



सत्यमेव जयते  
GOVERNMENT OF INDIA  
MINISTRY OF SKILL DEVELOPMENT  
& ENTREPRENEURSHIP



उदमी लभते सिद्धिम्  
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# Entrepreneurship Development Program (EDP)

## FACULTY HANDBOOK



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# Entrepreneurship Development Program (EDP)

## FACULTY HANDBOOK

**National Institute for Entrepreneurship and Small Business Development**

Noida Office: A-23, Sector-62, Institutional Area

Noida - 201309, NCR of Delhi, U.P, India

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अनुराधा वेमूरी, भा.व.से.  
महानिदेशक

**Anuradha Vemuri**, IFS  
Director General



## Foreword

The National Institute for Entrepreneurship and Small Business Development (NIESBUD) is an autonomous institute under Ministry of Skill Development and Entrepreneurship, Government of India, which focuses on evolving effective Training Strategies and Methodology, developing Training Aids, Manuals and Tools. The Institute also facilitates and supports various agencies in organizing Entrepreneurship Developing Programmes, Capacity Building and Entrepreneurship Skill Development programmes.

Training of Trainers, Management Development Programmes, Entrepreneurship-cum-Skill Development Programmes, Entrepreneurship Development Programmes and Cluster Intervention are some of the core activities of NIESBUD which work to promote entrepreneurship and Skill Development in the country. The Institute has provided training to 12,88,225 persons through 48,700 different training programmes from its inception till as of March 31, 2022. This includes the training of 5,134 international participants hailing from more than 145 countries throughout the globe.

The present Faculty Training Handbook is a part of our ongoing endeavour to provide quality entrepreneurship training to youth throughout the country. The Institute strives towards creating a climate conducive to emergence of entrepreneurs from all strata of society. It is hoped that such training handbooks, manuals, and material will expand the range and quality of entrepreneurship trainings as well as encourage and support arrangements in remote and backward areas.

This Faculty Handbook is dedicated to all the stakeholders associated with the Entrepreneurship Development Programme.

**Ms. Anuradha Vemuri**  
Director General, NIESBUD  
&  
Joint Secretary, MSDE, Govt of India

New Delhi  
June, 2022

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**THE NATIONAL INSTITUTE FOR ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT**

Ministry of Skill Development and Entrepreneurship, Govt. of India

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डा. पूनम सिन्हा  
निदेशक

**Dr. Poonam Sinha**  
Director



## Preface

Entrepreneurship as the process of converting ideas into business opportunities is a major driver of economic growth and empowers individuals to become self-dependent for earning their livelihood. Entrepreneurship Development is an important mandate of MSDE in the realm of job-creation as it is a prominent source of livelihood in terms of self-employment, creation of direct and indirect employment, income generation as well as creation of assets in rural, urban and tribal contexts.

The National Institute for Entrepreneurship and Small Business Development is a premier organization of the Ministry of Skill Development and Entrepreneurship, engaged in training, consultancy, research, etc. in order to promote entrepreneurship. The major activities of the Institute include Training of Trainers, Management Development Programmes, Entrepreneurship-cum-Skill Development Programmes, Entrepreneurship Development Programmes and Cluster Intervention.

This Faculty Handbook is a comprehensive document developed to provide knowledge, activities, examples and action points to the faculty and trainers for helping their students as they walk the entrepreneurial path. The handbook talks about everything involved in the journey, from the inception of an idea to evaluating its merits to understanding markets, clients, funding agencies, inculcating, and building on interpersonal skills, making sales pitches and business plans and operational structures and so on.

We are thankful to all the partner organizations and stakeholders who contributed with their phenomenal expertise and experience to make this Faculty Handbook a success.

I acknowledge the generous guidance and support rendered by the officials at Ministry of Skill Development and Entrepreneurship (MSDE). I also appreciate the support provided by all the faculties and content developers at NIESBUD.

We hope this handbook will prove to be very valuable for all the readers.

*Poonam Sinha*  
**Dr. (Ms.) Poonam Sinha**  
Director  
NIESBUD

New Delhi  
June, 2022

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## Objective of the Content

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Entrepreneurs are considered 'agents of change' driving economic growth, helping create jobs, improving the standard of living of people, contributing to innovation and skill development. They create pathways for better technologies and systems which in turn leads to improved quality of life, improved morale, and greater economic freedom for a larger number of people in a country.

The objective of the course is to be able to inspire students and to create in them an entrepreneurial mind-set. An entrepreneurial mind-set is the need of the hour since it is crucial steps to ensuring socio-economic, and financial sustainability of the generations to come. The idea of innovation can also contribute to innovate ways to achieve sustainability for the planet as a whole.

This course aims at the holistic development of students through its unique and extraordinary style of delivery and implementation.

It encompasses various topics:

- to create an entrepreneurial mind-set in students taking the course
- to help students recognize entrepreneurship as an opportunity and alternative to employment
- to help students understand the nature and scope of entrepreneurship
- to help students identify their latent entrepreneurial qualities
- to help students develop the skills required towards becoming successful entrepreneurs
- to help students partake in hands on activities to understand various aspects of entrepreneurship
- to introduce students to life skills which would aid them further their career prospects as well as in their personal lives
- to equip students with adequate knowledge, skill, and attitude to establish and develop a business through identification of ideas, means and resources

## Nature of the Content

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The content in this handbook is expected to be engaging, interesting, effective and participatory. It is a mix of activities, key concepts, case-studies, role-plays, reference videos (digital), etc. It is intended to create a well-structured curriculum that includes psychosocial awareness, motivation, as well as, technical guidance in the concepts involved in Entrepreneurship, its various aspects, and components. The content should provide budding entrepreneurs with the skills and know-how to come up with business ideas and develop their strategies to eventually create their own business ventures.

Some of the broad features envisaged while developing this content include:

- Activity-based, hands-on learning-by-doing approach, that will give students technical know-how along with unprecedented confidence to take the next steps.

- Inclusion of psycho-social aspects, life- skills, self- awareness, idea generation, adaptability, effective communication, and confidence etc. that not only helps them embrace upcoming opportunities to be successful entrepreneurs but also prepare them to tackle the challenges that are likely to come their way.
- Inclusion of concepts of Entrepreneurship through day-to-day examples and relatable situations,
- Usage of simple language and inspiring success stories of people who have risen from the ground up and of grass root level enterprises that have gone to become phenomenal successes.

### **Key Features of the handbook**

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- An activity based learning experience for the students
- The content covers both aspects – changing the attitude/behaviour of students and inculcating basic entrepreneurial skills
- Gauging students' perception on entrepreneurship, their dreams and idea of success and shaping it into actionable points
- Providing insight into the current ecosystem and existing policies related to entrepreneurship and teaching students to work with them
- Motivating students with stories of success and case studies
- Helping students identify their own potential as entrepreneurs.
- Helping students understand the basics of finance, banking, and loans.
- Providing students knowledge on preparation, as well as, presentation of Business Plans

### **Pedagogy of the Content**

---

The course is developed to go beyond the regular monotonous classroom teaching to deliver "Entrepreneurship" to students to meet the above stated objectives. The pedagogy of the sessions is designed as such to ensure utmost effectiveness and ease in understanding. The overall pedagogical structure and strategy includes:

- Group Work
- Learning by Doing activities
- Audio-Video aids
- Classroom activities, and
- Field work

The mode of delivery will be interactive, where faculty will act like facilitators rather than teachers. The facilitator would work to engage the whole class and motivate students towards entrepreneurship. The students will be encouraged to share their thoughts without hesitation. The use of group activities, movies, and field work will give students real life experience. The case studies would help them relate to situations and channelize their ideas and thoughts towards one productive goal.

## Notes for the Facilitator

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1. **UNDERSTAND YOUR AUDIENCE:** Each student comes from a different background. They have different perceptions about everything. The facilitator needs to understand and respect each point-of-view.
2. **PARTICIPATORY APPROACH:** The facilitator should encourage every student to share their thoughts and experience equally.
3. **CONDUCTIVE ENVIRONMENT:** The facilitator and students should be comfortable in discussing life experiences and views with each other without any fear of judgment.
4. **SELF AWARENESS:** Help the students relate to the activities given and contemplate over them so they may develop their personalities on the whole.
5. **PLANNING:** Ensure adequate classroom planning in advance to avoid last moment rush and blind-spots during the class.

## Teaching Fundamentals

---

- Teach students to use technology to bring down barriers and challenges.
- Teach them to expand their learning and be curious. More knowledge means a better informed entrepreneur.
- Focus on offline as well as online sessions.
- Additional knowledge session may be encouraged online.
- Teaching should be done, in phased wholistic manner. Teach as one, with focus on individuals.
- Measure, understand and share every student's growth.

## Acknowledgments

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We acknowledge the valuable contributions of the following organizations in developing this content.

- Pravah
- Aleap
- IIE
- Vruksh
- Kudumbashree Micro enterprises
- Quest Alliance
- Total Start
- CED Madurai



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# Module 1

## Self Reflection and Self Analysis

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# Session 1

## Getting to know one another



Classroom  
activities,  
quizzes



Handouts,  
blindfolds



1 hour 35  
minutes



### Aim of the Session

- To introduce students to each other
- To encourage students to open-up to one another and be comfortable while sharing their thoughts
- To help students establish their common objective, and
- To facilitate an understanding of the requirements of EDP.



## Session Objective

- To introduce the facilitator and trainees with each other



- For the participants familiarize with each other and learn importance of interaction in the learning process
- For the participants to understand why they have enrolled for the program and what they may expect from it
- To consolidate expectations and establish common aims transforming a heterogeneous group into a homogeneous one

## Expected Outcomes

- Participants should feel comfortable in the training, showing initiative and enthusiasm towards the learning process
- Participants should understand that the common objective of this journey is to build an entrepreneurial mindset and enhance the skills that go with it.
- Participants should understand what they may expect from the program.

## ICE - BREAKING



### What is Ice - Breaking?

Ice-breaking is an important idea that helps participants in getting to know one another.

It takes youth a significant amount of time to get comfortable and openly share their views and personal stories in front of their peer group and faculty. They feel judged and there is a need to make them feel comfortable and welcomed in the new setting.

You, as the facilitator, play a critical role in guiding these young learners discover their entrepreneurial skills and motivating them to inculcate an entrepreneurial mindset.

Ice breakers are warm up exercises, activities, and games that are designed to ease your interaction with your group of participants and promote comfortable communication amongst the participants themselves.

Ice breakers can help participants, who are strangers at this stage, know something about each other and build on that information to engage with one another by way of conversation.

Ice breakers can also be theme or topic based and may be used to introduce a new topic to the group.

## Why are ice-breaking exercises important to EDP?

Ice breakers create a trustworthy environment, where students get to know each other by sharing their personal interests, hobbies etc. They facilitate interaction and building of new friendships.

Ice breakers help to convert a heterogenous group of audience into a homogenous group. Icebreakers are helpful when people do not know each other and when we want them to own the outcomes of the activity. They help to decrease tension and discomfort and increase bonds amongst participants.

Before starting on the journey of understanding entrepreneurship, the facilitator should use ice breaker activities that helps in the creation of a trusting, comfortable environment, in which students feel safe to experiment and engage with each other and the facilitator.

Ice breakers are also helpful to break the audience out of a dull or bored state especially during early mornings or after lunch. Facilitators must open each session with a personal anecdote; and share their personal fears and challenges, to encourage the youth to do the same.

### ACTIVITY 1 : INTRODUCTION



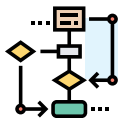
#### Material Required

None



#### Activity Objective

- Introducing the participants and helping them familiarize with each other through a game
- Promoting active participation and longer engagement with and amongst the group



#### Process

The game requires that the participants introduce themselves to the group and use an objective to describe themselves using the first alphabet of their name.

1. Tell the participants: "Let us begin our introductions. As I go from one to the other in your group, please stand and tell your name. You must add an adjective that describes you and starts



with the same alphabet as your name. For example, 'Hi! I am Divya, and I am diligent.' Or 'Hi, I am Harish, and I am hardworking'.

*Note: In case the participants are not able to come up with an adjective starting with the same alphabet as their name, they may use any other alphabet for the word which describes them.*

2. At the end of the activity, encourage any 2 or 3 participants to name all the participants again. Let others join in in an orderly manner. The purpose is to learn and remember each other's names and quality.



## Facilitators' Note

### Before beginning the activity:

1. Make sure that the training room has chairs.
2. You, along with your co-facilitator will arrange the chairs in a semi-circle.
3. Place your chairs in the middle of the circle so you may give equal focus to all participants.
4. You may move to the sides or move amongst the participants depending on how you want to conduct the training.

### Post Set Up:

After the set-up is done and participants are seated, welcome the group by thanking all the participants for being present for the training. Introduce yourself to the group. For example, you may say, "Hi! My name is ABC, I am a master-trainer and working as ... in XYZ company. I am from.... It is a pleasure to meet all of you. Thank you for coming. I will be your facilitator through this 50 hrs training course. I will be conducting the training along with my co-facilitator (their name). We will soon get into the details of training but before that, let us do a round of introductions followed by an interesting game that will help us know each other better."



## ACTIVITY 2 : ICE-BREAKING <sup>1</sup>



### Material Required

Handout



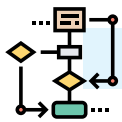
### Duration

30 min



### Activity Objective

- The activity would help students to know each other well in a fun manner. This will result in more active participation and longer engagement periods.
- It would help set the students expectations from the program.



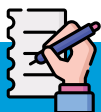
### Process

- Ask the students to face the person sitting next to them forming a pair.
- Once all students are sitting in position, ask them to talk to their partner for two minutes. They may choose a topic of their liking.
- Say START to get them to begin.
- After 2 minutes say STOP.
- Now ask one student to remain seated and the other to find another partner in the group. Once the class has settled with their new partners, say START.
- After 2 minutes say STOP.
- Repeat this activity still each student has talked to at least 5 other students, encouraging participants to talk to people they don't know well.
- Write the following questions on the board for students to use as conversation starters.
  - ▶ What is your name?
  - ▶ How many members are there in your family?
  - ▶ What is your dream holiday destination?
  - ▶ If you won a million rupees in a jackpot, what is the first thing you would buy?





- ▶ If you could spend the day with an actor/ actress, who would it be?
- Now introduce yourself to students and ask them:
  - ▶ What was your take away of this activity?
  - ▶ Why do you think you have gathered here and what do you expect from this program?



## Facilitators' Note

Tell students about Ice breaking and some of the fun things you'll be doing in class. In addition, tell students a few personal things about yourself, for example, your likes and dislikes, what you did over the summer, and your hobbies. The idea of this activity is to unfreeze the participants.

<sup>1</sup> NIESBUD

## ACTIVITY 3 : BLIND-FOLD ACTIVITY<sup>2</sup>



### Material Required

A blind fold/ cotton cloth to cover the eyes of participants



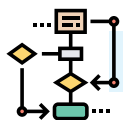
### Duration

30 min



### Activity Objective

To understand the common objective of this journey – to build an entrepreneurial mindset and skills.



### Process

1. Ask all the students to have a blind-fold (or any other cloth, for example, a handkerchief) ready.
2. Now ask them all to stand at random places in the room. Ensure that all of them have adequate space around themselves to be able to move a little in every direction.
3. Now ask them to cover their eyes with blindfolds and make sure that they are not able to see.

4. Ask them to move as per your following instructions:

- ▶ Take 1 step to your right
- ▶ Take 1 step to your right again
- ▶ Take 2 steps back.
- ▶ Now take an about turn at where you are.
- ▶ Now take 2 steps forward
- ▶ Rotate 90 degree to your left



5. Note that everyone is now facing in different directions.

*Note: you may change the direction of movement or add to this as per the response of your class.*

6. Ask the students to point in the direction of classroom's door (or any other object).
7. Now ask them to remove their blindfold and see what direction they were pointing in.
8. Ask them to reflect on the fact that they may be pointing in a direction different from what was asked.
9. **Discuss:**
- ▶ As you saw that some of us could locate the door and some couldn't, what do you think was the reason?
  - ▶ Those who could point at the door, what enabled you to do that?
  - ▶ Those who couldn't, what's the reason?



## Facilitators' Note

After taking few responses, conclude: "All of you who were unable to point at the door had different reasons for it. They may be that you did not notice the direction of the door at the beginning, or that you missed a step or misunderstood a direction, and so on.

Staying focused is one of the most important requisites to achieve anything. No matter how many turns life gives, we must strive towards our larger goal.

Just like all of us pointed in different directions based on the same set of instructions, we all have different expectations and are looking for different experiences from this journey. As we move forward in the program, we might sometimes feel lost or confused. Remembering our larger purpose at such times will help us get back on our feet.

Our larger purpose here is to build an entrepreneurial mindset and enhance our entrepreneurial skills so we may enable ourselves to start our own enterprises."

## Conclusion

The activities help to create a trusting and relaxing environment wherein the faculty gets to know the students, and the students lower their barriers to engage with the faculty and each other.

The activities help the students understand the common purpose of the Course – Creating an entrepreneurial mindset and entrepreneurial skills and understand why each of them have enrolled in the Course.

*2 Pravah*

# Session 2

## Entrepreneurial Motivation



Classroom activity,  
case stories, sessions  
by entrepreneurs



Handouts,  
Bindis or  
marker



2 hours 10  
minutes



### Aim of the Session

Building student's aspirations and motivating them to get out of their Comfort zones.



### Session Objective

- Participants will be able to highlight their strengths, goals, aspirations, qualities etc.

- They will learn about the entrepreneurship journey and understand things from an entrepreneurial perspective.
- They will be able to articulate their entrepreneurial aspirations

### Expected Outcomes

- That participants understand the efforts that go into aspiration building.
- That they show interest in exploring more about entrepreneurship.
- High motivation and readiness to step out of their respective comfort zones.

## What is Entrepreneurial Motivation<sup>3</sup> ?



Motivation is the driving force that gets people to act in the ways they do. The level of motivation varies from person to person, and with time. Motivation is an internal urge that pushes an individual to undertake something new or strive to perform better than others.

Both positive (such as sudden financial abundance) or negative motivations (like scarcity) may make a person take a risk and start a new business. Non-financial motivational factors may include status, respect, prestige, responsibility, etc.

Entrepreneurs are considered change agents who understand the importance of building something new from scratch. They understand the importance of going the extra mile to achieve their life's aspirations, and do not mind putting in the effort despite the challenges involved.

"Entrepreneurial motivation may be defined as the process that activates and motivates the entrepreneur to exert a higher level of effort for the achievement of their entrepreneurial goals. It refers to the forces or drive within an entrepreneur that affect the direction, intensity, and persistence of his / her voluntary behaviour as an entrepreneur."

## Why is Motivation important?

### ASPIRATIONS AND MOTIVATION<sup>4</sup> :

Some individuals put in minimal effort to achieve their goals. They prefer to maintain the status quo. Some others who have high aspirations put their best efforts to make their dreams come true. One can fulfil their life's aspirations, take control of their career horizons by taking charge of their goals, and striving to overcome struggles on the path by giving only their best efforts time and time again.

To be successful, entrepreneurs put in their best foot forward and aim to achieve goals which are beyond their reach. Going the extra mile is beneficial in gaining greater compensation than others, especially when they render exceptional service. Customers appreciate this and come back with their business, while for the entrepreneurs "excellence" becomes a habit.

Strong entrepreneurial motivation is indicated by the presence of desire to take responsibility or initiative and to keep progressing forward by learning from failures.

By listing out our aspirations for life, we take a personal initiative, a claim to our destiny. We abstain from depending on what other people want us to do or following the rut. As we become more self-reliant our worries about rejection and criticism reduce. This in turn reduces our fear of failure which is the main cause behind procrastination. When we avoid procrastination we avoid failure.



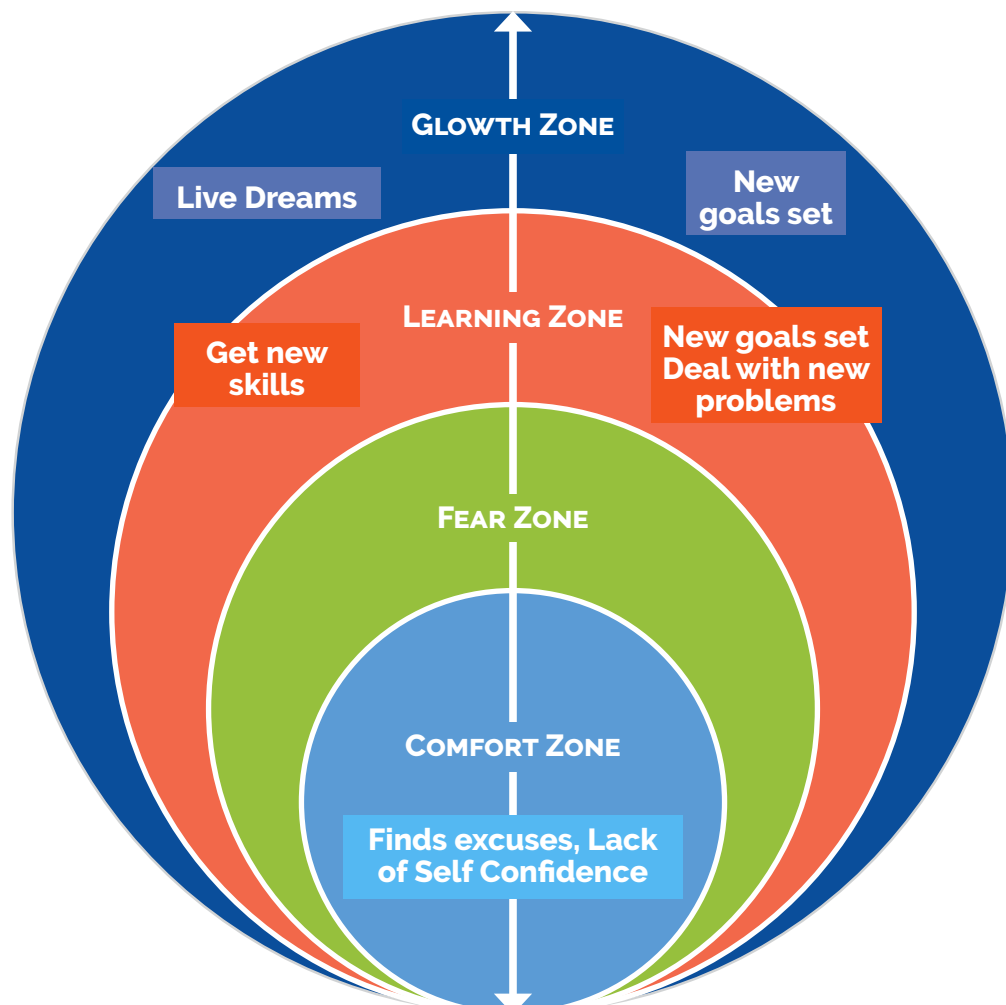
Taking control of one's aspirations is the first step. And it is as important as the efforts one puts in, in the making of successful entrepreneurs.

## Comfort Zone

Fear is one of the biggest barriers to starting a new business. Fear is an impediment that crops up when we get ready move ahead. It is an unreal blockade that comes up whenever we try to get out of our Comfort Zones. Our mind makes excuses for 'why we shouldn't' or 'why we can't' due to a lack of self-confidence. This often times holds us back.

We feel safe and in control in our comfort zone, as here we are at an acceptable level of risk. But if we continue to stay in our comfort zone we fail to learn. We can grow, only when we move out of our comfort zones to set high goals and acquire new skills to progress forward.

Successful entrepreneurs are known to overcome this block and take initiative to create a product or set up a business by taking significant but calculated risks.



Any of the activities listed below can be conducted with the students to inspire them to become entrepreneurs, enable them to enumerate their aspirations and to fulfil their aspirations by discovering an understanding of their comfort zones.

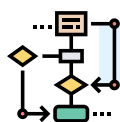
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## ACTIVITY 1 : STEPPING OUT OF YOUR COMFORT ZONE<sup>5</sup>



### Material Required

Paper, pen



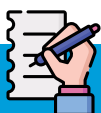
### Process

- Divide students in pairs.
- Ask them "What do you think is meant by a comfort zone?" Look for responses.
- Possible responses may include, doing what is easy, familiar and avoiding something new or that feels comfortable, etc. Elaborate further by asking, "Can you think of a situation where you have remained in your comfort zone?" Ask them to write down a heading 'My Situation' and then the answer to this question under this heading. You may provide some examples like – trying out to be a part of the school sports team, or an audition for a play, or not going to a social get together, not being able to speak in public, being afraid to ask questions to the teacher in class.





- Once they have written their piece ask them to share it with the class.
- Now ask "What is it that kept you in your comfort zone?" Ask them to discuss their answers in pairs and write down their answers. Ask them to share it with the class. Possible responses can be; fear of failure, fear of bullying, lack of opportunity, lack of confidence, habit, shyness, etc.
- Next ask, "What would have been the benefits if you have stepped out of your comfort zone? Ask them to discuss in pairs and write down. Ask some student to share their responses with class. Possible responses can be: achievement, pride, learning, fun, success, more confidence, greater self-esteem, sharing with others, etc.
- Now ask, "What would help you to move out of your comfort zone?" Ask them to discuss with their partners like before and then share it with the class. Elicit some responses. Possible responses can be: identifying some interesting goals, having a reward for trying, self-challenge, understanding the difference between win/lose and win/learn.
  - ▶ **WIN/LOSE** – We try something and succeed or fail. When we fail we feel low and dejected and do not want to try again. As we get older, we internalise these feelings, and become more risk averse based on our experience of 'failing'.
  - ▶ **WIN/LEARN** – We try and remove the emotional low often associated with failure. When taking action or trying something new we think of the outcome just as a hurdle. We understand that this result, irrespective of the outcome is here to teach us something. We begin to learn and adapt.
- Ask the class, "If you were to face your challenges again, what might you do next time to improve your result – what learning can you take from your earlier experience and use positively? Tell them that understanding their challenges and learning from them takes time and practice but is a skill that most high achievers possess.



## Facilitators' Note

Conclude the Activity by explaining that achievers go the extra mile, strive to achieve beyond their reach, putting in a 100% of their efforts. Leave them with this thought, "How much effort are WE willing to put in what we want to achieve?", because this is of utmost importance in achieving our desired goals.

## ACTIVITY 2 : STRETCH EXERCISE (PART 1) <sup>6</sup>

Efforts are as important as aspiration itself. Many a times, one tries and achieves something with some efforts but does not give her/his best shot. To fulfil one's aspirations, one has to strive to give make the maximum effort.



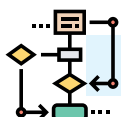
### Material Required

Packet of Bindis or highlighters



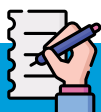
### Duration

10 min



### Process

- Ask the students to stand close to a wall.
- Give them the following instructions
  1. "Try and touch a point on the wall as high as you possibly can with both feet on the ground (though you can stand on your toes)"
  2. "When you think you have reached the highest point paste a bindi on that point"
  3. "Make sure that you can identify your bindi as you will need to use it again later during the day"
- Ask the students to look at various bindis on the wall. Ask them the following questions:
  1. "What can you see on the wall?"
  2. "What did different people do when asked to touch the highest point on the wall?"
  3. "What do the different marks on the wall imply?"



### Facilitators' Note

Explain, "As we can see from the wall, some people tried to stretch themselves very much, while others not so much. Similarly, around us we see that different people have different aspirations. Some people have high aspirations and take that extra mile and effort to work towards it while others are satisfied with what they have or what they currently believe in."

## ACTIVITY 3 : INDIVIDUAL REFLECTION



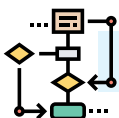
### Message

One can meet their aspirations if they decide to.



### Duration

10 min

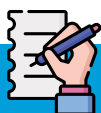


### Process

- Ask the students to think of one childhood aspiration that they have fulfilled.  
 “Think of one thing that you thought you wanted to do and managed to do it and how did it. It could be as simple as riding a cycle or being able to take part in an activity in school.”
- Take a few responses from those who are willing to share, to ensure students have understood what they need to do. (The teacher also is encouraged to share one of her/his personal aspirations that they have been able to fulfil, before asking the students to share their responses. This will help the students ease up and make them more forthcoming with their responses).



- Pair sharing (5 minutes): Ask students to sit in pairs and share the reflections of these childhood aspirations with each other.
- Ask some students to share their reflections with the entire class.
- Draw attention to the effort that the individual made to fulfil her/his aspiration



## Facilitators' Note

Wrap up by saying that 'It is possible to fulfil one's aspirations, if one really decide to.' It is possible that they were supported by other people or there were other favourable factors that helped, but still their effort to reach out/ plan/ take the first step needs to be highlighted. Aspirations are fulfilled when we address them with a wholehearted effort. Others can mentor or support us but ultimately it is our effort that serves as the biggest factor in our success.

## ACTIVITY 4 : THE STORY OF DASHRATH MANJHI

Taking charge of one's life helps in broadening one's horizons. Struggles are a part of this process; however, they should not serve as a deterrent in the path, one must give it all they have!



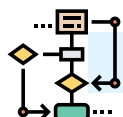
### Material Required

Case study or movie



### Duration

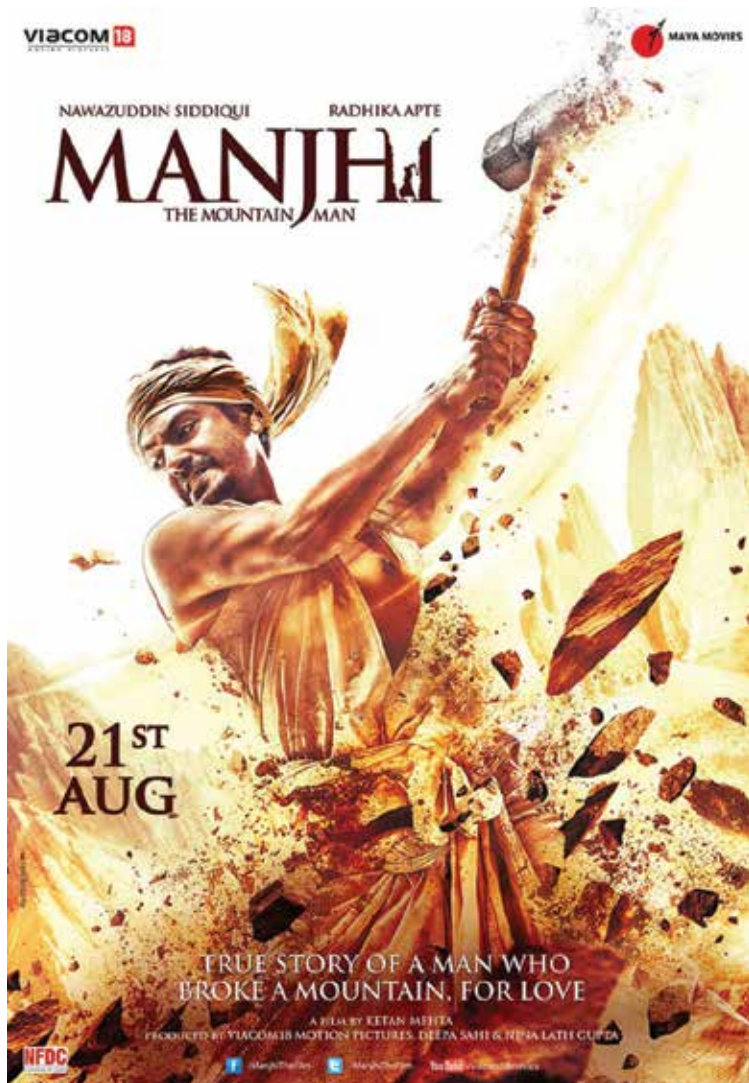
30 min



### Process

Show the Manjhi movie or read out Dashrath Manjhi's story: "Manjhi was a landless Dalit labourer from the Musahar community of village Gehlaur near Gaya in Bihar. A 300 feet tall mountain stood between Manjhi's village and access to basic facilities like transport, healthcare, and better opportunities. Manjhi like many other landless men in his community tilled the land for a landlord on the other side of the mountain. The daily trek took hours, but everyone did it because there was no other choice.

It was a hard life but all the residents of Gehlaur were resigned to their fate. Manjhi's wife Phaguni would bring lunch for him every day after a long trek up and down the same mountain. One day



she slipped and fell over the uneven, rocky path and injured her leg. That was the day that Manjhi decided to do something about this 'mountain of a problem'. He would not wait for the Government or anyone else to fix it. He bought a chisel, a hammer, and a crowbar after selling his goats which were a vital source of his income. He began work early in the morning and then later in the evenings after putting in a full day's labour at the Landlord's. He would be exhausted as it was hard work, and he barely slept. Slowly word got around and people start bringing Manjhi and his wife food. He had to quit his wage labour job as the extreme physical labour started to take its toll. And yet, Manjhi diligently went to chip away the mighty mountain from morning till night, day after day!

