

# STEPPING STONE...

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## What is Entrepreneurship?

Entrepreneurship is as important as innovation for national and global economic growth.

“To believe in yourself, when the world stops believing... to stick it out through thick and thin to see your dream living” ... Well, these are just some traits an entrepreneur must have!!!

If uncertainty does not deter you but instead fires you up, entrepreneurship may be your cup of tea!

Entrepreneurship is intangible and is an attitude more often than a profession resting on vision, strong beliefs in one's ideas, faith, a hunger to make things happen and a strong desire to achieve.

## Who deserves to be an Entrepreneur?

Entrepreneurship is for those wanting freedom in the workplace from office pressures... interferences... politics... routines and restricted financial rewards.

It can never be described as the process of creating an innovative and achievable business idea. Or even identifying an existing one and taking risks.

## Requisites for being an Entrepreneur

While no formal qualification are required to succeed here, but a good academic background and good grooming always helps.

Starting a new business takes passion, focus, tenacity, ambition, innovative ideas, and willingness to take risks. But, success also requires a solid business knowledge, management expertise, funding and the right people and that's where B-schools' can help.

Apart from these, what is more important are;

Personality Traits like;

- Creativity
- Being aware of one's strengths and weaknesses
- Leadership quality
- A thirst and willingness to upgrade skills
- Decisiveness and Will – power
- Self – discipline and
- Knowledge of finances

94% of graduating entrepreneurs in the B-school class of 2012 said that passion was their #1<sup>st</sup> motivator for starting a business venture. These aspiring entrepreneurs seeks outlets to exhibit leadership qualities, desire to set direction, take risks, inspire others and engage in high – level innovative thinking.

In addition, the ability to overcome limitations and destructive habits, competitiveness, planning and organizing skills, personal drive and the temperament to work long hours prove helpful here.

The biggest challenge however is to initially spot one's greatest strength and the work sphere in which one can excel depending on expertise and interest.

The next step is to identify a business idea or opportunity that meets a gap in the market and follow it up by drawing and executing a rational plan of action.

## Gaining Skills to Grow and Lead Companies

91% of 2012 graduated entrepreneurs said their management education was important in helping them lead and grow their businesses. It allowed them to;

Develop their business or product ideas in a low – risk environment

Tap into the vast array of innovative research ideas and support

Access early funding opportunities through grants and angel investors

Find team partners and mentors within the school or through the local business community

Network and build relationships with potential business investors and customers

Of the 5% class of 2012 graduating B-school students, 44% actually started their business, while in B-school and 56% planned to launch their companies after graduation. A portion of these graduates were intent on launching

Businesses in products and services sector (37%), consulting (20%) and the high – tech sector (17%)

According to the GMAC 2012 – Global Management Education Graduate Survey-

Entrepreneurs say that B-school prepared them to;

- Lead my Company – 91%
- Grow my business – 90%
- Develop an Idea – 88%
- Develop financial projections – 86%
- Write a business plan – 81%

- Conduct market research – 79%
- Contact potential customers – 75%
- Create an HR plan – 59%

## **Pros and Cons of being an Entrepreneur**

The fear of failure, high risks, an excessively competitive playing field, tremendous pressures and initial financial sustenance are issues that loom large before any entrepreneur.

These are deterrents that prevent many from entering this arena and results in a lot of “potential ideas” that never get executed.

For the fortunate, who among the ones do enter at their own risks and succeed, converting virgin ideas into successful business initiatives is the most fulfilling dimensions of this sphere.

Besides, just relying on good luck, developing conviction, patience, courage, diligence, determination, a zeal to succeed and sincerity enable to taste success in entrepreneurship.

## **Road to Success...**

There is neither any tested formulae nor any shortcut to success in entrepreneurship – because an entrepreneur should be able to feel the pulse of the masses, assess their demands before they arise, see opportunities where others would fail to see any.

All entrepreneurs should realize and accept the fact, that success is very elusive and may be short – lived. Without a strong conviction and faith in oneself and one’s work no entrepreneur can tide over crisis.

They should be creative and be brave enough to take risks in order to undertake unprecedented projects. In short, the entrepreneur would not be successful, if he does not constantly adapt his strategies and review his efforts critically because then stagnancy would settle in and that would be the very end of creative entrepreneurship.

