

1 MEANING OF ENTREPRENEURSHIP: Entrepreneurship may be defined as the visualization and realization of new ideas by insightful individuals, who are able to use information and mobilize resources to implement their vision. Entrepreneurship is the ability (i.e., knowledge plus skills) of a person to translate ideas of commencing a business unit into reality by setting up a business on ground to serve the needs of society and the nation, in the hope of profits.

DEFINITION OF ENTREPRENEURSHIP

Wennekers and Thurik have probably provided the most elaborate and inclusive definition: Entrepreneurship is the manifest ability and willingness of individuals, on their own, in teams, within and outside existing organizations to perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product-market combinations), and to introduce their ideas in the market, in the face of uncertainty and other obstacles,

CHARACTERISTICS OF ENTREPRENEURSHIP i) Entrepreneurship is an economic activity done to create, develop and maintain a profit-oriented business.

ii) It begins with identifying an opportunity as a potential to sell and make profit in the market.

iii) Entrepreneurship is the best utilization of available resources.

iv) Entrepreneurship is the ability of an enterprise and an entrepreneur to take risk.

What Is an Entrepreneur?

An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The process of setting up a business is known as entrepreneurship. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures.

Entrepreneurs play a key role in any economy, using the skills and initiative necessary to anticipate needs and bringing good new ideas to market.

Entrepreneurship that proves to be successful in taking on the risks of

creating a startup is rewarded with profits, fame, and continued growth opportunities.

A most appropriate definition of entrepreneur is that, "he is a man who detects and evaluates a new situation in his environment and directs the making of such adjustments in the economic systems as he deems necessary".

In actual practice the term "entrepreneur" is attributed to all small industrialists, small business men, and traders. All people who are fully engaged in work of manufacturing, distribution or service and other sectors are called entrepreneurs.

Entrepreneur - Meaning and Definition

An entrepreneur is one who innovates, raises money, assembles inputs, chooses managers and sets the organisation going - With his ability to identify them. Innovation occurs through

a) The introduction of a new quality product,

(b) A new product,

(c) A discovery of a new demand and a new source of supply, and

d) By changes in the organisation and management.

A most appropriate definition of entrepreneur is that, "he is a man who detects and evaluates a new situation in his environment and directs the making of such adjustments in the economic systems as he deems necessary".

An entrepreneur performs one or more of the following:

(i) Perceives opportunities for profitable investments,

(ii) Explores the prospects of starting a manufacturing enterprise,

(iii) Obtains necessary industrial licenses,

- (iv) Arranges initial capital,
- (v) Provides personal guarantees to the financial institution,
- (i) Promises to meet the shortfalls in the capital, and
- (ii) Supplies technical know-how.

Entrepreneur - Concept

To trace the genesis of the word entrepreneur it would be prudent to look at word 'entrepredre' in French which literally means "between-taker" or "go-between." The theoretical growth of the concept of entrepreneurship has taken place side by side with growth of itself.

In the early 18th century French economist Richard Cantillon used the term entrepreneur to business. Entrepreneur was a dealer who purchases the means of production for combining them into marketable products. Since then the word entrepreneur refers to one who takes the risk of starting a new organization or introducing a new idea, product or service.

Entrepreneur is the most important factor in the process of economic development. He occupies the central place in the growth process because he initiates development in a society and carries it forward. As a change agent, the entrepreneur is the first and foremost a catalyst for change.

The function that is specific to entrepreneur is the ability to take the factors of production-land, labour and capital and use them to produce new goods or services. The entrepreneur perceives opportunities. He works as an originator of a new business venture and also tries to improve an organisation unit by initiating productive changes.

Entrepreneur - Nature . . .

The entrepreneur is expected to identify the environmental change as an opportunity and uses the factors of production to produce new goods and services.

He is motivated to:

- (i) The desire to find a private commercial kingdom,
- (ii) The will to conquer and prove his superiority and,
- (iii) The joy of creating, getting things done or simply of exercising one's energy and ingenuity.

Broadly the three main views are:

1. Entrepreneur as a Risk Bearer:

'Richard Cantillon' (Irish) was the first person who introduced the term 'entrepreneur' and his unique risk-bearing function in economics in the early 18th century. He defined entrepreneur as an agent who buys factors of production at certain prices in order to combine them into a product, then a view to selling it at uncertain prices in future. Thus, it is a risk bearing activity).