Meanwhile, Phaguni took ill and died before she

could reach a hospital, a critical 75 kms away by road. Though immensely saddened by his wife's death who in many ways was the inspiration for his herculean endeavour, this setback only hardened Manjhi's resolve. He would sometimes offer to carry things for people across the mountain for a small sum to make ends meet.

And then the impossible happened! After 10 years of relentless chipping away at the monolith, there was a breach, and one could suddenly see through the mighty mountain. As the gap widened more and more people came to see it and even offered help.

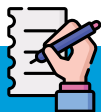
It would be another 11 years before the 'Mountain man' or Baba as he now came to be reverently called, would cut through the rock and stone and make a road 360 feet long and 30 feet wide through it!

Wazirganj, the nearby town was now within a 5 km reach and so were schools and hospitals and a world filled with opportunities. It took 22 arduous years, but Dashrath Manjhi accomplished what he had set out to do!"



### ASK THE FOLLOWING QUESTIONS:

- "How was the film/story? What did we just see in the film/ story?"
- "What motivated Manjhi to do what he did?"
- "How did the people around him react to his efforts?"
- "How did he realize his goal?"
- "Any insights for self? Any thoughts that the film has generated for you, that will be useful in your everyday life?"

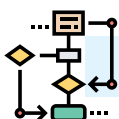


## Facilitators' Note

Tell the participant that they must internalise the value of hard work and not feel let down or broken due to struggles on the way. Ask them to remind themselves of the following along their individual journeys:

"Since it is my life, I need to take full charge of it and continue to work towards fulfilling my dreams. Struggles are a part of this process; however, I have to put in my 100% because it's my aspiration."

## ACTIVITY 5: STRETCH EXERCISE (PART 2)



### Process



### Duration

30 min

- Ask, "Do you remember the wall activity we did in the first part of this day? Let us do that activity again".
- Ask the students to stand near the mark that they made on the wall. Now ask them whether they think they can reach slightly higher than their original mark?
- Inform that "if they are able to reach higher than their original mark, they should mark the new point with a different bindi". Inspire them to be creative and reach higher.

Now ask the students to go back to their seats and ask them the following questions:

- How many of you were able to reach higher than your original point?
- What helped you reach higher this time?



### Facilitators' Note

In case some students may respond by saying that competing against one another helped them. Explain to them that while competition is important it will only be helpful if they are competing against their earlier best. If they compete against someone else they will only have to make efforts to go beyond what the other person has done and it may be the much less than their best. Their potential may actually be much higher.

### Reiterate

Efforts are as important as aspiration itself. Many a times we try and achieve something with some efforts but usually we don't give it our best shot. To fulfil our aspirations, we **HAVE** to make an effort and continuously push our boundaries, aiming for betterment and self-improvement.

## ACTIVITY 6 : ARTICULATE ASPIRATIONS

In this activity Students list down their aspirations from life as well as their aspirations as an entrepreneur.



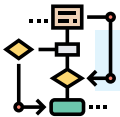
### Material Required

Sheets of paper and pens



### Duration

20 mins



### Process

Now that the students understand the idea of taking charge of their lives and the importance of making continuous efforts to fulfil their aspirations, ask them to write down on a sheet of paper:

- Their aspirations and dream/s in life and, also their aspirations as an entrepreneur.
- The efforts they are ready to put in to fulfil these aspirations
- What challenges they think they might face.

## ACTIVITY 7 : SESSION BY LOCAL ENTREPRENEUR



### Material Required

Audio Visual aid, Room,  
Local Entrepreneur.



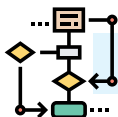
### Duration

1 hour



### Activity Objective

To motivate the students through live interaction with a local entrepreneur. Learning how the journey of aspiring began for the entrepreneur and the efforts they made to realise their dreams.



### Process

Invite a local entrepreneur or a successful alumni of the Institute for group interaction. The entrepreneur may share the journey of their start up, challenges faced, and how they overcame these challenges.





1. You can request the speaker to answer the following questions in their interaction for the benefit of your students: Brief introduction about their business.
2. How did they get this idea?
3. What did they do to convert it into a business? Steps that they followed to convert it into reality?
4. The key challenges they faced?
5. How they overcame these challenges?
6. What kept them going then, and now?
7. Any learnings that they can share that might help the class?

# Session 3

## Self Exploration/SWOT



Classroom activity, case stories



Audio- Video Aid, Material box (bangles, threads, ribbons, rangoli, dupatta, feathers etc), charts & colour pens



1 hour 15 minutes



### Aim of the Session

This section introduces the participants to their interpersonal strengths and areas that need improvement to enhance their awareness of self. It highlights the relevance of identifying internal and external barriers and resources impacting a participants' entrepreneurial initiative as well as functioning.



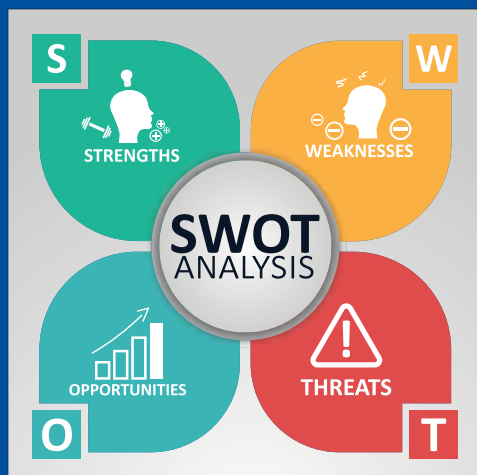
## Session Objective

1. To understand the importance of figuring out one's basic strengths and weakness
2. To facilitate an understanding of self.

## Expected Outcomes

- That participants understand the concept of self SWOT.
- That participants are able to enhancing self-awareness in themselves.

## SWOT Analysis (Strengths-Weakness-Opportunities-Threats)



This session helps the students recognize the importance of evaluating their strengths, weakness, opportunities, and threats. The objective is to help them access these in the context of their current situations and to help then formulate strategies to effectively build upon their strengths/ opportunities and to overcome their weakness.

Once an idea or opportunity is realized, it needs to be qualified or assessed. Not every idea has the potential to transform into a real business, generate income and be sustainable. Out of all the ideas or opportunities and after careful scrutiny, one idea or opportunity is taken to

the next stage where it is developed into a real business through meticulous planning and action. There are many factors upon which an idea is qualified and then developed. A simple but popular way to evaluate an idea is through SWOT analysis.

While doing a SWOT analysis make a list of the participant's strengths and weaknesses. This will help them evaluate their ideas such that they match their capabilities.

The idea is further assessed on the next part of the SWOT Matrix i.e., via opportunities and threats.

**Opportunities** refer to the chance an idea has to become a successful enterprise. Threats can be understood as the hurdles to an idea or an enterprise. These may make themselves visible in the development phase, hamper functioning and keep the idea from becoming a profitable venture.

## Why is it important

SWOT analysis is a powerful personal development tool. Not only can it help you identify your strengths and weaknesses, it can help you discover a direction for personal and/or professional development that suits your personality and your unique set of skills. It will also point out areas of concern for you to address. Equipped with this knowledge you are likely to make better choices in your career as well as life.

### ACTIVITY 1 : STORY : "REALIZING ONE'S POTENTIAL"



#### Material Required

None



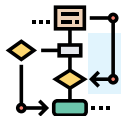
#### Duration

15 min



#### Activity Objective

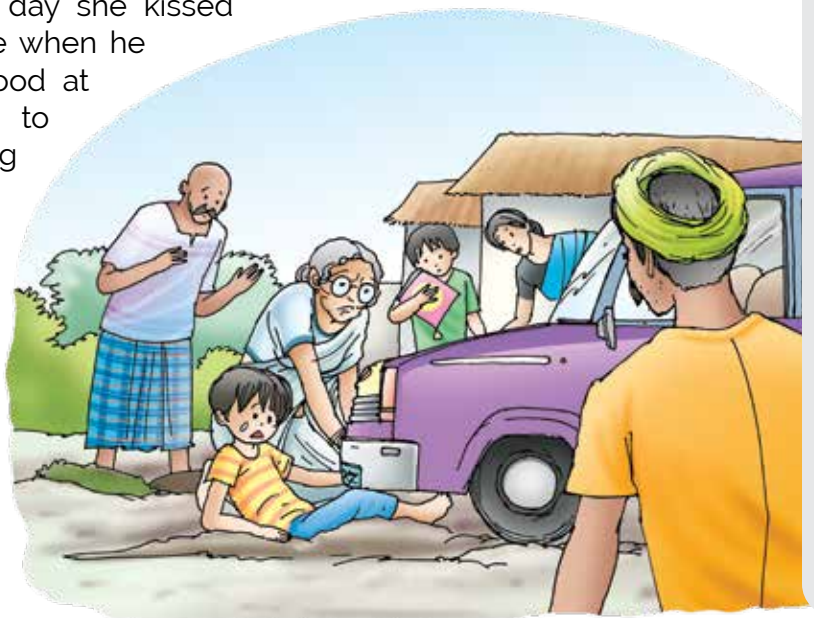
To understand the importance of figuring out your basic strengths and weakness and thinking about how you can capitalize on them.



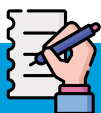
#### Process

##### READ THE STORY ALOUD (MORE THAN ONCE IF REQUIRED)

There was an old woman who was very fond of her little grandson. Every day she kissed him and said goodbye when he left to school and stood at the door waving out to him and watching him until he was out of her sight. One day as she stood watching, she saw to her horror a car traveling at a high speed get out of control and hit the little boy. The boy fell and the wheel went over his heel before the car came



to a halt. The grandmother rushed to the accident spot and watched in fear as the crowds that had gathered tried hard to lift the vehicle off the crying boy's foot without any success. The old woman who could not bear to see her beloved grandchild in pain put all her efforts to move the car. To the amazement of the crowd, she lifted the front of the car off the boy's foot and freed him. Everyone cheered her but the old woman began to cry loudly. When she went home, her son asked her why she was crying, instead of being happy for having done such a miraculous thing to save her grandson. She replied "I have wasted 70 years of my life not knowing my own capacity. If I had discovered it when I was young I would have put my best efforts to chase my dreams and not given up so easily"..



### Facilitator's Note

Ask the students:

- Why do you think the old woman was crying?
- What did you learn from the story?
- Is it important for one to know what their strengths are? Why?
- What about the importance of knowing ones' weakness? Why?
- How can you use the knowledge of your strengths and weakness to achieve your goals?

Analyse and discuss the answers received from your students such that you nudge them towards realising their full potential.

### POINTERS THAT CAN HELP A PERSON AS THEY STRIVE TO MAXIMISE THEIR POTENTIAL AT WORK

**KNOW YOURSELF.** Write down 2–3 of your greatest strengths and weaknesses.

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**EXCEL AT CRITICAL ACTIVITIES.** Identify and list 3–4 activities that are essential for you to succeed in your desired (or current) role.

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## ACTIVITY 2 : SCULPTING



### Material Required

Material box (bangles, threads, ribbons, rangoli, dupatta, feathers etc), charts & colour pens



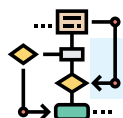
### Duration

30 min



### Activity Objective

'Sculpting' as the name suggests, facilitates the participants in creating a visual representation of their 'self' to figure out their basic strengths and weakness and think about how they may capitalize on these.



### Process

1. Ask the participants to push back their chairs to make a large circle within the room.
2. Ask them to select any area within the training room to do their part in this activity.
3. Place the box with easily available materials such as bangles, feathers, rangoli, dupattas etc in the centre of the circle.
4. The students are supposed to use the available material to create and image for their "self". They can use the material to depict concepts and ideas that they can explain to the class at the stage of discussion.
5. Bring the group back to semi-circle for the discussion.
6. Now ask the participants about what their "sculpted" self-image depicts and what does this representation tell them about themselves.



### Facilitator's Note

Ask the students:

- How was your experience in doing this activity? How do you feel after doing this activity?
- Who were the first people you shared your concept of "self" with (family, school, community etc.)? How was that experience?

Try to reach as many people in the class as you can.



## SELF CONCEPT



**EXPLAIN:** We are not born with a self-concept. Instead, we develop our self-concept based on the feedback we receive from other's comments, judgments, the way we are treated and other external sources such as family, school, religion, media etc.

The 'Self' is the totality of one's thoughts and feelings and how an individual explains themselves and the external world (cited in Cast & Burke, 2002). Our idea of self is constantly influenced by our interaction with our subjective world. Depending on our experience with the outside world, we may create a positive or a negative self-concept. When we receive positive feedback from our environment, we are likely to have a positive self-concept. Whereas, when people respond negatively to our behaviour, and we lack confidence, we tend to develop a negative self-concept. Most people have a combination of a negative and a positive self-concepts. For example, an individual may perceive himself as an incompetent father but a loving husband.

**Examples of positive self-concept:** An individual thinks of himself/herself as an important part of the community or perceives himself/herself as hard working.

**Examples of negative self-concept:** An individual perceives himself/herself as unimportant to family or as an incompetent person. (Leary & Tangney, 2012).

Individuals with positive self-concept tend to be more happy, balanced, have a better sense of wellbeing, and are better adjusted to their environment than those with a negative self-concept. (A. Bracken, 2009).

Since, individuals with a positive self-concept manage their environment in a better way, this component has been seen as having a positive influence on entrepreneurial activity. (Negara & Selatan, 2019)



## ACTIVITY 3 : SWOT ANALYSIS



### Material Required

SWOT Analysis  
outcome Matrix Chart



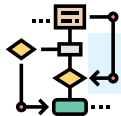
### Duration

30 min



### Activity Objective

To understand the common objective of this journey – to build an entrepreneurial mindset and skills.



### Process

Tell the students to assess their strength, weakness opportunities and threats in the outcome matrix.

INTERNAL



S

#### HELPFUL

##### STRENGTHS

- 1) What are your strengths?
- 2) What do you do better than others?
- 3) What unique capabilities and resources do you possess?
- 4) What do others perceive as your strengths?

#### HARMFUL

##### WEAKNESSES

- 1) What are your weaknesses?
- 2) What do your competitors do better than you?
- 3) What can you improve given the current Situation?
- 4) What do others perceive as your weaknesses?



W

EXTERNAL



O

##### OPPORTUNITIES

- 1) What trends or conditions may positively impact you?
- 2) What opportunities are available to your



T

##### THREATS

- 1) What trends or conditions may negatively impact you?
- 2) What are your competitors doing that may impact you?
- 3) Do you have sold financial support?
- 4) What impact do your weaknesses have on the threats to you?



## Facilitator's Note

The SWOT analysis is used to (a) match one's strengths to the opportunities available and convert one's weaknesses or threats into strengths or opportunities or at the least make them more manageable. You can discuss the the following questions with your students

### Strengths:

1. What advantages do you have (education, skills, networks, etc.)?
2. What resources do you have?
3. What values do you have that may help you reach your goals?

### Weaknesses:

1. What tasks do you avoid doing because of a lack of confidence?
2. What disadvantages do you have?
3. What are your negative habits or traits?
4. In what areas do you need more training or education?

### Opportunities:

1. How can you turn your strengths into opportunities?
2. How can you turn your weaknesses into opportunities?

### Threats:

1. What obstacles do you face?
2. Could any of your weaknesses prevent you from succeeding?
3. Do any of your strengths hold you back?

### SOME QUESTIONS ABOUT SWOT AND THEIR POSSIBLE ANSWERS:

1. **What does SWOT stand for and why is it important?**

Ans: SWOT stands for Strengths, Weaknesses, Opportunities and Threats. It is a way of summarizing the current state of a company and help devise a plan for the future, employing its existing strengths, redressing its weaknesses, finding ways to exploit opportunities available and finding appropriate defences against threats.

2. **What are examples of opportunities?**

Ans: Opportunities refer to favorable external factors that could give an organization a competitive advantage. For example, if a country cuts tariffs, a car manufacturer can export her/his cars into a new market, increasing their sales and market share.

### 3. What are threats in SWOT?

Ans: In business analysis, Threats are external factors that can cause damage to your organization, venture, or product, affecting your production, sales, revenue and/or market share. Threats could come in the form of market competition, supply shortages that affect production, state transport strikes, government policies and so on. Threats are negative, and external.

## Conclusion

SWOT is an acronym that stands for Strengths, Weaknesses, Opportunities and Threats. SWOT analysis helps one identify how a company can take advantage of opportunities in the market and stay strong against market threats using its strengths on one hand. On the other it points to weaknesses that may lead to loss, giving a person a list of areas and attributes to work upon to build their defences.

SWOT helps us identify which areas of our business require our focus. It is a fantastic process for testing our ideas right at the beginning. It will also come in handy as we move forward in various processes of our business, be it in making production plans or how to approach buyers.



# Session 4

## Access to Equity & Inclusivity



Game, group discussion



Handouts,



60 minutes



### Aim of the Session

Understanding of social inequalities based on one's position in the social hierarchy. Understanding that Access to Equity ensure that everyone in society has an equal opportunity to grow, contribute, and develop, regardless of their social position.



### Session Objective

Participants will be able to identify their strengths and challenges, both personal as well as those arising out of external circumstances.

- To understand the power and privileges that come with certain positions in the social hierarchy
- To reflect on one's own social position

## Expected Outcomes

- That participants understand social barriers and privileges
- Building Empathy - Equity seeks to ensure fair treatment, equality of opportunity, and fairness in access to information and resources for all.
- That participants understand that power is the ability to have control and influence over others.
- That participants realize their own position in their social hierarchy and its intersections within it to identify the obstacles as well as the benefits that may arrive due to this position.

## Understanding Access to Equity & Inclusivity

This section introduces the participants to interpersonal strengths and areas of improvement to enhance self-awareness. It highlights the relevance of identifying internal and external barriers and resources impacting the participants' entrepreneurial activities. These activities will help participants identify resources and challenges around them. It has been observed that different entrepreneurs experience different sets of barriers based on their position in the social hierarchy.



- Participants are encouraged to develop self-awareness and a better understanding of equity since these are essential parts of an individual's growth and development. Being self-aware would mean that you recognize your strengths, weaknesses, abilities, motivations, goals, and aspirations.
- Every individual is unique and identifying one's uniqueness is essential for personal growth and development.
- Self-awareness with the understanding of Equity is an important component for becoming a successful entrepreneur
- Identifying one's inner strengths and challenges acts as a catalyst in using this knowledge towards overall growth.

## Why the session is important for EDP

The session nudges the participants to develop a greater understanding of their social identity and develop values that promote fair and equitable access to services in areas essential for achieving and maintaining social, cultural, and economic well-being. Equity implies distribution of economic, social, and political resources in ways that are not restricted by age, gender, race, ethnicity, ability, or income.

The route to achieving universal access to equity starts with treating everyone equally. It is achieved by treating everyone justly according to their circumstances. This session is to stress that as entrepreneurs, the participants have a choice to use their agility and flexibility to bring about positive change in society as a whole.

### ACTIVITY 1 : POWER WALK



#### Material Required

Handout



#### Duration

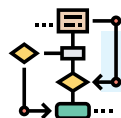
30 min



#### Activity Objective

This a very powerful exercise to understand and reflect upon one's position in society

It focusses on the powers and privileges that come with this position.



#### Process

1. This activity requires that participants stand in a straight line representing that all human beings are born equal.
2. Before the activity starts, each participant will receive a slip that has a social role written on it. They must read this and make sure they do not disclose their characters to other participants in class.
3. Ask the participants to visualize themselves in the role given in the slip for the duration of this activity. Ask them to think of their character's background, what they do, what their families might be like, etc.
4. Read out the statements from your handout and ask the participants to take a step forward if they think that their character



will say YES to the statement. They should take a step backward if their character will say NO to the statement and remain at their positions if they cannot decide.

5. After all the statements have been read out, give the participants some time to reflect about their positioning in society.
6. At the end of the activity, the participants will be asked to run towards a goal point.
7. This goal represents Power. They are to occupy as much space as they can once they reach the goal point.
8. Gather the participants back to the room for discussion

## Handout 1

### LIST OF CHARACTERS

- A woman who lost her husband and has a 7-year-old child, lives with her in-laws and is financially dependent on them.
- A brahmin man who is working in the temple as a pujari and who owns a land in the exteriors of the city.



- A dalit housewife who works as a sweeper in the nearby school. She has 4 children, and her husband is a daily wage worker.
- A 19-year-old boy bullied because of his skin colour. He is a college dropout and helps his parents in farming.
- A 40-year-old man who owns a shop in the village and has a disability.



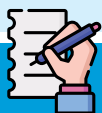
- Unemployed youth who is a school dropout. His father is a businessman in the textile industry.
- Grandmother who is taking care of her orphaned grandchildren.
- Farmer from lower caste with debt.
- A single mother who is 32-year-old with 3 children to take care of. She is homeless and sits near the temple for begging.
- A 40-year-old woman who was divorced by her abusive husband.
- A 45-year-old widower taking care of a teenage daughter living with his parents.
- A farmer who must pay off his loans. He has a 12-year-old son who helps him in farming.

## Handout 2

### LIST OF STATEMENTS

Tell the participants, "Step forward if your character can say yes to the following sentences. Take a step back if the answer is no and remain in your position if you cannot decide."1. I can walk around alone at night without being scared.

1. I can visit the PHC without anyone's permission
2. I can go to the market by myself and buy myself a piece of cloth.
3. I have influence over the decisions made at home.
4. I have influence over the decisions made in the village.
5. I have financial resources to start/maintain my business.
6. I can take a loan from the bank.
7. The leaders in my village listen to my opinions.
8. I decide how the household money is spent.
9. I can study wherever I want to.
10. I can have 3 meals in a day.
11. I did not face any difficulties in pursuing what I want to.
12. While growing up, I had 50 books to read.
13. My family accepts me as I am.



### Facilitators' Note

Arrange the activity room in a way that every participant has space to move. If there are more participants, the activity can be conducted outdoors.

## Discussion Points

Ask, "Some of you are standing in the front and some are at the back. Can you tell me how you feel about your positioning? "The participants must answer your question while reflecting upon how their characters have felt throughout the activity.

Make sure that everyone gets an opportunity to speak.

Now ask, "At the beginning of this activity everyone started from the same line, but at the end some people are positioned differently. Why do you think there is a difference?"

Draw out and discuss the factors that have influenced their positioning. For example, being a single mother, financial instability, political influence, caste etc. Identify people in powerful positions in your village/city/country. (Example, Sarpanch, village leaders, village officials). The purpose of this question is to help participants reflect upon the fact that individuals, based on their social position and role enjoy a certain status in society and that this often becomes the deciding factor in their accessibility to resources.

Finally ask, "How can we bring the people at the back to the front?"



# Session 5

## Understanding Entrepreneurial Journey



Game, group discussion,



Handouts,  
Video



60 minutes



### Aim of the Session

Understanding that being an entrepreneur can be challenging but keeping motivated is the key to success.



## Session Objective

To motivate the class through stories of struggle of other entrepreneurs that participants can relate to and Understand the Journey of an Entrepreneur equipped with depth of knowledge, and courage.

## Expected Outcomes

1. That participants understand the journey of an entrepreneur and relate to some of the struggles being mentioned.
2. That they identify and assess their own strengths which will help them in their entrepreneurial journeys. That they also learn to anticipate challenges and access milestones.
3. That they develop courage and are able to face the challenges that are part and parcel to becoming an entrepreneur.
4. That they understand the value of keeping their approach realistic and are able to tap into the positive lessons from the stories of local entrepreneurs around them.
5. That they feel encouraged to dream and hope beyond their social position and boundaries.

## Why the session is important for EDP?

- At the end of the session, participants will be able to identify the various opportunities and possibilities that exist around them. They will be able to link these with essential support systems available. These will help them on their way to starting a small business.
- Keeping motivation levels high is essential to succeed in the entrepreneurial journey. Becoming an entrepreneur comes with a lot of challenges and one may need to dig into internal and external resources to keep oneself motivated along the way.
- Each entrepreneur has a different journey to take. A case story will demonstrate the positives and the areas that need improvement in the journey of an entrepreneur. Learning from this example, participants will identify and assess their own strengths and challenges which in turn will help them in their own entrepreneurial journey.

## ACTIVITY 1 : INSPIRING STORY



### Material Required

Handout

## Handout 1

### CASE STORIES - KALPANA SAROJ

Born in a Dalit family, Kalpana got married at the age of 12. She and her husband along with his family lived in the slums of Mumbai.

Her husband and his family physically abused her. She informed her father about the abuse, who encouraged her to leave her husband and shift back with her parents.

The path ahead was not easy for Kalpana. Due to the constant labelling and ostracizing by the villagers, she even attempted suicide.

At the age of 16, she shifted back to Mumbai and started living with her uncle. Here she started working in a garment factory to support her family. She took government loans and started a tailoring business and gradually opened a furniture shop. Success took a long and difficult path but it came as she remained motivated and gave her very best. Kalpana Saroj was awarded Padma Shri for Trade and Industry in 2013.



₹2 to ₹2000 Crore | Rags To Riches | Kalpana Saroj - Josh Talks Hindi

Video: <https://www.youtube.com/watch?v=r8g--lqM3Dc>

## Handout 2

### WASUDEV: UPCYCLING CLOTHING FOR RURAL DEVELOPMENT

When Wasudev was a teenager, he noticed his village in Vidarbha, Maharashtra struggling with rising unemployment and consumer waste. His family too struggled for economic security; some years his parents were unable to afford his school supplies. However, Wasudev noticed this reality was often worse for young girls in his community, frequently being forced to drop out of school when their families could no longer afford to pay their school fees.

Later that year, Wasudev participated in a high school exchange program that led him to the United States. After spending time without his family on the other side of the world, he discovered a newfound confidence and embraced his independence.

This confidence encouraged him to more thoughtfully play a role in his community, from mentoring younger kids to supporting his mother's work in economic mobility for women living in rural communities like his own. Inspired by his mother, he discovered a shared passion for providing others the confidence and skills to be self-reliant and independent.

Still frustrated by the waste in his community, Wasudev had an idea. He brought together his mother and a close friend in the local garment industry to brainstorm how they could tackle not only unemployment, but also women's rights and environmental protection.



Story from: <https://www.ashoka.org/en-in/story/wasudev-upcycling-clothing-rural-development> | Video: Story from: <https://www.ashoka.org/en-in/story/wasudev-upcycling-clothing-rural-development>





At 19, Wasudev founded Silaigram, a social impact startup aiming to provide sustainable livelihoods in rural parts of India. Today, Silaigram has upcycled over a thousand kilos of textile waste taken from nearby garment factories, rerouting the waste from where it would have ended up: the ocean or a landfill.

Instead, the team invites women in rural communities to earn independent livelihoods, many of whom are often excluded from formal economic opportunities. Exploring their own artisan craft and creativity, the design team, now made up of a few dozen women, transforms the upcycled cloth into jholas, kurtis, and other clothing and accessories. The sustainable products are then sold online.

Wasudev recently stepped up to bring a youth voice in his local government, which has become especially important during the pandemic. He is serving on his Mayor's response taskforce, building a tech platform and verified communication channels to bring together changemakers across social, business, media, and government sectors to work collaboratively on relief efforts.

As the only young person on the team, Wasudev is redefining the role of young people in local government. Back in his village, the women who are part of the Silaigram team have dedicated their time to producing cloth masks, which are later donated to first responders and essential workers in their community.





## Facilitators' Note

Discuss with Participate about the Case Stories :

- What do you feel after hearing to these stories? Do they motivate you?
- Can you form a list of challenges you think these entrepreneurs have faced along their journeys?
- Can you list the best qualities that these entrepreneurs have demonstrated to keep moving towards success?•
- Are you able to relate to these stories? Do you see any similarity between the stories of these entrepreneurs and your set of challenges and support systems?

(The session would include a Live interaction by a Local Entrepreneur, bringing out factors that have motivated them to overcome their challenges towards success.)

## NOTES

[illegible]

# Module 2

## Introduction to Entrepreneurship

MODULE 2 SESSIONS	2 hours 50 minutes	Pg. 47
2.1 Entrepreneurship: Meaning and Types	1 hour	Pg. 48
2.2 Business Opportunity Identification	1 hour 50 minutes	Pg. 55



# Session 1

## Entrepreneurship: Meaning and Types



Classroom  
session



NA



1 hour



### Aim of the Session

The aim of the activity is that students understand the mind set and the processes involved in concepts related to entrepreneurship.



### Session Objective

To understand the meaning of Entrepreneurship  
To understand various types of business.

- To identify the difference between Self Employment and Entrepreneurship.
- Participants will learn about processes that help in making an enterprise successful.

## Expected Outcomes

- That participants understand the concepts involved in entrepreneurship.
- That participants are equipped with information that is suitable to their form of business
- That participants gain an understanding of the various types of businesses that run in the market

## What is Entrepreneurship?

Entrepreneurship can be described as the "capacity and willingness to develop, organize and manage an idea or an invention or a discovery into a business venture along with any of its risks to make a profit".

For example: If we were to look at patternmaking as a skill or vocation, every potter is a businessman who makes earthen pots of different shapes and sizes and sells them at the local market for a price. But the same potter would be an entrepreneur if she or he is able to add some innovative ideas to the pots etc. they are making. They may increase the utility of their pots by adding a tap, they may increase the aesthetic value of their pots by decorating them with traditional or contemporary art forms, or give them different shapes and sizes, they may expand their inventory to include flower vases, terracotta cooking vessels etc. The idea here is to constantly innovate and add new items to the list of offerings to keep customer interest intact while catering to different kinds of customer segments.

Entrepreneurship is the overall process of developing, launching, and running a business. There are many different types of entrepreneurs. People have varying aspirations and visions for the kind of businesses they want to create. Everyone operates their business based on their own personality, skills, and characteristics. Some people think that with hard work they can find success, while others may use capital to help them get there. For some entrepreneurs, profits are less important than providing a social good.

Though every type of entrepreneur experiences similar challenges, they may choose to address them differently. Each type of entrepreneur sees challenges in their unique way and finds their own unique way (resources, man power, capital, innovation, etc) to overcome them.

## Who is an entrepreneur?

An entrepreneur is someone who develops a business model, acquires the necessary physical and human capital to start a new venture, operationalizes it, and is responsible for its success or failure. The emphasis of the phrase "responsible for success or failure" stays with the entrepreneur. He either invests his or her own resources or raises capital from external sources, knowingly taking the risk of failure and/or reaping the rewards of success, as the case may be. The entrepreneur is thus, not merely the creator of a new enterprise but the primary risk taker and the chief innovator in her/his business.

## Types of Entrepreneurship (CBSE Book)

### SOLE PROPRIETORSHIP

A sole proprietorship is one of the easiest forms of business to start. It requires no registration or filing of documents. If a single person starts a business and takes no further steps towards formalising it, it is a sole proprietorship. All income or losses are taxed to the owner as their personal income. This flow-through taxation is a significant benefit for many owners.

On the flip side, a sole proprietorship provides no liability protection for the owner.

The owner is personally responsible for all liabilities and places his or her personal assets at risk.

A sole proprietorship must meet any licensing requirements associated with their type of business. Further, if a sole proprietorship wishes to operate under a fictitious name, also called a doing business as (DBA) or assumed name, the owner must complete any filing required by her/his jurisdiction.



### PARTNERSHIP

A partnership is a business owned by two or more people that and requires no filing of documents. Each partner participates equally in the operations unless a formal partnership agreement says otherwise. The partners may also agree in writing, to an unequal share of the profits or losses from the partnership if this is the case.

Like a sole proprietorship, partners report their share of losses or profits in their personal income taxes and partnerships, like sole proprietorships, do not provide any protection for the partners involved. Each partner is personally responsible for all liabilities, placing the partners' personal assets at risk.

**In addition to complying with appropriate licensing requirements, a partnership operating under a fictitious name must filed to establish a DBA or assumed name with the appropriate jurisdiction.**



## **CORPORATION**

Unlike a sole proprietorship or partnership, forming a corporation requires filing articles of incorporation with the state where the corporation will conduct business. A corporation is a legal entity that is separate from its owners, who are called shareholders. The shareholders do not necessarily operate the business. Instead, they elect a board of directors who then elects the corporation's officers to operate the business. Depending on the corporation, shareholders may also serve as officers.

As a separate legal entity, corporations pay taxes on profits. After taxes, profits are distributed as dividends to shareholders who then pay personal income tax on the dividends. Because they are separate legal entities, corporations provide liability protection. The personal assets of shareholders are not subject to the liabilities of the corporation.



