MODULE 3 ENTREPRENEUR

Topics covered:

Entrepreneur – meaning of entrepreneur, types of entrepreneurship, stages of entrepreneurial process, role of entrepreneurs in economic development, entrepreneurship in India, barriers to entrepreneurship.

Identification of business opportunities- market feasibility study, technical feasibility study, financial feasibility study and social feasibility study.

Entrepreneur: An **entrepreneur** is an enterprising individual who builds capital through risk and/or initiative. The term was originally a loanword from French and was first defined by the Irish French economist Richard Cantillon. Entrepreneur in English is a term applied to a person who is willing to help launch a new venture or enterprise and accept full responsibility for the outcome. Jean- Baptiste Say, a French economist, is believed to have coined the word "entrepreneur" in the 19th century - he defined an entrepreneur as "one who undertakes an enterprise, especially a contractor, acting as intermediatory between capital and labour".

***Types of entrepreneurs**:*

The literature has distinguished among a number of different **types of entrepreneurs**, for instance:

Social entrepreneur

A social entrepreneur is motivated by a desire to help, improve and transform social, environmental, educational and economic conditions. Key traits and characteristics of highly effective social entrepreneurs include ambition and a lack of acceptance of the status quo or accepting the world "as it is". The social entrepreneur is driven by an emotional desire to address some of the big social and economic conditions in the world, for example, poverty and educational deprivation, rather than by the desire for profit. Social entrepreneurs seek to develop innovative solutions to global problems that can be copied by others to enact change.

Social entrepreneurs act within a market aiming to create social value through the improvement of goods and services offered to the community. Their main aim is to help offer a better service improving the community as a whole and are predominately run as nonprofit schemes. Zahra et al. (2009: 519) said that ―social entrepreneurs make significant and diverse contributions to their communities and societies, adopting business models to offer creative solutions to complex and persistent social problems

Serial entrepreneur

A serial entrepreneur is one who continuously comes up with new ideas and starts new businesses. [4] In the media, the serial entrepreneur is represented as possessing a higher propensity for risk, innovation and achievement.[5]

Lifestyle entrepreneur

A lifestyle entrepreneur places passion before profit when launching a business in order to combine personal interests and talent with the ability to earn a living. Many entrepreneurs may be primarily motivated by the intention to make their business profitable in order to sell to shareholders.[*examples needed*] In contrast, a lifestyle entrepreneur intentionally chooses a business model intended to develop and grow their business in order to make a long-term, sustainable and viable living working in a field where they have a particular interest, passion, talent, knowledge or high degree of expertise.[6] A lifestyle entrepreneur may decide to become self employed in order to achieve greater personal freedom, more family time and more time working on projects or business goals that inspire them. A lifestyle entrepreneur may combine a hobby with a profession or they may specifically decide not to expand their business in order to remain in control of their venture. Common goals held by the lifestyle entrepreneur include earning a living doing something that they love, earning a living in a way that facilitates self-employment, achieving a good work/life balance and owning a business without shareholders. Many lifestyle entrepreneurs are very dedicated to their business and may work within the creative industries or tourism industry,[7] where a passion before profit approach to entrepreneurship often prevails. While many entrepreneurs may launch their business

with a clear exit strategy, a lifestyle entrepreneur may deliberately and consciously choose to keep their venture fully within their own control. Lifestyle entrepreneurship is becoming increasing popular as technology provides small business owners with the digital platforms needed to reach a large global market. Younger lifestyle entrepreneurs, typically those between 25 and 40 years old, are sometimes referred to as Treps.

Cooperative entrepreneur

A cooperative entrepreneur doesn't just work alone, but rather collaborates with other cooperative entrepreneurs to develop projects, particularly cooperative projects. Each cooperative

entrepreneur might bring different skill sets to the table, but collectively they share in the risk and success of the venture.

Theory-based Typologies

Recent advances in entrepreneurship research indicate that the differences in entrepreneurs and heterogeneity in their behaviors and actions can be traced back to their the founder's identity. For instance, Fauchart and Gruber (2011, Academy of Management Journal) have recently shown that - based on social identity theory - three main types of entrepreneurs can be distinguished: Darwinians, Communitarians and Missionaries. These types of founders not only diverge in fundamental ways in terms of their self-views and their social motivations in entrepreneurship, but also engage fairly differently in new firm creation.