2. Entrepreneur as an Organiser:

Jean-Baptiste Say, developed the concept of entrepreneur by associating it with the functions of co-ordination, organization and supervision. According to him an entrepreneur is one, who combines the land of one, the labour of another and 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.

Thus an entrepreneur is an organiser.

3. Entrepreneur as an Innovator:

'Joseph A. Schumpeter' in 1934, assigned a crucial role of 'innovation' to the entrepreneur. He considered economic development as a dynamic change brought by entrepreneur by instituting new combinations of factors of production, i.e., innovations.

The introduction of new combination of, according to him, may occur in any of the following forms:

- (a) Introduction of new product in the market.

- (b) Use of a new production technology.
- (c) Opening of a new market.
- (d) Discovery of a new source of supply of raw materials.

Definition:

Thus an Entrepreneur can be defined as a person who tries to create something new, organises production and undertakes risks and handles economic uncertainty involved in enterprise, e.g., Ambani, Tata, Birla,

Entrepreneur - Skills Required for an Entrepreneur

An entrepreneur needs intuition, creative thinking and innovative ability. Entrepreneurs were not born; they learned to become entrepreneurs. They can learn and improve their skills through various training programmes for entrepreneurs.

The following skills are required for an entrepreneur:

1. Conceptual - An entrepreneur has the ability to identify relationships quickly in the midst of complex situations. He identifies problems and begins to work in their solution faster than other people.
2. Technical - A good entrepreneur should have interest to explore new ideas, new technology and new production method. He must have a reasonable level of technical knowledge.
3. Human Relation - An entrepreneur should maintain good relations with his customers and the public. He must also maintain good relations with his employees to motivate them to higher levels of efficiency.
4. Communication - Communication of an entrepreneur must be to the point, crisp and convincing. Communication ability is the secret of the success of most entrepreneurs.
5. Decision-making - It means the ability to choose the correct alternative from a number of alternatives. An entrepreneur should have the ability to analyse the various aspects of the business to arrive at a decision.
6. Managerial - An entrepreneur should have the skill to manage the men and other factors of production. He should be able to select, train and maintain the persons composing of labour force.

7. Time Management - Time Management is the act or process of exercising continuous control over time spent on specific activities.

ex. This is necessary to increase efficiency or productivity. An entrepreneur must possess this skill to manage the time.

8. Stress Management - Stress management is one of the keys to a happy and successful life in modern society. It is the best way to manage anxiety and maintain overall well-being. Entrepreneur must be able to adopt various mechanisms to control the level of stress.

9. Personality and Individual skill - Impressive personality and individual skill help to develop entrepreneurship. These qualities are inevitable for entrepreneurs since they have to work with officers, engineers, labourers, customers, investors, Govt. officers, etc.

10. Pioneering - Entrepreneurs have the skill to explore into new opportunities. They adopt things like disco, newer methods of production and new markets. Thus, they are pioneers in their own field.

11. Unification and Organization - An entrepreneur comes in contact with many unions and organizations. He has to arrange many things in many ways and to unite all of them for a common goal. So, he must have unification and organization skills.

12. Computer knowledge - If an entrepreneur is computer literate he can use the computers and software to perform different aspects of his jobs. Computer is a helpful tool for decision-making. Some important applications of the internet are e-mail, telnet, acquiring software and world-wide web.

Entrepreneur - Functions: Innovation, Risk-Taking, Organisation and Management, Business Decisions

Function# 1. Innovation:

Innovation means doing the new things or the doing of things that are already being done in a new way. This innovation is the process of doing new things. However, there is distinction between creativity and innovation. Creativity is the ability to bring something new into existence.

Practically, it is the ability, not the activity of bringing something new into existence. It is possible for a person to conceive of something new and see vision how it will be useful but not necessarily take the necessary action to make it a reality.

It is also possible that ideas generated in the mind of a man have little value until they are converted into new products, services or processes. But "innovation is the transformation of creative ideas into useful applications but creativity is a prerequisite to innovation."

Schumpeter described entrepreneurs as innovators who use the process of shatter the status quo through new combinations of resources and new method of commerce. It includes new processes of production, introduction of new products, and creation of new markets, discovery of a new and better form of industrial organisation.

Peter Drucker also elaborates that innovation is the specific tool of entrepreneurs the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced.

Entrepreneurs need search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. They need to know and to apply the principles of successful innovation. Thus, innovation is the development process. It translates an idea into an application. It requires entrepreneur to work out the detail of product design or service analytically, to develop marketing, obtain finance and plan operations.

