**BIYANI INSTITUTE OF SCIENCE AND MANAGEMENT**

 **MBA II Sem**

 **MODEL ANSWER PAPER-2018**

 **NEW ENTERPRISE AND INNOVATION MANAGEMENT**

**“SECTION A”**

**1. Define entrepreneurship with its characteristics. State the difference between entrepreneur and Intrapreneur.**

Ans. Entrepreneurship is the act of being an entrepreneur which is French word meaning to undertake. Entrepreneurs assemble resources including innovations, finance and business acumen in an effort to transform innovations into economic goods.

Entrepreneurs are like gamblers, and like any gambler, their chances of winning increase if they have the right cards. Let's look at some characteristics and skills that help an entrepreneur succeed.

An entrepreneur is someone who can take any idea, whether it be a product and/or service, and have the skill set, will, and courage to take extreme risk to do whatever it takes to turn that concept into reality and not only bring it to market but make it a viable product and/or service that people want or need,

A tolerance for risk-taking is a necessary attribute for entrepreneurs. You can think of risk-taking as pursuing an activity even if there is a chance of a negative consequence. Starting a business is risky, and even more so when you're using your own money. Sometimes you can spread the risk by convincing investors to come along on your new venture or by forming an entrepreneurial team, like Eddie is trying to do. But, at the end of the day, you can't avoid risk if you are going to start a new business and innovate.

**Characteristics of a Successful Entrepreneur**

Some business experts suggest that the entrepreneurial drive is innate, a trait acquired at birth, while others believe that anyone can become an entrepreneur. Whether a person is born to it or develops it, there are characteristics and [traits required for successful entrepreneurship](https://www.thebalance.com/do-you-have-the-characteristics-of-an-entrepreneur-2948094) including:

* **Passion** - Talk to successful entrepreneurs and you'll nearly always hear the word passion when they describe what they do. [Following your passion](https://www.thebalance.com/pursue-your-passion-not-profit-in-home-business-1794205) is one of the best predictors of success.
* **Independent thinking** - Entrepreneurs often think outside the box and aren't swayed by others who might question their ideas.
* **Optimism** - It's difficult to succeed at anything if you don't believe in a good outcome. Entrepreneurs are dreamers and believe their ideas are possible, even when they seem unattainable.
* **Self-confidence** - This is not to say entrepreneurs never have self-doubt, but they're able to overcome it, and believe they can achieve their goal.
* **Resourceful and problem solvers** - Lack of assets, knowledge, and resources are common, but entrepreneurs are able to get what they need or figure out how to use what they've got in order to reach their business goals.They never let problems and challenges get in the way, and instead find ways to achieve success despite hardships.
* **Tenacity and ability to overcome hardship** - Entrepreneurs don't quit at the first, second or even hundredth obstacle. For them, failure is not an option, so they continue to work toward success, even when things go wrong.
* **Vision** - Some of the more stringent definitions of entrepreneurship include vision as a necessary element. It helps to know your end goal when you start. Further, vision is the fuel that propels you forward toward your goal.
* **Focus** - It's easy in this fast paced, constant info-in-your-face world to get distracted. This is especially true for business start-ups that often get side-tracked by the, shiny object syndrome (i.e. products and services that promise fast results), or bogged down in unimportant busy work. Successful entrepreneurs are focused on what will bring results.
* **Action oriented** - Entrepreneurs don't expect something from nothing and they don't wait for things to happen. They are doers. They [overcome challenges](https://www.thebalance.com/help-my-family-doesn-t-support-my-home-business-1794779) and [avoid procrastination](https://www.thebalance.com/overcome-procrastination-tips-1794797).

**Difference between Entrepreneur and Intrapreneur**

* Of late, a new breed of entrepreneurs is coming to the fore in large industrial organisations. They are called ‘intrapreneurs’. They emerge from within the confines of an existing enterprise. According to Gifford Pinchot (1985), “Intrapreneur is an entrepreneur within an already established organization.” In big organisations, the top executives are encouraged to catch hold of new ideas and then convert these into products through research and development activities within the framework of organisation. The concept of Intrapreneurship has become very popular in developed countries like America.
* It is found that an increasing number of intrapreneurs is leaving their jobs in big organisations and is starting their own enterprises. Many of such intrapreneurs have become exceedingly successful in their ventures. What is more that they are causing a threat to the organisations they left? Such intrapreneurs breed to the innovative entrepreneurs who inaugurate new products.
* Having understood the meanings of entrepreneur and intrapreneur, now the two can easily be distinguished from each other on the following basis:

**Difference between an Entrepreneur and an Intrapreneur:**

|  |  |  |
| --- | --- | --- |
| **Bases of Difference** | **Entrepreneur** | **Intrapreneur** |
| 1. Dependency | An entrepreneur is independent in his operations. | But, an intrapreneur is dependent on the entrepreneur, i.e., the owner. |
| 2. Raising of Funds | An entrepreneur himself raises funds required for the enterprise. | Funds are not raised by the intrapreneur. |
| 3. Risk | Entrepreneur bears the risk involved in the business. | An intrapreneur does not fully bear the risk involved in the enterprise. |
| 4. Operation | An entrepreneur operates from out-side. | On the contrary, an intrapreneur operates from within the organisation itself. |

**Question 2: Describe the sources of new ideas. Explain the methods of generating ideas.**

## Ans. Every new business, new product or services as well as new marketing approach has started with an idea. Generating new ideas can be a very burdensome task. Some business ideas come from a careful analysis of market trends and consumer needs, others come from serendipity. Once an idea strikes, a person has to fill in all the details of what they want to achieve and how they are going to achieve it. A good idea is nothing more than a tool in the hands of an entrepreneur. A business idea based on customer need and problem they are facing and which is commercially feasible becomes an opportunity.

[**Entrepreneurs**](http://www.innovationmarketers.com/blog/) **frequently use the following sources of ideas:**

**1. Consumers:** The potential consumer should be the final focal point of ideas for the entrepreneurs. The attention to inputs from potential consumers can take the form of informally monitoring potential ideas or needs or formally arranging for consumers to have an opportunity to express their concerns. Care needs to be taken to ensure that the new idea or the needs represents a large enough market to support a new venture.

**2. Existing Companies:** With the help of an established formal methods potential entrepreneurs and intrapreneurs can evaluate competitive products & services on the market which may result in new and more market appealing products and services.

**3. Distribution channels:** Members of the distribution channels are familiar with the needs of the market and hence can prove to be excellent sources of new ideas. Not only do the channel members help in finding out unmet or partially met demands leading to new products and services, they also help in marketing the offerings so developed.

**4. Government:** It can be a source of new product ideas in two ways firstly, the patent office files contain numerous product possibilities that can assist entrepreneurs in obtaining specific product information, and secondly, response to government regulations can come in the form of new product ideas.

**5. Research & development:** Entrepreneur’s own R&D is the largest source of new idea. A formal and well-equipped research and development department enables the entrepreneur to conceive and develop successful new product ideas.

**The following are some of the key methods to help generate end test new ideas:**

**Focus Groups:** These are the groups of individuals providing information in a structural format. A moderator leads a group of people through an open, in-depth discussion rather than simply asking questions to solicit participant response. Such groups form comments in open-end in-depth discussions for a new product area that can result in market success. In addition to generating new ideas, the focus group is an excellent source for initially screening ideas and concept.

**Brainstorming:** It is a group method for obtaining new ideas and solutions. It is based on the fact that people can be stimulated to greater creativity by meeting with others and participating in organized group experiences. The characteristics of this method are keeping criticism away; freewheeling of idea, high quantity of ideas, combinations and improvements of ideas. Such type of session should be fun with no scope for domination and inhibition. Brainstorming has a greater probability of success when the effort focuses on specific product or market area.

**Problem inventory analysis:** It is a method for obtaining new ideas and solutions by focusing on problems. This analysis uses individuals in a manner that is analogous to focus groups to generate new product areas. However, instead of generating new ideas, the consumers are provided with list of problems and then asked to have discussion over it and it ultimately results in an entirely new product idea.

**Reverse brain storming:** Similar to brainstorming, but criticism is allowed and encouraged as a way to bring out possible problems with the ideas.

**Synaptic:** It is a creative process that forces individuals to solve problems through one of four analogy mechanisms: personal, direct, symbolic and fantasy. This forces participants to consciously apply preconscious mechanisms through the use of analogies in order to solve problems.

**Gordon method:** Gordon method is a method of developing new ideas when the individuals are unaware of the problem. In this method the entrepreneur starts by mentioning a general concept associated with the problem. The group responds with expressing a number of ideas.

**Checklist method:** Developing a new idea through a list of related issues is checklist method of problem solving.

**Free association method:** Developing a new idea through a chain of word association is free association method of problem.

**Forced relationship:** Forced relationship is the process of forcing relationship among some product combination. It is technique that asks questions about objects or ideas in an effort to develop a new idea.

**Collective notebook method:** It is method in which ideas are generated by group members regularly recording ideas.

Heuristics: It is method of developing a new idea through a thought process progression.

Scientific method: This is a more structured method of problem solving, including principles and rules for concept formation, making observations and experiments, and finally validating the hypothesis.