Evolution of Entrepreneurship Researchers have been inconsistent in their definitions of entrepreneurship (Brockhaus & Horwitz, 1986, Sexton & Smilor, Wortman, 1987; Gartner, 1988). Definitions have emphasized a broad range of activities including the creation of organizat ions (Gartner, 1988), the carrying out of new combinations (Schumpeter, 1934), the exploration of opportunities (Kirzner, 1973), the bearing of uncertainty (Knight 1921), the bringing together of factors of production (Say, 1803), and others (See Long, 1983). The outline below presents some authors definitions of entrepreneurship and attempts to summarize these viewpoints into a more meaningful whole.

Richard Cantillon (circa 1730); Entrepreneurship is defined as self-employment of any sort. Entrepreneurs buy at certain prices in the present and sell at uncertain prices in the future. The entrepreneur is a bearer of uncertainty.

Jean Baptiste Say (1816); The entrepreneur is the agent "who unites all means of production and who finds in the value of the products...the reestablishment of the entire capital he employs, and the value of the wages, the interest, and rent which he pays, as well as profits belonging to himself."

Frank Knight (1921); Entrepreneurs attempt to predict and act upon change within markets. Knight emphasize the entrepreneur's role in bearing the uncertainty of market dynamics. Entrepreneurs are required to perform such fundamental managerial functions as direction and control.

Joseph Schumpeter (1934); The entrepreneur is the innovator who implements change within markets through the carrying out of new combinations. The carrying out of new combinations can take several forms; 1) the introduction of a new good or quality thereof, 2) the introduction of a new method of production, 3) the opening of a new market, 4) the conquest of a new source of supply of new materials or parts, 5) the carrying out of the new organization of any industry. Schumpeter equated entrepreneurship with the concept of innovation applied to a business context. As such, the entrepreneu moves the market away from equilibrium. Schumpter's definition also emphasized the combination o resources. Yet, the managers of already established business are not entrepreneurs to Schumpeter.

Penrose (1963); Entrepreneurial activity involves identifying opportunities within the economic system. Managerial capacities are different from entrepreneurial capacities

Harvey Leibenstein (1968, 1979); the entrepreneur fills market deficiencies through inputcompleting activities. Entrepreneurship involves "activities necessary to create or carry on an enterprise where not all markets are well established or clearly defined and/or in which relevant parts of the production function are not completely known.

Israel Kirzner (1979); The entrepreneur recognizes and acts upon market opportunities. The entrepreneur is essentially an arbitrageur. In contrast to Schumpeter's viewpoint, the entrepreneur moves the market toward equilibrium.

Gartner(1988); The creation of new organizations

The Entrepreneurship Center at Miami University of Ohio has an interesting definition of entrepreneurship: "Entrepreneurship is the process of identifying, developing, and bringing a vision to life. The vision may be an innovative idea, an opportunity, or simply a better way to do something. The end result of this process is the creation of a new venture, formed under conditions of risk and considerable uncertainty. "

In summary, entrepreneurship is often viewed as a function which involves the exploitation of opportunities which exist within a market. Such exploitation is most commonly associated with the direction and/or combination of productive inputs. Entrepreneurs usually are considered to bear risk while pursuing opportunities, and often are associated with creative and innovative actions. In addition, entrepreneurs undertake a managerial role in their activities, but routine management of an ongoing operation is not considered to be entrepreneurship. In this sense entrepreneurial activity is fleeting. An individual may perform an entrepreneurial function in creating an organization, but later is relegated to the role of managing it without performing an entrepreneurial role. In this sense, many small-business owners would not be considered to be entrepreneurs. Finally, individuals within organizations (i.e. non-founders) can be classified as entrepreneurs since they pursue the exploitation of opportunities. Thus intrepreneurship is appropriately considered to be a form of entrepreneurship

Essential Functions of an Entrepreneur

An entrepreneur performs a series of functions necessary right from the genesis of an idea up to the establishment and effective operation of an enterprise. He carries out the whole set of activities of the business for its success. He recognizes the commercial potential of a product or a service, formulates operating policies for production, product design, marketing and organisational structure. He is thus a nucleus of high growth of the enterprise.