**If a corporation meets Internal Revenue Service requirements, it may select alternative tax treatment. "S corporation" status allows a corporation to pass profits or losses directly to shareholders, avoiding taxation at the corporate level. S corporations, however, provide shareholders with the same limited liability status as of corporations.**



## Difference between Self Employment and Entrepreneurship

SELF-EMPLOYED	ENTREPRENEUR
<p>Self-employed individuals are people who render contract-based services to a variety of clients.</p> <p>A self-employed person is focused on finding opportunities for work, for her or himself.</p> <p>The emphasis is on maintaining a secure income and on remain working. In general, a self-employed person is unable to tolerant great financial risk and deals within her/his known environment.</p>	<p>Entrepreneurs, on the other hand, gather resources and organize them to establish a full-fledged business.</p> <p>Entrepreneurs is focused on creating a business, which carries their own identity.</p> <p>The emphasis is on creating opportunity even though there may be no actual work and no income.</p> <p>The entrepreneur hopes for growth and expansion, is tolerant of great risk, and ventures into the unknown.</p>

### Field of business

A 'Field of business' refers to an industrial category, such as farming, fishing, food processing, garments, construction, furniture, beauty salon, stationery, etc. One's talent, family background, experience, hobbies, or interests often inspire one to develop interest in a certain field of business.

Type of business: Based on the product/service offering, businesses are classified into the four types. One chooses the type of business they would do based on personal characteristics and available networks.

1. **MANUFACTURING** – Manufacturing includes businesses that use raw materials, such as leather, waste material, wood, cloth, or metal and make new or different products out of these materials. Some examples of manufacturing businesses are bhujia makers, furniture makers, vermicompost manufacturers, brick kiln manufacturers, paper producers and farm equipment manufacturers. If you know how to produce a good, to make something that is in demand and valuable to customers, you may want to go into manufacturing.
2. **SERVICE** – Service providers are people whose businesses sell a particular service, such as micro-credit, autorickshaw, beauty salon, construction, repairs, cleaning, painting, nursing, private tuition, etc. If you enjoy working with people and satisfying their specific needs, providing services may be your forte.

3. **WHOLESALE** – Wholesalers are businesses that buy large quantities of certain goods from manufacturers and resell them to retail outlets, who then resell them to individual consumers. If you are familiar with companies that make and sell their goods in bulk and you are good at establishing relationships with retailers, you may want to become a wholesaler.
4. **RETAIL** – Retailers purchase ready-made goods from wholesalers or suppliers for resale at a profit. Some examples of retail businesses are grocery stores, appliance stores, clothing stores, stationery shops, computer, and mobile phone shops, etc. If you like meeting different people and you have access to a good location to open a shop, retailing may be a good option for you.

## Concepts involved in Entrepreneurship

An entrepreneur must bear the risk of a business, be innovative, have great managerial skills and be result oriented in her/his endeavours.

All questions regarding types of companies, must be clarified within the session to avoid confusion at a later stage.

RISK BEARING	INNOVATIVE	MANAGERIAL SKILL	RESULT ORIENTED
The entrepreneur must bear various types of risks for establishing the new enterprise and operating it.	This could mean anything from adaptation of various innovations in industries, to new production systems or techniques, new products, new markets, new marketing methods, new qualities of raw materials, new packaging, or a new mixture of methods of production etc.	Entrepreneurship is the ability to manage multiple roles like giving directions, conducting inspections for quality assessment, creating controlled environments for optimum production, etc.	Results are the primary benchmark, which measure if the goals and the plans of the business have been met or not.



### Facilitators' Note

Clarify any confusion the class might have regarding Self-employed Vs Entrepreneurship. Also, make sure all 4 concepts involved in entrepreneurship have been discussed extensively and ask the class multiple questions to ensure they know these by heart.

## Conclusion

This session should help the students understand about different types of entrepreneurships, helping them choose the kind of business they might want to set up.

# Session 2

## Business Opportunity Identification



Classroom  
activity, quiz



Handouts,  
blindfold



1 hour 50 mins



### Aim of the Session

The session will equip students in understanding the importance of identifying opportunities that would further help in the generation of ideas.



### Session Objective

Participants will be able to identify business opportunities from within their surroundings

Participants will be given practical exposure for turning the opportunities identified into income generating ideas.

## Expected Outcomes

- That participants learn how to identify opportunities
- That participants build on their confidence and discover their 'entrepreneurial knack'

## What is Business Opportunity Identification? ( Aleap)

The term opportunity implies a good chance or a favourable situation to do something offered by circumstances. In the same vein, a business opportunity means 'a good or favourable change made available to run a specific business in a given environment at a given point of time'. The term 'opportunity' also covers a product or a project. Since the identification of an opportunity or a product or project here is identical, the three terms are used as synonyms while defining business opportunity.

## Why is it important?

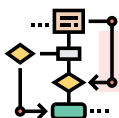
Every business comes out of an idea. Businesses are started by men and women who see that people want to buy a particular product or service. A good business idea is essential, or even a prerequisite, for a successful business venture. A business idea is the response of a person or persons, or an organization to solving an identified problem or to meeting perceived needs in the environment (markets, community, etc). Finding a good idea is the first step in transforming the entrepreneur's desire and creativity into a business opportunity. However, good business ideas do not usually just occur to an entrepreneur. Rather, they are the result of hard work and effort put into identifying or generating and evaluating opportunities by the entrepreneur.

## ACTIVITY 1 : MY RESOURCE (BIZ SAKHI)



### Material Required

Available Resources



### Process

1. Asks the participants to stand in a circle.
2. Now, divide them into two groups. Ask them to choose from the numbers 1 or 2 while going in a circle.
3. All the people who chose the number 1 are in Team A and all the people who chose the number 2 are in Team B.



4. Now, ask each team to create a long line, as long as they can, using whatever resources they have with them. Do not provide them with any additional material from your side.
5. The idea is to help them identify their own resources from their vicinity. The team with the longest line will be the winner.
6. Inform the participants that they will be given 5 minutes to complete this activity.
7. Once the activity is over, announce the winner depending on the length of the line.

8. Get the participants back to their chairs and lead the discussion.

#### Discussion Points

- ▶ How do you feel after completing this task?
- ▶ How did you choose your resources?
- ▶ How was your experience of completing the task?
- ▶ Were there any 'Aha!' moments in your team?
- ▶ What did you learn through this exercise?



### Facilitators' Note

#### Re-iterate the following point:

Every individual possesses the ability to find their own ways to deal with their problems.

For example, to complete this task, some of you used your dupattas while some of you used your footwear. Every one of the participants had their own unique contribution to the team. The resources to complete the task were found from within and around us.

All the resources we need are within and around us. Collaborative and inclusive participation, where every individual pools in their resources for a common outcome, thus making their personal resources available to all in the group, is often crucial not only for the growth of the group or the community but for the growth of that individual as well.



**ACTIVITY 2 : 50 RS. ACTIVITY****Material Required****DIVIDE THE CLASS INTO GROUPS OF 5.**

Ask each group to use 50 rupees and come back with a profit in the next class. In order to earn this profit, they can plan to do something together as a group, like, selling biscuit packets in an ITI, showcasing a talent and collecting money from the audience, etc.

**Conclusion**

The students will learn to identify opportunities from local surroundings. As they make a profit, however small it might be, the students will be enthused with greater confidence and more curiosity towards learning more about the skills and other concepts of entrepreneurship.



# Module 3

## Key Entrepreneurial Skills

MODULE 3 SESSIONS	9 hours	Pg. 59
3.1 Innovation	1 hour	Pg. 60
3.2 Empathy	1 hour	Pg. 68
3.3 Risk Taking	1 hour	Pg. 73
3.4 Problem Solving	1 hour	Pg. 80
3.5 Negotiation	1 hour	Pg. 84
3.6 Perseverance	1 hour	Pg. 88
3.7 Communication	1 hour	Pg. 92
3.8 Understanding Failure	1 hour	Pg. 101
3.9 Financial Literacy	1 hour	Pg. 108

# Session 1

## Innovation



Classroom  
activity, quiz



Hand-out, paper  
and pen



1 hour



### Aim of the Session

The aim of the activity is that students start observing situations to find innovative ways to improve upon them by thinking of fresh and out of the box ideas.



### Session Objective

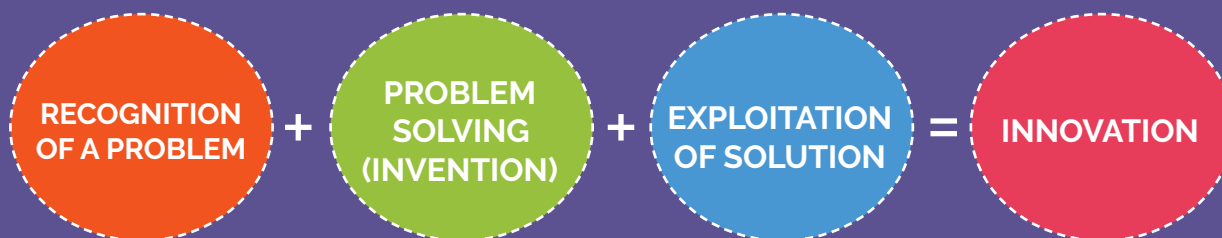
- To explain the concept of Innovation to the students
- To stress upon the fact that "You get paid in direct proportion to the difficulty of problems you solve" through Innovation

- Understand the concept of 'critical thinking' to solve problems through innovative and sustainable business models
- To learning through practice. Students will solve a specific innovation challenge and apply their knowledge into real world action that creates value for others.

## Learning Outcomes

- That participants are able to design innovative business model for the local market
- That participants are able to learn processes that mitigate business risk
- That participants are able to analyse innovation in any existing business model
- That participants are able to design innovative marketing strategy
- That participants are able to design innovative service delivery models

## Definition of Innovation



***“Anything that wont sell, I don’t want to invent.”***

***– Thomas Edison***

Innovation is an essential driver for progress that benefits consumers, businesses, and the economy as a whole. Innovation can lead to higher productivity, meaning that the same input generates a greater output. As productivity rises, more goods and services are produced creating a win-win situation for the producer and the consumer given the right demand.

Do not think that innovation happens only in large enterprises and on a large scale. In fact, innovation usually starts on a small scale. To reiterate, innovation implies the implementation of idea for product or process for the very first time. This may include

- Adding value to something that already exists.
- Practical implementation of a new idea.
- A new set of marketing, technical and strategic skills.

- Creation of a new product or service or improvement in an existing one
- A combination of various products and processes done in a new manner to improve upon existing processes.

Innovation can be defined simply as a "new idea, creative thoughts, and new imaginations in form of a device or method". However, innovation also includes the application of better solutions that meet new requirements, silent needs, or existing market demands in a better manner.

The term "innovation" can be defined as something original and more effective, something that "breaks into" the market or society. Remember that the world "innovation" is related to, but not the same as, "invention", as innovation includes the practical implementation of an invention (i.e. new/improved ability) to make a meaningful impact in the market, for governments or society.

### MICRO ORGANIZATIONS CAN INNOVATE.

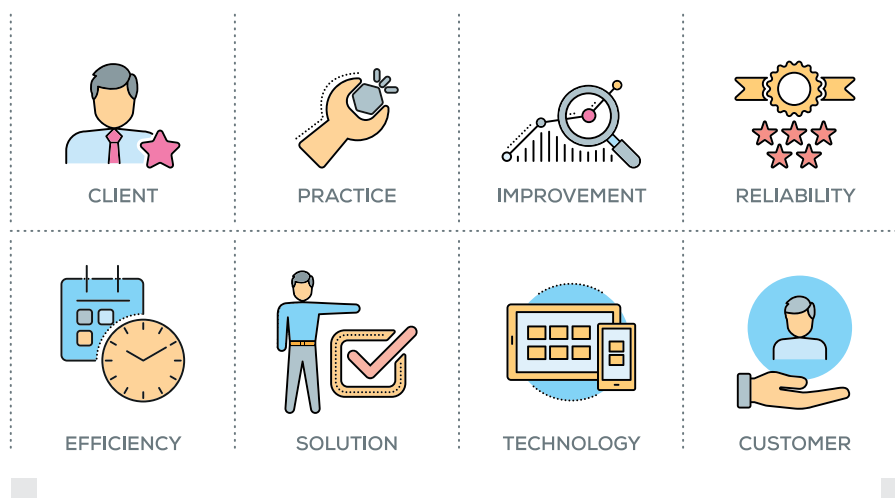
The innovation processes usually involve identifying customer needs, macro and micro trends, developing competences, finding financial support for new inventions and the ability to practically apply these inventions for better solutions.

### MICRO ENTERPRISES CAN FOCUS ON SERVICE INNOVATION.

Innovative services are ones that did not exist before, or that have been substantially redesigned to meet the customers' needs more effectively.

Innovative service processes include new or improved production, delivery, or distribution methods often involving the incorporation of new information technologies. Process innovation may involve significant changes in the roles of staff, strategic partners, and/or customers. The most typical forms of service innovation include increased accessibility and changes in the degree of self-service.

## SERVICE INNOVATION



### The three main components of service design are:

**PEOPLE:** This component includes anyone who creates or uses the service, as well as individuals who may be indirectly affected by the service. Examples include:

- Employees
- Customers
- Fellow customers encountered throughout the service
- Partners

**COMPONENT:** This component refers to the physical or digital artifacts (including products) that are needed to perform the service successfully.

**PHYSICAL SPACE:** storefront, teller window, conference room. Digital environment through which the services is delivered

- Webpages
- Blogs
- Social Media
- Objects and collateral
- Digital files
- Physical products

**PROCESSES:** These are workflows, procedures, or rituals performed by either the employee or the user through the life cycle of a service. Examples,

- Getting an issue resolved over support
- Interviewing a new employee
- Withdrawing money through an Aadhaar based Payment system in CSP
- Withdrawing money through an ATM



Service based innovation focusses on flexing business models and the dynamics of the firm to deliver services which continuously adapt, create value and achieve specific service levels and business results.

## Why Innovation is Important?

**Innovation is:** New stuff

- II. that adds value
- III. can be monetized
- IV. creates a competitive advantage
- V. and is sustainable

until the advantage deteriorates.

**It is important:**

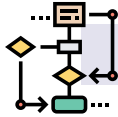
- **IN SOLVING PROBLEMS:** Most ideas are actually derived from attempts to solve existing problems. As such, when you encourage innovation, you are opening doors for solutions to problems both within and outside your company. If your business provides services, you might realize that your customers do not have an avenue to share their opinions, complaints, and compliments. The only avenue available could be the physical office. So, to solve the problem, you could decide to operate a virtual office where customers' needs can be attended to within a short time. The customers will be happy and as a result, your sales will rise.
- **WHILE ADAPTING TO CHANGE:** This is especially evident in the technological world where there are rapid changes in business processes. Change is inevitable and innovation serves not only to keep your business afloat, but also ensure that it remains relevant and profitable. With the rise in mobile phones, traditional telephone had to find ways to remain relevant. It is the same with any other business - when you develop a culture of innovation, you ensure that you remain relevant at all times.
- **WITH THE CUSTOMERS'** changing tastes and preferences: Today's customer has a far greater variety of products and services available to her/him and is more well informed of her/his choices than ever before. A company must therefore keep itself abreast with evolving tastes and also forge new ways of satisfying its customer.
- **IN HELPING ORGANISATIONS GROW:** Innovation helps a company grow through use of innovative technology, marketing process and business models. Innovation is one of the most sustainable avenues for the growth of an organisation in a competitive world. It not only allows businesses to grow from the ground-up but can also help in speeding up their growth.
- **IN KEEPING ORGANIZATIONS RELEVANT**  
The world around us is constantly changing, and in order for business to remain relevant and profitable it must build a culture of innovation into its everyday processes.

## ACTIVITY 1 : 9 DOT ACTIVITY



### Material Required

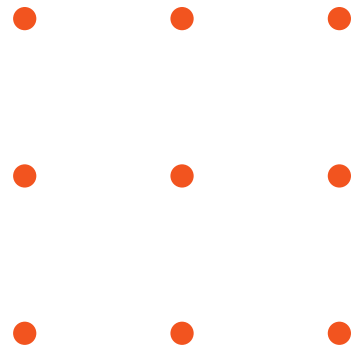
Paper, pen



### Process

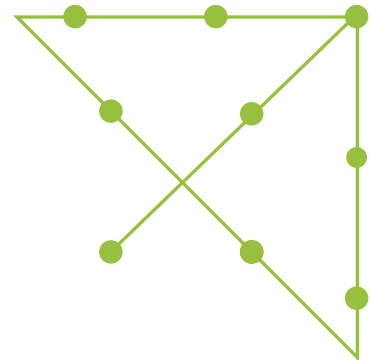
#### Give the following instructions to students:

- Consider the nine dots arranged in a set of three rows. Draw these dots in your notebook.
- Your challenge is to draw four straight lines which go through the middle of all of the dots without taking the pencil off the paper.
- You can start from any dot and must draw the lines one after the other without taking your pencil off the page.
- Each line starts where the last line finishes.



#### Ask the participants:

- Was this difficult to do?
- What did you think?
- Were you able to think of multiple solutions?
- Why could/could not you do this?



#### Solution: 2nd Image

- The answer to this problem requires to stretch the lines beyond the the dots into the plane space.

Explain "If we keep thinking for solutions which we already know, that will not be sufficient. We need to think outside the box to be able to find out the solution. Since entrepreneurship involves building something from scratch, it often involves a lot of brainstorming and resourcefulness at every step. In such cases, out of the box thinking i.e. viewing the same situation from a different and creative lens helps one successfully mitigate such challenges.



## Share the story of Shruti Reddy

### ANTHYESTI-FUNERAL SERVICE

Death is grim Business, but Shruthi Reddy Sethi, a young 33 – year old, enthusiastic software engineer from Kolkata made it as a 'Funeral Service Undertaker' to make it easier for those who are left behind. Originally from Hyderabad where she completed her education, Shruthi moved to Kolkata in 2015 to be with her husband, who had shifted there with his job.

Having personally seen the problems a family, making all the arrangements for cremation and prayers while grieving for the departed, faces, Shruthi had thought about the need for starting a funeral service that made it all easier for the departed's family. And then one day in October 2015, while discussing the matter with friends who now work along with her, she decided to venture on the journey to form Anthyesti Funeral Services.

Shruthi's company is geared to efficiently and sensitively taking care of every aspect relating to the processes and ceremonies following a death, starting from embalming the mortal remains to the conclusion of all rituals.

Bookings for Anthyesti 's services can be made on the phone or online. The company has six employees, receives around 35 orders every month, their fees ranging from INR2,500 to INR1,00,000 per service.

Anthyesti is filling a much-felt gap in handling the business of death, a crucial part of life - with sensitivity, empathy, professionalism, poise and dignity. They are officially the first company to offer funeral services in Kolkata. Their revenue for the year 2017-18 totalled up to Rs. 55 lakhs.

Shruthi's vision is to make Anthyesti India's one stop destination for transportation of human remains be it locally within the city, within India or internationally. They also want to offer full-fledged event management services for funeral planning in the future. The Ministry of Skill Development and Entrepreneurship recognised and rewarded Anthyesti under the 'logistics' category in 2018.





Video Links - <https://youtu.be/Eoolm2ryIE8>



## Facilitators' Note

### Discuss:

- Have you heard of any such service being provided before?
- What was the problem Shruthi was trying to resolve?
- Why do you think her service is unique?

## Conclusion

We live in a competitive world where complexity & uncertainty drive our lives. The only way to survive sometimes includes managing your business with out of the box thinking, creativity & innovation. This is especially relevant for micro enterprises.

Innovation must be driven through capturing & making the full use of a firm's collective expertise. In fact, innovation management is the fuel that drives innovation, which might very well be the only competitive advantage that a company may have for sustaining in an unpredictable business environment. A focus on a firm's collective expertise brings its stakeholders, owners, partners, employees on level playing ground encouraging loyalty, creativity and growth.

# Session 2

## Empathy



Classroom  
activity & Group  
discussion.



Paper and Pen



1 hour



### Aim of the Session

To focus on an individual's empathic skills



### Session Objective

- To teach specific behaviours that enable participants to behave more empathically.
- To impart the importance and knowledge about empathic listening techniques
- To overcome barriers in empathic listening.

## Expected Outcomes

- Participants learn to empathise with the feelings of others
- Participants understand that empathy creates better leaders

### “Empathy is like a universal solvent. Any problem immersed in empathy becomes soluble”



Understanding other people's emotions is a key skill in the workplace. It can enable us to resolve conflicts, to build more productive teams, and to improve our relationships with co-workers, clients, and customers.

Empathy basically means being able to understand the needs of others.

In practice it implies that leaders be aware of the feelings of team members and understand what impacts team perception. Empathetic leaders may not agree with how their team members see things, but in being empathetic they are willing and able to appreciate what others feel or are going through.

**Empathy has the capacity to transform individual lives** for the better while helping bring positive social changes within teams.

***“If there is any one secret of success, it lies in the ability to get the other persons point of view and see things from his angle as well as your own”***

– Henry Ford

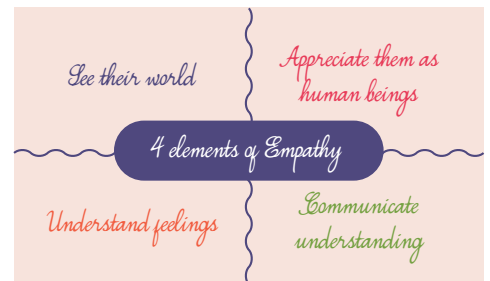
**Empathy allows people to build social connections with others.** Research has shown that having social connections is important for both physical and psychological well-being. By understanding what people are thinking and feeling, one is able to respond appropriately in social situations.

**Empathy promotes Helping Behaviour's:** Not only are people more likely to engage in helpful behaviours when they feel empathy for other people, but other people are also more likely to help them when they experience empathy.

## Steps to develop Empathy

Empathy is a skill that can be learned and strengthened. There are a few things that one can do to achieve this:

- Step 1 : Imagine yourself in the other person's shoes.
- Step 2 : Investigate underlying feelings.
- Step 3 : Identify with the person's experience.
- Step 4 : Verify the accuracy of what you're hearing.
- Step 5 : Offer support.



## Importance of Empathy

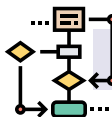
- Empathy allows leaders to build and develop relationships with those they lead.
- It helps them understand the root cause behind poor performance.
- Being empathetic allows leaders to help struggling employees improve and excel.
- It builds trust and respect among team members.
- It facilitates discussions and creation of safe spaces for team members to release stress and reduce tension.
- It creates an environment that encourages collaborative problem solving.

### ACTIVITY 1 : ROLE PLAY (BIZ SAKHI)



#### Material Required

Handouts



#### Process

This is an interesting activity which will help participants put themselves in other people's shoes. The characters in this activity might be doing things that come in direct conflict with prevalent social norms and the participants might thus find it challenging to empathize with them.

1. The facilitator will select 4 volunteers for this activity.
2. Each of the volunteer will choose a chit from the box. The chits will have 4 different roles.
  - I. A widow who wants to remarry.
  - II. A husband who does not want his wife to work outside the house.



- III. A neighbour who teases her friend for wanting to start a beauty parlour.
  - IV. A woman who you had approached to support her in business, but she never returned your call.
3. The participants will assume the role of the characters as per their chit. Encourage the participants to think from the point of view of these characters, their frustrations, their challenges, and dreams. They must use their imagination to create a scenario of life situations around their character. This will help them understand what their character might be going through and so that they are able to give appropriate reactions to the questions posed.

They will then be introduced to the rest of the group.

4. The group will be asked to react (ask a question or comment) to a character as per society's perception. For example, a widow who wants to remarry might be called disloyal or selfish.
5. The volunteer playing the character will respond from their character's perception and may justify their actions and answer accordingly.
6. Give 5 minutes for each role.
7. Gather the participants back to the group for discussion after the activity.

### **Note**

It is important for the facilitator to reiterate that this activity is only for the purpose of understanding empathy. Make sure there are no personal comments made during the activity.



## Facilitators' Note

### Discuss:

- How did you feel?
- Do you identify with the person you were enacting?
- The audience will be asked, "Why did you ask/say the things you did? "
- How did it feel to assume someone else's role? Was it difficult?
- Which role was easy/difficult to empathize with?

Empathy is the ability to put oneself in the position of others and perceive the situation as they do. It involves the ability to develop an understanding of motives, feelings, and behaviour of the other person without letting your own perception, judgement, or bias interfere. However, empathy does not mean that you have to agree with them.

## Conclusion

Empathy is the ability to see things from another person's perspective and sympathize with their emotions - it plays an important role in establishing harmony within a team. A leader must develop empathy since dealing with administrative situations requires that all relevant viewpoints are elicited, and suitably accommodated.



# Session 3

## Risk taking



Classroom  
activity



Handouts,  
3 Rings



1 hour



### Aim of the Session

The aim of the activity is to make an entrepreneur running a business perceive and identify possible risks before they occur and learn to mitigate and manage them.



### Session Objective

- To help entrepreneurs develop a mindset where they can push themselves to think big and keep on trying until they succeed.

- To encourage an entrepreneur to develop the courage to take risks and try new things rather than being comfortable in the usual.
- To drive in the point, "there is always a possibility to re-invent yourself by taking a risk".

### Expected Outcomes

- That participants feel confident in trying something new.
- That participants understand that 'risk taking' for a business is in fact positive and that one's appetite for risk often determines how much profit one may be able to earn.

## Risk taking



Risk taking is one of the most distinctive features of entrepreneurial behaviour, since creating new ventures is by definition a risky business. Risk Management has three broad parts:

- Risk Prevention: An entrepreneur must try to take steps to avoid the occurrence of threats. . If proper measures are taken to avoid damage it is called as Preventing Risk or Risk Prevention.
- Risk Mitigation: All entrepreneurs face uncertainty and risk. Sometimes when damage can not be avoided one must take steps to minimise its impact.
- Risk Transferring: An entrepreneur ensures that even if threat occurs the loss is distributed or borne by someone else. For example, in large corporations the losses get distributed amongst the shareholders who buy the shares of the company.

## Why is it 'risk taking' important?

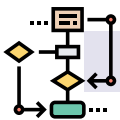
Taking a risk is directly proportional to making a profit. As a successful entrepreneur, at some point time during your business you will feel the need to take a risk. This might be in the form of raising capital to expand operations or trying new methods to do something or introducing a new product in the market, etc. Taking a risk is thus the way to create opportunity and direct progress. When an entrepreneur takes certain risks, their competition is not willing to take, they have the potential to become leaders in their field.

### ACTIVITY 1 : STORY TELLING<sup>1</sup>



#### Material Required

Handouts



#### Process

Tell students to read this speech by Sundar Pichai who is the first India-born CEO of Google. Sundar Pichai was born in Madurai, Tamil Nadu to Laxshmi and Regunatha Pichai, a stenographer and an electrical engineer respectively. He grew up in a two-room apartment in Chennai. He completed his schooling locally and earned his degree in Metallurgical Engineering from Indian Institute of Technology, Kharagpur. He went on to do his M.S. in Material Sciences and Engineering from Stanford University, and an MBA from Wharton School in the University of Pennsylvania.

## Handout 1

### TRANSCRIPT OF SUNDAR PICHAJ'S SPEECH

'You will have many-many opportunities to re-invent yourself, and so I think it's worthwhile taking risks in trying to do something you're really excited by.

If in first attempt you do not do it, you can try again, and things tend to work out in the long run. In Silicon Valley, part of the reason so many people start up a company, you know starting a company and even having failed, you can wear it like a badge of honor. I think it's important, culturally, risk is rewarded. I remember when I started working at Google, if I went and people were discussing ideas, there are other people who heard those ideas and tried to build on those ideas. They encourage

you. So, it's a culture of optimism and a culture of risk taking, and I think it is really important. You know I would encourage all of you if at some point in life you have to work in a place where you feel a bit insecure, then that's essential because it means that you [are] working with people who are better than you and always encourage you and push you. If you feel very secure in your job that means you are doing something comfortable and not pushing yourself. You know when I see entrepreneurs here, they are no different to me than the kind of people, I meet in valley. Intrinsically I think India can do same kind of things, and as internet becomes more mainstream, people become more confident, you have large domestic market to tackle; that will give you confidence to tackle not just the local market but the global problems as well.

You know I think, at Google we always think about solving problems and how that solution can one day apply to a billion people, so if we did something will it work for a billion people? We wanted to work on problems which people used in their everyday life. These are the questions we always ask, even when we did simple things such as Google books, we thought what if we scan all the books in the world and bring them online, so there was an inherent assumption of scaling everything. It really shaped my thinking, so think big. So to do something, or building a product well, building a product is just one aspect of it, you want to be able to build it, scale it, take it to the market, how do you market it, how do you sell it in certain cases, the end to end work takes to make a product happen, it's a very cross-functional thing. So, we hire people from all kinds of background. There are language majors, people who have done history, done business and commerce. I am confident, in fact majority of people working in Google haven't done computer sciences at undergrad level. So, follow your dream and reach where you want.



Video Link: <https://www.youtube.com/watch?v=J2umO62CGQY>

### NOW ASK THE CLASS:

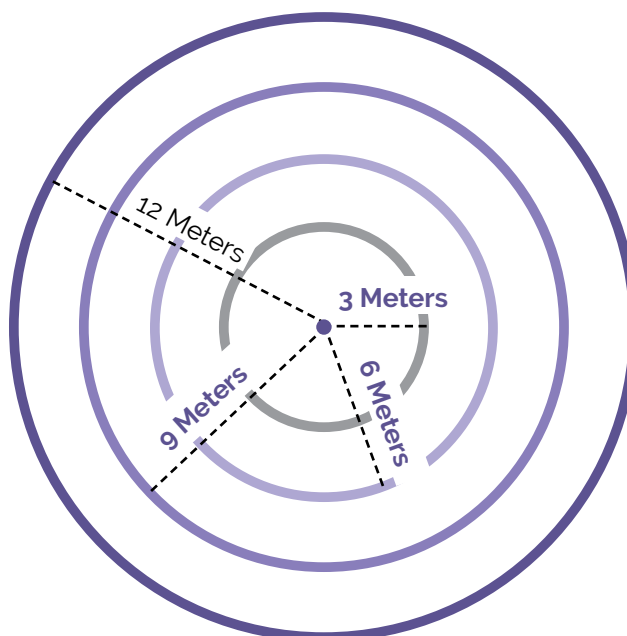
- a) What does Pichai say about taking risk?
- b) Why do you think it is important to have culture of optimism?
- c) Why does Pichai feel it is a positive thing to feel insecure in a job?
- d) Why is it important to think big?

### ENCOURAGE THE CLASS TO COME UP WITH THEIR POINTS OF VIEW AND CONCLUDE BY EXPLAINING –

- Taking risks, gives us second chances, third chances and thus multiple opportunities to re-invent ourselves.
- It is important to have a culture of optimism in an organisation as it encourages people to take risks, come up with innovative solutions and re-invent themselves in the process. It is good for both organisational and personal growth.
- We should be aware that there are people in the workplace as also around us, who can do better than us, may possess better skills and abilities. We should never take our position in an organization as secure. Competition must encourage you to push yourself to realize your highest potential.
- Thinking big can help solve problems for not a few but millions of people in the country and around the world. An entrepreneur must learn to scale up their thinking in order to scale up their business.

## ACTIVITY 2 : RING TOSS EXERCISE<sup>2</sup>

1. Draw a circle of approximately 6-inch radius using chalk powder. From the centre of the circle, draw 4 concentric circles every 3 meters as shown below
2. Tell the rules of the game to the participants: Each participant will be given three rings. They have to throw the ring such that it lands the ring within one of the circles. If their ring lands within one of the circles, they win rewards (points). If the rings land



outside, they get zero points. The rewards depend on how far they are able to throw the ring. The distance and matching rewards are given in the table below:

Rings	Distance from the midpoint of the circle (in meter)	Reward for landing the ring in this circle (in points)
Ring 1	3	1
Ring 2	6	5
Ring 3	9	10
Ring 4	12	20



### Facilitators' Note

You will need to have a space that is big enough to accommodate these circles, if the activity room does not have this kind of space, you can conduct this activity outdoors.

- Invite participants one by one. Each participant gets one attempt. Record their scores in the format below:

Name of the Participant	Choice of Distance	Rewards

The trick to get maximum points is not always to land the ring in the farthest point but to access the risk based on your ability to land the rings correctly and calculate your return before throwing the ring.



### Facilitators' Note

Conclude by drawing parallels with business situations: In businesses, like in our game, if we take very little risk, we end up with very little return. Similarly, if we take very high risk without proper assessment and calculation, we are playing blind and might not succeed at all! It is important that we make balanced decisions that based on knowledge, an assessment of our abilities, and resources available to maximise our returns from this risk.

## Reading materials and references

### ILO START YOUR BUSINESS MODULE. AVAILABLE ON THE INTERNET



<https://www.ilo.org/empent/areas/start-and-improve-your-business/lang--en/index.htm>



## Facilitators' Note

### Discuss:

Ask the participants who scored high or low how they think they ended up with this result?

