



# Entrepreneurship Skills

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**10-Apr-20**

# Entrepreneurship Skills

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## Role of Entrepreneurship

### **Economic Development—Money in Circulation**

As entrepreneurs create value by making available better and cheaper products and services for customers, the economy grows. As entrepreneurs grow their business, investors put money into their businesses and expect good returns. As more and more entrepreneurs create business opportunities, the economy grows.

### **Social Development—Creation of Jobs**

A business started by an entrepreneur is usually a very small business in the beginning. If it becomes successful and grows, the entrepreneur expands the business. As the business grows, it needs more work to be done and so creates more jobs. Good quality jobs lead to more people earning money and having a good life.

### **Improved Standard of Living—More things available to live a comfortable life**

When entrepreneurs sell products like a tractor, a mobile phone or a mobile service, it helps people live a more comfortable life. For example, a small village did not have good quality soap because of which the villagers used to fall sick.

### **Optimal Use of Resources**

There are various natural resources present around us renewable and non-renewable. Entrepreneurs keep working to find the most optimal ways of using the resources to reduce costs and increase their profits.

### **More Benefits at Lower Prices Products and Services at Competitive Prices**

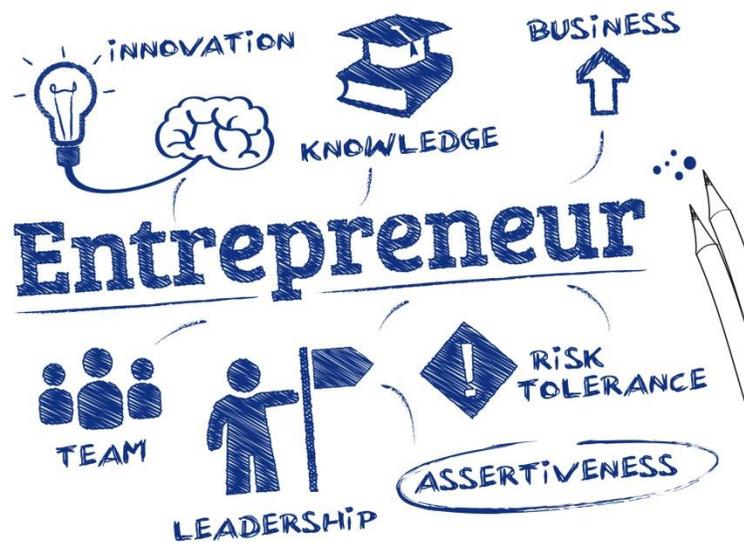
As entrepreneurs compete in the market, prices of products come down. For example, a phone which used to cost at least Rs. 20,000 when phones were first launched can now be bought even for Rs 9,000.

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## Who is an Entrepreneur?

Entrepreneurs are business people who can detect and sense the availability of business opportunities in any given scenario. They will then utilize these opportunities to create new products by employing new production methods in different markets. They will also function in different ways by using various resources who will give them profit. It is important to note that although most entrepreneurial businesses start small, the owners of such businesses need not be small scale owners. They could in fact be big business owners, who first try and test the waters before investing big time in the business. Small business owners dread risk, but successful entrepreneurs are very innovative and know how to operate profitably in a business environment, even if the risk is very high. In fact, innovation is the life blood of any kind of entrepreneurs; this is one of the tools that help them gain an advantage over established players in the market. Entrepreneurs are, thus, defined as “individuals or groups of individuals who carry out entrepreneurship activities that are based on their innovative approaches to solving real-world problems”



## Who is an Intrepreneur?

There are many possible situations where a potential entrepreneur doesn't get a chance to establish or fund his or her own business and is forced to work in an organization. In this case they are referred to as 'Intrepreneurs' i.e. entrepreneurs within an organization. These individuals are also entrepreneurs because they don't share the typical “employer employee” relationship with their bosses; instead, they operate just as collaborators and are treated as visionaries in the organization. Sometimes, such individuals themselves aren't aware of their talent and hidden skills. The organization needs to identify these talented people and then encourage these individuals to exercise their entrepreneurial abilities to the benefit of the organization otherwise such people eventually will get frustrated over the routine life and will leave the organization or start their own businesses to pursue their ideas.