According some economists, the functions of an entrepreneur is classified into five broad categories:

1. Risk-bearing function,
2. Organizational function,
3. Innovative function,
4. Managerial function, and
5. Decision making function.

1. Risk-bearing function:

The functions of an entrepreneur as risk bearer are specific in nature. The entrepreneur assumes all possible risks of business which emerges due to the possibility of changes in the tastes of consumers, modern techniques of production and new inventions. Such risks are not insurable and incalculable. In simple terms such risks are known as uncertainty concerning a loss.

The entrepreneur, according to Kinght, "is the economic functionary who undertakes such responsibility of uncertainty which by its very nature cannot be insured nor capitalised nor salaried too. "

Richard Cantillon conceived of an entrepreneur as a bearer of non-insurable risk because he described an entrepreneur as a person who buys things at a certain price and sells them at an uncertain price.

Thus, risk bearing or uncertainty bearing still remains the most important function of an entrepreneur which he tries to minimise by his initiative, skill and good judgement. J.B. Say and other have stressed risk taking as the specific function of the entrepreneur.

2. Organisational Function:

Entrepreneur as an organiser and his organising function is described by J.B. Say as a function whereby the entrepreneur brings together various factors of production, ensures continuing management and renders risk-bearing functions as well. His definition associates entrepreneur with the functions of coordination, organisation and supervision. According to him, an entrepreneur is one who combines the land of one, the labour of another and the capital of yet another and thus produces a product. By selling the product in the market, he pays interest on capital, rent on land and wages to labourers and what remains is his/her profit. In this way, he describes an entrepreneur as an organiser who alone determines the lines of business to expand and capital to employ more judiciously. He is the ultimate judge in the conduct of the business.

Marshall also advocated the significance of organisation among the services of special class of business undertakers.

1. Innovative Function:

The basic function an entrepreneur performs is to innovate new products, services, ideas and informations for the enterprise. As an innovator, the entrepreneur foresees the potentially profitable opportunity and tries to exploit it. He is always involved in the process of doing new things. Ac cording to Peter Drucker, "Innovation is the means by which the entrepreneur either creates new wealth producing resources or endows existing resources with enhanced potential for creating wealth". Whenever a new idea occurs entrepreneurial efforts are essential to convert the idea into practical application.

J.A. Schumpeter considered economic development as a descrete dynamic change brought by entrepreneurs by instituting new combinations of production, *i.e.* innovation. According to him innovation may occur in any one of the following five forms.

The introduction of a new product in the market with which the customers are not get familiar with.Introduction of a new method of production technology which is not yet tested by experience in the branch of manufacture concerned.

The opening of a new market into which the specific product has not previously entered.

The discovery of a new source of supply of raw material, irrespective of whether this source already exists or has first to be created.

The carrying out of the new form of oranisation of any industry by creating of a monopoly position or the breaking up of it.

2. Managerial Function:

Entrepreneur also performs a variety of managerial function like determination of business objectives, formulation of production plans, product analysis and market research, organisation of sales procurring machine and material, recruitment of men and undertaking, of business operations. He also undertakes the basic managerial functions of planning, organising, coordinating, staffing, directing, motivating and controlling in the enterprise. He provides a logical and scientific basis to the above functions for the smooth operation of the enterprise thereby avoids chaos in the field of production, marketing, purchasing, recruiting and selection, etc. In large establishments, these managerial functions of the entrepreneur are delegated to the paid managers for more effective and efficient execution.

1. Decision Making Function:

The most vital function an entrepreneur discharges refers to decision making in various fields of the business enterprise. He is the decision maker of all activities of the enterprise. A. H. Cole described an entrepreneur as a decision maker and attributed the following functions to him.

He determines the business objectives suitable for the enterprise.

He develops an organization and creates an atmosphere for maintaining a cordial relationship with subordinates and all employees of the organization.

He decides in securing adequate financial resources for the organisation and maintains good relations with the existing and potential investors and financiers.

He decides in introducing advanced modern technology in the enterprise to cope up with changing scenario of manufacturing process.

He decides the development of a market for his product, develops new product or modify the existing product in accordance with the changing consumer's fashion, taste and preference.