Winning participants tend to create the right balance between rewards (returns) and distance (risk). If participants throw their ring to a point that is very close, taking the safe choice, they get less points. e . However, if they try to throw the rings too far, they may find it difficult to land the ring in the circle and end up getting no rewards at all.

## Conclusion

An entrepreneur must make informed choices and balance the risk they are willing to take with the rewards they want.

<sup>1</sup> NIE

<sup>2</sup> Biz Sakhi



# Session 4

## Problem Solving



Outdoor  
& Indoor  
Activities



Handouts,  
Audio Visual



1 Hour (Per  
activity)



### Aim of the Session

This session aims to introduce students to the problem-solving process using real-life experiences encouraging them to collaborate and think of creative solutions for the same.

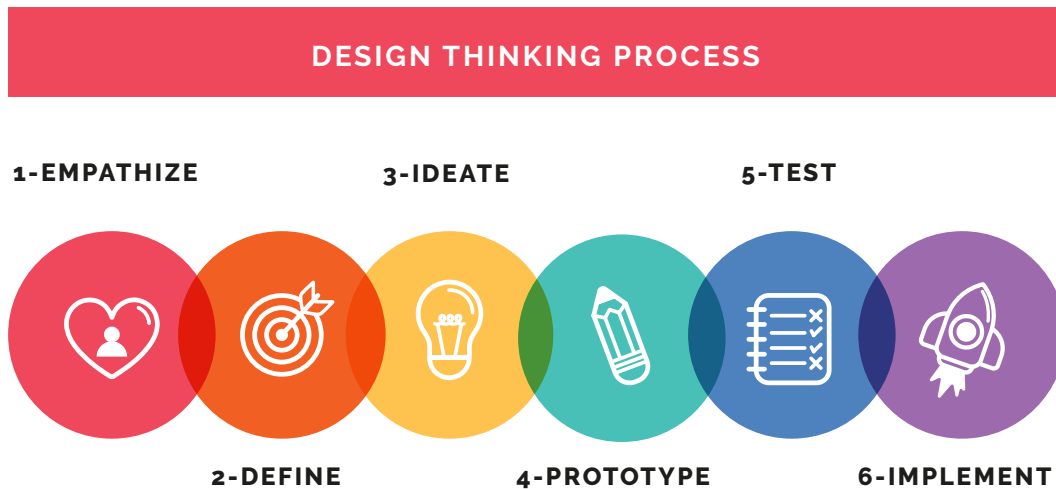


### Session Objective

- To explain the need for developing problem solving skills
- To narrate the processes involved in problem solving.
- To discuss the importance of creativity in Entrepreneurship

## Expected Outcomes

That participants learn to evaluate a problem, understand the kind of attention it requires and come up with creative solutions to fix it.



One of the distinguishing characteristics of an entrepreneur is her/his capability to solve problems. An entrepreneur accepts the fact that problems are part and parcel of pursuing any goal.

An entrepreneur is likely to face a variety of problems in the course of establishing and managing their enterprise. Being able to identify problems and come up with creative solutions is necessary for managing the functioning of a business in a smooth manner, rather than remaining under stress and tension as life keeps throwing obstacles along the path.

### THE STEPS INVOLVED IN THE PROBLEM-SOLVING PROCESS INCLUDE:

- **EMPATHIZING:** This involves gaining an empathetic understanding of the problem you're trying to solve - this typically happens through user research and people interaction.
- **DEFINING:** At this stage you and your team accumulate the information you have gathered during the empathy stage. You analyse your observations and synthesize them to define the core of the problems at hand.
- **IDEATING:** The solid background of knowledge from the first two phases means you can start ideating and "thinking outside the box". This is to say you must strive to look for alternative ways to view the problem.

- **PROTOTYPING:** This is an experimental phase, and the aim is to identify the best possible solution for each of the problems identified.
- **TESTING AND IMPLEMENTATION:** These are the final phases of the model, but, in an iterative process such as design thinking, the results generated are often used to redefine one or more further problems.

### Why is it important

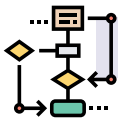
When in a problem, most of us tend to make decisions in a hurry. This often leads to the creation of more problems rather than solutions. Developing the problem-solving skill is integral in the running of a business, especially while making decisions related to finance, legal, and human resource. Being able to think critically about issues, is central to success both in life and in business.

## ACTIVITY 1 : IDENTIFICATION OF PROBLEMS<sup>1</sup>



### Material Required

Chartpaper, sticky notes, pens, handouts



### Process

1. Split the classroom into teams, give them a chart paper and sticky notes
2. Ask them to go around the vicinity and find 5 problems. You and your class may discuss where they should go, or what kind of problems they should look for based on where you are and your local circumstances.
3. The teams must then venture out, identify problems, then try to jot down a possible list of creative solutions for these problems. Encourage them to use the design thinking process.

### Conclusion

Participants get an understanding of problems around them. They use the design thinking process to come up with creative solutions.

<sup>1</sup> Vruksh

## ACTIVITY 2 : TO FACE PROBLEMS WITH CREATIVITY



### Material Required

Audio Visual

### BAMBOO BOYS FILM

Show students the Bamboo boys movie (Use the following YouTube link)  
Video: <https://www.youtube.com/watch?v=UCVaW4QM7oU>



Source: *Going to School Organization*

### Ask

- Why did the boys decide to do this business? (Potential Responses: "One of them had an aspiration to build a home for his family", "Their family circumstances pushed them to do this.")
- What according to you made them successful? (Potential Responses: "Both of them had the skills to construct buildings", "Being friends they gave each other the strength to face difficulties.", "They got support from the local organization and the engineer", "They did not give up and chased their dreams persistently")
- Now ask, What did you learn from the movie?

### Conclusion

Participants get an understanding of problems around them. They use the steps of the problem-solving process to come up with creative solutions.

"An entrepreneur looks at situation with a problem-solving lens, starting with the identification of a problem, to decide on a business idea, to finding solutions when faced with challenges, as well as failures."

To succeed entrepreneur, need to know the importance of creative problem solving.

# Session 5

## Negotiation



Lecture



None



1 Hour



### Aim of the Session

To regain the 'seller's advantage' over today's more sophisticated buyer using the right negotiation techniques, the most important of which is controlled dialogue.



### Session Objective

- Define what is meant by negotiation and learn to apply that definition to different contexts
- Identify factors that can determine the outcome of a negotiation
- Plan a strategy for successful negotiation
- Understand the principle of 'win-win' negotiations

# What is Negotiation?



Negotiations are a constant feature of everyday life. We negotiate all the time, be it with our families, friends, or strangers in markets or workplaces, - we negotiate with a range of people and organisations on an everyday basis!

Negotiation takes place when two or more people, with differing views, come together to attempt to reach an agreement on an issue. This may also be called persuasive communication or bargaining.

**“Negotiation is about getting the best possible deal in the best possible way.”**

## Need for negotiation

No two people are exactly the same. Each and every individual thinks and behaves differently in different situations and has different needs, wants, beliefs and aims. It is this basic difference between people that gives rise to disagreement and conflict from time-to-time.

Mutually co-existence be it at a personal level or in your career, demands that interpersonal conflicts and disagreement is at least minimized if not entirely resolved.

## Types of negotiation

- Distributive (win-lose)
- Integrative (win-win)



## What have you negotiated?

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- When did you hold a success negotiation and regarding what?
- What factors do you think helped in enabling your success?



## While planning to negotiate

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- Establish your objectives
- Establish the other party's objectives
- Frame negotiations as a joint search for a solution
- Identify areas of agreement
- Trouble shoot disagreements: bargain & seek alternative solutions, introduce trade offs
- Agree and close: summarise and ensure acceptance

## How to influence others?

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The three 'Ps' that help the process of negotiation are:

- **POSITION** (power)
- **PERSPECTIVE** (empathy), and
- **PROBLEMS** (solutions)



FACTORS FOR SUCCESS	TIPS FOR NEGOTIATIONS	THE LANGUAGE OF NEGOTIATION
<ul style="list-style-type: none"> <li>→ <b>Legitimacy</b> of your case</li> <li>→ <b>Confidence</b> with which you present your point of view</li> <li>→ Treating the other party with courtesy and <b>respect</b></li> <li>→ <b>Adapting</b> to the other party's style so that they do not look at you as an outsider</li> <li>→ Striking a <b>rapprochement</b></li> <li>→ Background <b>research</b></li> <li>→ <b>Incentives</b> and trade-offs</li> <li>→ Building on to the <b>bigger picture</b></li> </ul>	<ul style="list-style-type: none"> <li>→ <b>Aim high</b> to begin with – easier to lose ground than gain</li> <li>→ <b>Give concessions 'reluctantly'</b></li> <li>→ <b>Break down complex deals</b></li> <li>→ Always get an <b>agreement in writing</b></li> </ul>	<p>Make proposals with <b>open questions</b> such as:</p> <ul style="list-style-type: none"> <li>→ "What would happen if we...?"</li> <li>→ "Suppose we were to..."</li> <li>→ "What would be the result of?"</li> <li>→ Dealing with stone-walls: "What would need to happen for you to be willing to negotiate over this?"</li> <li>→ Always get agreement in writing</li> </ul>

### Expected outcomes

- The participants should be able to define the meaning of "negotiation" and apply it to different contexts
- They should be able to identify factors that may determine the outcome of their negotiations
- They should be able to plan a strategy for successful negotiation

# Session 6

## Perseverance



Lecture



None



1 Hour



### Aim of the Session

Pushing the boundary for positive thinking. Encouraging participants to develop an attitude that that never lets them quit!

# What is Perseverance?



## Perseverance is the art of never giving up!

Giving up is not an option in the race to success. There are no failures. Only two things, either winning or learning.

### The principle of perseverance

When you have a problem, one that is especially difficult and terribly discouraging, there is one basic principle to apply and apply over and over again. It is simply this:

#### Never Quit.

To give up is to invite complete defeat, and not merely in connection with the matter at hand. Giving up spirals into a sense of failure, contributing to developing a defeatist psychology. It then starts affecting everything else in a person's life.

### What is not perseverance?

- Escaping or avoiding problems
- Blaming yourself and/or others
- Blaming circumstances and avoiding difficult situations

## Fundamentals of perseverance

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The basic principle is: **IT IS ALWAYS TOO SOON TO QUIT.**

### HOW CAN ONE DEVELOP THIS “NO QUITTING, UNDEFEATABLE ATTITUDE”?

To start with, stop using negative words, for example the word NO, it denotes a shutting of the door; it means failure, defeat, and delay. But spell it backwards and take new hope, for backwards it spells ON. It gets you to push on toward your goals.

People who fail usually do so not because they are unable to handle an outward situation – it is the inner or mental conflict that defeats them.

**Have you meet yourself? SEE YOUR INNER SELF.**

### You need to ask yourself these questions

- Do you meet your expectations frequently?
- Have you set high standards for yourself?
- Can you fight against the odds with your hard work?
- Does your mind give up before a task is given to you?
- Do you procrastinate?
- Do problems dampen your spirit or mindset?

Answering the above questions will give you true insights about your inner self and belief system!

## Remember

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### EVERY PROBLEM CONTAINS THE SEEDS OF ITS OWN SOLUTION.

- People assume that a problem is inherently bad, whereas on the contrary, a problem may be, and usually is, inherently good.
- Problems constitute a sign in life, the more problems you have, the stronger you become.
- When champions meet their strongest adversaries with courage they became legends.
- Always remember that **TO EVERY DISADVANTAGE THERE IS A CORRESPONDING ADVANTAGE.**

### What to do when facing a problem or a challenge?

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- **BELIEVE:** First tell yourself, that you can overcome the problem.
- **VISUALIZE:** Imagine the feeling of overcoming your problem. Sporting champions often visualize what victory will feel like.
- **CONTROL YOUR EMOTIONS:** Learning to control your emotions is the first step to solve a problem.

- **STAY CALM:** A calm mind is critical! MS Dhoni is an exemplary example of staying calm when the odds are against you. A sense of calmness is what helps MS Dhoni control his actions and look at problems in a more diligent manner. Calmness can help you conquer your situation.
- **PUT IN YOUR BEST FOOT FORWARD:** Staying calm helps in putting your best efforts forward.
- **WORK HARD:** Don't resist the work and/or the challenge.

### What are you afraid of?

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- List down the things you are afraid of?
- List down the things that have stopped your progress.
- Ask yourself how you can persevere despite the above.

### How do we inculcate perseverance?

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- By preserving and **NOT GIVING UP** on difficult jobs or situations
- By **HAVING FAITH** in your abilities and working on tasks that you do not like
- By dedicating yourself to improve and get better with every task
- By learning and growing from your experiences

### Conclusion

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Self-knowledge is the beginning of wisdom, and it is also the beginning of a cure.



# Session 7

## Communication



Classroom activity,  
Interactive session,  
Lecture



Audio- Video  
Aid, Cards



1 hour



### Aim of the Session

This section introduces the participants to interpersonal strengths and areas of improvement to enhance their self-awareness about how they communicate. It highlights the relevance of identifying internal and external barriers and resources that impact a participants' communication skills, thereby impacting their entrepreneurial success.



## Session Objective

- To help participants develop an understanding of the process of communication
- To help participants examine the advantages and disadvantages of various methods of communication.
- To help participants identify the various barriers to communication.
- To help participants use appropriate approaches for communication in different scenarios.
- To help participants develop appropriate behaviours to improve the quality of their inter-personal relationships.

## Expected Outcomes

1. That participants learn to foster good working relationships
2. That participants learn to prevent or resolve problems arising due to poor communication

## Communication



Communication is not a single act but a process involving various elements. At its core 'communication' is the sending and receiving of messages. Successful living requires effective communication skills. As you go through life the success of your interactions will depend largely on how you communicate. This module will enable the aspirants to develop their competences to help them communicate more effectively in real life situations.



Different people communicate differently. Examining communication in life skills is important. You must focus on the process, the methods used, on barriers, and on your listening skills as you begin to observe your day-to-day interactions with other learners be it through the use of technology, speech, drama and/or gestures in your learning environment.

### Why is communication important?

Effective communication ensures that the sender of the message sends their message in such a way that the receiver, not only gets the message but also understands it and derives the same meaning from it, as intended by the sender. Communication is one of the most important processes in the management of an enterprise.

## ACTIVITY 1 : PASSING THE MESSAGE



### Material Required

None



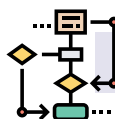
### Duration

30 min



### Activity Objective

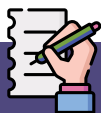
The goal is to get the message relayed to the last person intact, and without any changes.



### Process

Ask the participants to form a circle. The facilitator will whisper a short, 2-3 sentence tale into the ear of one of the participants. She/he will then whisper what they have heard into the ear of the person next to them, and so on. The last person, seated beside the first person will say what they heard out loud. Inevitably, the tale will differ greatly from the original, and cause a few laughs in your class!





## Facilitators' Note

### Discuss:

- Why did the tale change so much from the original?
- What does this teach you about communication? (Listen carefully, speak clearly, and ask questions if you don't understand)

### After the activity ask the participants **WHY DO WE COMMUNICATE?** and note down their answers:

You may expect to hear the following:

#### We communicate in order to:

- Express our feelings and thoughts
- Help others learn more about ourselves
- Learn more about others
- Share the world with others
- Learn about the world around us
- Relax from the rigors of life
- Persuade and influence others
- Test and resist the influence of other people on us
- Have fun

### After noting down these responses explain:

Communication is the ability to interact with others. We use it in the process of expressing ourselves, as well as, forming and maintaining inter-personal relationships. It involves listening, understanding and expressing our feelings. Effective communication helps form desired relationships through verbal and non-verbal messages. The quality of the communication often determines the quality of a relationship.

The process of Communication is interactive. The understanding of the message always depends on the context in which the ideas and feelings are shared.

### There are four main skills in the communication process:

1. **LISTENING** - an active process involving selecting, attending to, creating meaning from, remembering, and responding to verbal and non-verbal messages.
2. **QUESTIONING** - checking facts, gaining further information, and building rapport to explore opinions or attitudes.
3. **CLARIFYING** - the process of simplifying, explaining, spelling out, shedding light on, or making clear the message received.

4. **RESPONDING** – by giving an appropriate reaction to the message received.

Communication can help you recognize and realize your potential. Hence great importance has been placed on the process and its use. Now move to the next activity.

## ACTIVITY 2 : ARE YOU LISTENING?



### Material Required

Prepared cards



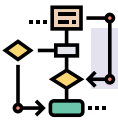
### Duration

30 min



### Activity Objective

To demonstrate the role of listening in communication.



### Process

1. Ask the participants to form groups of three.
2. Ask each group to decide who will be the speaker, the listener, and the observer.
3. Now gather all the listeners in one place away from everyone else and give
  - ▶ Each one a written instruction from the list below (make sure at least one of the listeners gets the first instruction from the list.):
  - ▶ Listen carefully and ask relevant questions at an appropriate time
  - ▶ Interrupt and prevent the speaker from finishing his/her sentences
  - ▶ Change the subject frequently
  - ▶ Compliment the speaker frequently
  - ▶ Put the speaker down
  - ▶ Laugh when the speaker is serious
  - ▶ Talk to someone else while the speaker is talking
  - ▶ Look around the room and appear distracted while the speaker is talking
4. Give advice you weren't asked for Now, similarly gather the speakers and instruct them to think of something they feel strongly



about, or like to talk about, and to be prepared to speak on this topic for 3 minutes when they return to their groups.

5. Finally gather the observers and ask them to observe silently and note all interactions between the listener and the speaker. Remind them that they should remain silent.
6. At the end of the 3 minutes, ask the participants to reconvene in plenary.
7. Discuss their reactions to the exercise, what happened in each group and how they felt. First ask the observers to explain what they saw, then the speakers what they felt and finally the listener may reveal they heard and consequently understood.



## Facilitators' Note

### Discuss:

- Ask the speakers and the observers, "Did you feel that the listeners were listening?"
- Ask all, "How does it make you feel when someone doesn't listen to what you are saying?"

The facilitator should write down all the responses on cards or flipcharts for everyone to see.

Listening is a process that involves selecting, attending to, constructing meaning from, and remembering verbal or non-verbal words and sounds in order to respond. Listening starts with you. To become an effective listener, open your ears, shut your mouth, and open your heart. Listen to what people are saying rather than simply hearing them, you will learn a lot about yourself in the process.

## Effective listening skills require that you

- **MAINTAIN EYE CONTACT** with the speaker
- **PROVIDE NON-VERBAL CUES** to encourage the speaker to talk
- **AVOID OUTSIDE DISTRACTIONS**
- **LISTEN FROM THE HEART**
- Practice '**MIRROR BODY LANGUAGE**'
- **REPEAT** what is said to you to clarify what you have understood

You may write it down later to help you remember all that you have heard and inferred.



## Types of Business Communication

The four basic types of business communication are

### 1. INTERNAL, UPWARD COMMUNICATION:

This type of business communication is anything that comes from a subordinate to a manager or an individual who is up the organizational hierarchy. Leaders need information to flow upwards to have a true pulse on the operations of the company. Most communication that flows upward is based on systematic forms, reports, surveys, templates, and other resources to help employees provide necessary and complete information.

For example, a sales report might include the total number of pitches, along with the numbers of actual sales that happened. It may also ask for feedback, such as a summary of problems faced, or successes that the management may choose to track.

### 2. INTERNAL, DOWNWARD COMMUNICATION:

This is any type of communication that comes from a superior to one or more of their subordinates. This kind of communication might be in the form of a letter, a memo, or a verbal directive. Leaders should make sure they keep their communication professional and clear with subordinates. For example, a memo regarding a new operations procedure might involve safety requirements and new regulations. There should be no room for misinterpreting what safety requirements

may or may not include the language should concisely and explain exactly what needs to happen.

### 3. **INTERNAL, LATERAL COMMUNICATION:**

Lateral communication includes talking, messaging and emailing among co-workers in an office. This might be cross-department communication or just internal department dealings. An example of a scenario involving cross-department communication is where the fulfilment manager has a question about a special order and is requesting clarification from the sales representative via an email or office messaging system. Those in the same department might communicate to provide updates on status reports or to coordinate schedules. Co-workers should always be encouraged to communicate in a respectful and professional tone when at work.

### 4. **EXTERNAL COMMUNICATION:**

External communication is any communication that leaves the office and goes to customers, prospective clients, vendors, or partners. It may also be directed at regulatory agencies or city offices. Sales presentations or marketing letters need to be exciting to generate interest from the customer, but they also need to be based on facts. When corresponding with entities outside your organisation, be it for partnerships or other business needs, state your purpose and be concise. Respect other people's time by getting to the point and stating your request, whether orally or verbally.

## **Some questions and answers about communication:**

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### 1. **How would you describe good/effective communication?**

Good communication ensures instructions are understood properly, new skills are acquired affectively, requests and questions are answered, information is relayed with ease. You must learn to communicate

- ▶ **QUICKLY:** This includes the time taken to think, message, listen, understand, and then take action.
- ▶ **COMPREHENSIVELY:** Such that your ideas are received in the same vein as they were sent.
- ▶ **SUSTAINABLY:** The cost of communication whether it is financial, emotional, or otherwise is low, allowing ideas to flow in the system easily without it breaking down (e.g., shouting and screaming makes things clear, but it is not sustainable)

### 2. **Why and when do we need effective communication?**

Effective communication is important all the time in every situation whether professional or personal. Depending on the situation, effective communication can save lives, marriages, countries, and help avoid all sorts of every day issues.

### 3. What are the greatest challenges to good communication?

- ▶ People who think communication is about WHAT YOU SAY, versus HOW YOU SAY IT
- ▶ People who focus too much on BEING HEARD, instead of LISTENING TO OTHERS
- ▶ People who use the WRONG CHANNEL TO SEND A MESSAGE, such as choosing to discuss a difficult situation with someone else through a weak channel such as TEXT, EMAIL, or THROUGH SOMEONE ELSE
- ▶ Not re-evaluating how you communicate, that is not checking to see if people actually understood what was said.

### 4. How important is listening in communication?

Listening is equally, and some would say even more important, than talking when it comes to good communication.

## Conclusion

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As human beings, we have a natural tendency to filter the information we hear. All too often what we hear is not what was said. Listening should be concerned with content first and feelings later.

Remember, listening is a passive action. Our personality plays an important role in how well we listen. But these skills like those of self-expression, they can be learned, practiced, and mastered. Our society places much more attention to the spoken word, but if you think about who influences you, were they good talkers or better listeners? As we come to understand ourselves and our relationships with others better, we rediscover that communication is not just saying words; it is creating true understanding.



# Session 8

## Understanding Failure



Storytelling,  
caselet



Handouts



1 hour 35  
minutes



### Aim of the Session

This session attempts to look at failure positively, thereby helping participants learn to deal with failure more realistically and see it as a learning experience.



### Session Objective

- To explore the meaning of failure in a business and to understand how some events may be perceived as failure when they are merely learnings along the path.

- To learn how to interpret failure in a positive way by changing irrational thought patterns.

## Expected Outcomes

- That participants learn to look failure as learning.
- That participants are able to work on the barriers along their path keeping their motivation levels high.

## Why is it important to understand failure?

The common notion which holds back people from getting into business is the risk involved in it. They fear failure. The experience of failure can affect a person both internally and externally. It is important to address this fear of failure with your participants.

The session looks at failure as learning. While doing any activity, beginning on any path, there is always a chance that you might fail due to a mistake, a miscalculation, some unforeseen circumstance, etc. This however should not demotivate you. Failure should always be treated as stepping-stone rather than barrier.

## ACTIVITY 1 : STORY TELLING



### Material Required

Handout



### Activity Objective

This activity will help participants practice how to manage and regulate emotions using helpful questions.



### Process

The participants will be given a handout showcasing a situation. Go over this with them and based on the information provided, ask them to answer the questions given.

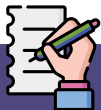
## Handout

**Kamla tried to open a business but could not succeed. She thinks that her friends joke about her and her failure, and as a result has stopped meeting them. What is the Cognitive Distortion here?**

**Write down the answers to the following questions on the handout itself:**

1. Are Kamla's thoughts based on facts? What is the evidence that supports her thoughts and what is the evidence to the contrary?
2. Are there any alternative explanations for her beliefs? Can she explain this reality in any other way than what she believes in.
3. Even if her thoughts were true what is the worst that could happen? Now think about what is the best that can happen?
4. Do her thoughts help her in achieving her goals?

Allow 5 minutes and congratulate the participants for completing the activity.



### Facilitators' Note

**Discuss** the situation and the answers given by participants in detail. This will help them evaluate cognitive distortions and make them understand that the way we view failure is often far worse than the actual situation at hand.

## ACTIVITY 2: CASE STORY



### Material Required

Handouts, charts, sketch pens

## Handout

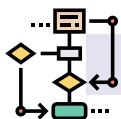
Maya is 32-year-old women who lives in a small village. She and her family have been facing financial crises since her husband's sudden death. The incident had left her feeling helpless, but she did not want to burden her father-in-law who was a daily wage labourer. To support herself and her family, she thought of starting a catering service for customers within and around her village. She started by informing her friends and neighbours about her new venture, but soon realized that the demand for such a service in this area was not sufficient for her to make a profit. Sometime after her unsuccessful attempt at catering, she met with some of her friends who suggested that she make homemade snacks and sell them in the market which was about half an hour from her village. She got very excited and immediately started making the snacks. However, within one month into this and she noticed that while the amount of work kept increasing, the profit was barely enough to help her sustain.

### PART- 1

After her second attempt, Maya starts feeling unhappy and disappointed in herself. Her family does not want her to invest more of her time and money in any other business attempts. This makes her think that she is incapable of doing anything independently. Convinced that she does not have the necessary skills, she gives up on the idea of business.

### PART - 2

After her second attempt, she feels unhappy but thinks that these two experiences have taught her some important lessons. She would now consider the costs involved, market prices, the demand for her products and the target population before starting on a new venture. Keeping this in mind, she thinks of meeting other women entrepreneurs in and around her village and taking their opinion. She starts her homemade snacks business again, but this time involves her sister-in-law for food preparation and brother-in-law for transportation of these to the market. This helps her expand her business and sustain it for a long time.



## Process

1. Divide the participants into groups of 3-4 members each.
2. Present them with the case story (refer to handout). You may choose a volunteer to read out the case to the participants. You can also distribute the case handouts to the participants.
3. Each team will be provided with a chart paper and set of sketch pens.
4. Ask each team to discuss different parts of the conclusion. (Part -1 and Part-2)



## Facilitators' Note

Distribute the parts evenly, that is, if there are 4 groups, 2 groups get Part 1 and 2 get Part 2, etc.

5. The following questions will be discussed within the groups:
  - ▶ How does Maya feel in the above case study?  
*Possible answers:*  
**PART - 1 :** Maya feels unhappy and disappointed at herself.  
**PART - 2 :** Maya feels unhappy but has not lost all hope.
  - ▶ What does Maya think after the failure of her business in the second attempt?  
*Possible answers:*  
**PART - 1 :** Maya thinks that she does not have the skills and is incapable of doing business.  
**PART - 2 :** Maya thinks that this experience has given her a learning opportunity.
  - ▶ What is the consequence/result (behaviour, action) of these thoughts? What does Maya do after she has these thoughts?  
*Possible answers:*  
**PART - 1 :** Maya gives up on doing a business altogether.  
**PART - 2 :** Maya uses the learning experience and applies that in her next venture.
  - ▶ What is the one thing that you want to take away from this story?
6. The teams are given 15 minutes to discuss after which each team is requested to present their observations to the group.
7. Appreciate the groups for their efforts and move on to discuss the following.

- Do all of us feel and think in the same way after encountering failure?
- There were two parts to this story, some of you got Part- 1 and some of you got Part- 2. Which among the two parts of the stories, do you like? Why?
- Have you witness similar instances around yourself? Can you give us an example from your own life?

### KEY MESSAGES

When we experience a negative event such as failure, we try to make sense of the situation by blaming ourselves or our capabilities. This may not be based on facts or reality. These thoughts are called irrational thoughts and they are merely 'perceptions' of how we look at ourselves, others, and the future to be.

Rational thoughts on the other hand are based on reality. People who engage in rational thought processes are more likely to be successful towards achieving their goals and more effective in dealing with failure.

**NEGATIVE EVENT --> IRRATIONAL BELIEVES --> UNHEALTHY CONSEQUENCES**

**NEGATIVE EVENT --> RATIONAL BELIEVES --> HEALTHY CONSEQUENCES**

8. In Maya's example, in Part – 2, having rational thoughts (looking at what went wrong) helped her improve her business.

Give more examples of changing irrational thoughts to rational thoughts or encourage the participants to come up with these from their own experiences.

### Different people approach failure in different ways

**SUCCESS ORIENTED** - Success-oriented individuals tend to be optimistic, adopt a proactive and positive orientation towards tasks, and respond to setbacks with optimism and energy. For example, 'I want to be independent, and I will start a business'.

**FEARFUL OF FAILURE** - These people tend to be anxious, motivated by a fear of failure, live in self-doubt, and are uncertain about their ability to avoid failure or achieve success. (Martin and Marsh, 2003). For example, 'I want to be independent, but I am scared that I will fail'.

**ACCEPTING OF FAILURE** - Individuals who accept and internalise failure have given up to the point of not even trying to avoid failure. They usually feel helpless and have lower levels of motivation to complete any task. For example, 'I know I am going to fail, so there is no point in trying'.



9. The facilitator can ask the participants which among the above-mentioned types should an entrepreneur be? Gather the response and mention the following:

**“Individuals with success orientation are likely to perform better in entrepreneurial activities since it requires energy and innovative planning.” (Martin and Marsh, 2003; Collins et al, 2004)**

10. Ask the participants if they think there is any positive aspect to failure. Start a discussion to understand various perspectives.

## Conclusion

Failure is also seen as a stepping-stone towards success in business. It helps a person in understanding the attributes which may lead to failure and hence, in avoiding that path. Therefore, copying success and avoiding failure strategies are low-cost ways towards business success. (Coelho and McClure). By changing our irrational thoughts into rational ones, we can remain motivated to achieve our goals. Understanding our own irrational thoughts is the first step towards change. This, however, comes over time and from a lot of practice.



**SOMETIMES YOU WIN  
SOMETIMES YOU LEARN**



# Session 9

## Financial Literacy



Caselet



Handouts



1 hour



### Aim of the Session

Many participants feel that their financial situation will not allow them to save as they are not capable of saving money. They should leave this fear behind and start saving.



### Session Objective

- To understanding the Concepts of Saving
- To understand the need for Saving
- To understand the importance of savings in building capital - the first step towards Financial Independence

- To understand the power of Compounding
- To knowing how and where to save

## Expected Outcomes

- Participants learn the concept of saving.
- Participants learn to relate it with their own spending patterns.

## What is Saving?



Savings is defined as "A fund of money put aside as a RESERVE". This is the common usage definition of savings. However, savings can also mean 'economizing' or cutting down on wasteful expenditure. When considered from the angle of income and expenditure, savings is defined as the total accumulated amount of income that is not spent on consumption. It also refers to a sum of money not used and put aside for a specific purpose.

In simple terms,  $\text{Income} - \text{Expenditure} = \text{Savings}$ .

One must remember that if one's expenditure is more than their income the equation would change and become  $\text{Expenditure} - \text{Income} = \text{Borrowing}$ .

## Why is saving important?

No matter how small the amount of saving, it is the prime requirement or the first step a person can take for financial stability. Also, a person who has a habit of saving will seek help to build a small corpus with which s/he can easily start their business.

### The concept would be explained through following caselet:

Ganga wants to have her own house within 7 years. She estimates the current value of such a house to be Rs. 75,000. She also wants to make sure that her daughter is provided with higher education and has a career. She estimates the cost of higher education at existing levels to be Rs.50,000. This amount would be needed after 10 years. Ganga then has the plan to marry her daughter 15 years from now. She was impressed with the wedding ceremony of her friend Laxmi's daughter and wants to get her own daughter married in the same way. She would need Rs. 100,000 for this.

In the medium term she wants to buy a TV set worth Rs. 6,000 and wants to send her mother-in-law for pilgrimage which would cost Rs.1500. But before all this, she needs repay her debt which amounts to Rs.10,000. She also needs to pay an interest of Rs. 300 per month for this debt.