Function#2. Risk-Taking:

The risk is the condition of not knowing the outcome of an activity or decision. Nevertheless, risk is capable of being evaluated for relative probabilities. Risk bearing means provision for capital in order to enable the entrepreneur to establish and operate the business

Economists like Cantillon, J.B. Say and others stressed risk taking as the specific function of an entrepreneur. Entrepreneur is required

to reduce uncertainty in his investment strategies by initiating expansion and diversification programmes in the enterprise. In this connection, Drucker observed that entrepreneurial behaviour is risky because so few of the so-called entrepreneurs know what they are doing.

They lack the methodology. They violate elementary and well-known rules. So, entrepreneur should try to reduce the level of uncertainty by analysing the problem in proper perspective.

Actually, "business game consists of great risks and rewards are also great when risks are successfully covered. The ability to perform services and the risks involved are inseparable. Therefore, for successfully covering the risks, highest order of ability is required. A successful entrepreneur would be one who has trait, patience, sagacity, power of observation and wisdom and ability of discrimination. He should be mentally alert, gifted with discernment, practically astute, shrewd and an exceptionally intelligent person."

Thus, entrepreneurs are required to perform this function-risk taking as well as risk bearing at the same time. They are the owner as well as executor of the business enterprise.

Function # 3. Organisation and Management:

The process of organisation and management includes planning of an enterprise coordination, control and supervision. Prof. Alfred Marshall recognised this function as an important function of an entrepreneur.

Entrepreneurs often fall into the trap of thinking that just because their business is small, they do not really need a comprehensive system of organisation and management. They may rationalise that by designing an effective organisational and management control system or they cannot improve their capabilities because of their limited knowledge about possible methods of effective control. But entrepreneurs are expected to develop an effective organisation and management system in the organisation. They have to interact directly with employees and exchange information about what is going on in the firm. They tend to be directly involved in the organisation's operational activities to ensure effective control. They

are expected to formulate plans, production strategies, and financial management and develop marketing channels and new growth, and personnel.

Function# 4. Business Decisions:

Arthur H. Cole described an entrepreneur as a decision maker, who takes decisions with regard to what to produce, how to produce and for whom to produce are to be taken by the entrepreneur himself. In this connection, he has to implement his innovative process.

Prof. Cole described the functions of an entrepreneur as:

- (i) The determination of those objectives of the enterprise and the change of those objectives as conditions required or made advantageous;
- (ii) The development of an organisation including efficient relations with subordinates and all employees;
- (iii) The securing of adequate financial resource, the relations with existing and potential investors;
- (iv) The requisition of efficient technological equipment and the revision of it as new machinery appeared;
- (v) The development of a market for products and the devising of a new product to meet or anticipate consumers demand;
- (vi) The maintenance of a good relations with public authorities and with society at large. Thus, the entrepreneur is an institution himself and he performs various functions related with organisation development and management control. He is supposed to bear the risk, manage, innovate, organise and take decisions with regard to his business empire.

Entrepreneur - 14 Important Qualities

1. Self confidence.
2. Result oriented.
3. Risk taker.
4. Innovative

Eight traits of an entrepreneur

Entrepreneurs have an eye for innovative business opportunities and a desire to drive change, but they can also have a range of personality types and come from all kinds of backgrounds. So what defines a great startup founder? Find out which essential skills and characteristics every small business owner needs to become a successful entrepreneur.

1. Leadership

One of the most important characteristics of an entrepreneur is the ability to lead. You'll need to function as the head of your company, the manager of your team, and the trailblazer who keeps everyone moving forward as your launch approaches. You'll also need to take the helm when it comes to pitching to investors or talking with the press. Be prepared to forge new paths and build a team of devotees as the face of your business.

2. Vision

Entrepreneurs who are truly blazing new trails always have a vision in mind. How will your company change the industry, and how will you improve the ways customers do business or live their lives? Most investors are seeking impressive levels of innovation, which could be interesting products or bringing something completely new to improving on whatever you're selling, you'd better be prepared to show the market. What you see much better things look in your vision of investors and customers now the future.

3. Motivation

The most successful startup founders are endlessly driven. They have a knack for motivating themselves, moment. In addition to being self better virtually every way to push others to accomplish ambitious motivated, they also know how to discover new opportunities. Staying motivated requires Goals and discover new opp

Promotion: Building your business is virtually impossible if no one knows about it, so promoting yourself and your company is crucial. That doesn't mean you have to turn every conversation into a sales pitch, though. Become a company evangelist and master self-promotion in a way that wins over friends and investors alike.