## List of Indian entrepreneurs

Name	Founded
<a href="#">Vergheese Kurien</a>	<a href="#">Amul</a>
<a href="#">Bhargav Sri Prakash</a>	<a href="#">FriendsLearn</a>
<a href="#">Azim Premji</a>	<a href="#">Wipro</a>
<a href="#">Lakshmi Mittal</a>	<a href="#">ArcelorMittal</a>
<a href="#">Dhirubhai Ambani</a>	<a href="#">Reliance Industries</a>
<a href="#">Anand Mahindra</a>	<a href="#">Mahindra and Mahindra</a>
<a href="#">Shamit Khemka</a>	<a href="#">SynapseIndia</a>
<a href="#">Kunwer Sachdev</a>	<a href="#">Su-kam Power Systems</a>
<a href="#">Saji Chameli</a>	<a href="#">Orell</a>
<a href="#">G. R. Gopinath</a>	<a href="#">Air Deccan</a>
<a href="#">N. R. Narayana Murthy</a>	<a href="#">Infosys</a>
<a href="#">Shiv Nadar</a>	<a href="#">HCL Technologies</a>

<a href="#"><u>V. G. Siddhartha</u></a>	<a href="#"><u>Café Coffee Day</u></a>
<a href="#"><u>Kiran Mazumdar-Shaw</u></a>	<a href="#"><u>Biocon</u></a>
<a href="#"><u>Achyuta Samanta</u></a>	<a href="#"><u>KIIT Group of Institutions</u></a>
<a href="#"><u>Gautam Thapar</u></a>	<a href="#"><u>Avantha Group</u></a>
<a href="#"><u>Sunil Mittal</u></a>	<a href="#"><u>Bharti Enterprises</u></a>
<a href="#"><u>Venugopal Dhoot</u></a>	<a href="#"><u>Videocon</u></a>
<a href="#"><u>Karsanbhai Patel</u></a>	<a href="#"><u>Nirma</u></a>
<a href="#"><u>Vishal Gondal</u></a>	<a href="#"><u>Indiagames</u></a>
<a href="#"><u>Ardeshir Godrej, Pirojsha Godrej, Adi Godrej</u></a>	<a href="#"><u>Godrej Group</u></a>
<a href="#"><u>Kallam Anji Reddy</u></a>	<a href="#"><u>Dr. Reddy's Laboratories</u></a>
<a href="#"><u>Jamnalal Bajaj, Rahul Bajaj</u></a>	<a href="#"><u>Bajaj Group</u></a>
<a href="#"><u>Sachin Bansal</u></a> and <a href="#"><u>Binny Bansal</u></a>	<a href="#"><u>Flipkart</u></a>
<a href="#"><u>Kishore Biyani</u></a>	<a href="#"><u>Future Group</u></a>
<a href="#"><u>Naveen Tewari</u></a>	<a href="#"><u>InMobi</u></a>
<a href="#"><u>Laxmanrao Kirloskar</u></a>	<a href="#"><u>Kirloskar Group</u></a>
<a href="#"><u>Baba Kalyani</u></a>	<a href="#"><u>Bharat Forge</u></a>
<a href="#"><u>Anand Deshpande</u></a>	<a href="#"><u>Persistent Systems</u></a>

<a href="#"><u>Byrraju Ramialinga Raju</u></a>	<a href="#"><u>Mahindra Satyam</u></a>
<a href="#"><u>Dilip Sanghvi</u></a>	<a href="#"><u>Sun Pharmaceutical</u></a>
<a href="#"><u>Ekta Kapoor</u></a>	<a href="#"><u>Balaji Telefilms</u></a>
<a href="#"><u>Dr. G. Surender Rao</u></a>	<a href="#"><u>Yashoda Hospitals</u></a>
<a href="#"><u>Ramoji Rao</u></a>	<a href="#"><u>Ramoji Group</u></a>
<a href="#"><u>Kumar Mangalam Birla</u></a>	<a href="#"><u>Aditya Birla Group</u></a>
<a href="#"><u>Varun Agarwal</u></a>	Alma Mater Store
Arun Mandala	Cinimage Studios Pvt Ltd

## Starting a Business: The Idea Phase

Many people believe starting a business is a mysterious process. They know they want to start a business, but they don't know the first steps to take.

But before I start, let's clear up one point - People always wonder if this is a good time to start their [business idea](#). The fact is, there's really never a bad time to launch a business. People have money and are looking for ways to spend it.

It's obvious why it's smart to launch in strong economic times. But launching in tough or uncertain economic times can be just as smart. If you do your homework, presumably there's a need for the business you're starting. Because many people are reluctant to launch in tough times, your new business has a better chance of getting noticed.