He also decides to maintain good relations with the public authorities as well as with the society at large for improving the firms image before others.

Intrapreneurship

In 1992, *The American Heritage Dictionary* acknowledged the popular use of a new word, intrapreneur, to mean "A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation". Intrapreneurship is now known as the practice of a corporate management style that integrates risk-taking and innovation approaches, as well as the reward and motivational techniques, that are more traditionally thought of as being the province of entrepreneurship.

History

The first written use of the terms _intrapreneur‘, _intrapreneuring,‘ and _intrapreneurship‘ date from a paper written in 1978 by Gifford and Elizabeth Pinchot. Later the term was credited to Gifford Pinchot III by Norman Macrae in the April 17, 1982 issue of *The Economist*.[2] The first formal academic case study of corporate entrepreneurship or intrapreneurship was published in June 1982, as a Master's in Management thesis, by Howard Edward Haller, on the intrapreneurial creation of PR1ME Leasing within PR1ME Computer Inc. (from 1977 to 1981). This academic research was later published as a case study by VDM Verlag as *Intrapreneurship Success:A PR1ME Example* by Howard Edward Haller, Ph.D. *The American Heritage Dictionary of the English Language* included the term 'intrapreneur' in its 3rd 1992 Edition, and also credited[3] Gifford Pinchot III as the originator of the concept. The term "intrapreneurship" was used in the popular media first in February 1985 by *TIME* magazine article "Here come the Intrapreneurs" and then the same year in another major popular publication was in a quote by Steve Jobs,App le Computer‘s Chairman, in an interview in the September 1985 *Newsweek* article,[4] where he shared, ‾The Macintosh team was what is commonly known as intrapreneurship;only a few years before the term was coined—a group of people going, in essence, back to the garage, but in a large company."

CONCEPT OF ENTERPRENEURSHIP:

1. Entrepreneurship is the process of creating value by bringing together a uniquepackage of resources to exploit an opportunity.2. Entrepreneurship is the pursuit of opportunity without regard to resources currentlycontrolled.From both definitions above, we can note that Entrepreneurs are opportunity driven.Opportunity comes from changes in the environment, and one characteristic of Entrepreneurs is that they are good a seeing patterns of change. It is also evidentthat Entrepreneurs are not resource driven -while the manager asks, "Given theresources under my control, what can I achieve?" the Entrepreneur asks "Given whatI want to achieve, what resources do I need to acquire?"

Difference between Intrepreneur andEntrepreneur:

Intrapreneur is a person who focuses on innovation and creativity and who transformsa dream or an idea into a profitable venture, by operating within the organizationalenvironment.

Intrapreneurs, by definition, embody the same characteristics as theEntrepreneur, conviction, passion, and drive. If the company is supportive, theIntrapreneur succeeds. When the organization is not, the Intrapreneur usually fails orleaves to start a new company.An Intrapreneur thinks like an entrepreneur seeking out opportunities, which benefitthe corporation. It was a new way of thinking, in making companies more productiveand profitable. Visionary employees who thought like entrepreneurs. IBM is oneof the leading companies, which encourages INTRAPRENEUR.

MAIN DIFFERENCE BETWEEN ENTERPRENEURSHIP AND INTRAPRENEURSHIP:

There are, of course, a few things that are different between Intrapreneurship andEntrepreneurship. For starters, the Intrapreneur acts within the confines of an existingorganisation. The dictates of most organisations would be that the Intrapreneurshould ask for permission before attempting to create a desired future - in pract ice,the Intrapreneur is more inclined to act first and ask for forgiveness than to ask forpermission before acting.The Intrapreneur is also typically the intra-organisational revolutionary - challengingthe status quo and fighting to change the system fro m within. This ordinarily creates acertain amount of organisational friction. A healthy dose of mutual respect is required in order to ensure that such friction can be positively channeled. On e advantage of Intrapreneurship over Entrepreneurship is that Intrapreneurtypically finds a ready source of "free" resources within the organisation which can be Stages of Entrepreneurship

There are six stages of an entrepreneurial venture that founders of companies will encounter. If you choose to purchase an existing business, you may skip a few steps, but you will still be forced to address several of them. The six steps are:

1) CONVICTION 2) IDEA 3) CONCEPT 4) VENTURE 5) BUSINESS 6) SUSTAINABLE BUSINESS

Stage 1: CONVICTION

No matter the stage of the business when an individual begins his/her entrepreneurial journey, every entrepreneur must address his/her conviction to be an entrepreneur. This sounds trivial, but I believe it is the most important step in the process. It SHOULD be the first step; however, many entrepreneurs wait until the VENTURE stage to address it. This can lead to grave problems. In the CONVICTION stage, an entrepreneur needs to figure out if he/she has the conviction to withstand the fundamental issues of entrepreneurship.