Money management: Whether you're in it for the money or you truly want to change your industry, you have to learn how to manage money wisely. Even if you delegate the bulk of this task to an experienced accountant, you need to have a sense of what's coming in, what's going out, and whether you're meeting your goals.

How to become an entrepreneur

Starting a business might sound like a daunting proposition if you don't know where to begin. Follow these steps to become an entrepreneur in any industry.

Become an expert: The best startup founders know their field like the back of their hand. Take the time to become an expert in your industry, whether that means taking classes, getting experience at other businesses, or doing market research. Develop a reputation as an expert by networking, giving talks, and writing thoughtful articles.

- **Make a plan:** Startups don't usually fall out of thin air. To get a startup off the ground, you'll need to create a detailed business plan, complete with product launches and profit-and-loss projections for each stage. You'll also need to illustrate how your company differs from competitors and set yours up to be the best in the business.

Seek out a mentor: Even if you think you know what you're doing, you're likely to benefit greatly from having a relationship with a business owner or an industry expert who has been in your shoes before. Not only will you have someone to bounce ideas off of or solicit advice from, but you'll also have someone else in your corner, cheering you on.

- **Build a team:** You'll need much more than a mentor to create that code or launch that product. Get out there and build a team of dedicated workers and innovative employees who can help you shape your company's vision.

- **Learn how to move on from failure:** Almost every startup in the book has experienced both small and large failures.

something wrong is inevitable, so don't try to avoid it. If it
understand how to do damage control, learn from your mistakes,
and move your company forward after a major glitch.

Not everyone is cut out to be a boss, transform the market, or launch a groundbreaking product. With a solid roadmap, important skills, and eight essential traits of an entrepreneur, you'll have what it takes to become an effective business owner.

Who is a Manager?

A manager, on the other hand, is not an owner of an enterprise. Instead, he is the one that is responsible for the management and administration of a group of people or a department of the organization. His day to day job *is* to manage *his* employees and ensure the organization runs smoothly.

A manager must possess some of the same qualities as an entrepreneur, like leadership, accountability, decisiveness etc. He must also be a good manager of people. So qualities such as warmth and empathy are also very important in a manager.

Now that we have a brief idea about their qualities and roles, let us take a look at the difference between them

Entrepreneur vs Manager	
Entrepreneur	Manager
Entrepreneur is visionary and bears all financial risks.	A manager i.e., works for a salary and does not have to bear any risks.
Focuses on starting and expanding the business ideas	Focus on daily smooth functioning of business
Key motivation for Entrepreneur is achievements	For managers motivation comes from the power that comes with their position
Reward for all the efforts is profit he earns from the enterprise	Remuneration is the salary he draws from the company
Entrepreneur can be informal and casual	A manager's approach to every problem is very formal

Difference between Entrepreneur and Manager

- The key **difference between an entrepreneur and a manager** is their standing *in* the company. An entrepreneur is a visionary that *converts an idea into* a business. He *is* the owner of the business, so he bears all the financial and other risks. A manager, on the other hand, is an employee, he works for a salary. So he does not have to bear any risks.
- The focus of an entrepreneur lies in starting the business and later expanding the business. A manager will focus on the daily smooth functioning of the business.
- For an entrepreneur the key motivation is achievements. But for the managers, the *motivation* comes from the power that comes with their position.
- The reward for all the efforts of an entrepreneur is the profit he earns from the enterprise. The manager is an employee, so his remuneration *is* the salary he draws from the company.

- The entrepreneur can be informal and casual in his role. However, a manager's approach to every problem is very formal.
- The entrepreneur by nature is a risk taker. He has to take calculated risks to drive the company further. A manager, on the other hand, is risk-averse. His job is to maintain the status quo of the company. So he cannot afford risks.

WHAT IS THE BUSINESS PLAN

A **business plan** is a written document prepared by the entrepreneur. It describes all the relevant external and internal conditions involved in starting a new venture.

It addresses both short- and long-term decisions. The business plan is like a road map for the business' development.

The Internet also provides outlines for business planning.

Entrepreneurs can also hire or offer equity to another person to provide expertise in preparing the business plan. In developing the business plan the entrepreneur can determine how much money will be needed from new and existing sources.