## Some examples of Start -Up Ideas

Let me narrate you an incident, I have read at the Internet – a business start-up story, a great example.

*Entrepreneur* magazine is located in Irvine, California, a planned community. Many years ago, there weren't many fast-food restaurants in the business area. Two young men in Irvine found this lunch situation very frustrating. There weren't many affordable choices. Sure, there were some food courts located in strip centres, but the parking lots were really small and the wait was unbearable.

One day, as they were lamenting their lunch problem, one of them said, "Wouldn't it be great if we could get some good food delivered?" The proverbial light bulb went on! Then they did what many people don't do--they did something about their idea. Coincidentally, they purchased one of *Entrepreneur's* business start-ups guides and started a restaurant delivery business.

Till date, their business has served more than 15 million people! It's neither a complicated business nor an original one. Their competition has gotten stiffer, and yet they're doing phenomenally well.

Inspiration can be anywhere. You can even get an idea in the bus. Here's another classic start-up story: Ever get charged a fee for returning a video late?

Bet you didn't do anything about it. Well, when Reed Hastings got a whopping \$40 late charge, instead of getting mad, he got inspired.

Hastings wondered "How come movie rentals don't work like a health club, where, whether you use it a lot or a little, you get charged the same?"

From this thought, **Netflix.com**, an online DVD rental service, was born.

From its start in 1999, **Netflix** has grown into a big business with revenues topping \$1.3 billion.



Finding the real opportunities

## 12 Ways to Start a Business



Business ideas are all around you.

You don't need to be a genius or an MBA to spot those ideas and turn them into profits, either. Identifying business opportunities is often as easy as identifying problems many people share and finding a way to solve them.

Even you can turn your passion (hobbies or interests) into profession or business.

Here is a guide to do so;

- Do what you love to do
- Turn old standbys into new products
- Look for mundane money – makers
- Turn that hobby into cash
- Reach out and teach someone
- Sell training seminars to corporate America
- Mass produce your advice
- Be an industry consultant
- Turn a former employer into a valuable source of new business
- Modify one of your existing products
- Skip the start-up headaches: purchase an existing business
- Buy a franchise

## **Sources of Funding for Start - Up**

There are entrepreneurs who tend to fixate on one or two funding sources – often to their detriment. It is better to keep all options on table. You also need a sense of the strings that come with each flavor of capital.

Here, is a prioritized list of sources, with some rules of thumb;

- Bootstrapping: Self-funding from your savings.
- Friends and family
- Small business grants
- Loans or lines of credit
- Incubators
- Angel Investors

- Venture Capital
- Bartering
- Form a partnership
- Commit to a major customer

Often the hardest part of starting a business is raising the money to get going. The entrepreneur might have a great and clear idea of how to turn it into a successful business. However, if sufficient finance can't be raised, it is unlikely that the business will get off the ground.

Raising finances for start-up requires careful planning. The entrepreneur needs to decide;

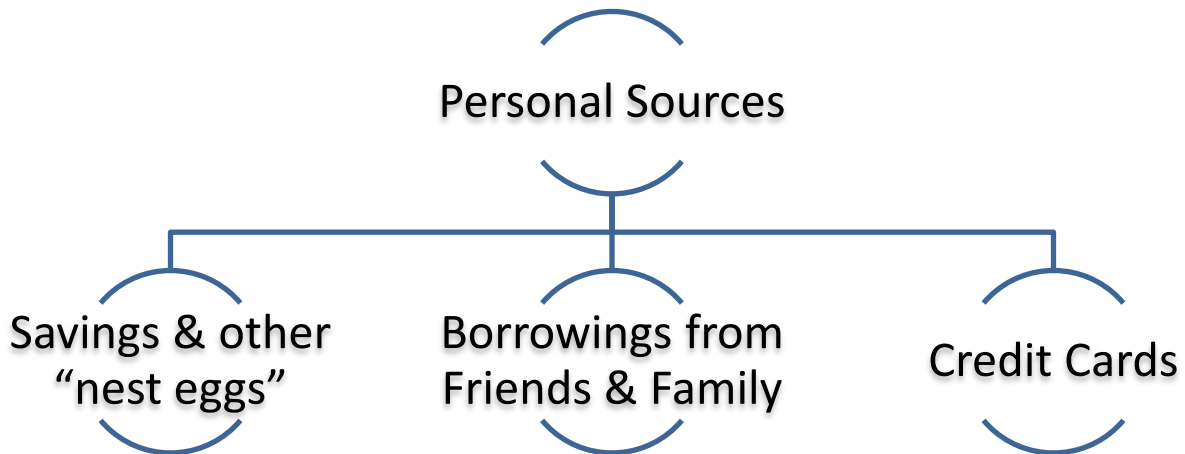
- How much finance is required?
- When and how long the finance is needed for?
- What security (if any) can be provided?
- Whether the entrepreneur is prepared to give up some control (ownership) of the start-up in return for investment?

