

1. Thinking Entrepreneurial Venture: Some Insights to Take Care

Nowadays, the field of entrepreneurship is lucrative for everyone because of numerous reasons like startup culture, policy interventions, promotion platforms etc. Further, this covid-19 pandemic also makes us realize to think about entrepreneurial venture to become “Atam- Nirbhar” which further leads to fulfillment of campaign “ATAM NIRBHAR BHARAT”. While thinking about entrepreneurial venture, one should take care of few aspects which are briefly explained below:

1.1 What Makes An Entrepreneur – Entrepreneurial?

The person who really wants to become entrepreneur requires a right mindset to start and grow a business. Alternatively, the thought process matters while doing business which is of following types:

Managerial Thinking: people with managerial thinking worked upon casual reasoning. They preferred for the achievement of task assigned within the given resources. Usually, people having managerial thinking approach work upon the cause and effect relationship to take any decision. For example: make or Buy decision in production. As for this type of decision, cost –benefit analysis needs to be done which requires cause and effect relationship.

Strategic Thinking: People with strategic thinking worked upon creative casual reasoning. People with strategic thinking apply new things to generate other resources along with given resources to achieve pre determined goals. People with strategic thinking do new things with limited resources.

Entrepreneurial Thinking: People with entrepreneurial thinking worked upon effectual reasoning. They usually imagine new things with the given set of resources. People with entrepreneurial thinking approach always follow empathy approach for its consumers. They work upon:

- ✓ Who they are?
- ✓ What they are?

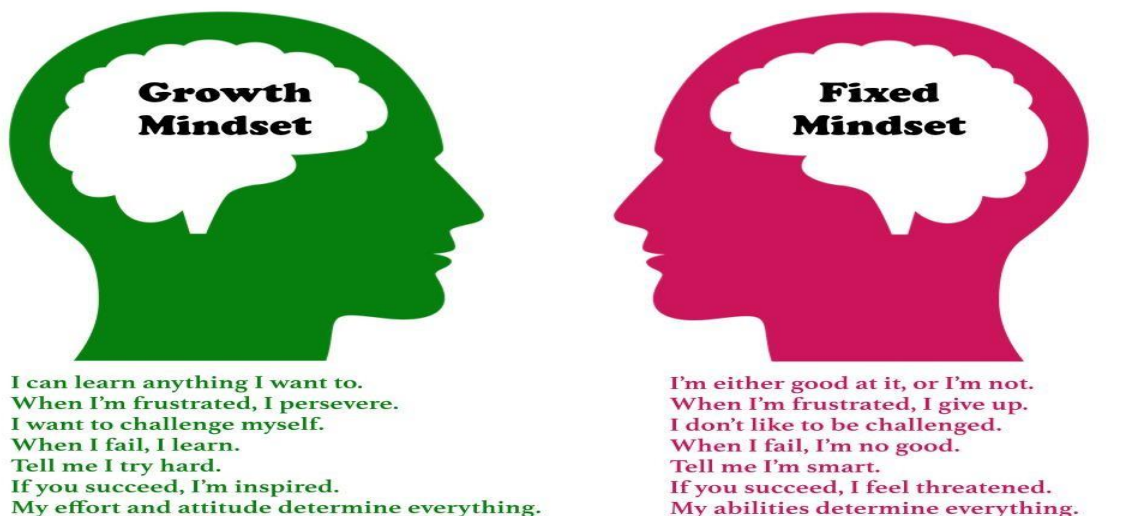
- ✓ To whom they know?
- ✓ What they know?

Further, type of mindset also has an impact on business growth as well. The aspiring entrepreneur should have growth mindset instead of fixed mindset. So, while thinking entrepreneurial venture one must think once about the mindset he or she has.

1.2 What is Mind-set?

It is the established set of attitudes held by someone. The person's mindset plays a great role while addressing any problems or hindrances in life. It's the person's mindset who keeps him on right track. There are two types of mindset proposed by Carol Dweck, Psychologist at Stanford University- Fixed mindset and Growth Mindset. The entrepreneurial mindset can be said as the ability to quickly sense, observe, analyze, take action and get organized under uncertain conditions.

What Kind of Mindset Do You Have?