PLANNING AS PART OF THE BUSINESS OPERATION

Planning is a process that never ends. In the early stages, the entrepreneur should prepare a preliminary plan. The plan will be finalized as the enterprise develops.

Many different types of plans may be part of any business operation (financial, marketing, production, etc.).

Plans may be short term or long term, or they may be strategic or operational. All of these plans have one purpose; to provide guidance and structure to management in a rapidly changing market environment.

WHO SHOULD WRITE THE PLAN

The business plan should be prepared by the entrepreneur; however, he or she may consult many sources.

Lenders, accountants, marketing consultants, and engineers are useful supplemental sources.

Other resources are the Small Business Administration, Service Corps of Retired Executives, Small Business Development Centers, universities, friends, and relatives.

To help determine whether to hire a consultant, the entrepreneur needs to make an objective assessment of his or her own skills.

SCOPE AND VALUE OF THE BUSINESS PLAN WHO READS THE PLAN

The business plan must be comprehensive enough to address the concerns of employees, investors, bankers, venture capitalists, suppliers, and customers.

Three perspectives need to be considered:

1. The *entrepreneur* understands the new venture better than anyone.
2. The *marketing perspective* considers the venture through the eyes of the customer.
3. The *investor* looks for sound financial projections. The depth of the business plan depends on the size and scope of the proposed venture.

The business plan is valuable to the entrepreneur and investors because: It helps determine the feasibility of the venture in a designated market.

The business plan is valuable to the entrepreneur and investors because:

1. It helps determine the feasibility of the venture in a designated market.
2. *It gives guidance in organizing planning activities.*
3. It serves as an important tool in obtaining financing. Potential investors are very particular about what should be included in the plan. The process of developing a business plan *also* provides a self-assessment of the entrepreneur.

HOW DO POTENTIAL LENDERS AND INVESTORS EVALUATE THE PLAN

Potential suppliers of capital will *vary* in their needs and requirements *in* the business plan. Lenders are primarily interested in the ability of the new venture to pay back the debt and focus on the four C's of credit:

1. The entrepreneur's credit history or *character*.
2. -Their ability to meet debt and interest payments (*cash flow*.)
3. The *collateral* or tangible assets being secured.
4. *Equity contribution* or the amount of personal equity that has been invested by the entrepreneur.

PRESENTING-THE PLAN

It is often necessary for an entrepreneur to orally present the business plan to investors. Typically the entrepreneur provides a short (10 -20 minutes) presentation of the business plan. The entrepreneur must sell their business concept in a short time period. A venture capitalist or angel group may also ask the entrepreneur to present the plan to their partners before making a final decision.

1. To identify information needs and sources for business planning.
2. To enhance awareness of the ability of the Internet as an information resource and marketing tool
3. To present helpful questions for the entrepreneur at each stage of the planning process.
4. To understand how to monitor the business plan

INFORMATION NEEDS

Before preparing a business plan, the entrepreneur should do a quick feasibility study to see if there are possible barriers to success. The entrepreneur should clearly define the venture's goals, which provide a range of reasonable goals. The business plan must reflect

Market Information The market potential for the product or service. It is important to know the market.

The first step is to define the market. A well-defined target market makes it easier to project market size! The entrepreneur can use market research, market potential, the published studies. To assess the total market, market reports, and trade associations, government

Operations Information Needs

The entrepreneur may need information on:

- location
- Manufacturing operations
- Raw materials
- Equipment
- Labor skills
- Space
- operating cost

Each item may require some research but is needed by those who will assess the business plan.

USING THE INTERNET AS A RESOURCE TOOL

Thanks to technology, entrepreneurs are able to access information efficiently, expediently, and at very little cost.

The **Internet** can serve as an important source of information in preparing the business plan.

Information on industry analysis, competitor analysis and measurement of market potential can be located.

In addition, the Internet also provides opportunities for actually marketing the new ventures products. A Web site, or home page, typically describes a firm's history, existing products, background of the founders, and other information to create a favorable image.

The web site can be a vehicle for advertising or for direct marketing.

Many new ventures use web pages to increase sales contacts and reach potential customers.

An entrepreneur can also access competitors' web sites to gain knowledge of their strategy in the marketplace.

To gather information anonymously the entrepreneur can also investigate newsgroups. All that is needed to use these sources is a small investment in hardware and software.

