ENTREPRENEURSHIP AND PROJECT MANAGEMENT

Syllabus

UNIT I
Meaning of Entrepreneurship - characteristics, functions and types of entrepreneurship - Intrapreneur - Role of entrepreneurship in economic development.

UNIT II

UNIT III
Project Management: Meaning of project - concepts - categories - project life cycle, phases - characteristics of a project – project manager - role and responsibilities of project manager.

UNIT IV
Project identification - selection - project formulation – contents of a project report - planning commission guidelines for formulating a project - specimen of a project report.

UNIT V
Source of finance for a project - Institutional finance supporting projects project evaluation - objectives - types - methods.

TEXT BOOK

1. Entrepreneurial Development : S.S.Khanka
2. Entrepreneurial Development : C.B.Gupta & N.P. Srinivasan
3. Project Management : S.Choudhury
4. Project Management : Denis Lock
**Concept of Entrepreneurship**

Like other economic concepts, entrepreneurship has been a subject of much debate and discussions. It is an elusive concept. Hence, it is defined differently by different people. While some call entrepreneurship as “Risk Bearing”, others view it “Innovating” and yet others consider it “Thrill – Seeking”. Let us consider some important definitions of entrepreneurship that will help us understand what entrepreneurship exactly is all about:

- **Kao and Stevenson**: Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity, and through the communicative and managerial skills to mobilize human, financial and material resources necessary to bring a project to fruition.

- **Jean- Baptiste**: An entrepreneur is an economic agent who unites all means of production - land of one, the labour of another and the capital of yet another and thus produces a product. By selling the product in the market he pays rent of land, wages to labour, interest on capital and what remains is his profit. He shifts economic resources out of an area of lower and into an area of higher productivity and greater yield.

- **Schumpeter**: Entrepreneurs are innovators who use a process of shattering the status quo of the existing products and services, to set up new products, new services.

- **Albert Shapero**: Entrepreneurs take initiative, accept risk of failure and have an internal locus of control.

- **National Knowledge Commission**: Entrepreneurship is the professional application of knowledge, skills and competencies and / or of monetizing a new idea, by an individual or a set of people by launching an enterprise to pursue growth while generating wealth, employment and social good.

Hence, entrepreneurship is the act and art of undertaking innovations or introducing new things, finance and business acumen in an effort to transform innovations into economic goods. This may result in new organizations or may be part of revitalizing mature organizations in response.
to a perceived opportunity. The most obvious form of entrepreneurship is that of starting new businesses; however, in recent years, the term has been extended to include social and political forms of entrepreneurial activity.

Entrepreneurial activities are substantially different depending on the type of organization and creativity involved. Entrepreneurship ranges in scale from solo projects (even involving the entrepreneur only part-time) to major undertakings creating many job opportunities. Many "high value" entrepreneurial ventures seek venture capital or angel funding (seed money) in order to raise capital to build the business.

To sum up, the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit.

Entrepreneurship is a process involving various actions to be undertaken to establish an enterprise. It is, thus, process of giving birth to a new enterprise. Innovation and risk – bearing are regarded as the two basic elements involved in entrepreneurship.

**Innovation:** Doing something new or something different is a necessary condition to become an entrepreneur. The entrepreneurs are constantly on the look out to do something new, different and unique to meet the changing demands. They may or may not be the inventors of new products or new methods of production, but they possess the ability to foresee the possibility of making use of the innovations for their enterprises.

Customers’ tastes and preferences always keep changing, hence the entrepreneurs need to apply invention after invention on a continuous basis to meet the customers’ changing demands of products.

**Example:** Mango Fruity, Henry Ford, iPhone & Galaxy Tab

**Risk – bearing:** Starting a new enterprise always involves risk and trying for doing something new and different is also risky. The reason is not difficult to seek. The enterprise may earn profits or incur losses because of various factors like increasing competition, changes in customers’ preferences, shortage of raw materials, political disturbances, employees’ reluctance and so on. Entrepreneur has to be risk taker rather than risk avoider. His risk bearing ability enables him even if he fails in one time or one venture to persist on.
Characteristics of Entrepreneurship

Entrepreneurship basically refers to the act of setting out on your own and starting a business instead of working for someone else in his business. However, sometimes it could just be an endeavor of innovation. While entrepreneurs must deal with a larger number of obstacles and fears than hourly or salaried employees, the payoff may be far greater as well.

The basic concepts and characteristics of entrepreneurship are concerned with developing a vision of what a company should be, and then executing that vision by translating it into concrete steps and following through. Entrepreneurs tend to be personally involved in building and shaping their companies, but business success also depends on understanding personal limits, and developing strategies and systems to transcend these limits. Although certain lists of entrepreneurial traits are prescribed by management experts, entrepreneurship is more a way of thinking and behaving than a set of specific, sharply defined character traits.

The principal characteristic traits of Entrepreneurship or Entrepreneur are:

- **Interest and Vision**
  The first factor for entrepreneurial success is interest. Since entrepreneurship pays off according to performance rather than time spent on a particular effort, an entrepreneur must work in an area that interests him. Otherwise, he will not be able to maintain a high level of work ethic, and he is most likely to fail. This interest must also translate into a vision for the company's growth. Even if the day-to-day activities of a business are interesting to an entrepreneur, this is not enough for success unless he can turn this interest into a vision of growth and expansion. This vision must be strong enough that he can communicate it to investors and employees.

- **Management Skill**
  Successful entrepreneurs see the big picture. They have the skills and the humility to define their own role in company operations, and the interpersonal skills to successfully delegate the tasks they can't complete themselves. Successful entrepreneurs are successful managers, sharing the company's vision and clearly communicating the ways that this vision is infused into mundane daily tasks. An entrepreneur's management skills come into play in the process of carefully
choosing employees, and these skills carry over into careful training, as well as the daily challenges of motivating and organizing workers.