Ask the participants to write Ganga's Financial Goals in a table as under:

Term	Purpose (Life cycle needs)	Term Estimates at current prices (Rs.)
Long-term		
15 years	Daughter's Marriage	1,00,000
10 years	Higher education for daughter	50,000
7 years	Her own house	75,000
Total Long-term requirements		2,25,000
Medium Term (less than 5 years but more than 1 year)		
2 years	Buy a Television	6,000
1 year	Pilgrimage for mother-in-law	1500
Total Medium-Term requirements		7500
Short Term (less than 1 year)		
Immediate	Repay Debt	10,000
Total Short Term		10,000
Total amount		2,42,500

1. Tell the participants to estimate the amount needed for Ganga's to achieve her financial goals.

#### ESTIMATION OF AMOUNT TO ACHIEVE THE SAID GOAL

**Goal 1-** In case of the daughter's marriage if we consider 5% inflation, the cost of marrying the daughter would double in fifteen years. Hence, Ganga would have to spend Rs. 2,00,000 towards marriage expense after fifteen years

**Goal 2-** Similarly, for her daughter's education she would require Rs. 81,450 after 10 years. (Since the cost would be double in 15 years, then for 10 years it would increase by  $\frac{2}{3}$  the existing level of expense.)

**Goal 3-** In case of house, the cost would be Rs.1,05,550 (given that the cost doubles in 15 years it would increase by 40 per cent here). Therefore, the total amount for long term goals at the time of incurring the expenditure would work out to Rs. 3,86,950 or Rs. 3,87,000.

**Goal 4-** One can assume some increase in monetary requirements to meet the medium terms goals, say in our example it could be Rs.6,200 for the T.V. and Rs.1,700 for the Pilgrimage.

**Goal 5-** The short-term requirement is an immediate requirement of Rs.10,000 plus interest thereon. This, if not paid regularly, shall go on increasing.

2. Tell the participants, one needs to find out the existing amount of saving for a given month to achieve financial goals.
  - I. To find out the amount saved, one needs to track the current income and current expenses.
  - II. While calculating the difference between current income and current expenses, participants may realize that Ganga does not have any surplus. Instead, they might find that she is in fact in a deficit for which she has been borrowing.

#### **CURRENT INCOME (-) CURRENT EXPENSE = SURPLUS/ DEFICIT**

Now, let us look at the total Monthly Income of Ganga's Family

Ganga's family is made up of herself, her husband, a young daughter, and a grandmother. The husband earns Rs.2,700 per month and Ganga earns Rs.1,700 per month. Therefore, their total income amounts to Rs.4,400 per month. Her existing expenses are estimated as under:

#### **GANGA'S FAMILY MONTHLY EXPENSES**

Particulars	Amount
Routine Household Expenses (Food Bill, etc....)	1200
House Rent	200
Education Expenses (monthly fees)	25
Transportation (say, bus fare for the members of the family)	350
House goods – Toiletries	100
Kerosene	400
Matchbox	5
Drugs and Medical Bills (routine)	350
Entertainment Expenses	200
Travelling for leisure	
Expenses on vices, namely cigarettes, alcohol etc.	400
Toys, Games etc for children	200
Personal Expenses	150
Total expense	3,380
Instalment (due for the month) on loans (including interests)	1,300
Total Cash Outflow	4,680

3. Ask participants to calculate whether Ganga has a Surplus or Deficit  
Inflow (-) Outflow = 4400 (-) 4680 = -280.

**Discuss:** As of now Ganga has a deficit of Rs.280, and the immediate requirement of repaying debts is an issue.

4. Ask the participants, "What amount does Ganga need to save monthly to achieve her long-term goals?"
5. Ask the participants to look at Ganga's Income and expenses considering the current Deficit.
  - ▶ What steps would they suggest Ganga take to help achieve her goals? Tell them to look at the expenses carefully. Mention that a good start would be to track avoidable expenses and plan to avoid all such expenses in the future.
  - ▶ Ask the participants to track expenses that are avoidable from the details of Ganga's family expenses given above.
    - ✓ Entertainment can be reduced by Rs.150
    - ✓ Expense on vices can be avoided, which would bring down total expenses by Rs. 400.
    - ✓ Personal expense can be reduced by Rs. 100.
    - ✓ Expense for children can be reduced by Rs.150.

Hence the family can reduce/avoid an expense of Rs. 800 every month.

- iii Ganga's first priority should be to make sure that she pays off her debt as soon as possible.

Looking at the dates by which she needs more money we understand that she needs a monthly saving of Rs. 3046 per month to achieve all her goals:

Daughter's Marriage	$2,00,000/180=\text{Rs. } 1111$ monthly for 15 years
Education	$81,450/120=\text{Rs. } 680$ monthly for 10 years
House	$1,55,000/84= \text{Rs. } 1255$ monthly for 7 years
Total	Rs. 3046

- iv If she avoids/reduces her expenses as explained above, Ganga shall have surplus of Rs. 520 every month. Ganga needs to keep a tight control on her expenses. She has to ensure that she does not spend on avoidable expenses.
  - v She needs to track her income and expenses on a regular basis. For this she must use the tool called the 'Budget'.
6. Explain that repaying old debts should be the priority. Once the expenses are kept under tight control, the loan instalment of 1300 (Rs. 1000+interest of Rs.300) could be wound up by the end of 10 months. Thereafter, Ganga shall have an additional surplus of Rs.1300. So, every

month she shall have Rs.1300 + Rs. 520 (from avoiding unnecessary expense) = Rs. 1820 as saving.

7. Tell the participants that it is important to check the **returns on savings** for achieving long term goals.



## Facilitators' Note

One important point which now needs to be discussed with the participants is **RETURNS ON SAVINGS**. If saving is done on regular basis, the amount saved can be invested somewhere and a person can earn returns on it. The returns on saved money can help attain one's goals.

However one also needs to create provision for emergencies and at least some amount should be set aside for emergencies on a regular basis. (Explain how insurance is a way to mitigate risk).

You must multiply the time-period of your planned surplus and calculate the returns on the amounts saved.

1. For simple understanding assume income level shall remain the same (or increase by 2% every year)
2. Assume 6-8% returns (not compounding) on savings.
3. Consider the returns on your existing savings.
  - a) Consider the total amount saved over the 15 years horizon for Ganga. The amount works out to approximately Rs. 3,16,420. The total amount needed to achieve the long-term goals is Rs. 3,87,000. The difference is an area of concern. A part of this would be taken care by the interest earned on savings.

Let us see this in the following point.

- b) The first goal, to be achieved in 7 years, is of buying a house. The total amount saved till the end of 84 months would be Rs. 1,39,880. The accumulated simple interest at 8% p.a. would be Rs. 36,426. The total amount available to Ganga would thus be Rs. 1,76,306. She estimates the cost of the house to be Rs. 1,55,000. Ganga would have a surplus of Rs. 21,000 which can be used in achieving her other goals. One thing has to be pointed out, that if a person achieves the goal at the end of 7 years and thereafter uses the balance amount for some other purpose, other goals would go haywire and there are chances that the person will fall into the financial crisis trap again.
  - c) Ganga's second goal is of higher education for her daughter. It's a ten-year horizon. The accumulated amount left with Ganga at the beginning of the eighth year would be Rs. 21,000. Add to this the saving of Rs. 67,340 during the 36 months left till the end of 10 years. This total is Rs. 88,340. The interest earned on this would



amount to Rs. 26,237. The total amount works out to be Rs.1,14,577. She can utilize Rs.81,450 to fulfil her goal. She would be left with Rs. 33,427.

Particulars	Amount in Rs.
Eight years balance	21,000
Add savings (3yrs/36months)	67,340
Total	88,340
Add interest	26,237
Total	1,14,577
Utilized for education	81,450
Balance available	33,427

- e) The last goal on the 15-year horizon should now be considered. Ganga has a principal amount of Rs.1,42,320 on which she would earn an interest of Rs. 34,680. The total amount roughly works out to Rs.1,77,000. She needs Rs.2,00,000. Hence, she has a deficit of Rs.23,000. The amount could be managed by Ganga, by increasing her income stream. Also, for our example, the returns are considered on simple interest. If she is able to achieve compound interest or good returns on her investment, she won't have an issue in managing any of her long-term goals.

Particulars	Amount in Rs.
Opening balance	33,120
Add savings 5 years	1,09,200
Total	1,42,320
Add interest	34,680
Total funds available	1,77,000
Amount needed for marriage	2,00,000
Deficit	23,000

## Conclusion

The concept of financial literacy is important not only for Entrepreneurs but also for day-to-day life of any participant whether in a job or self-employment. When someone is financially literate, he/she understands how to allocate his/her income toward various goals simultaneously—not just for ongoing expenses, but for savings, debt repayment and for an emergency fund as well. The person has the tools to thoroughly research and evaluate loans, credit cards and other investment opportunities.

This image shows a full page of white paper with horizontal blue ruling lines. The word "NOTES" is printed at the top center in a bold, black, sans-serif font. Below the title, there are approximately 28 evenly spaced horizontal lines extending across the width of the page, providing space for writing.

# Module 4

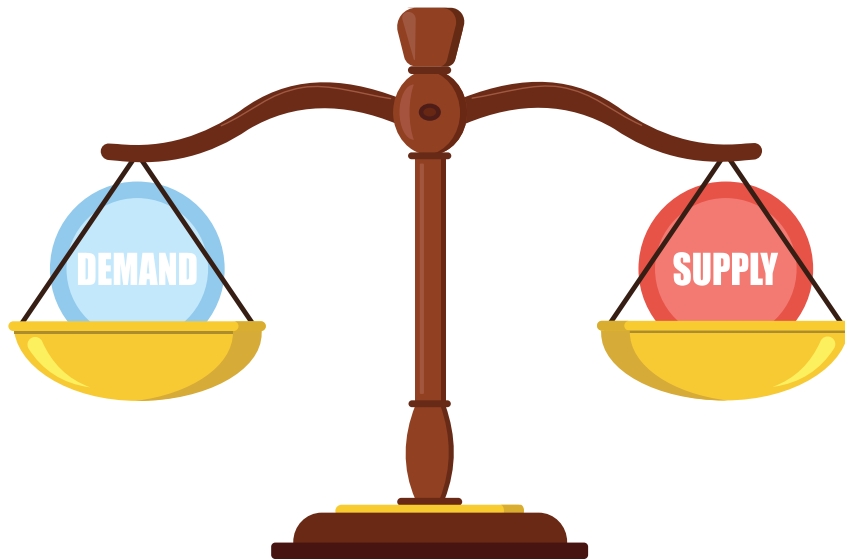
## Concepts of Running a Business

MODULE 4 SESSIONS	14 hrs 30 minutes	Pg. 117
4.1 Demand and Supply	2.30 hour	Pg. 118
4.2 7 P's of Marketing	2+2 hour	Pg. 128
4.3 Costing and Pricing	3 hour	Pg. 138
4.4 Break-even Analysis (IIE)	1 hour	Pg. 148
4.5 Accounts and Bookkeeping (Aleap)	1 hour	Pg. 156
4.6 Operations Management	3 hour	Pg. 161



# Session 1

## Demand and Supply



Classroom activity,  
Case study,  
Group Activity.



Handouts, Student  
Worksheet



2.30 hour



### Aim of the Session

- That participants understand the concept of demand and supply
- That participants recognize various factors that influence demand, supply, and pricing.



### Session Objective

- That participants are introduced to the concepts of demand and supply.
- That participants gain first hand experience on how they work.

- That participants understand the concept of pricing and equilibrium.
- That participants understand how the dynamics of demand and supply play in the real world.

## What are the meanings of “Demand” and “Supply”



Demand refers to a consumer's desire to purchase goods and services at a specific price. Increase in the price of a good or service will decrease the quantity demanded and vice versa if, all other factors are made constant.

Supply is the quantity of a good or service available to consumers at a specific price(s). Supply of a good or service will increase when there is an increase in price. This helps businesses to make a profit on the goods sold. Change in price of the goods will therefore change the quantity supplied.

Law of Supply & Demand: Demand and supply together define the prices of goods and services and the total volume of that good or service exchanged in a market. For every product however, its demand and supply is unique.

Equilibrium: When the supply of a good and its demand are equal, it reaches a stable price that buyers and sellers agree on, is called an economic equilibrium.

### Why is it important?

The supply of goods and their demand affect their price and volumes traded in the market. As entrepreneurs, it is important to know that when demand increases prices fall.

To be able to make more profit on what we sell, it is important that we understand the role both consumers and producers play in the market.

Producers generally earn more money by attracting more customers. This typically happens in times like sales when a lot of consumers are willing to buy things. But one must remember that when demand increases, prices fall. So, if a producer tries to earn more by increasing prices for his goods at a time of sale for example, s/he will find less consumers who are willing to buy what they wanted at the greater price. They will look for and most likely find other producers willing to sell the same good at a lower price. Producers can sell goods at a profit as long as it is a price the consumers are willing to pay. The price a consumer is willing to pay is often determined by "equilibrium"<sup>1</sup> between demand and supply. Let us try and understand this from the activity that follows:

<sup>1</sup> Investopedia.com

## ACTIVITY 1 : NAIL STORY<sup>2</sup>



### Material Required

Handout



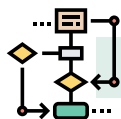
### Duration

10 min



### Activity Objective

That participants understand the concepts of demand and supply



### Process

Narrate the following story about the construction nails to the participants.

"Long ago, when houses made of wood were first being built, nails were very expensive. Now if you think of nails as a commodity, they are so small, so seemingly inexpensive! What do you think was happening for such a small item to be fetching a large price?"

**EXPLAIN:** It seems funny to us today, but it's true - each nail had to be made by hand, pounded into shape by a blacksmith. Though it wasn't difficult, it took time. Even a good blacksmith wouldn't be able to make more



than a few hundred nails in an entire day. Since the supply of the nails was less than their demand, their price was high.

Today, however, we have machines that can manufacture thousands of nails per hour. So, there is a much greater supply of nails now. And consequently, their price has dropped substantially."

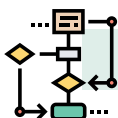
2 Pravah

## ACTIVITY 2 : PEARL EXCHANGE<sup>3</sup>



### Material Required

Handout



### Process

Read out the following to your class.

"Pearls from the island of Bali are valued all over the world. Buyers and sellers of these pearls meet weekly at the Pearl Exchange. Let us pretend for the purpose of this activity that the Pearl Exchange is located in this room. During 5 minutes long trading sessions, half the class will be buyers and the other half will be sellers. The goal is to make as much surplus as one can by negotiating a favourable price.

Buyers (consumers) must try to buy the pearls as cheaply as they can. If they pay less than their maximum price, they make a consumer's surplus

Sellers (suppliers) must try to sell the pearls for as much as they can. If they sell above their minimum price, they make a producer's surplus."

#### 1. EXPLAIN TO THE STUDENTS:

- ▶ That they are participating in a 'simulation of a competitive market'. Distribute handouts of 'Buyers and Sellers Surplus Charts' and tell students to fill these out as they go.
- ▶ Their roles may change as the activity progresses, depending on whether, or not, there are enough buyers or sellers for the next round at the end of each 5-minute round. Tell students what they're selling/buying – the rare pearl discussed above.

2. Now, divide students into buyers and sellers and ask each group to go to either side of the room. Hand-out "pearls" to the sellers. These can be pennies, marbles, coins, or anything else at hand.



**3. EXPLAIN:**

- ▶ That a minimum price will be set for sellers. Sellers are NOT allowed to sell a pearl under this price.
  - ▶ That maximum price will be set for buyers. Buyers are NOT allowed to buy for over this price.
  - ▶ One the price is agreed upon and an exchange of the good has been made for money (imaginary money for the purpose of this simulation – can be pieces of paper with amounts written on them), the buyer and seller will report the transaction to the recorder (teacher), who will then write this price or value of exchange on the board.
4. Show students how to fill out their 'Buyers and Sellers Surplus Charts' to record everything they buy or sell – they should note the price of the good as well as the surplus they have earned in each round.
  5. Each session of negotiation will last for 5 minutes.
  6. Maximum and minimum prices will be set for each round and conveyed only to relevant parties – that is – the sellers will only know the minimum price they can sell at, and the buyers will only know the maximum they are allowed to give. Make sure that these maximum and minimum prices are not revealed to anyone else.
  7. Buyers and Sellers should not buy or sell from the same person in any round. If a student is unable to make a sale as a seller or buy an item as the buyer in any round, the entire maximum or minimum set must be deducted from their accumulated surplus.

## Scenarios<sup>4</sup>

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**Scenario 1: Equilibrium**

There should be an even number of buyers and sellers for this round.

Seller's minimum: 300

Buyer's maximum: 1300

**Scenario 2: Equilibrium**

Buyers and sellers should switch roles. There should be an even number of buyers and sellers for this round.

Seller's minimum: 250

Buyer's maximum: 1250

**Scenario 3: Supply Decrease (Price Increases, Quantity Decreases)**

In this round, a mysterious virus kills many oysters. Roughly 1/3 of the class should be sellers. 2/3 should be buyers.

Seller's minimum: 400

Buyer's maximum: 1400

#### Scenario 4: Demand Decrease (Price Decreases, Quantity Increases)

The price of diamonds (a competitive product) decreases. Everyone rushes to buy diamonds, and nobody is left to buy pearls. Their demand has dropped. Roughly 2/3 of the class should be sellers. 1/3 should be buyers.

Seller's minimum: 1250

Buyer's maximum: 250

#### Student's Worksheet

SELLER SURPLUS (Sellers use this side)		BUYER SURPLUS (Buyers use this side)
Price - Minimum = Surplus	Round 1	Maximum - Price = Surplus
Price - Minimum = Surplus	Round 2	Maximum - Price = Surplus
Price - Minimum = Surplus	Round 3	Maximum - Price = Surplus
Price - Minimum = Surplus	Round 4	Maximum - Price = Surplus

#### Teacher's Board

Price/ Round	Round 1 (Price)	Round 2 (Price)	Round 3 (Price)	Round 4 (Price)
1				
2				
3				
4				
5				
6				
7				
8				

8. Explain the concepts of Demand, Supply, Pricing and Equilibrium as follows.

#### A. THE LAW OF DEMAND

The law of demand states that, if all other factors remain equal or constant, the higher the price of a good, the less people will demand that good. In other words, the higher the price, the lower the quantity demanded. The amount of a good that buyers purchase at a higher price is less because as the price of a good goes up, so does the opportunity cost of buying that

good. As a result, people will naturally avoid buying a product that will force them to forgo the consumption of something else they value more



## Factors affecting Demand

### I. TASTES AND PREFERENCES OF THE CONSUMERS: [VARIABLE]

Tastes and preferences are an important factor determining the demand for a good. If a good is liked by a consumer, its demand would be high, and its demand curve would lie at a higher level compared to one where the consumers do not appreciate the good as much.

People's tastes and preferences are variable, they change often, and thus the demand for a good based on tastes and preference also keeps changing.

This factor is taken as a constant while drawing a demand curve.

### II. INCOME OF THE PEOPLE: [DIRECTLY PROPORTIONAL TO DEMAND]

The demand for goods depends a great deal upon the purchasing power of the people, this is largely determined by how much they earn. The greater their income, the greater their purchasing power, the greater their demand for goods. When, because of the rise in the income of the people, the demand increases, the whole demand curve shifts upwards and vice versa.

This factor is taken as given or constant while drawing the demand curve.

### III. CHANGES IN PRICES OF THE RELATED GOODS [DIRECTLY PROPORTIONAL TO DEMAND]

The demand for a good is also affected by the prices of other goods, especially those which are related to it as substitutes or complements. Therefore, when the prices of the related goods, substitutes or

complements change, the whole demand curve would change its position. When the price of substitutes goes up, the demand for our product will increase in response, and our demand curve will shift upwards. Similarly, when the prices of substitutes fall, the demand for our product will decrease in response, and our demand curve will shift downwards. (This factor is also taken as constant while drawing the demand curve.)

IV. **ADVERTISEMENT EXPENDITURE: [DIRECTLY PROPORTIONAL TO DEMAND]**

Advertisement expenditure made by a firm to promote the sales of its product is an important factor determining demand for the product. The purpose of advertisements is to influence the consumers in favour of a product. Advertisements are given in various media such as newspapers, radio, television and now the internet. Advertisements for goods are repeated several times so that consumers are convinced of their superior quality. When advertisements prove successful, they cause an increase in the demand for the product.

V. **THE NUMBER OF CONSUMERS IN THE MARKET: [DIRECTLY PROPORTIONAL TO DEMAND]**

The market demand for a good is obtained by adding up its current as well as prospective demand, at various possible prices. The greater the number of consumers for a good, the greater the market demand for it.

VI. **CONSUMERS' EXPECTATIONS ABOUT FUTURE PRICES:**

Another factor which influences the demand for goods is the consumers' expectations about the future price of a good. If due to some reason, consumers expect that in the near future the price of a good would rise, then in the present they would demand greater quantities of that good, so as to save some money in the near future by buying more of it at the current (lower) price. Similarly, when consumers expect the price of a good to fall in the near future, they postpone buying it in the present (thinking that they will buy it when they get a better price) causing the present demand for the good to fall.

**B. THE LAW OF SUPPLY**

Like the law of demand, the law of supply demonstrates the quantities of a good that will be sold at a certain price. But unlike it is with the law of demand, the relationship between the price of a good and its supply is a directly proportional one, causing the supply curve to be upwardly sloping.

### Factors affecting Supply

I. **PRICE OF THE GIVEN COMMODITY**

The most important factor determining the supply of a commodity is its price. The price of a commodity is directly related to its supply. This means

that the higher the price of a good, the higher its quantity supplied and vice-versa. Producers supply more at a higher price because selling a higher quantity at a higher price increases revenue.

Supply (S) as a function of price (P) can be expressed as:

$$S = F(P).$$

The directly proportional relationship between price and supply is known as 'Law of Supply'.

Other factors contributing to the supply of a good are as follows:

II. **PRICES OF OTHER GOODS:**

As resources have alternative uses, the quantity supplied of a commodity depends not only on its price, but also on the prices of other commodities. Increase in the prices of other goods makes them more profitable to produce in comparison to the given commodity. As a result, firms may shift their limited resources from the production of the given commodity to the production of other goods. For example, increase in the price of the other good (say, wheat) will induce farmers to use their land for the cultivation of wheat in place of the given commodity (say, rice).

III. **PRICES OF FACTORS OF PRODUCTION (INPUTS):**

When the amount payable to factors of production, i.e., the cost of inputs, increases, the cost of production also increases. This in turn decreases profitability. As a result, a seller may decide to produce less of the said good, thus reducing its supply. On the other hand, decrease in prices of factors of production or inputs, may induce the seller to produce more, thus increasing the supply of the said good, for a subsequent rise in her/his profit margin.

IV. **STATE OF TECHNOLOGY:**

Technological changes can influence the supply of a commodity. Advanced and improved technology may reduce the cost of production, which in turn may raise the margin of profit earned while producing the commodity. This may induce the seller to increase its supply. However, technological degradation or complex and outdated technology is likely to increase its cost of production and this in turn will lead to a decrease in its supply.

V. **GOVERNMENT POLICY (TAXATION POLICY):**

Increase in taxes raises the cost of production and, thus, reduces the supply of a commodity, given a lower profit margin. On the other hand, tax concessions and subsidies increase the supply of a commodity as they make it more profitable for firms to supply the said goods.

VI. **GOALS / OBJECTIVES OF THE FIRM:**

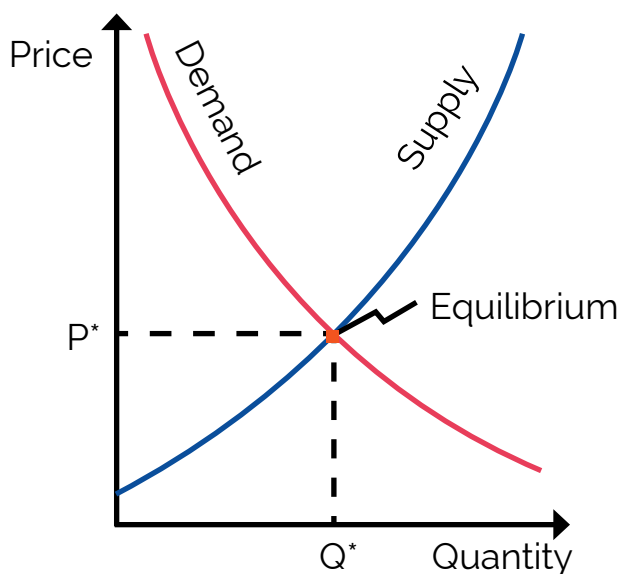
Generally, supply of a commodity increases only at higher prices as this fulfils the objective of profit maximization for a firm. However, some

firms may be willing to supply more even at lesser prices for some time. This may not maximise their profits in the short run but will help capture extensive markets and enhance their brand value, their status and prestige, which will maximise their profits in the long run.

### 3. EQUILIBRIUM

When supply of a good is equal to the demand for it, the product is said to be at equilibrium or to have achieved its equilibrium price. The equilibrium is the point at which the supply function and the demand function intersect. The allocation of goods is at its most efficient at this point since the amount of goods being supplied is exactly the same as the amount of goods being demanded.

Theoretically, the suppliers are able to sell all their produce and the consumers are able to get all their demands fulfilled at equilibrium price



9. Now

#### ► GROUP TASK

Do a demand and supply analysis and estimate the cost of a product/service based on the demand and supply for the same in an imagined area. Ask the students to ensure that they have kept all the factors mentioned above in mind and to have the reasoning, behind the price they have come up with, ready for discussion.

#### ► SELF-TASK

Replicate the process with your own business idea. Do a demand and supply analysis for your product/service.

**NOTE:** The activities above must be supplemented with examples from the real market to help students experience the working of the laws of demand and supply in action.

### Conclusion

Knowledge about the concepts of demand and supply is crucial for running any business. The laws of demand and supply determine whether a product sells profitably or at a loss given a perfectly competitive market.

# Session 2

## 7 P's of Marketing



Classroom activity,  
Interactive  
session, Lecture



Video Aid, Cards



2 + 2 hours



### Aim of the Session

This section introduces the participants to the concept of markets, their evolution, techniques used in market research, the concept of the marketing mix and the 7 P's of marketing.



### Session Objective

- For participants to understand the concept of a market and its evolution over the time.



- For participants to understand the techniques of Market Research and the instruments used in the same.
- For participants to appreciate the role of Market Survey as a source of collecting market information.
- For participants to understand the concept of the marketing mix and the 7 P's of marketing.

## The 7 Ps

The 7 Ps are a set of recognised marketing tactics, which one may use in any combination to satisfy the needs of their customers in any given target market. The 7 Ps are controllable but influenced by their internal and external marketing environments. Combining these different marketing tactics to meet the customers' needs and wants is called using the 'tactical marketing mix'.

### Why are the 7Ps important

The '7Ps framework for the digital marketing mix' or the 7Ps help entrepreneurs review and define the key issues that affect the marketing of their product or service.

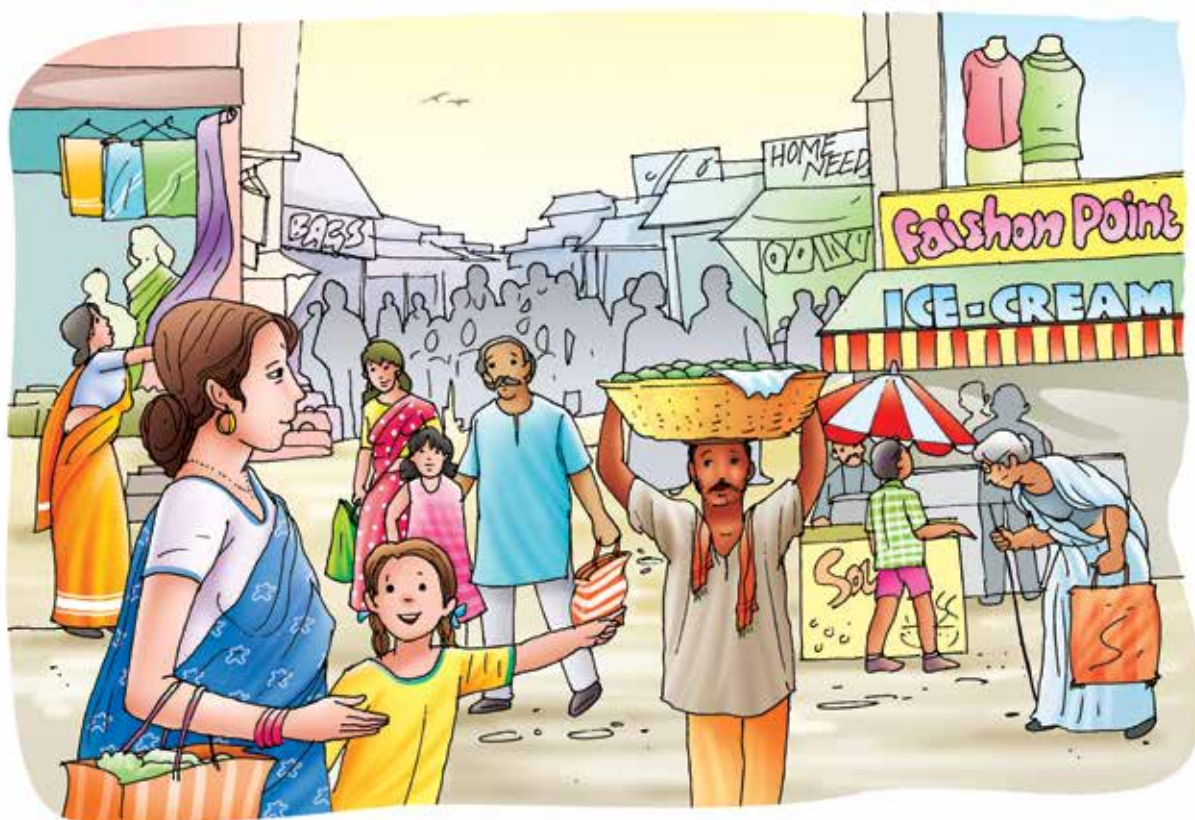
### The Concept of a 'Market'

Tell the students, "You all must remember a time when you visited your local market – a busy, noisy, crowded area bustling with shops, hotels, cafeterias, hawkers and peddlers shouting on the top of their voices to attract customers. Some of these customers must have seemed to be in a hurry to buy and leave, some others strolling and there just for window shopping!

The old marketplaces, at least in large cities, have largely been replaced by sophisticated, neat, and clean shopping complexes and centrally air conditioned malls, well equipped with theatres and cafeteria and washrooms all under one roof! They are filled with decked up showrooms piled with variety and display, making buying tempting but choices difficult!

The markets of Connaught Place or Chandni Chowk in Delhi are now places which tourists include in their sight-seeing lists. They represent an olden time where one goes to buy souvenir shopping for friends and family. However, these remain important wholesale hubs and you will often see traders carrying huge amounts of goods from them be it for further use or for re-selling!

Now, divide the class in groups of four and ask them to list down the differences they can remember or think of between the old marketplaces and the new swanky ones. Look for their responses.



Conclude the session by explaining markets are the hub of economic activity for any country. They help in making an economy strong and stable. The change one sees in the markets today is an ongoing one, with time it has broken the boundary of physical spaces and grown to include online markets now. Such changes are ongoing, and entrepreneurs must strive to understand and accept them. They must try and adapt to these changing times and situations to keep one step ahead while running their businesses.

## Market Research

Tell the Class - Market Research is a stepwise process to collect information related to a market and/or your target audience's need to be able to identify an idea or opportunity wherein you can design a solution or fulfil a need to create a profitable product or service.

As an entrepreneur, it is important to identify the right market or the right target audience. If you try to market your product or service to everyone you will end up wasting both your time and money.

Now tell them the following cases where market research gave a win-win situation to brands.

'Amrutanjan' was the market leader in the balm market when Vicks Vaporub was launched. The company had to decide whether to position their product directly against the leader or to carve out a separate niche. After much research work, it was decided that they will position the brand 'Vicks Vaporub' exclusively as a rub for colds.

Later, and once again, based on research, Vicks Vaporub re-launched itself with a stronger formulation for faster relief. In the next few years, Vicks Vaporub became the largest selling brand for cold remedies.

Dabur Chyawanprash, after market research, went in for a change in packaging and advertising in 1993. They too witnessed a rise in their market share.

Rasna had received a poor market response when they first began. They conducted detailed market research and thereafter incorporated

**RASNA**  
**"Today I made it all by myself!"**

Children love Rasna. It's so easy to make, they can make it themselves!

Simply mix it with water and sugar. It's ready in minutes. 2 bottles of syrup to make 32 delicious glasses!

Also, Rasna works out to less than half the cost of any syrup/squash. And what's more, it's available in 8 lip-smacking flavours!

**Rasna**  
Soft Drink Concentrate  
**So Delicious !  
So Economical !**

Manufactured by: Poma Industries, Asarwa, Ahmedabad 380 016.  
Also available in: Kuwait, Dubai, Bahrain, Mauritius, Cairo, Khartoum, Lusaka, Nairobi, Jeddah, Oslo, London.



the strategy of "the influence – the child, they focussed on the ease of preparation, backed with a quality product available at a viable price – one pack made 32 glasses! Advertisement campaigns reinforced these changes with a winning campaigns such as "I love you Rasna!"