Stage 2: IDEA

The IDEA stage is the easiest stage. Everyone has an idea for a business. This is also the most fun stage because the cost is zero and the excitement level high. Of course, the IDEA stage is the basis for every other stage so it cannot be dismissed; however, as an entrepreneur, you should never confuse an "idea" for a "concept". As you will see in the next step, a concept has much more structure than an idea and subsequently warrants a different concerns and decision making

Stage 3: CONCEPT

As mentioned above, a concept is characterized by structure. In the CONCEPT stage, you take your idea and employ a certain intellectual rigor which includes:

- Extensive market research

- Development of the business model

- Conceptualization of the type of the team required to execute

- Engagement of informal and formal advisors

Stage 4: VENTURE

This is the most challenging stage of the business and for many entrepreneurs the most fun...well at least in the beginning. The VENTURE stage is characterized by significant investment. This investment typically comes in two forms: money and time. In most cases, as the entrepreneur, it is "your" money and "your" time; and those can often be significant.

Stage 5: BUSINESS

The BUSINESS stage is where all entrepreneurs strive to be. This is the stage where you have revenues that are commensurate with your expenses. Of course, there may be unprofitable months or years, but in general, the business can support itself with little outside capital. This is the stage where you are most likely to find investors.

Stage 6: SUSTAINABLE BUSINESS

Although most entrepreneurs are satisfied to build a Business, they should strive to become a Sustainable Business. There are unique challenges to creating a sustainable business and it can be defined in different ways. It is typically characterized by time. Ventures that last 10+ years may be thought of as sustainable; however, the real challenge is for a business to outlast the involvement of its founders. That is a more relevant definition of a sustainable business.

The Role of the Entrepreneur

Entrepreneurs occupy a central position in a market economy. For it's the entrepreneurs who serve as the spark plug in the economy's engine, activating and stimulating all economic activity. The economic success of nations worldwide is the result of encouraging and rewarding the entrepreneurial instinct.

A society is prosperous only to the degree to which it rewards and encourages entrepreneurial activity because it is the entrepreneurs and their activities that are the critical determinant of the level of success, prosperity, growth and opportunity in any economy. The most dynamic societies in the world are the ones that have the most entrepreneurs, plus the economic and legal structure to encourage and motivate entrepreneurs to greater activities.

For years, economists viewed entrepreneurship as a small part of economic activity. But in the 1800s, the Austrian School of Economics was the first to recognize the entrepreneur as the person having the central role in all economic activity. Why is that?

Because it's entrepreneurial energy, creativity and motivation that trigger the production and sale of new products and services. It is the entrepreneur who undertakes the risk of the enterprise in search of profit and who seeks opportunities to profit by satisfying as yet unsatisfied needs.

Entrepreneurs seek disequilibrium--a gap between the wants and needs of customers and the products and services that are currently available. The entrepreneur then brings together the factors of production necessary to produce, offer and sell desired products and services. They invest and risk their money--and other people's money--to produce a product or service that can be sold at a profit.

More than any other member of our society, entrepreneurs are unique because they're capable of bringing together the money, raw materials, manufacturing facilities, skilled labor and land or buildings required to produce a product or service. And they're capable of arranging the marketing, sales and distribution of that product or service.

Entrepreneurs are optimistic and future oriented; they believe that success is possible and are willing to risk their resources in the pursuit of profit. They're fast moving, willing to try many different strategies to achieve their goals of profits. And they're flexible, willing to change quickly when they get new information.