WRITING THE BUSINESS PLAN

The business plan should be comprehensive enough to give a potential investor a complete understanding of the venture

Introductory Page

The *title* page provides a brief summary of the business plan's contents, and should include:

1. The name and address of the company
2. The name of the entrepreneur and a telephone number
3. A paragraph describing the company and the nature of the business
4. The amount of financing needed
5. A statement of the confidentiality of the report. It also sets out the basic concept that the entrepreneur is attempting to develop.

Executive Summary

This is prepared after the total plan is written. It should be one to two pages in length and should highlight the key points in the business plan.

The summary should highlight in a concise manner the key points in the business plan. Issues that should be addressed include:

1. Brief description of the business concept
2. Any data that support the opportunity for the venture.
3. Statement of how this opportunity will be pursued.
4. Highlight some key financial results that can be achieved. Because of the limited scope of the summary, the entrepreneur should ascertain what is important to the audience to whom the plan is directed.

Environmental and Industry Analysis

The entrepreneur should first conduct an **environmental analysis** to identify trends and changes occurring on a national and international level that may impact the new venture. Examples of environmental factors are:

Economy Culture Technology Legal concerns All of the above external factors are generally uncontrollable. Next the entrepreneur should conduct an **industry analysis** that focuses on specific industry trends.

Some examples of industry analysis: SWOT, PEST, STEER, PORTER five forces

Description of the Venture

The description of the venture should be detailed in this section.

It should begin with the mission statement or company mission, which describes the nature of the business and what the entrepreneur hopes to accomplish.

The new venture should be described in detail, including the product, location, personnel background of entrepreneur, and history of the venture.

The emphasis placed on location is a function of the type of business. Maps that locate customers, competitors, and alternative locations can be helpful. If the building or site decision involves legal issues, the entrepreneur should hire a lawyer.

Production Plan or Operations Plan

If a new venture is a manufacturing operation, a production plan is necessary.

This plan should describe the complete manufacturing process, including whether or not the process is to be subcontracted.

If the manufacturing is carried out by the entrepreneur, the plan should describe physical plant layout and machinery and equipment needed.

If the venture is not manufacturing, this section would be titled *operational plan*. The entrepreneur would need to describe the chronological steps in completing a business transaction.

Marketing Plan

The marketing plan describes how the products will be distributed, priced, and promoted. Potential investors regard the marketing plan as critical to the venture's success.

Organizational Plan

The organizational plan section should describe the venture's form of ownership. If the venture is a corporation, this should include the number of shares authorized, share options, and names and addresses of the directors and officers.

It is helpful to provide an organization chart indicating the line of authority. This chart shows the investor who controls the organization and how members interact.

Assessment of Risk

It is important that the entrepreneur make an assessment of risk in the following manner: The entrepreneur should indicate the potential risks to the new venture.

Next should be a discussion of what might happen if these risks become reality.

Finally the entrepreneur should discuss the strategy to prevent, minimize, or respond to these risks.

The entrepreneur should also provide alternative strategies should these risk factors occur

Financial Plan

The financial plan determines the investment needed for the new venture and indicates whether the business plan is economically feasible. The entrepreneur should summarize the forecasted sales and expenses for the first three years. Cash flow figure for three years are needed, with the first year's projections provided monthly. The projected balance sheet shows the financial condition of the business at a specific time.

USING AND IMPLEMENTING THE BUSINESS PLAN

The business plan is designed to guide the entrepreneur through the first year of operations.

- It should contain control points to ascertain progress.
- Planning should be a part of any business operation. Without good planning the employees will not understand the company's goals and how they are expected to perform their jobs.
- Bankers say that most businesses fail because of the entrepreneur's inability to plan effectively.
- The entrepreneur can enhance efficient implementation of the plan by developing a schedule to measure programs and to institute contingency plans.

Measuring Plan Progress

Plan projections will typically be made on a 12-month schedule, but the entrepreneur should check key areas more frequently. The firm can ensure maximum inventory control by controlling inventory. Compare the cost figures service to the customer. Production contracts against day-to-day operating costs.

1. Quality control Quality control depends on the type of production system used.
2. Sales control Information on units, dollars, and specific products sold should be collected.
3. expenditures.
4. The new venture should control the amount of money paid out

WHY SOME BUSINESS PLANS FAIL

A poorly prepared business plan can be blamed on:

- Goals set by the entrepreneurs that are unreasonable.
- Goals those are not measurable.

To be successful

- Goals should be specific.
- They should also be measurable and should be monitored over time.