## How an Entrepreneur differs from an Intrapreneur?

An entrepreneur is a person who enters a venture through a startup model of business and tries to establish it. This is done while taking risks of bringing together the factors of production to address a cause and making a profit out of it at the same time. An intrapreneur, on the other hand, will tend to work within an existing organization to pursue the exploitation of business opportunities, in the absence of available business capital, infrastructure or clear direction.

## Who is a Technopreneur?

Just like entrepreneurs and intrapreneurs, we also have a “technopreneur”, who is an individual interested in bringing innovations thorough technology, and then using the same technology to build a successful business empire. A technopreneur is first a technological innovator and then a businessman who wants to create self-employment and other employment opportunities through his technological innovations.

Based on their working relationship with the business environment they are functioning in, various types of entrepreneurs can be found. The chief categories are these four types of entrepreneurs, i.e.

- Innovative entrepreneurs,
- Imitating Entrepreneurs,
- Fabian Entrepreneurs, and
- Drone Entrepreneurs.

Let us now discuss each of them in detail.

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## **Innovative Entrepreneurs**

This type of an entrepreneur is more interested in introducing some new ideas into the market, organization or in the nation. They are drawn towards innovations and invest a lot of time and wealth in doing research and development.

## **Imitating Entrepreneurs**

These are often disparagingly referred to as 'copy cats'. They observe an existing successful system and replicate it in a manner where all the deficiencies of the original business model are addressed and all its efficiencies are retained. These entrepreneurs help to improve an existing product or production process and can offer suggestions to enhance the use of better technology.

## **Fabian Entrepreneurs**

These are entrepreneurs that are very careful in their approaches and cautious in adopting any changes. They are not prone to sudden decisions and try to shy away from any innovations or change that doesn't fit their narrative.

## **Drone Entrepreneurs**

These are entrepreneurs who do not like a change. They are considered as 'old school'. They want to do business in their own traditional or orthodox methods of production and systems. Such people attach pride and tradition to even outdated methods of doing business.

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## Qualities of a Successful Entrepreneur

An entrepreneur needs to have the following set of qualities.

### Patience

Entrepreneurship is not a one-day job. Success may not be achieved quickly and therefore, it is important for an entrepreneur to be patient in running the business.

### Positivity

When a person starts a business, he/she may face lots of difficulties and failure. An entrepreneur has to think positively even when he/she takes a big risk. There may be losses at times but even then an entrepreneur should stay positive and continue to work hard towards their goal.

### Hardworking, Never Giving Up and Perseverance

Every new business goes through failures and therefore, an entrepreneur needs to work hard till it becomes successful.

### Confidence

An entrepreneur needs to be very confident and take decisions about their business. An entrepreneur needs to communicate confidently with the customers.

### Open to Trial and Error

Entrepreneur needs to be open to new ideas and try them without fear of failure. She/he will have to use trial and error and experiment with different ideas till the business becomes successful. This allows the product or service to improve for the customer and helps the business grow.

### Creativity and Innovation

An entrepreneur should be able to see a problem from different perspectives and come up with original and creative solutions. They should also be able to recognize an opportunity in a problem and find an innovative solution.

One must note here that a self-employed person may not be an entrepreneur if she/he does not have these qualities. An entrepreneur should be willing to take a calculated risk and is always open to new ideas to make his/her business grow. A person who does not take risks, is not open to new ideas and is running the business only to earn a steady source of income is not an entrepreneur.

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## Characteristics of Entrepreneurship

Let us now look at some of the distinguishing characteristics of entrepreneurship.