Entrepreneurs are skilled at selling against the competition by creating perceptions of difference and uniqueness in their products and services. They continually seek out customer needs that the competition is not satisfying and find ways to offer their products and services in such a way that what they're offering is more attractive than anything else available.

Entrepreneurs are a national treasure, and should be protected, nourished, encouraged and rewarded as much as possible. They create all wealth, all jobs, all opportunities, and all prosperity in the nation. They're the most important people in a market economy--and there are never enough of them.

As an entrepreneur, you are extremely important to your world. Your success is vital to the success of the nation. To help you develop a better business, one that contributes to the health of the economy, I'm going to suggest that you take some time to sit down, answer the following questions, and implement the following actions:
What opportunities exist today for you to create or bring new products or services to your market that people want, need and are willing to pay for? What are your three best opportunities?

1. Identify the steps you could take immediately to operate your business more efficiently, especially regarding internal operating systems.
2. Tell yourself continually "Failure is not an option." Be willing to move out of your comfort zone, to take risks if necessary to build your business.
3. Use your creativity rather than your money to find new, better, cheaper ways to sell your products or reduce your costs of operation. What could you do immediately in one or both of these areas?
4. Imagine starting over. Is there anything you're doing today that, knowing what you now know, you wouldn't get into or start up again?
5. Imagine reinventing your business. If your business burned to the ground today, and you had to start over, what would you not get into again? What would you do differently?

Entrepreneurship in India – hype or happening ?

Sramana is doing a series on Entrepreneurship – Innovation in India for Forbes and requested my perspective about the same. I chose to write down my thoughts as a post and seek out your thoughts about it as well.

When it comes to entrepreneurship in India, for the longest time now, it seems that most of us have been rehashing, repeating and regurgitating the same things over and over again:

¯Revamp Education system‖ , ¯Lack of funding‖ , ¯No ecosystem‖ , ¯No product companies‖ , ¯Indian mindset and culture‖ , ¯Bureaucratic red-tape‖ and many other such reasons.

Its time we really took a deep, hard look at what is the current state of entrepreneurship in India, what is broken and how can we really fix it ?

In all fairness, I am not on ground zero. And so it may seem as inappropriate to many that I speak of entrepreneurship in India while residing in the US. You might very well diss my opinions expressed below based on the same grounds, and in that case, I welcome your perspective – hopefully we can have a healthy discussion via the comments. In my defense, even though I'm

not at ground zero, I have been closely monitoring the startup and entrepreneurship scene in India over the last couple of years. I've talked to lots of Indian entrepreneurs, tech enthusiasts and VC's over this time – enough to form an opinion.

If someone who's totally ignorant about the Indian market walks up to me and asks me about entrepreneurship in India – my answer to them would be that its more hype than happening. The awareness about entrepreneurship is definitely increasing incredibly, but not enough converts yet. Lots of wannapreneurs, but few actual entrepreneurs.Again, my goal isnt to ridicule or point fingers, but rather narrow down on what's broken.

Some of the most commonly attributed reasons for the lack of entrepreneurship in India:

Lack of funding:

Is lack of funding that much of a big deal really ? The cost to do a technology startup has gone down drastically. Reduced hardware costs, bandwidth costs have dropped, cloud computing and open source technologies make it really cheap to launch a technology startup. Unless you are launching a capital intensive business, why should you really need outside funding for doing a startup ?

Look at the Ycombinator model – \$5k – \$10K per startup, which is literally peanuts if you need to survive in Silicon Valley. Why cant Indian entrepreneurs be cheap in a similar way ? Why not bootstrap ?

No Ecosystem:

If you would have made this argument 5 years back, I'd probably have agreed. But over the last few years, the startup ecosystem has improved by leaps and bounds. VC's have entered the Indian market, events and conferences are helping the startup community to network and converge, B- plan competitions on various campuses are raising awareness, an active and vibrant community is forming around entrepreneurship.

Bureaucratic red-tape:

While I agree that some things in this aspect are not as smooth as in other countries. However, most of the entrepreneurs I talked to did not cite this as a major hindrance as part of their entrepreneurial journey. Hire a chartered accountant and he will take care of majority of the initial process of incorporation, taxation and other legalities.