The entrepreneur who has not made a total commitment to the business will not be able to meet the venture's demands of the venture. Investors will not be positive about a venture that does not have full-time commitment. Investors will typically expect the entrepreneur to make significant financial commitment to the business. Lack of experience will result in failure unless the entrepreneur can gain knowledge or team up with someone. The entrepreneur should also document customer needs before preparing the plan

16 Sources of New Ideas for Entrepreneurs

The entrepreneurial idea is a feasible, financially sound, technically possible, and socially acceptable idea of a project or product that may have utility to prospective customers.

No one can come up with an idea and, in the very first instance convert it into a business opportunity and start a small business on that basis.'

The majority of good business opportunities do not come suddenly.

It comes from an established mechanism to generate many ideas so that at least one idea has the potential for a business opportunity. It requires a series of steps to finalize it into a profitable business.

This is the first step in idea generation and evaluation.

Entrepreneurs throughout the world use the following sources to tap to identify good ideas:

16 Sources of New Ideas for Entrepreneurs

1. Customers
2. Existing organization
3. Distribution channels
4. Government
5. Financial institutions and Development Agencies
6. Research and Development
7. Trade Shows, Fairs and Exhibitions
8. Focus Groups
9. Brainstorming
10. Collective Notebook Method
11. Heuristics Method
12. Checklist Method
13. Synectics Method
14. Dream Approach
15. Market Gap Analysis
16. Life-style analysis Method

1. Customers

Prospective customers know best what they want and the habits/tastes that will be popular shortly.

New product or service ideas may come from customers' reactions to the present product and the expected product idea.

Contacts with prospective consumers can also reveal the features that should be built into a product or service.

Ad by Value impression

The attention to the customers can take the form of informally monitoring potential ideas and needs or formally arranging surveys among prospective customers.

Care needs to be taken to ensure that the idea or need represents a large enough market to support a new venture.

2. Existing organization

Competing products and services of existing organizations and evaluation thereof is a successful source of new ideas.

Frequently, this analysis uncovers ways to improve on these offerings, resulting in a new product that has more market appeal.

The analysis of profitability and break-even level of various industries or organizations indicate promising investment opportunities which are profitable and relatively risk-free.

An examination of the capacity utilization of various industries provides information about the potential for further investment.

3. Distribution channels

Member of the distribution channels; intermediaries, transient customer preference, and possible expectations may be a good business idea.

Not only do channel members frequently have suggestions for completely new products, but they can also help in marketing the entrepreneur's newly developed products.

4. Government

The government can be a source of new product ideas in many ways.

First, the files of the Patent Office contain numerous new product possibilities. They can suggest other more marketable new product ideas.

Secondly, new product ideas can respond to government regulations, industrial policy, investment guidelines, annual plan, Five-year plan, etc.

Thirdly, several government agencies nowadays assist entrepreneurs in discovering evaluating business ideas.

5. Financial institutions and Development Agencies

These organizations also provide ready projects and offer suggestions to potential entrepreneurs who help identify promising projects.

Community Development Financial Institutions Fund, Small Business Administration, Office of Advocacy, United States Chamber of Commerce, Economic Development Administration, Small Business and Entrepreneurship Council, House Committee on Small Business, and many other bodies in the USA are working to improve entrepreneurship and small businesses.

6. Research and Development

The entrepreneur's own "research and development" is the largest source of new ideas. It may be a more formal endeavor connected with one's current employment or an informal laboratory in the private premises.

Formal institutional research and development are often better equipped, enabling the entrepreneur to conceptualize and develop successful new product ideas.

But many amazing product ideas have come from informal research endeavors at the private level.

7. Trade Shows, Fairs and Exhibitions

These sources display new products and innovations in processes and services.

An innovative entrepreneur can get product ideas to adapt or modify and produce with indigenous materials and technology.

8. Focus Groups

Focus groups are good sources of product ideas.

A moderator leads a group of people through an open, in-depth discussion rather than simply asking questions to solicit participant response; for a new product area, the moderator focuses the group's discussion in either a directive or a nondirective manner.

The group of 8 to 14 participants is stimulated by comments from other group members to conceptualize and develop a new product idea to fulfill market needs.

This is an excellent method for initially screening ideas and concepts.

9. Brainstorming

The brainstorming method for generating new product ideas is based on the fact that people can be stimulated to greater creativity by meeting with others and participating in organized group experiences.