1. Ability to take up risks
2. Believe in hard work and discipline
3. Adaptable and flexible to achieve the goals of enhancing quality and customer satisfaction
4. Knowledge of the product and services and their need or demand in the market
5. Financial literacy and money management skills
6. Effective planning and execution

## Benefits of entrepreneurship

The various benefits include the following:

- Do what you are interested in: Entrepreneurship allows you to start and do something you like using your hobbies and skills.
- Work for yourself, and not for others: As an entrepreneur, you can work for yourself and not for someone else. You can decide the kind of work you like to do and how you want to do it.
- Make profits for yourself: As an entrepreneur, you can decide how much money you want to earn and how you want to earn it.
- More risk, more profit: Even though there are risks in entrepreneurship, it allows you to decide how much risk you want to take. Usually, the larger the risk, the bigger could be the profit

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## Types of business activities

### Product business

A business where a seller and buyer exchange an item, which can be seen and touched, is called a product based business. For example, a Sports Shop.

### Service business

A business where a seller helps the buyer to finish some work. For example, a cricket coaching center.

### Hybrid business

A hybrid is the one where the business is doing both selling product and selling services. For example, Rahul starting a sports academy for coaching and selling sports equipment. We also see this in restaurants where the food itself is the product sold and the catering is the service provided.

### Manufacturing businesses

These are the businesses that make a product and sell it. Products are usually made in factories

### Trade businesses

These businesses buy and sell a product. They also transport the product from the factory to warehouses and then finally to shops near the customers. Examples of these businesses include wholesalers, distributors and retail shops

## Entrepreneurship Development Process

Entrepreneurship development is the process of improving the skills and knowledge of entrepreneurs.

It can take place through formal and informal learning system. In the formal learning system, training programs are conducted to bring about awareness, knowledge and skills related to entrepreneurship. In this session, you will learn about the entrepreneurship development process through examples of successful entrepreneurs. It will help you to understand the qualities of entrepreneurs and then you can also make an assessment of whether you also possess those qualities

## Types of Enterprises

As an entrepreneur in India, you can own and run any of the following types of enterprises:

### Sole Proprietorship

In a sole proprietorship, a single individual owns, manages and controls the enterprise. This type of business is the easiest to form with respect to legal formalities. The business and the owner have no separate legal existence. All profit belongs to the proprietor, as do all the losses the liability of the entrepreneur is unlimited.

### Partnership

A partnership firm is formed by two or more people. The owners of the enterprise are called partners. A partnership deed must be signed by all the partners. The firm and its partners have no separate legal existence. The profits are shared by the partners. With respect to losses, the liability of the partners is unlimited. A firm has a limited life span and must be dissolved when any one of the partners dies, retires, claims bankruptcy or goes insane.

### Limited Liability Partnership (LLP)

In a Limited Liability Partnership or LLP, the partners of the firm enjoy perpetual existence as well as the advantage of limited liability. Each partner's liability is limited to their agreed contribution to the LLP. The partnership and its partners have a separate legal existence.

## Entrepreneur Success Stories

### **Dhiru Bhai Ambani**

Dhirubhai Ambani began his entrepreneurial career by selling “bhajias” to pilgrims in Mount Girnar on weekends. At 16, he moved to Yemen where he worked as a gas-station attendant, and as a clerk in an oil company. He returned to India with Rs. 50,000 and started a textile trading company. Reliance went on to become the first Indian company to raise money in global markets and the first Indian company to feature in Forbes 500 list<sup>1</sup>.

### **Dr. Karsanbhai Patel**

Karsanbhai Patel made detergent powder in the backyard of his house. He sold his product door-to-door and offered a money back guarantee with every pack that was sold. He charged Rs. 3 per kg when the cheapest detergent at that time was Rs.13 per kg. Dr. Patel eventually started Nirma which became a whole new segment in the Indian domestic detergent market<sup>1</sup>.

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## The Entrepreneurial Process

Let's take a look at the stages of the entrepreneurial process.

**Stage 1:** Idea Generation. The entrepreneurial process begins with an idea that has been thought of by the entrepreneur. The idea is a problem that has the potential to be solved.

**Stage 2:** Germination or Recognition. In this stage a possible solution to the identified problem is thought of.

**Stage 3:** Preparation or Rationalization. The problem is studied further and research is done to find out how others have tried to solve the same problem.