Rasna came to dominate 85% of soft drinks concentrate market. The research brought in the results and Rasna became a success story.

Procter & Gamble calls or visits over one million people in connection with about 1000 research projects undertaken by its different product operating divisions.

Conclude by explaining that companies often use 'Market Research' to create new formulations, or add ingredients or improve the aesthetic appeal of their products to reinvent their brand image and sell more!

### Steps in Market Research



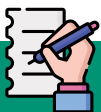
**NOW ASK THE STUDENTS:** It is a known fact that in many parts of the country the summer heat is life risking. At the same time not everyone in those parts can afford an air conditioner. Develop a product or a service to cater to this problem. What is your strategy for market survey?

## The Marketing Mix

### Now tell your class about the Marketing Mix.

The Marketing mix is the set of areas which an entrepreneur needs to be mindful of while setting up a plan to promote their goods or services. The Marketing Mix focusses on the 7 Ps that help in practical implementation of the plan.

For a good marketing mix, an entrepreneur needs to identify her/his correct target audience, or customers to serve her/his service or product to. Placement or distribution plays an equally important role. An entrepreneur needs to position and distribute the product in a place that is accessible to potential buyers.



### Facilitators' Note

The diagram given below can be presented to the students in the form of a chart. Explain the components one by one, and raise the questions given under each component in front of your class to explain how they must think about this component. This is to ensure that every student has a complete understanding of each of the components of the mix.

**1. PRODUCT:**

The Product is the item or service you offer to your customer. This is the core element for fulfilling their needs. While developing the right product, you have to answer the following questions:

- ▶ What does the customer want from this service or product?
- ▶ How will the customer use it?
- ▶ Where will the customer use it?
- ▶ What features must the product have to meet the customer's needs?
- ▶ Are there any necessary features that you missed out on?
- ▶ Are you creating features that are not needed by the client?
- ▶ What's the name of the product?
- ▶ Does it have a catchy name?
- ▶ What are the sizes or or colors it is available in?
- ▶ How is the product different from simliar products of your competitors?
- ▶ What does the product look like?
- ▶ Is it an attractive design, why?

**2. PLACE:**

Here are some of the questions that you should answer while developing your distribution strategy:

- ▶ Where do your customers look for your service or product?
- ▶ What kind of stores do potential customers go to? Do they shop in a mall, in a regular brick and mortar store, in the supermarket, or online?
- ▶ How do they access the different distribution channels?
- ▶ How is your distribution strategy different from your competitors?

**3. PRICE:**

Price is a very important component of the marketing mix. Here are some of the important questions that you should ask yourself while setting the price for your product:

- ▶ How much did it cost you to produce the product?
- ▶ What is the perceived value of your product according to your customers?
- ▶ Do you think that a slight price decrease could significantly increase your market share?
- ▶ Can the current price of the product keep up with the price of the product's competitors?

#### 4. PROMOTION:

While thinking about a promotion strategy, think about the following.

- ▶ How can you send marketing messages to your potential buyers?
- ▶ When is the best time to promote your product?
- ▶ Will you reach your potential audience and buyers through flyers, newspapers, or television ads?
- ▶ Is it best to use new age promotions such as social media and email marketing while promoting your product?
- ▶ What is the promotion strategy of your competitors? How do you intend competing against it?

#### 5. PEOPLE:

'People' refers to both, your target market and people directly related to the business. It is important to hire and train the right people to deliver quality products and superior services to customers. It also important that your support staff, be it someone running the support desk, the customer service executive, people employed in promotions such as designers and copywriters, people involved in production and supervision, be it manufacturers, foremen, product managers or programmers, that every single person involved in your business is committed to delivering their best to the process and thus the customer. Good relations with your staff, vendors and distributors often result in more satisfied clients as the product and experience delivered will show quality and commitment.

#### 6. PROCESS:

The systems and processes of the organization affect the execution of a service. You must make sure that you have a well-tailored process in place to minimize costs and losses due to oversight or negligence.

#### 7. PHYSICAL EVIDENCE:

In service industries, there should be physical evidence that a service was delivered.

Additionally, physical evidence pertains also to how a business and its products are perceived in the market. Branding is an exercise in creating physical evidence for a product. For example, when you think of fast food, you are likely to think of McDonalds, when you think of sports shoes, names like Nike or Adidas may come to mind. These companies are all market leaders and have established a physical evidence in the minds of customers through their marketing. This in turn has created a psychological evidence of their product in the customer's mind.



## ACTIVITY 1 : MARKETING MIX



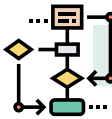
### Material Required

None



### Duration

1 hour



### Process

1. Divide the class into groups of 5 or 6. Ask them to choose any one product or service from the list given below and design a marketing mix. Ensure that no two or more groups repeat a product:
  - ▶ Lemon Juice
  - ▶ Salon
  - ▶ Laptop
  - ▶ Car Repair
  - ▶ Furniture Designing
  - ▶ Restaurant
  - ▶ Boutique
  - ▶ Tiffin Service
  - ▶ On call home repair
  - ▶ AC Servicing
2. Now, tell participants that they need conduct a market survey to complete their marketing plan.  
For goods and services, the participants intend to sell:
  - a) Talk to potential customer of all types (e.g., households, business, etc.) to understand
    - ▶ What do they look for when they buy the product or service?
    - ▶ What problems do they face in buying the product or services?
    - ▶ What do they think about your competitors?
  - b) Observe your competitor's business to understand:
    - ▶ What goods or services are they providing?
    - ▶ What price are they selling at?
    - ▶ How are they attracting customers?



## Facilitators' Note

Explain the importance of market research and a marketing plan in establishing a business.

### SOME QUESTIONS ABOUT MARKETING/MARKET RESEARCH AND THEIR POSSIBLE ANSWERS:

**1. What are the 7 Ps of marketing?**

The 7 P's of marketing include product, price, promotion, place, people, process, and physical evidence. These seven elements together comprise the marketing mix.

**2. Why are the 7 P's of marketing important?**

The 7Ps help companies review and define key issues that affect the marketing of their products and services, also helping review strategies engaged by competitors. They are also referred to as the '7Ps framework for the digital marketing mix' now.

**3. Name some techniques of market research?**

Four common types of market research techniques include surveys, interviews, focus groups, and customer observation.

**4. Why is market research so important?**

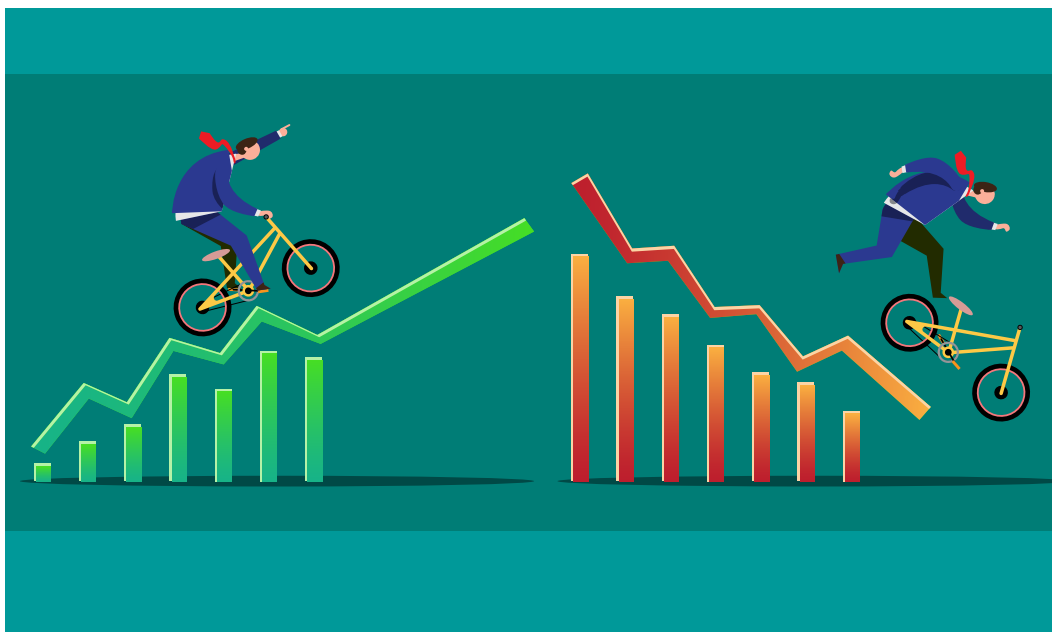
Market Research can significantly help your marketing strategy by providing key insights and information relevant to your business. It can provide an in-dept analysis on the needs of your customers as well as on strategies employed by your competitors.

## Conclusion

The 7Ps of marketing is one of the many frameworks available to help you market your products and services. They can be an important value add to your marketing toolkit. It is expected that this session has helped the students understand how the Marketing mix can help add value to their business.

# Session 3

## Costing and Pricing



Classroom activity,  
Interactive session,  
Lecture



Case lets, "Kavita discovers the costs  
of doing business," and "Sangita  
Chana Bhatura." Handout – Cost of  
my business, chart papers and pens



3 hours



### Aim of the Session

Each business sells either a product or a service. It is important to understand is how to evaluate the unit cost of these and what factors to keep in mind. This cost plus profit (or loss) will determine the price of the product in the market. This session gives an overview of Cost and Pricing.



## Session Objective

That participants understand various cost structures and how to price their product for starting their business. The 7 Ps

### Expected Outcomes

- I. To help participants relate costing concepts with production planning.
- II. To help participants understand Cost Structure, including all the costs and expenses that a company is likely to incur while running its operations.
- III. To help participants finalize their own costing and profitability plan.
- IV. To help participants decide on monthly production targets based on the above.

## Cost of doing business

Cost plus profit is a cost-based method for setting the price of goods and services. Under this approach, the direct material cost, direct labour cost, and overhead costs for a product are added up, and then topped with a markup percentage to create a margin of profit, in order to derive the price of a product. During the session participants understand the various costs involved in starting their business.

A correct evaluation of all costs involved in running your business therefore becomes essential before you can set a price for your product. This session distinguishes between fixed and variable costs involved in running a business and works to derive a cost structure based on the same.

### Why is understanding cost important?

Articulating the Cost Structure and understanding how to price your product or service is crucial to developing your Business plan. It is said that 'failing to plan is planning to fail'.

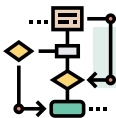
In this session, you will be taught about how you may develop a business plan by calculating your costs to determine the pricing of your product at the beginning of your business. You will be able to practice verbally pitching your business idea, applying the principles of Cost and Pricing to your pitch.

## ACTIVITY 1 : COST OF DOING BUSINESS



### Material Required

Handouts, board and chalk  
or chart paper and marker pens



### Process

1. Distribute the handout "Kavita discovers the cost of doing business" and read it along with your class.

## Handout 1

### KAVITA DISCOVERS THE COSTS OF DOING BUSINESS

One day when Kavita was visiting her parent's village, she met Nazira, daughter of Mohammad, the fish seller. Nazira has studied Business Management and after finishing her education, she decided to start her own fish pickle business. Kavita observed that Nazira was looking a little worried.

**KAVITA:** Nazira Behen, I am so happy to see you after so many years. I heard that you have decided to focus on Mohammad Uncle 's the fish pickle business. This is such great news.

**NAZIRA:** Yes, I wanted to be my own boss, rather than work for others. But running one's own business is quite challenging as well. We are going to start production and sales after three months, but we are already incurring costs.

**KAVITA:** That's surprising. How can you incur cost when you have not even started your production? I am curious, what are these costs, if you don't mind telling me?

**NAZIRA:** Sure. There are several such items:

1. I am paying a rent of Rs.20,000 per month for the factory where the pickle will be produced. I have to pay this rent even if there is no production and sales.
2. I have purchased machines worth Rs. 6,00,000. They are still being set up, but I have already incurred this cost.
3. I am paying an interest of Rs. 5, 000 on the loans I have taken. The bank is charging us interest even if we are not producing or selling yet, it began from the day my loan came into my bank.

4. I am paying, Rs. 8000 each to two workers for managing the factory. Additionally, I am paying a salary of Rs. 2000 per month to the security guard and Rs.2000 for electricity and water. I am also drawing a salary of Rs. 25000 per month for myself.

**KAVITA:** Oh ok. But why did you not include the total cost of the machinery in your monthly cost?

**NAZIRA:** Yes, you are correct. The cost of machinery is calculated separately. My machine supplier has told me that the machine is going to last for at least 10 years. I have spent Rs. 6,00,000 on it. This means that the annual cost of my machinery is  $6,00,000/10 = \text{Rs.}60,000$ . The monthly cost is thus  $\text{Rs. } 60,000/12 = \text{Rs.}5,000$  per month.

**KAVITA:** How are these costs going to change when you start your production?

**NAZIRA:** By now, you must have guessed it. The costs that I have mentioned before will remain the same even when I start production. These costs are like a fixed load that my business will have to carry whether I produce or not. On top of these costs, there will be costs which will depend on how much I produce. Can you guess these costs?

**KAVITA:** Cost of fish for example. You will need fish when you start production!

**NAZIRA:** Yes, that is one of the raw materials used. Fish is going to cost me Rs.120 per kg. But I will also be using other raw material, such as, oil, spices and additives which will cost me another Rs.120 per kg approximately. I am also going to bear a labour cost of Rs. 20 per kg of fish pickle. I will need four bottles for packaging 1 kg of pickle. Packaging will cost me Rs. 40 per kg. I can produce 750 kg of fish pickle every month. I can sell the fish pickle at the wholesale price of Rs.500 per kg.

**KAVITA:** Nazira, I cannot thank you enough for sharing this information about cost. Our discussion has shown me the way I should go about thinking while planning my paper bag business. Is it ok if I come and meet you again next week to discuss more on this?

**NAZIRA:** Sure, you are like my sister. Let's meet in the evening next time. I will be freer to discuss things after business hours. Why don't you have a cup of tea with Abba and me before you leave?

2. List the different costs in Nazira's pickle business on a board or a chart as follows. Put all costs which don't change with production together, and all costs which changes with production together on the two sides of board/chart. Tell the participants that costs which remain constant have the name 'Fixed cost' and costs which change with how much you produce are called 'Variable costs'.

### COSTS INVOLVED IN NAZIRA'S FISH PICKLE BUSINESS

Fixed Cost	Cost Per Month	Variable Cost	Cost per Kg of Pickle
Rent	20,000	Raw Material	
Interest	5,000	Fish	120
Salary		Oil, spice and additives	120
Staff	18,000	Packaging	40
Nazira	25,000	Labour	20
Water & Electricity	2,000	Total	300
Machinery	5,000		
Total	75,000		

- Once you have explained the above example, take another one. Distribute the handout "Sangita Chanda Bhatura" and like last time, go over it with the students in your class.

## Handout 2

### SANGITA CHANA BHATURA

Sangita is 28-years-old, a young mother of who lives in a basti in West Delhi. Sangita's husband pulls a cycle rickshaw in the Janak Puri area of West Delhi. She has two school going children - a son and a daughter.

She came to know of this course, where they were helping people become entrepreneurs. She felt that the course might help her achieve her dreams and joined it. During the course, she dreamt of starting with a small chana bhatura shop which would offer hygienic & tasty food to people at reasonable prices. There were no chana bhatura shops in her locality and she felt she could earn a good income by setting up the shop.

Once she had the idea Sangita could not wait to see her shop up & running. She dreamt of becoming the most popular chana bhatura wala in her area within 6 months!

Sangita decided to meet 4-5 Chana Bhatura shops in other neighbourhoods around her to estimate the investment needed. She found out that she would need to buy cooking utensils, get a sign board, get furniture and furnishings for her shop to begin with. She explored the market around her and arrived at the following investment estimate:





#### INVESTMENT NEEDED FOR SETTING UP SHOP

Details	Amount (Rs)
Cooking Utensils	4,000
Furniture	5,000
Sign Board	1,000
Shop Furnishing	14,000
Total	24,000

She enquired how long these items would last, and the shopkeepers told her that these utensils, furniture and other items would last for at least two years.

Sangita also arrived at the following recurring costs that she would have to incur for running the shop.

#### COST

Details	Amount (Rs.)
Salary	2000
Rent	3500
Interest	500

Cooking Gas	Re 0.5 per plate
Raw material	Rs. 10 per plate
Disposable plates etc.	Rs. 3 per plate
Electricity	1000
Cleaning & Maint.	1500

Source: Dhriiti Entrepreneurship Curriculum:

4. Sangita had learnt about fixed and variable costs in her training programme. But despite having all figures at hand, she was unable to classify them for herself. Ask the class, "Can you help Sangita classify the costs into fixed and variable costs?" Go over the solution on a board or chart sheet as follows:

Fixed Costs per month	Amount (Rs.)
Salary	2000
Rent	3500
Interest on loan taken to buy these	500
Electricity	1000
Cleaning & Maint.	1500
Monthly cost of utensils, furniture, etc (total cost divided by 24 months)	1,000
Total per month	9,500
Variable Cost	
Variable Costs	
Details	Amount (Rs.)
Cooking Gas	Re 0.5 per plate
Raw material	Rs. 10 per plate
Disposable plates etc.	Rs. 3 per plate
Total	13.5

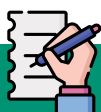
5. Now, distribute the "Cost of running my business" handout to your class. Ask the participants to list the costs they envision in running their business and classify these costs as fixed and variable costs. Give them 25 minutes to complete their exercise.

## Hand out 3

### COST OF RUNNING MY BUSINESS

Fixed Cost	Cost Per Month	Variable Cost	Cost Per unit
Total			

- Ask participants to come one by one and present cost items in their business. Give opportunity to as many participants as possible to present the cost items in business. End the session by telling the Ask the participants to suggest three more business for which they would want to discuss the cost of doing business. Work out the costs along with them.



### Facilitators' Note

- Read up materials discussing "Cost of doing Business" on the net and download as many caselets as possible. Websites like Livelihood school and <http://aksharakriti.org> will prove to be helpful.
  - Make sure you discuss the "cost of doing business" that is relevant for your target group. This may include businesses like running a Beauty Parlour, Pani-Puri stall, sweet shops, Retail stores etc. Discuss as many examples as possible till your students are not only able to identify but classify these costs. the class. Give the trainees enough time work out their cost of doing business.
  - Encourage participants to review each other's business idea with costing and share feedback. Ask the participants to submit their business ideas as they leave the class and tell them that you would review these ideas and hold discussions with them on these. Follow up in the next class.
- Tell the class, "Let us take one more caselet and try and understand this business model run over 4 years". Discuss the case with them.

## Handout 4

### SEWING CENTRE

Ms. S. Nirmala, age 38 years of Budvel village, has a family of four which includes two children. Her husband is a daily wage labour earning around Rs. 150/day. Four years ago, her husband earned Rs. 100/day as a wage labourer and it was not sufficient to fulfil the needs of the family. Nirmala knew sewing but lack of money for initial investment prevented her from starting this enterprise.

Then she took loan of Rs. 25000 from SPANDANA Sphoorty Financial Limited to begin her business. She purchased two sewing machines. She also bought cloth from the wholesale market and now stitches dresses on demand. Her first earning was Rs. 150/- for stitching a salwar kameez for a client.

As time passed, she repaid her loan and got another loan for expanding her business. She increased the number of machines to five and hired four women whom she employed to work on the rest of the machines. She pays them Rs. 125/- per day and now her net earnings are about Rs. 8,000/- month.

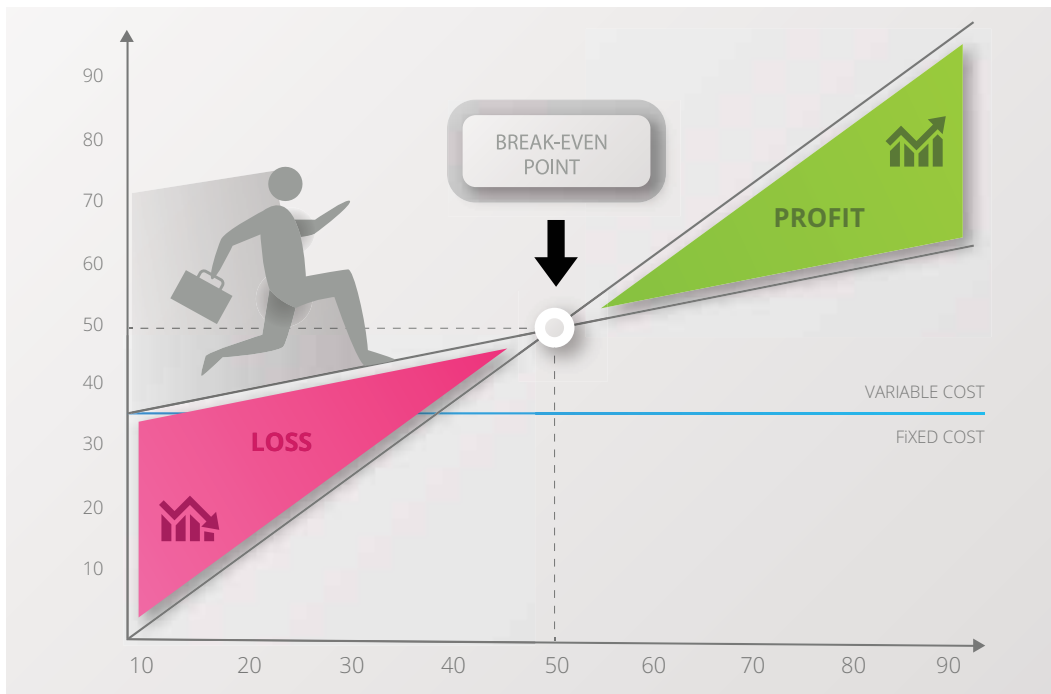
Nirmala is happy now that she and her family have stable sources of income and eat more nutritious food. Receiving microcredit at the time of requirement changed her life. Today, she is able to provide quality education to her children, has a cooler, a color TV and a refrigerator. Besides, Nirmala also has taken insurance.



Year	1st-year	2nd-year	3rd-year	4th-year
Amount taken from microfinance institution	Rs. 25,000	Rs. 25,000	Rs. 25,000	Rs. 25,000
Interest	Rs.6250	Rs.6250	Rs.6250	Rs.6250
Repay in	1 year	1 year	1 year	1 year
No. of sewing machines	2	3	4	5
Fixed cost: Machine cost Iron cost	Rs. 14000 Rs. 1000	Rs.21000	Rs.28000 Rs. 1500	Rs.35000
Variable cost: Raw material cost (monthly) Salary( worker) Miscellaneous	Rs. 5000 Rs. 3000 Rs. 1000	Rs. 7500 Rs.3000 Rs. 1000	Rs. 10000 Rs.6000 Rs. 1500	Rs. 10000 Rs.9000 Rs.2000
Income for month	Rs. 12500	Rs. 16000	Rs. 23500	Rs.29000
Saving after all expenditure (monthly)	Rs.3500	Rs. 4500	Rs. 6000	Rs.8000
Repay loan per month	Rs. 520	Rs. 520	Rs. 520	Rs. 520
Saving per month	Rs. 2980	Rs. 3980	Rs.5580	Rs.7480
Saving per annum	Rs. 35760	Rs.47760	Rs. 66960	Rs. 66960

# Session 4

## Break-even Analysis (IIE)



Classroom  
activity, Group  
discussion



Handout, paper, and pen



1 hours



### Aim of the Session

To help participants understand the concept of breaking even.



### Session Objective

To provide appropriate skills to the participants to be able to calculate the breakeven point for their business

## Expected Outcomes

That participants are able to align their sales strategies to reach the break-even point for their businesses

## Break-even Point

The Break-even Point is, in general, the point at which gains (revenue) equal losses (costs). It is thus the point that defines when an investment will generate a positive return. The point where total sales or revenue equal total expenses. No profit is made at the break-even point. Also, no loss is incurred at the break-even point. It is the lowest limit of profit from which prices must be set, and margins determined. Anything earned above the break-even point is a profit and anything spent under the break-even point is a loss.

In other words, the break-even point is simply the point at which what a business earns is equal to the expenditures it has incurred in setting up and operating the business.

This data is infinitely valuable as it sets the framework for decisions regarding pricing of products and services, scale of operations, hiring, retention and/or laying off, of employees and assessing the need for obtaining future financial support.

Without a break-even point, there is no way to understand how much to sell to become profitable. Similarly, there is no way to understand whether cost-cutting is needed. No one goes into business to offer products at a loss, so even before you sell a single thing, you must learn to calculate and analyse your break-even point.

As a business owner you should know the total contribution each of your products or services offered makes to the company's overall profit. This step is important because it can help determine the products and services that aren't actually profitable. You may decide if they need a change towards a more profitable pricing structure, a reduction in cost, or you may even decide to discontinue them.

### Importance of break-even Point

- The break-even point brings out the dynamic relationship between total cost of producing and selling a product or a service versus the sale volume of a company
- It is used to determine when a business will be able to cover all its expenses and begin to make a profit.
- It is an indicator talking about the operating condition of a company when it 'breaks-even', that is when sales reach a point equal to all expenses incurred in attaining that level of sales.
- It aids in decision-making (e.g., whether to self-produce a product or procure it, whether to introduce a new line of product or modify it, etc.), forecasting and long-term planning to maintain profitability.



- It helps the entrepreneur take effective decisions when faced with changes in government policies vis-a-vis taxation and/or subsidies.

**AS AN ENTREPRENEUR YOU MUST STRIVE TO FIND ANSWERS TO QUESTIONS SUCH AS,**

- How much should I produce in a year so that after covering all my costs, I can still make some profit?
- If I plan to install machinery that can produce, for example, 100 tons of the product per year, what would happen if I can sell only for 60/70 tons?
- What should be my minimum production level so that I can at least meet all the liabilities without incurring a loss? and so on.

The first and most important time you ask these questions and plan for reasonable profits in a systematic manner is at the time of establishing your unit. You may ask it again when you make plans for expansion or find a need to down-size.

The answer to these questions lies in the calculation of the break-even, often represented in the form of a graph.

## Understanding Cost

Whatever business you choose to do, be it production of goods through setting up a factory, or services rendered by setting up an automobile workshop, or a small hotel or a repair shop, certain costs will always be involved. These costs may come in the form of raw material, salaries/wages, interest charges on money borrowed for setting up the business, water, and electricity, etc. All these items of cost put together form the total cost.

As we saw in earlier sessions, cost can be divided into 2 components, namely, (i) Fixed Cost and (ii) Variable Cost.

### FIXED COST:

Fixed Cost is that cost which does not vary or change with other factors as production goes up or down. It includes items of cost, such as, interest on 'long term loan', rent on factory, shed, or office if they are rented, depreciation on machinery and building if they are owned, etc., which are to be incurred irrespective of your factory is working at full capacity or not at all!

For example, if you have borrowed 1 lac from a bank or State Finance Corporation for buying machinery for your factory to produce 100 tons of a product per year (Product A) and the interest rate on the loan is 12.5%, you will have to pay 12,500/- as interest per year irrespective of whether your production stands at 100 tons or 60 tons or 15 tons or absolutely nothing!

Just to make sure that you have understood the concept of fixed cost, let us go through another illustration. Your factory building is rented and the rent per month is 1,000/-. The production on monthly basis is 500 units in January, 800 in February and 600 in March.

Determine the fixed cost for your factory as such for the months of January, February, and March.

Likewise, determine the fixed cost per unit of the output in these months?

The fixed cost for the factory unit as such, assuming that there are no other costs, would be 1000 per month for each of these 3 months. The fixed cost per unit of the output can be obtained by dividing the fixed cost for a month by the number of units produced / to be produced in that month, as noted below:

Month	Fixed Cost	No. of Units	Unit Fixed Cost
January	1000	500	2
February	1000	800	1.25
March	1000	600	1.66

An interesting point to note here is that even though the total fixed cost for the factory as such remains constant (i.e. 1000/-per month), there is an increase in fixed cost per unit of the output when production decreases and likewise, there is a decrease in the fixed cost per unit when production increases.

#### **VARIABLE COSTS:**

Variable Cost is variable with the level of production, i.e., variable cost is directly related to the quantity being produced. For example, if you need 100/-worth of raw-materials to produce 1 ton of Product A, the variable cost can be calculated as below:

Let us assume that raw-material cost per ton of output i.e. Variable Cost per ton = 100. Then,

Month	Output (Kg)	Variable Cost (₹)
January	500	50000
February	800	80000
March	600	60000

It can be seen from the above illustration that the total variable cost for your Factory increases/decreases along with the increase/decrease in the level of production.

In short, any item of cost which does not change with the level of production is 'fixed cost' and any item of cost which changes with the level of production is 'variable cost'.

Note here that Fixed cost is fixed for your factory as such. But fixed cost per unit of output varies (is inversely proportional) with the change in the level of production. Similarly, while the Variable cost for the factory as such is variable and depends directly on the level of production, variable cost per unit of output remains constant.

When we begin to classify various items of cost into fixed and variable costs, we will find certain items of costs such as, wages which remain fixed till we reach a

particular level of production but vary whenever that level is crossed. In other words, there are certain items of cost which can be termed as 'semi-variable'.

But for operational convenience, it is sufficient if we can classify our costs into Fixed and Variable at this stage.

### Break-even Analysis

Whenever you calculate profit for your project at the time of preparing project reports or making projections for the coming year (once your unit is already in operation), you normally deduct Total Cost from Total Sales/ Revenue to arrive at Gross profit.

Here we go a step further and calculate profit at two stages by splitting the Total Cost into Fixed Cost and Variable Cost.

We know that Variable Cost per unit of the output remains the same. Hence, given the same selling price, the difference between Variable Cost per unit and selling price per unit also remains the same.

Let this difference be called "Contribution". Thus, as sales go up, the 'contribution' [(difference between Sales Revenue per unit and Variable Cost per unit) x (No. of units)] also goes up.

Given the fact that the Fixed Cost for the project remains the same, you have to at least earn enough money to meet the Fixed Cost.

In other words, if you do not want to incur loss, you must sell enough number of units of the output so that the 'contribution' is equal to the Fixed Cost. Your profit would be determined by how much your 'contribution' exceeds your Fixed Cost.

Such a 2-stage analysis to identify the production level (that is, how much to produce) at which you make neither a profit nor loss is called break-even analysis. The said production level is called the break-even point.

#### REMEMBER:

**Total Cost at 'X' production = Variable Cost**

**|for 'X' No. of units (VC) + Fixed Cost**

**Contribution (CN) = Sales Revenue (SR) – Variable Cost (VC)**

**Profit (P) at 'X' level of production = (Sales Revenue for 'X' No. of Units) – Total Cost**

**or**

**SR – (VC + FC) or SR – VC – FC**

**or**

**Profit = Contribution (SR-VC) – Fixed Cost (FC)**

To clarify the concept, let us now look at the illustration mentioned below. These calculations have been done at 3 different production levels to illustrate the relation between the level of production and profit.

Selling Price per unit - 10.00  
 Variable Cost per unit - 4.00  
 Fixed Cost for the Project - 90,000.00

Production Level	10000 Units	15000 Units	20000 Units
Sales Revenue (units x SP per unit)	100000	150000	200000
Variable Cost (units x VC per unit)	40000	60000	80000
Income or Contribution	60000	90000	120000
Fixed Cost	90,000	90,000	90,000
Profit/Loss	(-) 30,000	0	(+) 30,000

The Income or 'Contribution' calculated is not profit since we still have to account for the Fixed Costs in our business. Considering that the Fixed Cost in this example is 90,000/-

- At 10,000 units production level, the company is incurring a net loss of 30,000/- (60,000 – 90,000)
- At 15,000 units production level, there is no profit or loss (90,000 – 90,000), and
- At 20,000 units production level, a net profit of 30,000/- (1, 20,000 – 90,000) is made.

Thus, at 15,000 unit's of product being produced, the company is just "breaking even" and so, the production level of 15,000 units will be called the company's break-even point (BEP), all other things remaining the same.

**Contribution = Fixed Cost i.e. CN = FC at break-even point.**

The BEP may be expressed either in terms of number of units that you have to produce to reach 'No profit – No Loss Level' or in terms of sales revenue obtained.

#### **I) CAPACITY UTILIZATION INDICATOR:**

Break-even point is often expressed in terms of capacity utilization. Let us illustrate:

Suppose your factory can produce a maximum of 100 tons of products per year, which is its "installed capacity" – at what percentage of installed

capacity you must operate to reach the break-even level of production?  
This can be found using formula given below:

$$\text{BEP} = \text{FC}/(\text{SR}-\text{VC}) \times 100 = \text{-----} \%$$

where,

BEP = Break-even Production Level in terms of percentage.