Created by: Reid Wilson @wayfaringpath © 2015 Icon from: thenounproject.com

Source: retrieved from <https://www.astridbaumgardner.com/>

Fixed Mindset: such people have assumption that their talents and abilities are as set traits. They take constructive criticism of their capabilities very personally and give other persons success as luck or biased decision or unfair advantage. They also admit themselves that they are not good at certain things to avoid challenges, failure or looking

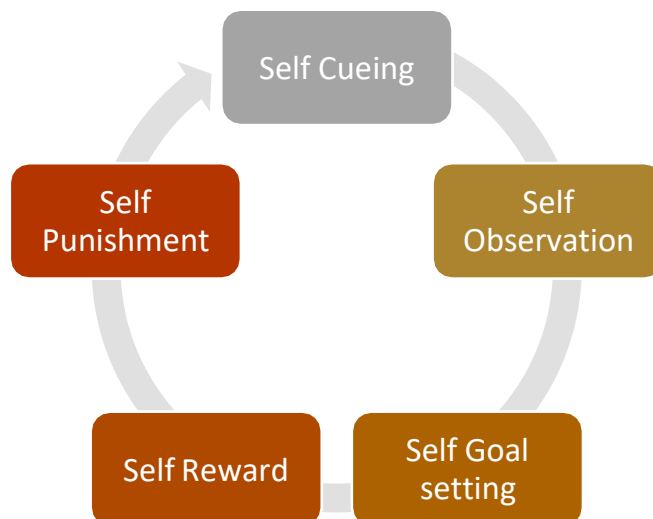
dumb. In short, their learning attitude is also low. Over praising to a kid can also lead to develop a fixed mindset for that kid which may hamper in near future to him.

Growth Mindset: Such people have assumption that their abilities can be developed with hard work, willingness, determination and dedication. They tend to learn the things wherever they get opportunity. Even if they fail, they tend to learn again without any hesitation. They have belief in their efforts. They think that brains and talents are the starting point of any getting success but not the key for lifelong success.

1.3 Habits of Entrepreneurs

Habit of Self Leadership: The process in which people understand themselves in deeper way and control their own behavior, action to achieve self direction and self motivation to build your entrepreneurial venture.

Elements of self Leadership:



Adapted from Entrepreneurship – The Practice and Mindset

Habit of Creativity: It's very difficult to define creativity as it covers lots of things. Still, creativity can be defined as producing or making new things using your own skills and imagination. Each entrepreneur must develop this habit as to create uniqueness in their product / service/ process and so on. Creativity is not something which we are born with. It can be developed or sharpen with practices and dedication. Sometimes, product based on creativity can change the life for example – post it stamps, flags, paper clips, Velcro etc.

Habit of Improvisation: It's the art of spontaneously creating something without preparation. It helps in development of cognitive skills to rapidly sense and act as well as

change direction quickly which further leads to attitude formation. Usually it appends with musicians and other artists while performing on stage. Each entrepreneur should develop this habit as to make better its products and services by sensing the customer needs and desires and providing the Products or services accordingly.

2. Feasibility Study

Feasibility study is conducted in order to assess the viability of your business idea. This is investigative in nature and having a critique attitude towards business ideas to look out the aspects where need to put more focus. Further, it reminds the entrepreneurs not to fall out in the syndrome of “Everything is wonder in my proposal”. Basically, feasibility study is conducted from planning to sell business ideas

2.1 Product / Service Feasibility

A) Concept Test: it's a one page description of your product / services you are going to offered. It includes brief details about company, promoters. Further, it includes the following aspect to see the people response:

- i. Product/ Service description
- ii. Target market
- iii. Benefits of that Product/ Service
- iv. Any USP or special or Unique feature you want to address
- v. Management Team

Through Concept statement, one can seek feedback or suggestions from the public by asking few questions like:

- i. Will this product / service is viable or profitable?
- ii. Please list out good points that you liked about product/ service.
- iii. Could you please provide the two-three suggestions to improve upon or making it better?
- iv. Any other input you wish to make.....