The finance needs of a start-up should take account of these key areas-

- Set-up Costs (the costs that are incurred before the business starts to trade)
- Starting investment in capacity (the fixed assets that the business needs before it can begin to trade)
- Working Capital (the stocks needed by the business – e.g. raw materials + allowances for amounts that will be owed by customers once sales begin)
- Growth Development (extra investment in capacity)
- Another way of categorizing the sources of finances for a start-up is to divide them into sources which are from within the business (internal) and from outside providers (external).

A start-up is much more likely to receive investment from a business angel than a venture capitalist.





Financing is needed to start a business and ramp it up profitability. There are several sources to consider when looking for start-up financing.

Putting all your eggs in one basket is never a good business strategy. When you diversify your financing sources, you also have a better chance of getting the appropriate financing that meets your specific needs.

Raising enough money to start a small business can be difficult. The process begins with working out your start-up operating costs for the year, which you can compare against anticipated sales. Even with a reasonably healthy turnover, your business might have to operate at a loss for a while, which means your borrowing requirements will be greater.

## Examples of Start-up in India

From trading alone at the age of 17, to the Starting up “Zerodha” – Nitin Kamath

**Tathastu** - It is a start-up by 4 IITB graduates. The concept of Tathastu revolves around the idea of getting your things done.

Housing.com

**Flyrobe** - IIT Bombay graduates came up with this great idea. It's a shared virtual closet for women who need to dress up really good for that perfect occasion.

**Dekhbuy** – India's first Social Commerce.

**Credithealth Blog** – First time healthcare website in India, which guides a patient to make informed medical decisions.

**CRAFERA** – This started with an initiative of “Make in India” and to sell Indian handicrafts all over the world ([www.crafera.com](http://www.crafera.com))

**FreeKall** – Concept of freekall is very simple. Started way back in 2014, Yashas C Sekhar, Vijaykumar Umalti and Sandesh E together thought of a plan to help connect Indians to contact among themselves for free.

**Careers Unbound** – Start-up organization at Pune city offering online recruitment and employee training software

**Mera Medicare** – Online portal where you can buy medicines online, added to it a guaranteed discount of 10% - 25% depending upon the order amount and to that, free home delivery as well.

- Smart Buying
- MESH – Product Rental App
- TVF – The Viral Fever
- Look Up
- Parts Big Boss



# Got a great plan?

## How to protect your small business idea?

It is one thing to day-dream, about a great idea or invention that will make you millions, but quite another to turn it into a viable business.

- Patenting the basics
- Know your market
- Define your ideas
- Patent process and costs
- Copyrighting the basics



## SWOT Analysis and Entrepreneurship

A useful tool to help you better understand your business's current prospects for success is the SWOT analysis.

Factors that are internal to your business, such as key management personnel, are evaluated as strengths or weaknesses.

External factors, such as the economic environment, are described as opportunities or threats.

Your SWOT analysis will create a snapshot of your business's situation.



**Strengths** can be used to gain a competitive advantage. You will want to nurture your strengths.

Examples: recognized as market leader, adequate financial resources, strong management team, proprietary technology.

**Weaknesses** are important because they need to be corrected in order to meet your goals.

Examples: costs disadvantage with competitors, weak market image, no clear strategic direction, lack managerial depth, outdated facilities

**Opportunities** could allow you to improve your position in the market or grow your business.

Examples: expand product line, add related service, form strategic alliance, target new market

**Threats** represent potential problems that you should consider and address.

Examples: entry of strong competitor, increased regulation, change in customer buying preferences

## Core Competencies

You can use the SWOT analysis to help determine your core competencies. Competencies are those skills and tasks at which you excel and are valued by your customer. A core competence is a capability that could help your business achieves a competitive advantage, such as an expert sales team, strong branding, efficient processes, proprietary technology, or another asset that is critical to your success.

Your business may have many competencies, but your core competencies are those that help differentiate it from the rest of the market.

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