FC = Fixed Cost per year in Rupees

VC = Variable Cost during that year

SR = Sales Revenue during that year

## ii) SALES REVENUE INDICATOR:

Break-even Point can also be expressed in terms of Sales Revenue. This can be calculated using just two figures viz., Fixed Cost and 'Profit Volume Ratio'.

One of the most important ratios to watch in businesses, especially in Break-even Analysis is the 'Profit Volume Ratio (P/V Ratio)'. It expresses the relationship between 'contribution' (Sales Revenue – Variable Cost) and Sales. It indicates the percentage of 'contribution' in relation to the volume of sales. In other words, it tells you that after meeting Variable Cost, what percentage of sales revenue is available to you to meet fixed cost and thereafter, earn profits.

To calculate Break-even in terms of Sales Revenue we use the formula given below:

$$\text{B.E. Sales Revenue} = \text{Fixed Cost} = \text{FC P/V Ratio (SR - VC)/SR}$$

## Application of Break-even Analysis:

So far, we have understood the concepts of BEP and calculation involved in Break-even Analysis (BEA). We now see how we can use this concept for decision making:

- i) BEA helps in making decisions regarding investment. Projects with high break-even production levels tend to be risky. This is because when the Fixed Costs are high the project becomes vulnerable to even slight drops in sales revenue be it due to a low selling price or low sales volume. In simple words, when you invest a lot at the very beginning of your business, you will need to sell more or at greater prices to be able to recover that cost and every fall in sales will push your BEP further away.
- ii) BEA helps in determining how much to produce or plan to produce to optimize profit.

- iii) In case you have a multi-product unit or even a single product unit and you need to increase your production to meet demand, BEA can help you in 'make or buy' decisions, i.e. whether you should increase the production in your factory by employing more resources or should you sub-contract the work or buy the product from someone else and sell it.
- iv) BEA is a convenient tool that helps in evaluating the pricing for a product. It helps in deciding the ex-factory price of the product. It also helps in deciding whether any discount on bulk purchase should be allowed and if so, how much should this discount be. Likewise, we can decide on what price to quote when participating in a big tender.

## Cash Flow

Cash flow is the net amount of cash and cash-equivalents being transferred into and out of a business.

Assessing the amounts, timing and uncertainty of cash flows is one of the most basic objectives of financial reporting. Understanding the cash flow statement – which reports 'operating cash flow', 'investing cash flow' and 'financing cash flow' – is essential for assessing a company's liquidity, flexibility, and overall financial performance.

Positive cash flow indicates that a company's liquid assets are increasing, enabling it to settle debts, reinvest in its business, return money to shareholders, pay expenses, and provide a buffer against future financial challenges



## Facilitators' Note

### Discuss:

What are the key take away from this chapter?

Explain with example, how does break-even analysis help in enterprise planning?

## Conclusion

The main advantage of break-even analysis is that it explains the relationship between cost, production volume and returns. It can be extended to illustrate how changes in the fixed cost-variable cost relationship for a business, be it in commodity prices, or in revenues, affect the profit levels of that business.

Break-even analysis is most useful when used with partial budgeting or capital budgeting techniques. The major benefit to using break-even analysis is that it indicates the lowest amount of business activity necessary to prevent losses.

# Session 5

## Accounts and Bookkeeping (Aleap)



Lecture



Paper & Pen



1 hours



### Aim of the Session

This lesson aims to keep track of each transaction and determine the effect of each transaction in monitoring business growth.



### Session Objective

- To make participants understand the need for Accounts and bookkeeping
- To narrate the purposes involved in bookkeeping and accounts



- To help build on the participant's understanding of costs and pricing help them learn basic calculations for a smooth and sustainable running of their business.
- To help participants build a basic costing and pricing structures for their businesses.
- calculate the breakeven point for their business

## Expected Outcomes

That participants are able to calculate the break-even point and understand how they can effectively run their business without incurring losses.

## Accounting

The chief of a world-renowned bank was once asked, "If you were to give only one advice to industrialists and businesses across the board, what would it be?" His reply was, "The person who is setting up any industry or business, should form a system of maintaining books of accounts from the beginning. If they cannot afford the cost of forming such a system, they should not start a business."

Most people fail to realise the benefits of maintaining systematic and regular accounts. Inadequate system of maintaining accounts is one of the important reasons of failure in newly set-up business units.

Accounts can be defined as the 'mirror' of trade or industry. Accounts reflect the economic condition of any business or industry.

Bookkeeping is the art of recording business transaction in a set of books in a regular and systematic manner.

Accounting is the art of recording, classifying, and summarizing everyday transactions of a business.

## Why accounting?

Maintenance of accounts effectively helps in:

- Deriving at the cost of the product.
- Calculating the rate of return from the business.
- Ascertaining whether a business is making a profit or loss.
- Getting information regarding amounts payable to others, as well as the amounts receivable from others.

- Determining whether income or expenditure have increased or decreased in comparison to previous years (this may even help control unnecessary expenditure).
- Readily obtaining figures and types of investment done.
- Ascertaining the financial position of the business and planning ahead.
- Meeting the requirements of various statutes such as income tax, sales tax, excise duty and labour legislations.
- Getting a comparative picture of your business in relation to other similar business.

### **Difference between Bookkeeping and Accounting:**

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Bookkeeping is a primary stage in accounting. It includes only the 'recording' function. 'Accountancy' or 'Accounting' is a very broad term which includes summarizing, analysing, and interpreting the figures recorded.

Some steps an entrepreneur must take to derive advantages from the process of accounting are:

- a) Design a good accounting system for your business with the help of a specialist (an expert in the field or a trained person should be employed).
- c) Record every transaction regularly.
- d) Supervise accounting records periodically.

Keeping accounts is a discipline the entrepreneur must inculcate.

The following methods are commonly used in India for maintaining accounts:

- 1) Deshi Nama System (traditional system in which accounts can be written in all regional languages).
- 2) Double Entry bookkeeping.

In many businesses many of the transactions are done in cash. This basically means that at the end of each transaction, money is exchanged between two parties. Please note here that not all transactions may be done in cash and a businessperson may be able to leverage some credit as well.

### **Books required to be maintained in Business**

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1. Cash Book with Bank Column
2. Ledger
3. Purchase Register
4. Sales Register
5. Journal Proper
6. Salary Register
7. Stock Register
8. Dead Stock Register

## Stationery for Accounts

1. Receipt Book.
2. Cash Memo Book
3. Bill Book
4. Voucher Book
5. Delivery Challan Book

## Format of a Cash Register

1	2	3	4	5	6
Date	Description	Ref.No.(vouchers & Bills)	Cash Received (in INR)	Cash paid (in INR)	Cash Balance (in INR )

Where:

- 1 Is the date on which the transaction is filled.
- 2 Is the source from where the money has come in or gone out.
- 3 Is the bill or voucher number of the transaction mentioned in the previous column i.e., column number 2.
- 4 Is the amount of the transaction is to be filled in, if the transaction happened is an inflow transaction, where the enterprise receives an amount of money.
- 5 Is the amount of the transaction is to be filled in, if the transaction happened is an outflow transaction, where an amount of money goes out of the enterprise.
- 6 Is the amount of the transaction is to be filled in, if there is a balance amount remaining.

### ACTIVITY 1 : MAINTAINING FINANCIAL RECORDS

Ask the class to complete the following activity. Mentioned below is a list of transactions.

Mark the name and/or number of the column they belong to in the cash register (as shown above).

1. Buying raw material
2. Rent Paid
3. Sales of goods
4. Interest Received from money deposited in the bank

5. Advertising cost for 1000 pamphlets
6. Rs. 1,00,000 received from sale from assets
7. Salaries of Rs. 75,000 paid to employees:

### Conclusion

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Maintaining accurate accounting records is not only a legal requirement, but also essential to determine the sustainability of your business. Accurate bookkeeping will enable you to make more informed decisions on expenditure, investments and in controlling your cash flow.

# Session 6

## Operations Management



Lecture, Group discussion, Case studies



Handouts, paper, and pen



3 hours



### Aim of the Session

To make the participants understand the concept of operations management, its importance, and role in an organization for better efficiency and profitability.



### Session Objective

- To help participants understand, with the help of case studies and examples, that a good operations plan is a prerequisite for the success of any particular business.

- To help participants understand that the prime objective of operations management should be (a) to utilize the resources of the organization optimally and effectively, and (b) to create such products or services that satisfy the needs of the consumers, by providing the “right thing at the right price, place and time”.

## Expected Outcome

By the end of the session the participants will be able to:

- Draft an Operations Management plan
- Would be thoroughly acquainted with Operations Management, its structure, and components

## What is Operations Management?

Any organization has two kinds of structures – its organizational structure and its operational structure. While the “organizational structure” refers to hierarchy in your business structure, “operational structure” refers to how you get things done. For operations to be effective, however, you must have the right organizational structure. This requires that you analyse the operational needs of your business, function-by-function, department-by-department and create an organization that helps your employees work together efficiently. For example, if your sales people need your accounting department to conduct credit checks, you might specify who has the authority to ask for a credit check and who performs the credit checks. From an operational standpoint, you establish how to submit credit-check requests, the turnaround time for the accounting department to respond, and the approval or denial notification processes.

Maintaining a steady workflow, whether for producing your product or administration, requires operational procedures. This is best achieved by writing an ‘operations manual’ with guidelines for each activity of your employees. For example, your operational procedures for making your product must cover ordering materials and supplies, scheduling labour, and maintaining all equipment. All these tasks are necessary for your business to run smoothly and make a profit, and everyone involved in your production process should understand their duties and how they are a part of the process.

### Key Points

- The goal of operations management is to maximize efficiency while producing goods and services that effectively fulfil customers' needs.
- Operations is one of the three strategic functions of any organization.

- Operations decisions include decisions that are strategic in nature, meaning that they have long-term consequences and often involve a great deal of expense and resource commitments.

### Key Terms

**STRATEGY:** A plan of action intended to accomplish a specific goal.

**TACTIC:** A manoeuvre or action calculated to achieve some end.

**OPERATIONS MANAGEMENT:** Management of processes that transform inputs into goods and services that add value for the customer.

## Strategic Versus Tactical Operations Decisions

**OPERATIONS DECISIONS** include decisions that are strategic in nature, meaning that they have long-term consequences and often involve a great deal of expense and resource commitments.

Strategic operations decisions include the:

- Facility location decisions
- The type of technologies that the organization will use
- Determining how labour and equipment are organized
- How much long-term capacity the organization will provide to meet customer demand.

**TACTICAL OPERATIONS** decisions have short to medium term impact on the organization, often involve less commitment of resources, and can be changed more easily than strategic decisions. The following are some tactical decisions:

- Workforce scheduling
- Establishing quality assurance procedures
- Contracting with vendors
- Managing inventory

Strategic and tactical operations decisions determine how well an organization can accomplish its goals. They also provide opportunities for the organization to achieve unique competitive advantages that attract and keep customers.

For example, United Parcel Service (UPS), an international package delivery service, formed a partnership with its customer, Toshiba computers. Toshiba needs to provide a repair service to its laptop computer customers. The old approach of providing this service was cumbersome and time-consuming:

1. UPS picked up the customer computers.
2. UPS delivered the computers to Toshiba.



3. Toshiba repaired the computers.
4. UPS picked up the repaired computers and delivered them back to the customers.

Under this traditional approach, the total time to get a laptop computer repaired was two weeks—a long time for people to be without their laptop! Then they came up with an innovative idea for Toshiba to provide better service to its customers.

UPS hired, trained, and certified its own employees to repair Toshiba laptop computers. The new repair process is far more efficient:

1. UPS picks up Toshiba computers from customers.
2. UPS repairs the computers.
3. UPS delivers the computers back to their customers.

The total time to get a computer repaired is now about two days.

Most Toshiba customers think that Toshiba is doing a great job of repairing their computers, when, in fact, Toshiba never touches the computers! The result of this operations innovation is better service to Toshiba customers and a strong and profitable strategic partnership between UPS and its customer, Toshiba.



## Role of Operations Management in an Organization

Operations is one of the three strategic functions in any organization. This means that it is a vital part of accomplishing the organization's goals and ensuring its long-term survival. The other two areas of strategic importance to the organization are marketing and finance.

The operations strategy should support the overall organizational strategy. Many companies prepare a 5-year pro-forma to assist in their operations planning. The pro-forma uses information from past and current financial statements, in an effort to forecast future events such as sales and need for capital investments.

Countless operating decisions, both long- and short-term, impact the organization's ability to produce goods and services in a seamless manner. Good operating decisions greatly increase the chances of a firm surviving and making a profit in the long-term.

Taking an example, if an organization makes furniture, some of the operations management decisions would involve:

- purchasing wood and fabric

- Hiring and training workers
- location and layout of the factory floor
- Purchase cutting tools and other fabrication equipment

If the organization makes good operations decisions, it will be able to produce affordable, functional, and attractive furniture that customers will purchase at a price that will earn profits for the company.

## Functions of Operations Management

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The main functions of operations management can be divided into 6 parts for any enterprise:

1. Planning
2. Scheduling
3. Purchasing
4. Controlling
5. Quality control, and
6. Inventory control

## A good operational plan

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A good operational plan has:

- Clear objectives
- Staffing and resource (including budget) requirements
- Lists of activities to be delivered, and by whom
- Implementation timetables
- Quality standards to be kept in mind
- Key targets and key performance indicators
- Risk management plans
- A process for monitoring progress
- Clear objectives
- Staffing and resource (including budget) requirements
- Lists of activities to be delivered, and by whom
- Implementation timetables
- Quality standards to be kept in mind
- Key targets and key performance indicators
- Risk management plans
- A process for monitoring progress

**Some examples of how an operational structure of an organization is made have been given in the following pages.**

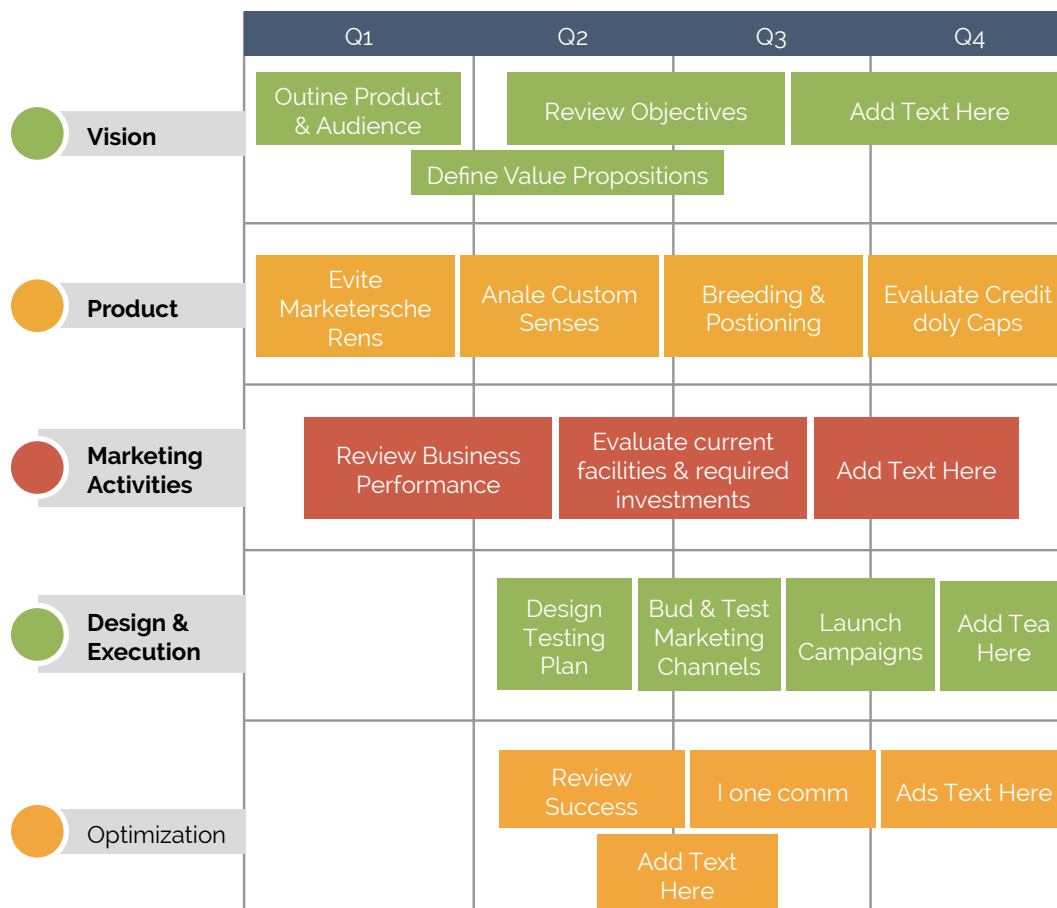
## EXAMPLE 1 – PROCUREMENT &amp; ACQUISITIONS (STRATEGIC SOURCING PROCESS AND TOOL PORTFOLIO)

Procurement & Acquisitions Sourcing Process & Tools Strategic Sourcing Process and Tool Portfolio					
OPPORTUNITY and VALUE ANALYSIS	PROJECT and TEAM FORMATION	DATA GATHERING and ANALYSIS	STRATEGY DEVELOPMENT and APPROVAL	IMPLEMENTATION	SUPPLIER MANAGEMENT
→ Voice of the Customer	→ STP-Situation Target-Proposal	→ Internal:	→ Request for Proposal (RFX and e-RFX)	→ Supplier Management	→ Supplier Management
→ Business Requirements	→ Team Charter	→ Business Requirements & Prioritization/Weighting	→ Analyses Tools Portfolio	→ Negotiation Planning	→ Supplier Performance Reviews
→ Opportunity Analysis	→ Team Formation		→ Price Model	→ Negotiation Approaches	→ Supplier Improvement
→ Spend Analysis	→ Brainstorming	→ Business Requirements Complexity	→ Current State	→ Implementation Planning	→ Supply Management
→ Communication Plan	→ Breakthrough Thinking	→ Category Spend Profile	→ Supplier Perspective	→ Project Plan Supplier Measurement - Key Performance Indicator (KPI) Review and Management	→ Inventory Analysis
→ Spend Segmentation	→ Stakeholder Mapping	→ Quick Wins	→ Feature-Based Price Purchase Price Cost	→ Demand Analysis	→ Risk Analysis, Mitigation and Management
→ Market Differentiation Analysis	→ Relationship Mapping		→ Total Cost of Ownership	→ FMEA	→ FMEA
→ Value Analysis	→ Roles and Responsibilities		→ Price Model	→ Process Mapping	→ Specification Management
→ Return-on Investment (ROI) Analysis and Work Stream Prioritization	→ Communication Plan		→ Market Differentiation	→ Tendering Approaches	→ Continuous Improvement
→ Spend Plan	→ Action Planning		→ Value and Supply Chain	→ Contract Service Level Agreement	
	→ Project/Macro Plan		→ Make versus Buy		
	→ Governance Implementation		→ Risk and Vulnerability		
			→ PEST		
			→ SWOT Porter's Five Forces		
			→ Channel Management		
			→ Functional Price		
			→ Other:		
			→ Pre-sourcing and Technology Road Map		
			→ Source Plan		

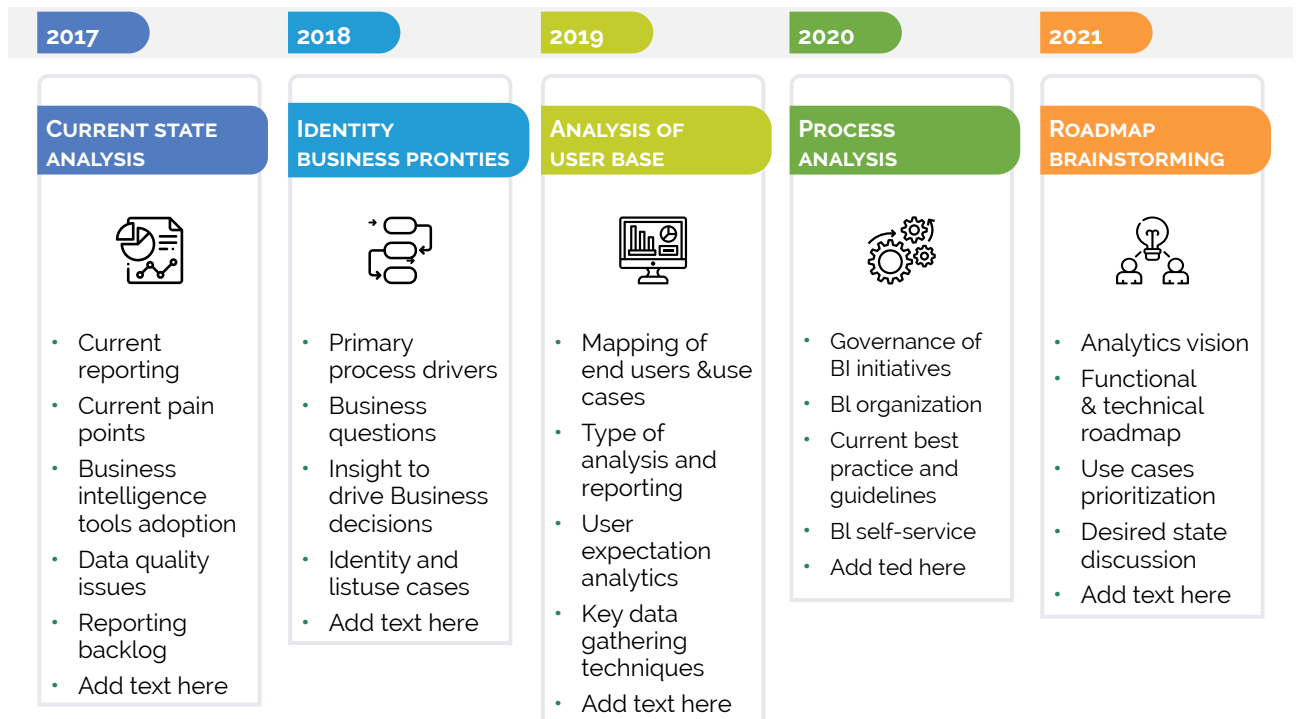
## Example 2 – Six months roadmap for building a integrated sustainability strategy for business



## Example 3 – Quarterly roadmap to start a business with vision and product



## Example 4 – 5 years business future sustainability and mission roadmap



## Why is Operation Management important?

Operations management is crucial in running a successful business. It helps students understand how they may effectively manage, control and supervise 'operations', that is, all activities and people involved in the production of goods, and services they offer. Operations management cuts across every sector and industry and is widely used irrespective of the size of a company or what they do.

For example: Assume you are a plastic manufacturer and supply various companies with packaging. You've just brought a new client on board and they're looking to launch their goods within a month or so. You have to organise the production, its quality, and timely delivery.

### WHERE DO YOU START?

The job of your operations manager (or your operations plan) is to ensure that the correct budget is allocated to the task, the right people are on the job, and to make sure that everyone involved is aware of the roles they play. This will help to ensure that the client's deadline is met, and costs remain within budget to ensure profit.

But what happens if there is no operation alignment? Suppose you hire more than required workers to do the job or buy extra raw material – you incur a

loss by exceeding the cost budget. Suppose you are unable to align your staff to the requirements of the job and deadlines, you may not be able to deliver in a timely manner, losing on both money and reputation!

So, as an entrepreneur, it is important that you understand the processes in your business and know the importance of operations management and how to structure it.

Effective operation management also helps with employee engagement and in defining the roles and responsibilities within an organisation.

No matter what obstacle an organisation faces, a strategic operations management plan will ensure that the employees' workflow and the company's production remain unaffected.

## ACTIVITY 1 : MY COMPANY MY PLAN



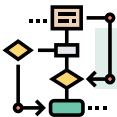
### Material Required

Handout with template, paper, and pen.



### Activity Objective

To encourage participants to prepare operational plans in groups as a classroom activity, keeping in mind the pointers given in the template. They will then let other groups analyse their plan and question them, learning from each-other's experiences.



### Process

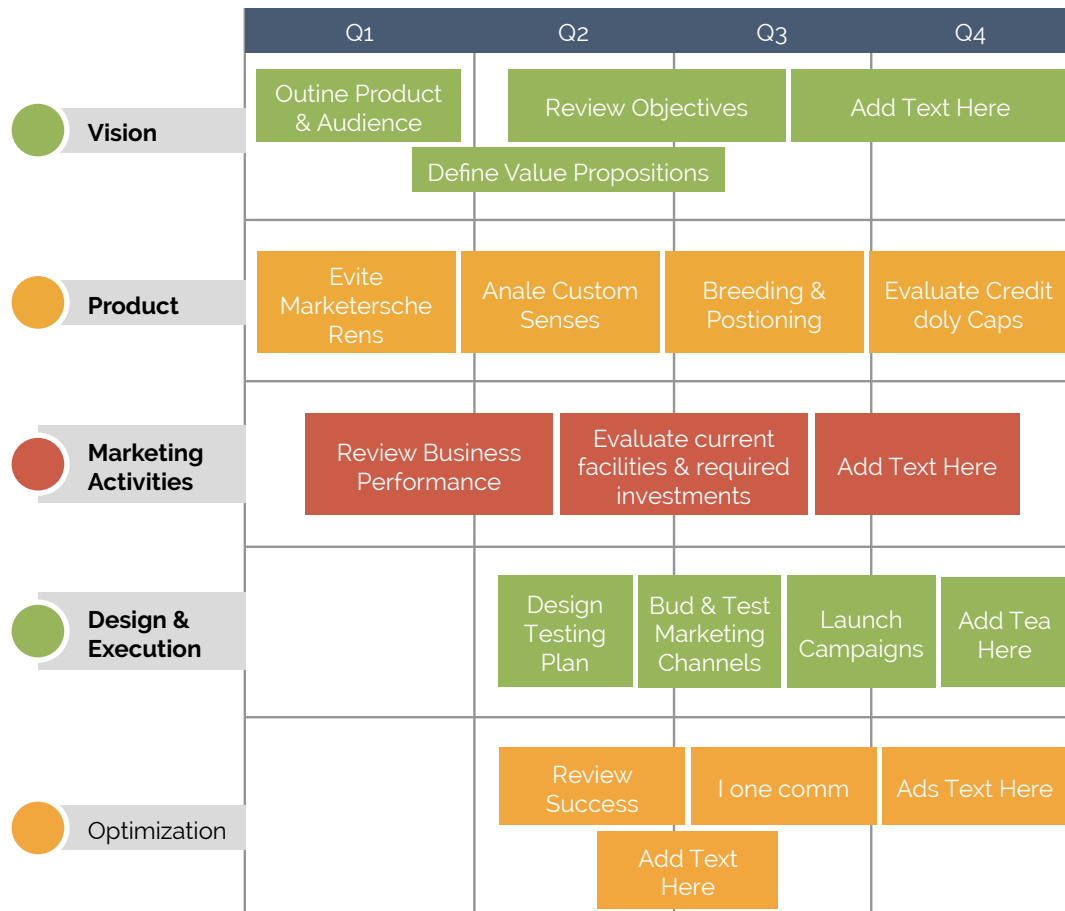
1. Divide the class into 4 groups.
2. Ask them to draft an Operations Plan:

Ask the participants to think of themselves as the Owner/Director/ MD/CEO of an organization. They have to make an operational structure for either of the two situations given below

- ▶ Quarterly roadmap to start a business with vision and product.
- ▶ Six months roadmap for building an integrated sustainability strategy for the business.

Ask them to choose the template of their choice from the ones given below to develop the plan.

## Quarterly roadmap to start a business with vision and product



## Six months roadmap for building a integrated sustainability strategy for business

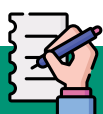




3. **Assess the Plan:** After developing the plan, ask all groups to elaborate on their plan in front of the class. You may give your inputs to improve their plan.

Assessing an operational plan implies analysing the plan to see how well it may perform. A well-developed operational plan would follow a logical thought process, articulate the strengths and weaknesses of processes and people involved, and showcase the long sightedness of those creating it.

Other group of students may analyse and ask question to the presenting group according to the template chosen by them. Ensure that all groups fill all sections of the template and explain each component while presenting their plan.



### Facilitators' Note

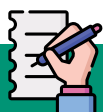
This is a group task, ensure participation and inclusion of all students.

Ensure that they have kept all the factors given in the templates in mind, both while making their own plans and while assessing other's plan.

After the end of the activity tell the class that an operational structure is a vital section in making business plans and that they should ideally be vetted by a qualified agency or individual before being executed.

A qualified agency or individual is someone who has the knowledge to analyse all the facts and figures of the business to understand its profitability. Such agencies or individuals may include:

- Business Analysts
- Chartered Accountants
- Banks
- Entrepreneurship Development Institutions



### Facilitators' Note

Given below are some case studies for you to discuss in your class. Each case study highlights certain points about operations management, go over these one by one with your class to better than understanding of the concept.

## Handout 1 – Case Study

### THE MUMBAI DABBAWALLA STORY – A SUCCESS STORY

This famous case of operations and supply chain management is used by Harvard and many other business schools in India and abroad.

Their model has earned them admirers from Britain's Prince Charles to entrepreneur Richard Branson. In 1998, Forbes Global magazine, conducted a quality assurance study on operations of the Mumbai dabbawallas and gave them a six-sigma efficiency rating of 99.999999. This means that their error ratio is 1 in 16 million i.e., 1 mistake in 1,60,00,000 tiffins delivered! Mumbai Dabbawallas are also ISO 9001:2000 certified by the Joint Accreditation System of Australia and New Zealand.

#### An overview

This battalion has been serving the people of Mumbai for more than 125 years. With an impressive style of work management and dauntless work ethics they supply lunch boxes for almost 2 lakhs working professionals in one of the busiest cities in India – Mumbai.

The journey started way back in 1890 when Shri Mahadu Havaji Bachhe started to pick and drop the tiffin box for a parse banker. He saw the business and service opportunity of tiffin service in the locality. He started the lunch delivery service with one man, one customer, and one dabba and increased it to a 100 dabbas.

Today, the Golden statue of a Mumbai dabbawalla at Haji Ali station will make you to stand still and think about all your management lessons.

#### The system

The Mumbai Dabbawallas follow a system for providing Tiffin services to lakhs of offices in Mumbai.

The tour of accuracy and time management starts from the pickup point or residence of the customer sharp at 9.30 a.m. every day. In next step, they bring the boxes to the nearest common location where the tiffins are shuffled according to travel route and destination stations. Wooden crates with tiffin boxes belonging to common destinations are then loaded in the goods compartment of the local trains, preferably in the last compartment to avoid commotion. Unloading takes place at the destination station. This is followed by another round of re-shuffling of tiffins to divide them according to final delivery areas and the destination buildings.

Hand pulled wooden carts that carry around 150 tiffins are driven by 3-4 dabbawallas for final delivery.

Amazingly, all dabbas gets delivered between 11:00 p.m. to 12:p.m.

As a personal ethics rule, dabbawallas never break for lunch till all their boxes have been delivered.

From 01:30 p.m. the collection process begins. The dabbawallas pick the tiffins from the offices where they had delivered them an hour ago. By 4:00 p.m. the group again meets at the original station where the final sorting and dispatching begins. Each dabba travels through the same route before being returned to its residence.

Each box shifts hands in transit 6 times and same in return. 2.4 million manual movements thus happen in transit. They cater to four hundred thousand end customers on a daily basis each dabbawalla covers a distance of 60 to 70 kms.

Speed and precision in handling the boxes, timely delivery to the right owners helps them maintain their service quality.

### **One Mission – One Vision**

Spread Excellence Everywhere and Always Delight the Customer"

A Flat Organizational Structure

The Mumbai dabbawallas follow a three-layer organizational structure – the President, the Mukadams, and Members. They follow no complex hierarchy or managerial structure, which not only reduces operational costs but also empowers employees to perform at their best. Any employee who gets 10 years of experience as a dabbawalla is promoted to the status of mukadam or supervisor.

### **Culture and Ethics**

The average age of a Mumbai dabbawalla ranges from 18 to 65 years. There is no official retirement age. Most of them have the same culture, language, values, work ethic, diet, and religious beliefs. The concept of uniformity plays an important part in the sustenance of the organization. All workers wear their white caps in business hours making them easy to identify. They adhere to duty reporting times, respect their customers, and carry their identification cards. They operate in groups of 20 – 30 people. Each dabbawalla is responsible for 30 – 40 tiffin boxes for collection and distribution, all through the three major suburban rail routes.

### **Keeping it Simple**

There is no chance that a dabbawalla would make a mistake. Even in harsh weather conditions or circumstances, they deliver home-cooked meals on time. It never happens that a Parsi chicken curry gets mixed up with a Jain dal-roti.

In this era of Wi-Fi and high-end technology, the organization believes in its simplicity. All the tiffins are picked and carried on a bicycle, a hand cart, and the local train. Except the local train every step is handled manually, and no technology is involved.

### **Cracking the Dabba Code**

If you pick a dabba from the wooden cart of a dabbawalla, you can see on the lid of the dabba, there are some alpha-numeric codes written or painted in different colours.