**Value analysis:** Value analysis is developing a new idea by evaluating the worth of aspects of ideas.

**Attribute listing:** This is an idea finding technique that requires the entrepreneur to list the attributes of an item or problem and then look at each from a variety of viewpoints.

**Matrix charting:** Matrix charting is a systematic method of searching for new opportunities by listing important elements for the product area along two axis of chart and then asking questions regarding each of these elements.

**Big dream approach:** Developing a new idea by thinking about constraints is big-dream approach of problem solving.

**Parameter analysis:** Parameter analysis is developing a new idea by focusing on parameter identification and creative synthesis.

**Q 3 What is the importance of business plan ?elaborate the components for writing a business plan.**

**Ans** A business plan is an important tool for managing and growing your business. A well-designed plan lays out a vision of growth and the steps needed to get there. A plan is also an essential communications tool for attracting financing as well as managers and staff as your business grows.

A **business plan** is a formal statement of business goals, reasons they are attainable, and plans for reaching them. It may also contain background information about the organization or team attempting to reach those goals.

**Importance of business plan**

Many entrepreneurs are intimidated by the idea of writing a business plan. The idea of writing such a detailed document may remind you of the dreaded days of school, or may just feel that you can better utilize your time elsewhere. But, the business plan is a strong business tool, especially for the small business owner. It provides you with every detail about your business and allows you to review the hard, clear facts that are needed to make strong and successful business decisions, even if it means starting the business over.

 **A business plan is very advantageous to an entrepreneur for various reasons.**

* 1. Analysis of ideas on a piece of paper
	2. Help in convincing others
	3. Reduction in emotional bias
	4. Provide SWOT analysis
	5. Justify One’s Ideas/Plans
	6. Develop consistent Strategy
	7. Achieve One’s Commitment
	8. Feasibility study
	9. Action plan
	10. Selling tool
	11. Fundraising
	12. Evaluating progress

In writing business plan several point must be considered. It should be outlined into several heads

#### **Executive Summary.**

* The executive summary is the first and most important part of your business plan. If the project is not clear or compelling enough in this section, often your investors won’t waste their time reading the rest, so you’ve got to get this part right. The executive summary highlights the strengths of your plan and explains how your company will provide a unique to its clients. Include the following in the executive summary:
* The mission statement: a brief description of your business and its end goals, Company info: Describe the founders and their backgrounds.
* Growth projections: describe and quantify the financial possibilities for the company
* Products/services: describe what you will sell or what service you will provide
* Financial info: Especially if you are seeking financing, describe already existing investors and your own capital.

#### **Company Description.**

The executive summary gives a brief outline of what your business is designed to do and how it will do it. If you have your potential investor’s attention, they will want to read more in-depth information on the company. That is where the company description comes in. Here you can go into more detail on the specific customers you foresee, the competitive advantages of your company and how your company fills the marketplace’s needs that are not getting met.

####  **3. Market Analysis.**

The Market Analysis describes the way things work in your given industry. If you’re in the business of selling coffee, you’ll discuss the needs of coffee drinkers that you are targeting. You’ll explain this group in a more manageable way. You’re not just marketing to coffee drinkers, for example, you’re marketing to coffee drinkers who work in the downtown area and don’t have time to grab coffee before getting to work. Describe the size of your market. For example, maybe there are 200 workers in the building on the right of your shop and 100 on the left. That is narrowing down your market. You’ll also discuss pricing structure here and the ways in which you’ll compete with those in the same business.

#### **4. Organization and Management.**

In this section, you’ll describe the structure of your company. How many owners are there? Will you work at your business or will you hire employees? How are responsibilities split up among employees and bosses? Will you offer promotions or other incentives? Often in this section, graphs are used to visually represent these assignments.

####  **5. Goods and Services.**

Here, you’ll want to more fully describe the product you offer. You’ll want to describe the specific benefits for you intended market, and you’ll want to explain how it differs from what is already offered by competitors. Say, for example, you’re opening a hair salon and your salon will be the only one in your city to offer a particular hair care line. You would want to include that in this section.

#### **6. Marketing.**

The marketing strategy section describes your strategy for growth. How will you increase your business and branch out down the road. Here you can discuss plans to franchise. You will also discuss your plan to advertise to prospective customers. Will you use viral marketing, print ads or a mix?

#### **7. Financial Projections.**

Here you put your market analysis into a conversation with your company’s goals. You describe how the numbers match up and how they will ultimately lead to a profit. If you’d been running a business, you would show your numbers here, but since you’re just starting out, you’ll be submitting prospective financial information. You’ll be forecasting your costs and your gains to show when you’ll start making a profit, and if you’re asking for investors, when they will start to see the fruits of their investment.