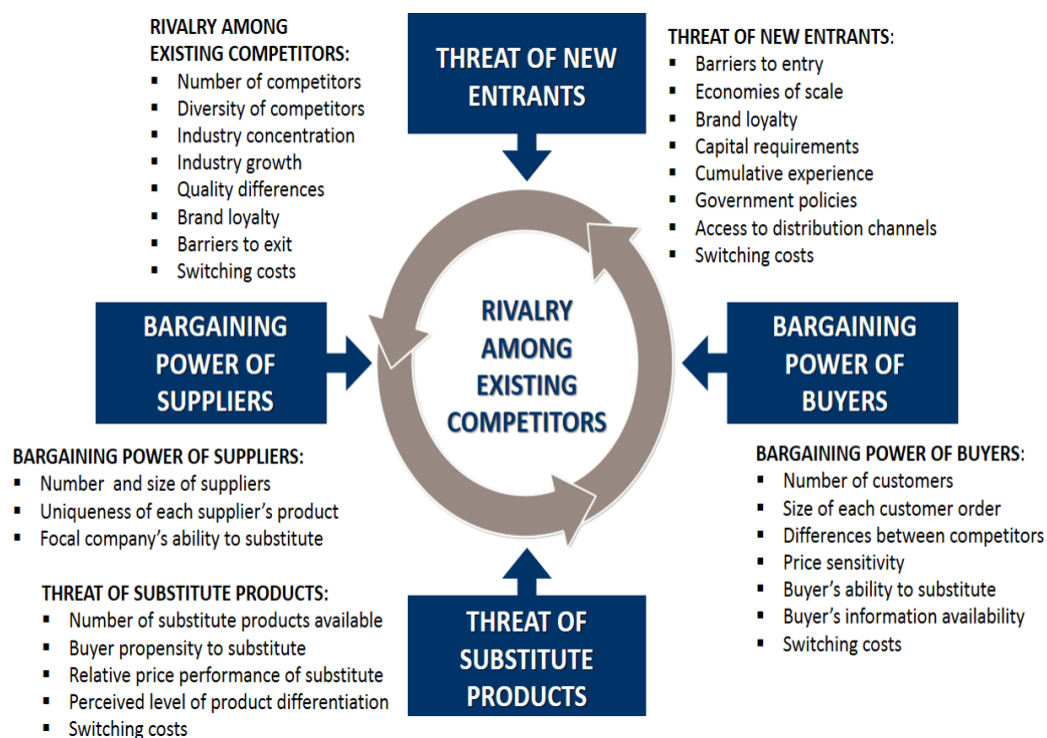
B) Buying Intention Survey:

The survey instrument used to judge the customer responses for purchase behavior. It's a small questionnaire which can be circulated to few consumers to see their opinion to buy the product or not. The survey must include a concrete and concise statement regarding product or service. The survey should consist of questions like:

- i. How much would you like to pay for such product or service?
- ii. Do you think that such type of product will be accepted by the market?
- iii. The estimated price you would like to pay for such products?
- iv. Where you are expecting to find such products?

1.2 Industry / Market Feasibility:

A) Michael Porter's five forces Model: it's a model to assess competitive environment of the particular product/Service. This model helps in assessing the intensity of competition and profitability. Along with Five forces model, VRIO analysis can be done.



Source: www.businessstoyou.com

VRIO analysis is assessment for the internal resources where resources are assessed in terms of Valuable, Rare, Imitative or Organized to Capture Value.

For Instance:

a) Attractive Industry:

- i. Higher entry barriers
- ii. Weak Bargaining power of Suppliers
- iii. Weak Bargaining power of Suppliers
- iv. Low competition
- v. Few substitutes are available

Subset of your Market:

Total Addressable Market (TAM): it is the total market that can create demand for your product or service. It includes all the possible customers who can buy your product or service.

Total Serviceable Market (SAM): It is the part of total addressable market to which you are able to provide your service or cater the needs of them. It is more specific to TAM. It is the segment of your customer to whom you can reach.

Share of your Market (SOM) – It is the part of total serviceable market and more realistic. This is the segment of your customer to whom actually you are selling your product or service. Each entrepreneur try to maximize the circle of SOM as this part generate revenue for your business.

2.3 Financial Feasibility:

In order to assess profitability aspect of the business, financial feasibility is being done. How much money is required for starting of the venture, what will be the sources of finances, how much cash is required to run the business, what all the cost drivers and revenue centers, return on investment- required and estimated both etc. all these aspects are to be considered during this feasibility study. This feasibility conveys about the viability of potential business – “Can this business generate adequate profits or not”. The whole estimation needs revision if any case, we change the scale of production from small scale to medium or medium to large.

2.4 Organizational Feasibility:

a) Management Prowess:

It's an assessment of management team who is going to manage the business. What are their skills, competencies, entrepreneurial experience if any, creative and innovative thinking, social networking etc? Each member of management must be assessed the requisite parameters.

b) Resource Sufficiency: it's an assessment of physical resources availability with the venture and further assessing the requirement and source of procurement.

