer the specific questions of a business plan, you must make decisions about the direction your business will take decisions that may show you that this idea is not likely to be successful. But, no problem, then you can go back and make different decisions until you find a way to be successful. Think like an entrepreneur and develop a business plan for a business of your choice. After developing your business plan, you will want to discuss your ideas with the class or an advisor to improve your plan and determine what you learned in the process of preparing a business plan.
2. No one knows you or your ideas better than you do. It is the process of seeking the answers to important questions about your enterprise that are important as you try to realize the dream of owning your own business.
3. Use the following questions to make decisions about a business idea of your choice. Be sure to write out your answers...to remember your decisions and build on them.
 - (i) How can you describe the business...in only one paragraph please?
 - (ii) What is your product, or service?



- (iii) Who will buy it?
 - (iv) Where should you locate the business?
 - (v) How can you attract customers?
 - (vi) What is your competition?
 - (vii) How much should you charge for the products or service?
 - (viii) What advice do you need and who can provide it?
 - (ix) How will you organize the managers and/or workers of the business?
 - (x) How will you split the profits? Who is responsible for the losses?
 - (xi) How much money is needed to get the business started?
 - (xii) How many customers will you have per month and how much will they buy per month?
 - (xiii) How much does it cost to make the product or provide the service?
 - (xiv) What are your operating costs? (Include your own salary)
 - (xv) How much money will your business earn each month by selling your product or service?
 - (xvi) How much investment will you need to keep the business going until you make a profit?
 - (xvii) How much money do you need to borrow to start this business?
 - (xviii) How will you make the business grow in the future?
4. Traditionally women were concentrated to their family life and were satisfied with 3 K's - Kitchen, Kids and Knitting. Apart from the household activities they were engaged mostly in agriculture or at the most in families trade activities. But with the development of small scale industries, there were extension of kitchen activities of women from 3 K's to 3 P's viz. pickles, *papad* and powder. With the spread of education and awareness they shifted to 3 E's engineering, electronics and energy and the journey continues... Write an article for the newspaper about the challenges faced by women entrepreneurs throughout their journey.
 5. Women Entrepreneurs have braved the world and carved a niche for themselves. They have set examples for the woman power to identify their worth and prove their metal, be it Simone Tata, Indu Jain, Ela Bhatt, Jaswanti Ben Popat, Dr. Kiran M. Shaw, Mahima Mehra, Zia Modi, Anita Roddicks, Kalpana Saroj, to name a few.

Research about them and find out

- The name of their Entrepreneurial venture.
 - What barriers did they face in their entrepreneurial journey?
 - How did they overcome these barriers?
 - What made them so strong and committed?
- Also about the role played by the family as a support structure