All of the interest and vision cannot make up for a total lack of applicable skill. As the head of a company, whether he has employees or not, an entrepreneur must be able to wear many hats and do so effectively. For instance, if he wants to start a business that creates mobile games, he should have specialized knowledge in mobile technology, the gaming industry, game design, mobile app marketing or programming.

- **Organization and Delegation**

While many new businesses start as a one-man show, successful entrepreneurship is characterized by quick and stable growth. This means hiring other people to do specialized jobs. For this reason, entrepreneurship requires extensive organization and delegation of tasks. It is important for entrepreneurs to pay close attention to everything that goes on in their companies, but if they want their companies to succeed, they must learn to hire the right people for the right jobs and let them do their jobs with minimal interference from management.

- **Risk and Rewards**

Entrepreneurship requires risk. The measurement of this risk equates to the amount of time and money you invest into your business. However, this risk also tends to relate directly to the rewards involved. An entrepreneur who invests in a franchise pays for someone else's business plan and receives a respectable income, while an entrepreneur who undertakes groundbreaking innovations, risks everything on an assumption that something revolutionary will work in the market. If such a revolution is wrong, he can lose everything. However, if he is right, he can suddenly become extremely wealthy.

- **Fiscal responsibility**

Businesses run on money, so entrepreneurs must have a solid sense of how to raise and manage funds. Successful entrepreneurs have an intuitive sense of how much money they will need to run their companies, but they supplement this sense with concrete documentation and calculations to mitigate uncertainties. Entrepreneurs are willing to risk money by making investments in building their businesses, but they keep a close eye on the numbers in order to understand how
much they are spending and whether their expenditures are bringing about the desired results.

- **Creativity**

Starting a business is a creative endeavor that starts with conceptualizing a product or service, and then building a practical infrastructure that can sustain itself while delivering that product or service. Entrepreneurship requires creative problem solving as well as creative product development, and entrepreneurs have the creative freedom to think outside the box and develop unique strategies that balance personal values with practical constraints.

- **Hard Work**

Most of the entrepreneurs work endlessly hard, especially in the beginning and the same becomes their habit for their whole life. **Shri Hari Shankar Singhania** once said “I have always followed the dictum that success comes only with 10% inspiration and 90% perspiration. There is no substitute for hard work. One must have a focus to achieve his vision. Nobody gets a clean slate to write on and has to start with the focus dirty slate he gets. If one waits for ideal situation, the time will never come.”

- **Desire for High Achievement**

The entrepreneurs have a strong desire to achieve high goals in business. This high achievement motive strengthens them to surmount the obstacles, suppress anxieties, repair misfortunes, and devise expediens and set up and run a successful business.

**Story of Sunil Mittal**: Cycle Parts, 20,000 borrowed money, making capsules, then the first push-button telephone set, the fist cordless, the first answering machine and the first fax machine. Now the story of Airtel.

- **Highly Optimistic**

The successful entrepreneurs have a positive approach toward things. They do not get disturbed by the present problems faced by them. They become optimistic for future that the situations will become favourable to business in future. **Story of Thomas A. Adison**: at the age of 67, factory fire, little insurance...said “There is great value in disaster. All our mistakes are burnt up. Thank god we can start anew.” Then phonograph...
• Forsight
The entrepreneurs have a good foresight to know about future business environment. In other words they visualize the likely changes to take place in the market, consumer attitude and taste, technological developments etc and take necessary actions timely and accordingly.

• Good Organiser
Various resources required for production are owned by different owners. Then, it is the ability of the entrepreneur who brings together all required resources for setting up an enterprise and then produces goods.

• Innovative
Production is meant to meet the customers’ requirements. In view of the changing requirements of the customers from time to time, the entrepreneurs initiate research and innovative activities to produce goods to satisfy the customers’ changing requirements and demands for the products.

Example of Maruti Sujuki now....., Dhiru Bhai Ambani... - textile company..- recession ...- unfavorable tax system...-small powerlooms... relatively low cost... timely processing... specifications under his widely accepted brand.

• Perseverance
One of the qualities of successful entrepreneurs is that they possess and exhibit tremendous perseverance in their pursuits. They do not give up their effort even if they fail. They might undergo a lot of suffering , but do not get disheartened. Instead, they take failures as Lessons and make more dedicated and serious efforts on the next time.

• Team Spirit
Successful Entrepreneurs build teams and work with teammates. Team works to achieve a common goal. Team shares collective accountability for the outcome of the effort. Working in teams creates synergy. Henry Ford says “Bringing people together is beginning, keeping them together is progress, and working with people is success.”

Example: The story of hare & tortoise...1st Lesson : “slow and steady wins the race”, 2nd lesson “fast and steady wins the race”, 3rd Lession “core competence wins the race”, and the final Lession “ innovation and team spirit win the race”
Functions of Entrepreneur

In practice, an entrepreneur does perform all the functions necessary right from the genesis of business idea upto the establishment of an enterprise.

Some Major Functions

- Perception of market opportunity
- Gaining command over scarce resources
- Purchasing inputs
- Marketing the products
- Dealing with officials
- Managing human resources within the enterprise
- Managing customer and supplier relations
- Managing finance
- Managing production
- Acquiring and overseeing assembly of the factory
- Industrial engineering
- Upgrading process and product
- Introducing new production techniques and products

For the convenience of better understanding, the various functions performed by entrepreneurs are broadly classified into four categories as mentioned below:

- Entrepreneurial Functions
- Managerial Functions
- Promotional Functions
- Commercial Functions