3. Business Model Canvas

Business Model Canvas (BMC) is a visual description using nine components to provide a thorough understanding of your business model. A business Model is conceptual framework which explains about that a company how it will create, delivers and extract value. A business Model is description or diagrams that what are the offerings, who all are the customers and how they are maintaining relationships with their customers, how they will compete in the market i.e. strategies, and using resources to generate revenue or creating value to sustain in the market. The ultimate goal of business model should be to find out the product –market fit. The BMC was introduced by Alexander Osterwalder in 2008.

3.1 Components of Business Model

Basically business model is based on four building blocks which further are bifurcated into a total of nine components. The main parts of the business model are:

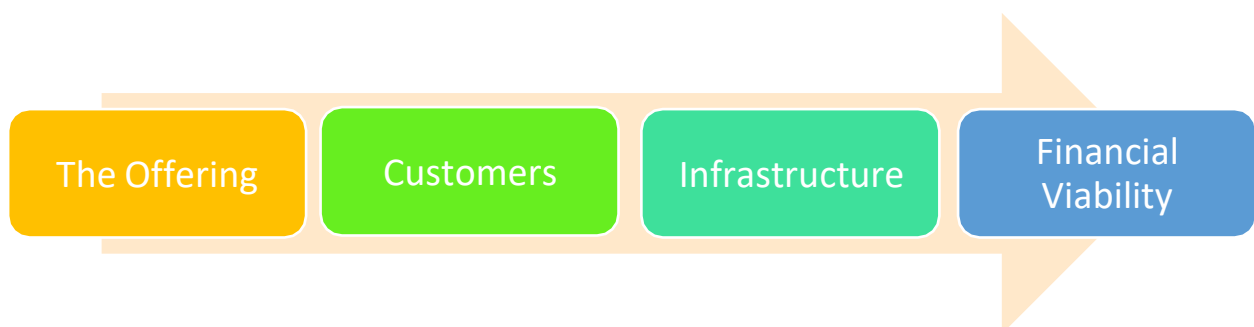


Figure 1: The Parts of Business Model

- I. **The Offering:** Which product or services you are going to offer to your customer. It includes value proposition.

a. **Types of Value Propositions**

Good – It's based on all benefits approach. Entrepreneur put their focus on all the possible benefits of the products and services they can offer regardless of customer needs or desires. They are also not focusing about the competitors.

Better – this approach focus on stronger value proposition as it compares with competitors products and services. Entrepreneur tries to put differentiation and uniqueness of their product in comparison to their competitors.

Best – This approach is based on resonating focus and tries to identify the product –market fit. Whatever needs have the consumers are, accordingly products are being promoted or presented. This approach focus on customer needs what they want and from their product, which needs are to be satisfied. What problems that consumers are facing and how you are going to resolve with your product?

- II. **The Customer:** The segmented market you are going to address and providing your products or services. It is related to customers and covers customer segments, Channels, Customer relationships.

- a. **Customer Segments:** Its group of the customer having similar needs. Like some people wants gluten free products or lactose free dairy products because of intolerance for gluten or lactose respectively. There could be many types of customer segments like mass market, niche markets, segmented market etc.
- b. **Channels** – How do you reach to your customer to communicate them? It's your sales channel, communication and distribution. Nowadays, it requires more attention as social media is another source which an entrepreneur can use to reach its customers.
- c. **Customer relationships:** in order to make customer identity, customer relationships needs to be maintained. How do you establish and maintain

relationship with your customer so that they should get a feeling of personal attachment with your business.

III. **Infrastructure:** Resources which you are going to use to reach your customer i.e. supply chain, partners, technology etc. It includes key activities, key resources and key partners.

- a. **Key activities** – what are the important activities that entrepreneur need to put more focus. These activities may include products designs, stock management and sales management.
- b. **Key resources** – what are the resources need to create products or services, develop your business and delivering of value proposition. It may have people, raw material, production system, financial resources, information, and technology and so on. Actually these are required to maintain other components of business model canvas.
- c. **Key Partners** – Entrepreneurs can't do each and every activity by himself. They need to do collaboration with other parties. Key partners include those parties who support to complete the value chain till consumers. It consists of your suppliers, distributors, associates who help you out to deliver value proposition to your customers with efficiency.

IV. **Financial Viability:** What are the cost drivers and revenue streams for your business? It includes cost structure and revenue streams.

- a. **Revenue Streams** – for each business, revenue generation is must to sustain in the market. Basically, revenue is based on price and volume. How many customers are willing to pay and how much they will pay for your products or services. It will come under revenue head. Either more customers or more prices will exaggerate the revenue. The total revenue streams are based upon the revenue model which entrepreneur has decided to go with.
- b. **Cost Drivers** – It includes all the aspects which will generate the cost to business. All expenses incurred to execute and deliver the value to its customer would be considered in this component only. Each entrepreneur must know about its cost center and its proportion in total cost. He must try to minimize the cost in order to get more margins from the market.