**Stage 4:** Incubation or Fantasizing. This stage involves creative thinking for the purpose of coming up with more ideas. Less thought is given to the problem areas.

**Stage 5:** Feasibility Study: The next step is the creation of a feasibility study to determine if the idea will make a profit and if it should be seen through.

**Stage 6:** Illumination or Realization. This is when all uncertain areas suddenly become clear. The entrepreneur feels confident that his idea has merit.

**Stage 7:** Verification or Validation. In this final stage, the idea is verified to see if it works and if it is useful.



## Introduction to the Entrepreneurship Ecosystem

The entrepreneurship support ecosystem signifies the collective and complete nature of entrepreneurship.

New companies emerge and flourish not only because of the courageous, visionary entrepreneurs who launch them, but they thrive as they are set in an environment or 'ecosystem' made of private and public participants. These players nurture and sustain the new ventures, facilitating the entrepreneurs' efforts.

An entrepreneurship ecosystem comprises of the following six domains:

1. **Favorable Culture:** This includes elements such as tolerance of risk and errors, valuable networking and positive social standing of the entrepreneur.
2. **Facilitating Policies & Leadership:** This includes regulatory framework incentives and existence of public research institutes.
3. **Financing Options:** Angel financing, venture capitalists and micro loans would be good examples of this.
4. **Human Capital:** This refers to trained and untrained labor, entrepreneurs and entrepreneurship training programs, etc.
5. **Conducive Markets for Products & Services:** This refers to an existence or scope of existence of a market for the product/service.
6. **Institutional & Infrastructural Support:** This includes legal and financing advisers, telecommunications, digital and transportation infrastructure, and entrepreneurship networking programs.

These domains indicate whether there is a strong entrepreneurship support ecosystem and what actions should the government put in place to further encourage this ecosystem. The six domains and their various elements have been graphically depicted.

## Make in India Campaign

Every entrepreneur has certain needs.  
Some of their important needs are:

- To easily get loans
- To easily find investors
- To get tax exemptions
- To easily access resources and good infrastructure
- To enjoy a procedure that is free of hassles and is quick
- To be able to easily partner with other firms



The Make in India campaign, launched by Prime Minister Modi aims to satisfy all these needs of young, aspiring entrepreneurs. Its objective is to:

- Make investment easy
- Support new ideas
- Enhance skill development
- Safeguard the ideas of entrepreneurs
- Create state-of-the-art facilities for manufacturing goods

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## Key Schemes to Promote Entrepreneurs

The government offers many schemes to support entrepreneurs. These schemes are run by various Ministries/Departments of Government of India to support First Generation Entrepreneurs. Take look at a few key schemes to promote entrepreneurship:

1. Pradhan Mantri MUDRA Yojana - Micro Units Development and Refinance Agency (MUDRA),
2. STAND UP INDIA
3. Prime Minister Employment Generation Programme (PMEGP)
4. International Cooperation
5. Performance and Credit Rating
6. Marketing Assistance Scheme
7. Reimbursement of Registration Fee for Bar Coding
8. Enable Participation of MSMEs in State/District level Trade Fairs and Provide Funding Support
9. Capital Subsidy Support on Credit for Technology up gradation
10. Credit Guarantee Fund for Micro and Small Enterprise (CGFMSE)
11. Reimbursement of Certification Fees for Acquiring ISO Standards
12. Agricultural Marketing
13. Small Agricultural Marketing
14. Mega Food Park
15. Adivasi Mahila Sashaktikaran Yojana

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## Business Plan: Why Set Goals?

Setting goals is important because it gives you long-term vision and short-term motivation. Goals can be short term, medium term and long term.



**Short-Term Goals** - These are specific goals for the immediate future.

**Example:** Repairing a machine that has failed.

**Medium-Term Goals** -

- These goals are built on your short term goals.
- They do not need to be as specific as your short term goals.

**Example:** Arranging for a service contract to ensure that your machines don't fail again.

**Long-Term Goals**

- These goals require time and planning.
- They usually take a year or more to achieve.

**Example:** Planning your expenses so you can buy new machinery