**Q.4 What is organizational plan? Explain the steps involved in preparing organizational plans.**

**Ans** Organizational plan is the biggest and the most important challenge faced by any business enterprise. Organizational plan is the process by which an organization creates a clear , compelling picture of its future and then puts in place the necessary procedues and actions to achieve this future.

Organizational planning refers to the process of identifying organization’s objectives and formulating and monitoring specific strategies to achieve them. It also entails staffing and resource allocation and is one of the important responsibilities of a management team.

Organizational structures need to be formulated and implemented with a view to achieve organizational goals in an efficient manner. Thus, having a suitable organizational structure in place is a prerequisite for long term success.

According to BusinessDictionary.com, organizational planning is the "process of identifying an organization's immediate and long-term objectives, and formulating and monitoring specific strategies to achieve them."

**Steps in preparing organizational plans are as follows-**

* 1. List objectives for organisational plans- to be effective, one needs clarity on the purpose of the changes defining what one wants the business to become.
	2. Select design team- no one can design an organisational structure I herself. Consider including key players in the company who understand the current systems, he effects changes might have who have suggestions for improvements that will help everyone to do their jobs better.
	3. Inventory the business current processes- look at everything it does and how it does. List all tasks and functions it performs currently and exactly who do what in the process of accomplishing them.
	4. Develop list of all task and functions- do not just list the items in the gaps between what should be occurring currently and what is occurring. Including everything one wants the organisation to do over year or longer.
	5. Chart the current organisational structure- chart the current organisational structure if one does not have an existing organisational chart. Make sure to capture each position, dept. and reporting structure.
	6. Analyse the findings about amendments in current structure needs- analyse the findings as a team looking to see what about the current structure needs amending to take account if the desired goals, tasks and functions.
	7. Draft a new organisational chart- draft the new organisational chart reflecting decisions from analysis.
	8. Create implementation plan- create an implementation plan to put these changes into effect which may include recruiting or lay off plans.

**“Section B”**

**Q1. Case study- it is just a matter of time**

Pedro santini has been a computer analyst for five years. In his spare time he has developed a word processing software program that is more comprehensive and powerful than any other on the market. Since he does not have a great deal of money, perdo believes the first step producing and marketing this product should be to get the necessary venture capital.

The software program has been written and trial-tested by perdo and a handful of friends to whom he gave the material. Two of these friends are full time typists who told him that the program is faster and easier to use than anything on the market. Perdo believes that these kinds of testimonials point out the profit potential of the product. However, he still needs to get financial support.

One of perdo’s friends has suggested a meeting with a venture capitalist. “these guys have all sorts of money to lend for new ventures” the friend told perdo “all you have to do is explain your ideas and sell them on giving you the money. They are always looking to back a profitable idea, and yours is certain to be one of the best they have seen in a long time”.

Pedro agrees with his friend but should not discuss the matter with a venture capitalist until he has thought through answers to the various types of questions likely to be asked. In particular,pedro believes he should be able to provide the venture capitalist with projected sales for the first three years and be able to explain the types of expenses tht would be incurred. Once he has doe this, pedro feels he will be ready to talk to the individual. “Right NOW,” he told his friend, “ it is just a matter of time. I would think that within seven to ten days I will be ready to present my ideas and discuss financial needs”.

Q.1 In addition to the financial quentions, what other questions is the venture capitalist likely to ask PEDRO ?

Ans. In addition to the financial questions, the other questions can be

* + - * What is your professional qualification and experience
			* What business plan will you follow during your business
			* What industries are of greatest interest to you
			* Where do you see yourself in five years
			* Why does he wants to start the business being a computer analyst ?

Q.2. Would a business plan be of any value to PEDRO? why or why not

**Ans.** Yes, business plan can be very useful to PERDO. Some of the benefits to have a business plan are-

* + - * **Help in convincing others:**  A well prepared business plan is an impressive and valuable document for a business. It projects the complete picture of the present and future status of the business.
			* **Provide SWOT analysis:** In case the strength and opportunities are fixed, it automatically determines the weakness and threat.
			* **Justify one’s ideas/plans :** A systematic approach may help to turn the exciting ideas into a reality. Good reasoning for the ideas and plans can justify the viability of the project.
			* **Feasibility study :** A business plan should delineate plans for marketing, operations, and finance. Delineating these three pillars of a business venture helps to determine the viability of the entrepreneur’s ideas.
			* **Selling tool :** The business plan functions as a prospectus for potential investors. It anticipates capital requirements and predicts cash flow to reassure lenders and bankers.
			* **Fund raising :** Most literature on business planning focuses on the need for a plan to encourage external investment into the company, whether it is through loans or equity investment. Most funders will not consider putting money into a company without seeing a well written, convincing business plan.