This method would be effective if the effort focuses on a specific product or market area. The following four rules should be followed when using this method:

1. No criticism is allowed by anyone in the group - no negative comments.
- Freewheeling is encouraged- the wilder the idea, the better.
3. Quantity of ideas is desired- the greater the number of ideas, the greater the likelihood of useful ideas emerging.
4. Combinations and improvements of ideas are encouraged - ideas of others can still produce another new idea.

The brainstorming session should be fun, with no one dominating or instituting the discussion.

10. Collective Notebook Method

In the collective notebook method, a small notebook that easily fits in a pocket, containing a statement of the problem, blank pages, and any pertinent background data, is distributed.

Participants consider the problem and its possible solutions, recording ideas at least once but preferably three times a day.

At the end of the month, a list of the best ideas is developed, along with any suggestions.

11. Heuristics Method

Heuristics relies on the entrepreneur's ability to discover through a progression of thoughts, insights, and learning.

The technique is probably used more than imagined because entrepreneurs frequently must settle for an estimated outcome of a decision rather than a certainty.

One specific heuristic approach is called the heuristic ideation technique (HTT).

The technique involves locating all relevant concepts - that could be associated with a given product area and generating a set of all possible combinations of ideas.

Value analysis Method: The value analysis technique develops methods for maximizing value to the entrepreneur and the new venture. It is a method for developing a new idea by evaluating the worth of aspects of ideas.

Under this technique, regularly scheduled times are established to develop, evaluate, and refine ideas.

12. Checklist Method

A new idea is developed through a lot of related issues or suggestions.

The entrepreneur can use the list of questions or statements to guide the direction of developing entirely new ideas or concentrating on specific "idea" areas. The checklist may take any form and be of any length.

One general checklist is :

- Put to other uses? New ways to use as is? Other uses if modified?
- Adapt? What else is like this? What other ideas does this 'suggest? Does the past offer parallel? What could I copy? Whom could I emulate?
- Modify? New twist? Change meaning, sound, motion, odor, form, shape? Other changes?
- Magnify? What to add? More time? Greater frequency? Stronger? Larger? Thicker? Extra value? Plus ingredient? Duplicate? Multiply? Exaggerate?
- Minify? What substitute? Smaller? Condensed? Miniature? Lower? Shorter? Lighter? Omit? Streamline? Split up? Understated?

- Substitute? Who else instead? What material? Another process? What else instead? Another ingredient? Other tones of *voice*? Stress. Different power? Other places? Other approaches?
- Rearrange? Interchange components? Other Pattern? Other layouts? Other sequence; Transpose cause and effect? Change pact? Change schedule?
- Invert? Reverse positive and negative? How about opposites? Turn it inside-out? Turn it upside-down? Reverse roles? Change shoes? Turntables? Turn out her cheeks?
- Combine? How about blend, an alloy, an assortment, an ensemble? Combine units? Combine purposes? Combine /appeals? Combine ideas?

13. Synectics Method

Synectic is a creative process that forced individuals to solve problems through four analogy mechanisms: personal, direct, symbolic, and fantasy. A group works through a two-step process.

The first step is to make the strange familiar.

Through generalizations or models, this *involves* consciously reversing the order of things and putting the problem into a readily acceptable or familiar perspective, thereby eliminating the strangeness.

Once the strangeness is eliminated, participants engage in the second step, making the familiar strange through personal, direct, or-symbolic analogy, which ideally results in a unique solution being developed.

14. Dream Approach

The big dream approach to coming up with a new idea requires that the entrepreneur dreams about the problem and its solution- thinking big.

Every possibility should be recorded and investigated without regard to all the negatives involved or the resources required.

In other words, ideas should be conceptualized without any constraints until an idea is developed into a workable form

15. Market Gap Analysis

Market gap analysis is a powerful method used to uncover areas in the market in which the needs and wants far exceed the supply.

This method has a hopper or gathering effect of converting everyday information into bunches of lucrative product and service gaps that few have thought of before.

16. Life-style analysis Method

Entrepreneurs can use lifestyle analysis effusively for product-service ideas. Lifestyle is a person's pattern of living expressed in his or her psychographics (Kotler and Armstrong. 181:2001).

It involves measuring consumers' major activities (work, hobbies, shopping, sports, social events), interests (food, fashion, family, recreation), and opinions (about themselves, social issues, business, products).

The lifestyle analysis will help entrepreneurs understand new needs and want under the changed conditions. It will also reflect the changing consumer values that may be a good source of product-service ideas.