3.2 Critical factors to Take Care



4. Business Plan

4.1 What is Business Plan and why it is prepared?

A written document covering each and every aspect of business like mission & vision of the business, what are the products or services, pricing strategies, distribution network, marketing plan, operation plan, financial projections, management team – their members, experience and other profile inputs etc.

The business plan helps entrepreneur to keep on track from idea to launch of their business. It works as battery of tools as covering each aspect of business.

Basically, it's being prepared to attract investor and lenders. Therefore, business plan must be prepared according to investor needs so that it can gauge attention from them and attract funding.

4.2 Structure of Business Plan

- 1) Title page and table of Contents
- 2) Executive Summary
- 3) Industry Analysis
- 4) Company's Description
- 5) Market Analysis
- 6) Marketing plan
- 7) Product or Service design and Development Plan

- 8) Operational Plan
- 9) Management Team and Company Structure
- 10) Overall Schedule
- 11) Financial Projections

Appendix

Relationship between Business Model canvas, Feasibility Study and Business Plan			
Plan	Target audience	Purpose	Output
Business Model Canvas	Team Mates	To identify the gaps and creation of linkages between different components	More clarity about venture and business model
Feasibility Study	Team mates and early investor	To check the viability of the project	Feasibility report
Business Plan	Potential Investors, Banks	To get funding	Complete document to keep the business on track

Executive Summary: It's a brief summary of whole business plan. The executive summary is like a trailer to a movie. If Trailer is good, then audience will take interest into that. In the similar way, executive summary should be written so that it can gauge the interest of lenders and investors.

Industry Analysis: The business plan begin with industry insights in which our business comes, its size, major factors, rules and regulations to take care, competitors, major players etc.

The Company's Description: the information related to our company will come under this head. It includes Vision and Mission of the company, its tagline, history. While

explaining mission and vision, one should take care of realistic goals as well as latest trends.

Market Analysis: industry analysis provides the description of that particular industry in which our business is associated whereas market analysis put focus on the specific segment that our business is focusing upon. It's done through market segmentation and also put concentration on competitor's analysis.

Marketing Plan: It deals with each aspect which explained how the business will market and sell its products. This consists of details of product, price, place and promotion. How do you position your product into market and by which channel and on what prices, these all should be included into that.

Product or Service design and Development Plan: if your product is unique, then this part must be included into business plan. For that, prototype may be given for better explanation. It may be virtual prototype or physical.

Operational Plan: How you will operate your business and the production process. While explaining this section, one must be very careful that too much explanation is not required however; complete detail must be understood by the readers.

Management Team

It includes description of the all the members of team and their detailed profile. Who all are the members in advisory group and details about their experiences?

Overall Schedule: This section includes all the major events / activities to be done for successfully launching of your business. It also highlights the major milestones and events of the business.

Financial Plan: It's a detail description of all the estimates of your business financials. This is one of the important aspects which potential investor and banker look for deciding the amount of investment.

- 1) Capital Requirements
 - a) Seed Capital
 - b) Fixed Assets
 - c) Working capital
- 2) Estimated Earnings
 - a) Projected Sales

- 3) Return on Investment
 - a) EBIT analysis
 - b) PBT Analysis
- 4) Financial Control
 - a) Managing Cash Flow
 - b) Managing Inventory
 - c) Managing costs and Profits
 - d) Managing Fixed Assets
- 5) Projected Financial Statements
- 6) Break Even Analysis
- 7) Loan or Investment Proposals
- 8) Evaluation of Creditworthiness
 - a) Capital
 - b) Capacity
 - c) Collateral
 - d) Character
 - e) Conditions

4.3 Points to take care while writing Business plan:

Do's

- ✓ Be Realistic
- ✓ Present your Business Model, Product and Market Dynamics
- ✓ Be Clear, Crisp and Concrete
- ✓ Use Visuals
- ✓ Be Sensible for the Facts and Figure of your Business
- ✓ Be very specific on your Strategy to tackle Competition and risk.

Don'ts

- ✓ Dismissal of the Competition
- ✓ Focusing Too Much on one Point
- ✓ Too Much Content
- ✓ Avoid Technical words or Jargons
- ✓ Don't make false and unrealistic claims
- ✓ Don't Hide Weaknesses if any