No Product Companies:

I for one dont really buy into this argument. While I agree that product companies may offer long term sustainence value (while current outsourcing focused services companies are simply benefiting from the cost advantage), but then entrepreneurship is still entrepreneurship – be it a services or a product company.

Below are some of the reasons that I personally think have a strong impact on entrepreneurship in India:

Revamping Education:

If you look at the success of Silicon Valley, one of the key factors that was instrumental in shaping it was Stanford & UC Berkeley. Ditto is the case with Israel‘s Technion. I strongly believe that education, innovation and entrepreneurship go hand in hand – especially technology innovation. While the IIT‘s have immensely successful alumni, the IIT‘s have not been able to create a fertile hotbed of innovation & entrepreneurship in their own backyard.

At the same time, we need to encourage out of the box thinking as part of our education system. Rote learning can only get us so far. We need to ramp up coursework so that student skills remain in sync with the rest of the market. When Stanford and other universities are teaching iPhone and Facebook app related courses, teaching Cobol & Fortran to Indian students would be stupid in today‘s age. Students should be encouraged to consider entrepreneurship as a viable career option. I believe this to be the single biggest factor that could foster entrepreneurship in India. Young college graduates are at an age when their inherent risk is at the least to becoming an entrepreneur. Educating them early enough would also give them ample time to shape up their skills and experience that can prepare them for their entrepreneurial journey. We also should make it easy and acceptable for students to take sabbaticals from their degree coursework. Currently, this if frowned upon in Indian society — we should try to make people more accepting of it.

The NEN Foundation has done a good job at increasing entrepreneurship awareness across various campuses. However, when you take a quick peek at some of the questions that are asked by some of the student participants, it just boggles your mind. Few are requesting ideas, several requesting funding even before doing any analysis of the idea and several others simply leave you in sheer disbelief. One common aspect across most of the questions is that they are looking for handholding. And I think that really needs to change. I‘m not sure if we‘re (including mainstream media that has glamourized stories about entrepreneurship and VC fundings) sending them the wrong signals – but if you think all information, market research and other info will be served to you on a silver platter, then probably being an entrepreneur is not in your best interests.

We missed out on the technology innovation bus, but if we dont really ramp up our education system and associated R&D – innovation, we might end up sitting on the sidelines of the cleantech wagon as well.

Lack of Good Mentors:

India does not have a large pool of successful entrepreneurs who have built global level companies and are keen on mentoring the next generation of entrepreneurs. From a lot of entrepreneurs that I‘ve talked to — they were more desperately seeking good mentors as opposed to funding.

We probably need someone to lead & pave the way just like what Yossi Vardi did to Israel and what NR Murthy did to the outsourcing market in India.

Lack of M&A activity:

This I say just from the technology market. M&A is just not happening in the Indian market. Consequently, the already existing portals, news sites get a chance to launch their own services without any strong startup getting an opportunity to establish itself.

These are the three things that I think have the biggest impact — but then, there‘s a good chance that you might disagree. This is a highly subjective topic and everyone has their own conviction about it. I think when it comes to technology entrepreneurship, we should try and do a detailed case study of Israel. The country has just a population of 7 million, hostile neighbors and high taxes. Yet it boasts of the 2nd highest concentration of startups just after the

US. They‘re definitely doing something right. And that‘s what we should try & emulate.

IDENTIFICATION OF BUSINESS OPPORTUNITIES

Business opportunities can be obtained from various manazines, trade journals, financial institutions, government, commercial organizations, friends, relatives, competitors etc. Choosing of best business opportunity from the information collected requires ingenuity, skill and foresight of entrepreneur. An entrepreneur has to identify and select the most rewarding opportunity from the available ones. For this one has to evaluate the following areas and understand the gap between demand and supply.

Study of government rules and regulations regarding the different business opportunities.

Extensive and in depth study of promising investment opportunity.

SWOT analysis of the business opportunities.

Market feasibility study.

Technical feasibility study.

Financial feasibility study and

Social feasibility study.

An opportunity can be defined as an attractive and excellent project idea which an entrepreneur searches for and accepts such idea as a basis for his investment decision. A good business opportunity must be capable of being converted into feasible project. Two major characteristics of business opportunity are: good and wide market scope and an attractive, acceptable and reliable return on investment.

Sources of business ideas

1.Unfulfilled demand; An Unfulfilled demand will open doors to new products

2.Own idea: One own creative idea can result in a business opportunity.

3.Social and economic trends: Social and economic trends necessitate demand for new products.

4.Magazines/Journals/Research publications: Magazines/ Journals/ Research publications form a major role of ideas.

5.Government: Government also identifies and proposes ideas and give support for business opportunities.

6.Emerging new technology and scientific know how: commercial exploitation of indigenous and imported technologies and know-how is another source of opportunities.

7.Charges in consumer needs: the needs of consumers charge giving rise to requirement of new business opportunities.

8.Trade fairs/Exhibitions: Trade fairs and technical exhibitions also offer wide scope for business opportunities.

9.Banks and government agencies: Commercial banks and government agencies encourage entrepreneurs by providing business opportunities, ideas subsidies, loan etc.

MARKET FEASIBILITY STUDY

Feasibility study is a detailed work of collection of data analysis and concludes the feasibility of that operation. Market feasibility study involves the study and analysis of the following aspects. Market feasibility study will assess whether the product has good market. This needs to study the following:

Nature of market: The nature of market in terms of monopolistic or perfect competition is to be studied.

Cost of production: It is essential to study and control cost of production. Cost of production decides the selling price.

Selling price and profit: Selling price plays a vital role in profit. In price sensitive goods like cosmetics, one should be careful in fixing the price.

Demand: Present demand and demand forecast are prepared and studied. This will decide the facility planning.

Market share: Estimated market share is to be made. Comparison is made with share of similar products.

Target market: Study is made with regard to the target market and market segmentation.

TECHNICAL FEASIBILITY STUDY

In technical feasibility study, the following points are studied.

Location of the project: The data regarding the location of project is very important.

It may be located in rural, urban or semi- urban areas.

Construction of factory, building and its size: The construction details, the nature/type of building and its size for the project are to be analyzed.

Availability of raw materials: The study of availability of raw materials, sosurces of supply, alternate sources, its quality and specifications cost etc., are to be studied.

Selection of machinery: The selection of machinery required to produced the intended product is to be carried out. The specifications are capacity, cost sources of supply, technology evaluation of various makes of the machine. Their good and bad etc., are studied.

Utilities: The details about availability of utilities like water, gas electricity, petrol, diesel etc. are to be studied.

Production capacity: Establishment off production capacity and utilization of production capacity are analysed.

Staff requirement: Study and analysis of requireme nt of workers, technical staff and officers etc. is to be made.

Technical viability: The technical viability of the opportunity is to be studied.

FINANCIAL FEASIBILITY STUDY

Financial feasibility is the most important aspect of a business opportunity. So me of the aspects involved in financial feasibility study are:

Total capital cost of project: It is very essential to study the total cost of project. This includes fixed capital, working capital and interest factor.

Sources of capital: The study of main sources of capital is to be made. If capital is borrowed, interest burden is to be studied in detail.

Subsidiary sources for additional finance: After study of main sources of capital, subsidiary sources of capital are to be identified and studied.

Financial for future development of business: Financial requirement for future development of business are to ve studied. Working capital requirement for at least three months running of enterprise are to be estimated.

Break Even Analysis(BEA): BEA is to be carried out to see at what level of production/sales will make the organization no loss/no profit situation. BEA is very useful to identify the level of production that makes profit.

Estimation of cash and fund flow: It is very essential to make a study of estimation of cash and fund flow in the business.

Return on investment(ROI): ROI is to be calculated to see the amount of return on investment for the investors/share holders and how much they get.

Proposed balance sheet: Proposed balance sheet is made showing liabilities and assets, depreciation, interest burden, profits expected etc.

Cost of labour and technology: The cost of employees is to be estimated and studied. If technology is not available then it has to be purchased from any R & D institution or by way of foreign collaboration.

SOCIAL FEASIBILITY STUDY

Social feasibility study is important in the social environment.

- Location: The location is in such a place that it should not have objection from the neighbors.
- Social problem: The enterprise should not create any nuisance to the public.
- Pollution: There should not have any sort of noise or other pollution objectionable society. Suitable measures are to be taken for controlling pollution.
- Other problem: Any other problems related to the society and people are to be studied.

END