Years ago, when the business first started growing and the dabbas increased, it became difficult to remember all the address of all the offices and houses. The typical dabbawalla was not very educated and this made it more difficult to set a process in place.

They evolved a colour coding system. In the beginning only different colours were used to denote different locations. With increase in business they started to using symbols, which were explained to each worker as a part of their training. Now a days, Mumbai dabbawallas make codes using numbers and alphabets in Hindi, English and Marathi.

**Their coding system includes a:**

- code for the house address to pick up or drop the tiffin
- A code for the office address (including floor) where the tiffin is to be delivered
- A code for the destination rail route
- A code for the route to which the tiffin will be carried.
- A code for which dabbawalla will carry the tiffin through transit

Symbols and signs are used for identifying stations of origin and delivery.

This intelligent coding system helps them to drop and deliver the tiffin boxes at the correct location without having to refer to a list or maintain large databases.

**Stick to basics**

The business is eco-friendly. They have zero fuel, zero modern technology, zero investment, and zero disputes. Despite suggestions to modernize from big corporates, they decided they were better off with the basics. They will continue to use bicycles and hand-pulled wooden carts ensuring

- That they do not get stuck and do not have to wait in city's traffic
- That they have no fuel expenses.
- That they have do not incur any cost in training the staff to drive or run complex technology systems
- That they maintain a low cost ecosystem

Relying on their efficient and fool-proof logistics system, Flipkart recently decided to partner with the Mumbai dabbawallas to navigate the city streets.

Their success model is basically based on few simple concepts of work ethic, community culture, honesty, integrity, discipline, time management and is of course backed by a great operational plan.

## Handout 2 – Case Study

### THE PUNJAB KITCHEN – A STORY OF FAILURE

#### General Information

Category – Food & Beverage

Country- India

Operation Started – 2016

#### Business Failure

Outcome – Shutdown

Cause – Competition

Closed – 2018

#### Founders & Employees

Number of Founders - 1

Name of Founder - Amit Gogia

Number of Employees- 1-10

#### Funding

Funding amount - None

Amit Gogia, founder of The Punjab Kitchen was a hard-core sales professional, who decided to set up a home-made food business with his wife. They started by investing \$1,200/month to set up the business and get its first customers. However, once up and running they had to confront a big problem: the prices their competitors were selling at were much lower than their own, a point they hadn't researched before setting up their business! After some pivots, they decided to shut it down.

Amit had never worked in the food & beverage sector but was able to utilize his skills from healthcare in building a new F&B brand. The idea developed mainly because his wife who was a fantastic cook. She was constantly encouraged by family and friends who had tasted her food – to commercialize her passion.

After a few sessions of brainstorming the couple identified a gap in the home-cooked food market, which most migrants living in their city (Gurgaon) seemed to be missing the most! The North Indian food palette included bread, lentils, vegetables, chicken, and meat. Once they identified what was required and what to make, they started 'The Punjab Kitchen'. They specialized in cuisine from the state of Punjab, which the majority of their target audience seemed to prefer.

The business model was initially B2C with the intention of pitching to corporates (B2B) at a later stage. They wanted to cater to direct consumers

who wanted to buy home-cooked meals, so their tagline was: “homemade food that fits your lifestyle”.

### **Motivation**

The couple were motivated by the fact that their target audience missed home-cooked meals. Considering the gap they identified, they had little doubt that they would face any difficulty in being able to sell their product. This was their first error.

Amit's wife being the passionate one, oversaw main operations while Amit worked as the marketer and the logistics-in-charge (which was the backbone of the whole business).

Prior to TPK, he had held numerous positions within the corporate sector either as head of sales, marketing, or business development in consumer or healthcare sectors – this did little to prepare him for F&B. He had no idea about the kind of challenges he would be face!

### **How was it built?**

Amit began by doing some market research to realise that the sector in his target market was completely fragmented with a few big, organized players getting a majority of the business.

Without getting disheartened, they couple began by creating an online menu and got in touch with a few professionals from the F&B industry. With the positive feedback on the sample tasting and menu, they were clearly ready to go.

They were very focused on design and good packaging and it took them a long time to sort this out with multiple vendors. They also designed some collateral to promote their business – such flyers, posters, banners, and standees.

This whole process took them 3 months of intense preparation. This included the following steps:

- Incorporation of the company.
- Hiring a creative freelancer for branding.
- IT outsourcing for the website.
- Photo-shooting of food.
- Menu finalization.
- Building marketing assets (packaging, brochures, carry bags, posters, banners, standees).
- Outsourcing delivery and cooking. They hired one cook and one delivery person.
- Preparing a dress code for the delivery boy.
- Negotiation with food platforms such as Zomato and Swiggy. Both websites were discovery platforms which helped customers find and order food from amongst thousands of food shops.
- Shortlisting influencer marketing partners for social media.

## THEY BEGAN IN HIGH SPIRITS CLUELESS OF WHAT MIGHT FOLLOW.

### Pricing: The first big challenge

The pricing of the food was the biggest puzzle to solve. They were clearly not even close to the market benchmark the current price consumers were paying to get a meal, which was around 1\$ (70 RS). Their competitors were selling the meals at prices much lower than theirs.

The only two ways they could solve this problem was by achieving economies of scale, which meant to have thousands of customers so that their costs of producing a meal reduced, or to re-use the packaging of the delivered food. Neither of these were feasible options. After working out a basic profit margin, they decided to price their products, the vegetarian meals at \$2.5 (150 RS) and the non-vegetarian meals at \$3.5 (200 RS).

### Publicity: The second problem at hand

Publicity was another challenge. They had wasted much of their resources in creating collateral. Now their hopes were pinned on getting traction via newspaper inserts or Zomato AD inserts. Additionally, they created some banner stands to be placed in some offices who had started buying their products. These are some of the marketing strategies they went for:

- Mass emailing: It obviously didn't work.
- Newspaper inserts: They didn't work.
- AD on Zomato brought some customers, but the ROI was not justified. They ran a lot of campaigns, using different permutations and combinations with various categories under the Zomato platform for a year, but the results were still not justifying the costs.
- Facebook Ads didn't work. They did get likes but it did not convert into customers. Within the first year, they reached 9K likes on their page.
- They invested the most on food bloggers by getting them to sample free food and ask for genuine reviews to get ratings on Zomato. This was the only thing that worked for them in spreading the word around. Within the first year, they had reached a 4.3 rating out of 5 on Zomato.

### Causes of failure

Price was the biggest barrier the Punjab Kitchen faced. Their competition was selling at half their price! They did have a much better product and the packaging was good, but the customer seemed indifferent to this.

They wanted to get some benefits from the economies of scale, but couldn't scale up instantaneously to drive the pricing down. The signs were clear within the first year. The numbers were not growing in the way they thought they would and the monthly pay-outs started to hurt Amit and his wife.

They tried several attempts to get a breakthrough on B2B. They also tried to become vendors to corporates who bought food for their employees but here too they found stiff competition from established restaurants.



Eventually, TPK couldn't continue to bleed. Their resources were drained and even after the end of 18 months, they were far from break even. It was indeed a sad moment to close as their dreams had included growing internationally!

### **Mistakes and challenges**

The major challenge TPK faced was to create acceptability for their product at their price point. They could have overcome this challenge if they had the financial capability to run campaigns to educate the customer about their differentiated product.

The market is price elastic, especially so for the kind of cuisine TPK were offering. They could not have been successful at their price point without making some changes either in their product offering or packaging or elsewhere in the value chain.

### **Revenue and losses**

Amit could not break-even after running the business for almost 18 months. Their revenues ran short of their expenses.

At the time of closure, they had only got \$800 (50K RS) in revenue while they were burning \$1,200 (75K RS) every month. This included salaries of 2 full-time employees, marketing cost, and other expenses.

If TPK had to start over, what could be done differently?

Although Amit had several thoughts at the time of closing that they might have succeeded in the B2B model, but now he really doubts about that. Where could they have spent much less time and money, Amit feels in retrospect was on their branding exercise (they had changed logo twice!). The customer in their target segment was indifferent to it!

## **Conclusion**

An operational plan is a strategic document that defines how different teams or departments like recruitment, marketing, and finance, contribute to reaching different goals and objectives for a company. It also creates a framework for the smooth running of daily tasks in production, distribution, and finance.

By being able to draft an operational plan an individual comes one step closer to becoming a good, long sighted, logical, and successful leader.

# Module 5

## Business Ideation and Business Canvas

MODULE 5 SESSIONS	9 hours 30 minutes	Pg. 179
5.1 Idea Generation	2.30 hour	Pg. 180
5.2 Preparing a Business Plan	2+2 hour	Pg. 189
5.3 Presenting the Business Plan	3 hour	Pg. 199



# Session 1

## Idea Generation



Caselet, field  
research



Handouts



5 hour



### Aim of the Session

To help participants analyse various factors to arrive at the best possible business idea.



### Session Objective

→ To help participants develop an analytical approach to evaluate and finalize their business idea.

- To help participants understand the importance of doing field research and identifying key processes and stakeholders before zeroing in on their business idea.

## Expected Outcomes

- For participants to come up with a viable Business idea
- For participants to familiarize themselves with the " field research process" and evaluate the idea.

## Idea Generation

Idea generation or ideation is the act of forming ideas. It is a creative process that encompasses the generation, development, and communication of new thoughts and concepts, that may well become the foundation of innovative strategies to develop into viable business ideas.

Idea generation is described as the process of creating, developing, and communicating abstract, concrete, or visual ideas. It's the front-end part of the idea management funnel and it focuses on coming up with possible solutions to perceived or actual problems and opportunities.

### Why is it important?

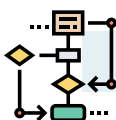
Every business begins with an idea. An entrepreneur seeks to solve an existing problem or fill a gap by executing that idea to create a business. For an idea to lead to a business, it should be possible to execute and viable to run.

### ACTIVITY 1 : SINKING BOAT (BS)



#### Material Required

Pen, paper



#### Process

1. Play the game 'The Boat is Sinking'.

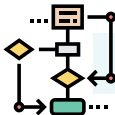
2. Divide your class into groups of 4-5 and ask each participant in each group to make a list of ideas they think can work as a business.
3. Ask any one participant in each group to write all the ideas generated in the group on separate slips of paper, using a large font size for everyone to see.
4. Now ask the participants in each group to imagine that they are sitting in a boat. Tell them that the boat is too heavy and cannot carry all of them with all their ideas. To save their lives, they must throw away at least one of their ideas.
5. Ask the participants to explain why they threw away that particular idea.
6. Continue with the exercise until the last round when you tell the group that the boat can only survive if there are no more than three ideas per group.
7. Discuss what they learnt from this activity.

## ACTIVITY 2 : ANALYSING A BUSINESS IDEA



### Material Required

Examining the Internal and external fit for business ideas, paper to draw the SWOT analysis for your business idea, pen



### Process

1. Distribute the format 'Internal and External Fit of the Business Idea' to the participants.

## Handout 1

### EXAMINING THE INTERNAL FIT OF A BUSINESS IDEA

Tell the participants that while thinking of their business idea, they must find the correct fit – that is they must ask themselves if the idea aligns with who they are and what they are capable of. They must ask themselves:

**WHAT ARE MY INTERESTS** – I enjoy doing the following (include your hobbies). List those that go well with your business idea.

**WHAT IS MY EXPERIENCE** – I have worked in or have educational experience in the following field(s) of business (list jobs, training, and other sources

of work experience). List those that go well with your business idea.

**WHAT IS MY BUSINESS NETWORK** – I know the following people, friends, and relatives who are in business and who could provide information, advice, or assistance with respect to this business idea.

## EXAMINING THE EXTERNAL FIT OF A BUSINESS IDEA

### ASK YOURSELVES THE FOLLOWING QUESTIONS TO UNDERSTAND YOUR COMPETITIVE ENVIRONMENT:

- Is yours the only business of this kind in your area?
- If there are other businesses similar in nature, what is your strategy to successfully compete with them?
- What is your competitive advantage? (for example, would you be providing better goods and services than those that exist at the moment? Would you be able to produce and therefore sell at better rates? Do you envision that your business eventually shows higher rates of growth than existing businesses as a result of these advantages?)
- Why do you think this business is viable?

## FITTING INTO THE BROADER ENVIRONMENT

### NATURAL RESOURCES:

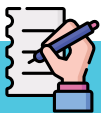
- Does my business idea use natural resources abundantly available in the local environment?
- Does it utilize some waste products?

### CHARACTERISTICS AND SKILLS OF PEOPLE IN THE LOCAL COMMUNITY:

- Are the skills or competences required for this business idea widely available?

2. Show the SWOT Analysis format to your class (the SWOT matrix was discussed extensively in earlier classes, you may refer to it to remind the participants of how the matrix works)

Ask each participant to choose two ideas from their shortlist and use the SWOT matrix to evaluate these ideas. Use inputs handout on 'internal and external fit' to fill the SWOT matrix. Strengths and Weaknesses correspond to the internal fit of the business. Opportunity and threats arise from the external fit or your business environment.



## Facilitators' Note

Facilitators' Note: Allow the participants to make informed assumptions where there is lack of information. Help them derive the key merits and demerits of their idea based on SWOT analysis. Emphasize that this exercise is for the purpose of practice only. They will need to do a field study to get the information the missing information and fill it in before taking any actual decisions.

Tell them, "For great returns, theoretical knowledge should always be complemented with field research. This session aims at acquainting the participants with the process of field research".

### ACTIVITY 3 : MARKET RESEARCH (BS)



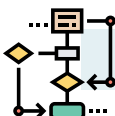
#### Material Required

Paper, pens



#### Duration

1 hour



#### Process

1. Read out the following caselets to your class.

#### CASELET- I

Kamla has a small farm, and her husband works in a nearby mine, but even though both of them have jobs, they do not earn enough money to pay for their children's education. Kamla decides to try and start her own business by rearing chickens to sell. She knows how to do this and her uncle gives her a loan of Rs. 10,000 to start the business.

However, before she begins this venture, someone tells her that there is a huge demand for sunflower seeds due to a shortage in availability in the market. Traders are knocking on the doors of local farmers asking them to take up production. Thinking that she can earn a lot more money from producing sunflower seeds, Kamla changes her business idea from rearing chickens (which she knows about), to starting a sunflower seed venture. Kamla has never grown a large quantity of sunflowers. She spends all the money from the loan to buy seeds, fertilizer, and



the cleaning/ sorting equipment. She uses most of the family farmland to grow sunflowers, and there is hardly any land left to grow rice and vegetables for the family to eat. The chemicals from the fertilizer begin to make her children sick. She has to buy food for the family – this was earlier available from her farm. It takes a lot of time and effort to clean and sort the sunflower seeds, and she has to employ someone to help her.

Meanwhile, acting on similar advice, a lot of other farmers have started growing sunflower seeds too. Therefore, by the time her produce is ready to sell, the market is already saturated with sunflower seeds and Kamla cannot find a buyer. To reduce her losses, Kamla has to sell the sunflower seeds at a very low price to a local shop. As a result, she makes very little money, and is not able to pay back the loan.

## CASELET- II

Lily has been working in the assembly line of a garment factory for more than five years. Her salary is low, and she is often required to work overtime. Lily's sister-in-law comes to visit one day and complains that she was unable to find any good clothes for her 12-year-old daughter in the local market. She says that the clothes in the stores all seem to be either made for younger children or for adults. After she leaves, Lily decides to go visit the garment shops in her town. She sees young teenage girls shopping in the stores, but she notices that the number and variety of clothes geared to that age group is indeed limited.

She had already been thinking of quitting her job and opening her own business. She decides to design some pretty clothes and dresses for young teenage girls. Lily makes some drawings of clothes that would appeal to that age group. She then takes her drawings to a local clothing shop, asking the owners if they would buy the dresses in the drawings, how much they would pay for them and how many they would be willing to buy. The shop owners like her designs and say that they would display her clothes.

Lily then uses her savings to buy a sewing machine and some material to make her first batch. She works in the evenings after getting off from work at the garment factory. All the dresses she makes sell very well and the shops are willing to pay her in cash upon delivery. Lily then decides to quit her job to focus on her own business. Within six months, Lily starts receiving regular orders from the shops. She plans to buy one more sewing machine and hire one of her friends to work for her.

2. Divide the participants into two groups. To group 1, distribute the case 'Kamla's sunflower seed business.' Distribute the 'Lily's clothes business' caselet to group 2.

3. Ask them to discuss with other members of their group, the reason(s) for the success or failure of the cases they have received. Give them sheets of paper and pen to write down the points.
4. Now ask each group to present their points.

Kamla's Sunflower Seed	Lily's Clothes Business
<p>Kamla produced sunflower seed without any market research. She never asked:</p> <ul style="list-style-type: none"> <li>→ Was there an actual demand for her product in the market?</li> <li>→ Who needed it?</li> <li>→ Why did they need sunflower seed and not</li> <li>→ Any other type of oilseed?</li> </ul> <p>She therefore had no idea how big the demand for sunflower seeds would be. Consequently, she could not find customers as the need had been fulfilled by the time she was able to supply her goods.</p>	<p>Since Lily did her market research, she knew that pre-teens and teenage girls in her area have limited choice and access to clothing specifically designed for their age group. What they wear is either designed for younger children or for adults. Lily aims to fill the gap by producing fashionable clothes that are suitable for this age group.</p>
<p>Kamla grew sunflowers and produced sunflower oilseeds without having any prior knowledge and experience. She was not aware of the challenges involved in the business, such as, the toxins from fertilizers. Kamla had no advantage that she could use in her favour and she ran into too many problems from all fronts.</p>	<p>Lily had significant experience in making clothes. She knew about sewing. However, she had no experience in designing clothes, so she tested her competency by making some designs and showing them to the clothes shop owners.</p>
<p>Further, she did not research to find out about competitors who were going to fulfil the same needs for the same group of customers.</p>	<p>She only quit her job after her first batch of dresses was accepted for display in the shops. She also knew that there was no competitor filling in this particular need in the market at the moment.</p>

5. Importance of Field Research
  - (a) You can gather useful information about factors affecting your business by talking to potential customers or suppliers and other members of the business community in your target area.

- (b) Collecting information for your business gives you an opportunity to promote your business idea and present yourself as a potential entrepreneur.
6. Tell the participants about the important stakeholders that they should talk to or include while doing market research:
- (A) **POTENTIAL CUSTOMERS:** Their views are essential for you to understand whether your proposed product is in fact in demand and/or if you need to modify your idea to meet their needs.
  - (B) **COMPETITORS, SUPPLIERS, AND POTENTIAL INVESTORS:** Their views will reveal the challenges you are likely to face, as well as other issues related to your business idea.
  - (C) **FINANCIAL INSTITUTIONS:** Find out their lending requirements to determine whether borrowing for the new business is possible.
  - (D) **KEY INFORMANTS AND OPINION MAKERS:** These will be people who know a lot about your field of business and/or your potential customer. Their views could give you a better insight into the feasibility of your business idea.
7. Ask the participants to prepare for market research. Tell them to discuss what information they need, identify who all they need to interview, and what questions to ask. Ask them to present their results on a flipchart.
- Each group will share their results and get input/feedback from the trainer and the other group.
8. Now ask them to prepare questionnaires for their market research, asking for specific information needed to develop their business idea. The questions should be simple, short, and specific. The following types of questions may be asked:
- ▶ Where do you buy goods for your shop?
  - ▶ Which goods do you buy daily/monthly?
  - ▶ Which goods are of an essential nature?
  - ▶ Do you buy any goods from a far-away market?
  - ▶ Why do you go to the far-away market?
  - ▶ What type of behaviour from the salespeople irritate you?
  - ▶ What types of goods do you sell?
  - ▶ Which goods are sold most?
  - ▶ What types of problems do you face while selling?
  - ▶ What are your suggestions for running a shop in this area?
- TYPES OF INFORMATION TO BE COLLECTED DURING THE SURVEY**
- ▶ Current level of demand for your goods
  - ▶ How much do customers spend on the items specified

- ▶ Availability of raw materials
- ▶ Cost of raw materials (low, high, medium)
- ▶ How much is supplied
- ▶ How things are sold
- ▶ What is the sales value of the goods?
- ▶ What is the degree of competition?
- ▶ Background information (education, experience) about the customers
- ▶ Any other



### Facilitators' Note

Conclude by highlighting that a field study is important, as it provides more information to validate the participant's ideas. To get the right information, one needs to identify the right source/people to talk to and prepare the right set of questions for them. All the expected areas of information must be covered through the questionnaires prepared. The participants must know whom to approach, what to ask and how, before they venture out for actual field research.

### Conclusion

Ideas are the building blocks for all innovation. They are what we work on, so the first step of starting with anything new is finding the right idea. We must make use of the different tools and techniques available to us to come up with quality ideas and then evaluate whether they can be pursued as business ideas making use of techniques such as SWOT and market research.

# Session 2

## Preparing a Business Plan



Classroom  
activity & group  
discussion.



Handout, paper,  
and pen



3 hours +  
3 hours



### Aim of the Session

To help participants understand the concept of a business plan & its components, and its importance in creating and running a business. Entrepreneurs starting a new business require a well-defined business plan to efficiently manage their business.



## Session Objective

To help participants draft a business plan by breaking it into various segments/components, ensuring that the business plan is well-structured and facilitates a smooth flow of thoughts.

## Expected Outcomes

By the end of the session participants will be able to:

- Draft a well-structured.
- Present their business plan effectively.
- Be thoroughly acquainted with all aspects of a business plan and its components.

## The Business Plan

A business plan is a formal written document containing business goals, the methods on how these goals may be achieved, and the time frame within which these goals need to be achieved. It describes the nature of the business, background information on the organization, the organization's financial projections and the strategies it intends to implement to achieve the stated targets. In its entirety, this document serves as a road map providing direction to the business.

### While thinking about a business, think about

<b>Business Identification</b>	What will be the Name of your business, it's mission statement? Do you have a list of members supporting your venture? Partners, investors, etc.
<b>Type of Business</b>	Will your business be a proprietorship, a partnership, a LLP, a private limited company, a Public limited company, an industrial cooperatives, and so on?
<b>Sales</b>	Define your service/ product offering, estimate the sales that you need for each service/ product sold locally, within the state and outside to make a profit.
<b>Place of Business</b>	What is a suitable place to conduct your business to get maximum traction while keeping the costs to a minimum?

	How will you get possession? Will it be rented or your own? What will be the layout plan and how will you make sure that it is an efficient one?
<b>Compliances</b>	Understand the compliances you will need: Shops Act, FSSAI, Udyog Aadhaar, GST, PAN, TAN, current account etc.
<b>Infrastructure</b>	What is the infrastructure you will need? Material, labour (hire and train), technology, processes, machinery?
<b>Capital Expenditure needed (estimating cost)</b>	Estimate cost of registering the venture, compliances, deposit on office/factory space, machines, equipment, furniture, land & bldg., fixtures, electrical installation, computers, vehicles, other long-term deposits, life span of assets for depreciation, etc.
<b>Working Capital needed (estimating cash needs)</b>	Working capital needed for raw material, stocks-in-process, finished goods, debtors, salary, wages, rent, electricity, repairs & maintenance, other admin expenses and overheads, drawings, interest payable, income tax payable, marketing expenses, etc.
<b>Understanding Competition</b>	How many competitors do you have, their number of years in business? What you're your market analysis say? What are the trends in the market? What is the demand - supply forecast and gap? Do a swot analysis to determine your profitability and understand the kind of market share you can aim to capture.
<b>Marketing</b>	How will you market your product and get ahead of competition? What will form your essential marketing collateral? Business cards, brochures, posters, flyers, online presence, business tie-ups? What is the cost involved in these?
<b>Source of Funds</b>	Where is the money to set up and run the business coming from? Long-term loans, working capital (cash/credit), own contribution
<b>Loan</b>	In case you need a loan, how will you get guarantors? provide collateral? Think about creating a project report. Have you included the cost of interest in your variable costs?
<b>Profit &amp; Viability of the business</b>	Assess the profit viability of your business in the light of above. Make profitability estimates, study your break-even point, and your capacity of repayment of debt.
<b>Record Maintenance</b>	Make a list of the records you will keep: Invoices, receipts, expense tracking, cash book etc.



## Components of Business Plan

Drafting a business plan by breaking it into various segments ensures that the business plan has a well-structured format and a smooth flow of thoughts. A typical business plan begins with an executive summary, moving on to talk about its business description, market analysis, funding or financial projections, operational structure, and supporting team.

### 1 THE EXECUTIVE SUMMARY:

The executive summary or the company profile of a business talks about the enterprise, its origin, its capabilities, and achievements, as well as its financial standing. The purpose is to give the reader a summary of all sections mentioned in the plan. An Executive Summary should include

- ▶ A description of your business
- ▶ Analysis of your market and customers (market size and potential market share)
- ▶ A description of your product or service
- ▶ A note on the intellectual property status (e.g., patents, licenses, etc.)
- ▶ A note on competitive differentiation
- ▶ Financial highlights
- ▶ Status of business and your offer while seeking investment (how much investment you are seeking)

### 2. BUSINESS DESCRIPTION

The following are some of the questions that must be answered while preparing the business description section:

- ▶ When was the business started or when will it be started?
- ▶ What is the mission of the firm?
- ▶ What is the vision of the firm?
- ▶ What are some of the products or services offered by the business?
- ▶ How does your business make money?

### 3. MARKET ANALYSIS

A business plan must assess itself, its merits, and demerits as per the demands of the market. It should also conduct a comprehensive study viz-a-viz its competitors keeping in mind the nature of its own business vs theirs and why it thinks it can succeed. This section will cover:

- A. **MARKET TRENDS** - What are the latest trends in the market? Where does your business fit in? How is your product or service making a difference in the market? What changes in trends are expected in the future?

- B. TARGET MARKET** - Who are the people who will use your product? Can they afford your product at its current pricing? What is their financial capacity? Where are they located? What is their need? What are their expectations? Are you fulfilling these?
- C. COMPETITION ANALYSIS** - Are there other enterprises or businesses who offer similar products? Why do people buy their product? How is your product better than theirs? Why will the customer come to you?
- D. PRICING** - How is the price of your product calculated? Is it priced moderately as per the market? How does your product compare with the products of competitors?
- E. SALES AND MARKETING STRATEGY** - How will you reach to your customer? How will you create a distinguished brand identity for your product? What will the mode of sales be? What will be the mode of advertising and publicity?

#### 4. FUNDING/ FINANCIAL PROJECTION

This may be the most challenging part of your business plan. The following are to be mentioned in this section of the plan:

- a. The total cost of starting the enterprise or business with a break-up of costs into capital expenditure (the cost of machinery, land and other essential instruments required to produce your product or service) and working capital (the cost of labour, raw material and other essentials required for producing and selling your product and keep your enterprise running)
- b. Funds available in the form of savings, loans availed from financial institutions, banks, or other sources such as friends or family or investors.
- c. Need for more funds in case of expansion, increase in demand or a major opportunity that requires investment. (Write in detail the procedure and processes that will be used to repay any borrowed funds - emi, tenure, etc. and/or about your offer to a potential investor and how and when they will be able to capitalise on it.)

#### 5 OPERATIONAL STRUCTURE

The operational structure section in your business plan is where you describe the processes used by your company in a chronological (and logical) manner. This is typically shown in the form of an illustration of what is being done against the time it is being done in. The operational structure illustration normally deals with the processes that focuses on output (i.e., the organization's outputs from products and services). It is to showcase the workings behind your being able to generate sales and revenue.

## 6. TEAM

This is the simplest section to fill. You need to mention your key employees, along with their strengths, education and experience.

### A well written business plan includes

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1. **AN EXECUTIVE SUMMARY**
2. **BUSINESS & PRODUCT OR SERVICE DESCRIPTION:** Including the current stage of development – beta, prototype, etc. and Intellectual property status (if any) e.g., patents, licenses, etc.
3. **CUSTOMER/MARKET ANALYSIS:** Market size and potential market share
  - a. **SALES AND MARKETING PLAN:** How you will go-to-market?
  - b. **COMPETITOR ANALYSIS:** Competitors and your competitive differentiation
4. **FUNDING & FINANCIAL PROJECTION:** Cash flow, income statement, & balance sheet, etc
5. **OPERATIONAL STRUCTURE:** Output oriented process illustration with timeline
6. **MANAGEMENT TEAM AND/OR ADVISORS AND THEIR RELEVANT EXPERIENCE**
7. **OFFERING OF THE COMPANY:** This section should only be made if the entrepreneur is generating funds from investors. They must include an explanation of their offering to investors, indicating how much money is required, how it will be used, the proposed structure of the deal (i.e., stock, debentures, etc.) and possible exit strategies. Detailed financial data and tables should be included in the appendices.  
  
Please note: The entrepreneur is not required to reveal the exact desired terms of the deal (i.e., proposed company valuation and percentage of company being offered). However, they should expect to be asked about these terms and should be prepared to answer these questions (if this information is not already provided in the written plan.) Some investors will want to know the estimated company valuation as well.
8. **APPENDICES:** Appendices should be included only when they support the findings, statements, and observations in the plan.

### Why is a Business Plan important?

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An understanding of all the components and learnings required to make a good business plan is one of the most important steps in your path to success as an entrepreneur. It provides clarity on all aspects of your business, from marketing and finance to operations and product/service details. It is a bird's eye view of all that needs to be done and how you intend doing it.

Without a business plan, you are likely to invest too much time or money into a business whose viability you haven't evaluated. The purpose of a

business plan is to help articulate a strategy for starting a business. It helps guide your thoughts on steps to be taken, resources required for achieving your business goals, and a timeline of anticipated results.

For existing businesses: update your business plan annually to help guide growth and navigate expansion into new markets. The plan should include explicit objectives for hiring new employees, market analysis, financial projections, and potential investors. The objectives should be made keeping in mind how they'll help your business prosper and grow.

## ACTIVITY 1 : MY BUSINESS PLAN



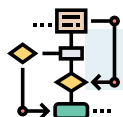
### Material Required

Handout, paper, and pen



### Activity Objective

To let students prepare a business plan in groups as a classroom activity then let other groups analyse, question, and rate them. This is an interactive activity that will help them learn from one another.



### Process

1. Tell the Class - "One feels pride in thinking of oneself as a business owner, to dream about your successes, and to talk about your ideas. But you must be able to answer specific questions about a business plan, if you are serious about it taking off".
2. Now divide the class in 4 groups and ask them to think like an entrepreneur and develop a business plan for a business of their choice.
3. Give the following handout, this will help them in developing the plan

## Handout

- How will you describe the business?
- What is your product, or service?
- Who will buy it?
- Where should your business be located, and why?

- How will you attract customers?
- What is your competition?
- How will you organize the workers of the business?
- How much money is needed to get the business started?
- How many customers will you have per month and how much will they buy per month?
- What are your operating costs?
- How much money will your business earn each month by selling your product or service?
- How much investment will you need to keep the business going until you make a profit?
- How much money do you need to borrow to start this business?

4. Once they are done tell the class, "Entrepreneurs need to develop a business plan that is elaborate and explains every aspect of their business so as to create an impact on the mind of the reader." Now, ask all groups to share their plans with each other. You may give your input to improve their plans as well.

**ASK EACH GROUP TO CHECK EACH OTHER'S BUSINESS PLAN AND  
MATCH IT WITH THE CHECK LIST GIVEN BELOW**

Component	Mentioned	Not Mentioned
An Executive Summary		
Business & product or service description and Intellectual property status		
Customer/Market analysis		
Sales and Marketing Plan		
Competitor Analysis		
Funding & Financial projection		
Operational structure		
Management team and/or advisors		
Offering of the company		
Appendices		

- Rating the Components of the business plan: After all groups have checked all the items on the checklist, look into the description of each section and rate the plans based on this description as follows:

Component	(Poor) 1	(Below Average) 2	(Average) 3	(Good) 4	(Excellent) 5
An Executive Summary					
Business & product or service description and Intellectual property status					
Customer/Market analysis					
Sales and Marketing Plan					
Competitor Analysis					
Funding & Financial projection					
Operational structure					
Management team and/or advisors					
Offering of the company					
Appendices					



## Facilitators' Note

Discuss the following points with the class before asking them to create their business plans:

**CLARITY** - An entrepreneur needs to ensure every section of the business plan is explained clearly. It should also be easy to read for the reader.

**CONCISENESS** - A big business plan does not necessarily mean a better business plan. The plan should be to the point and crisp.

**COMPLETENESS** - All the sections mentioned should be furnished with the right details. Nothing can be left or omitted.

**CORRECTNESS** - It may not be possible for a business to project absolutely accurately. However, all projections must be backed by past performance and future analysis. An entrepreneur also needs to be very careful while mentioning the data from their past performances. Many entrepreneurs

assume that the higher they show their numbers to be, the better the plan will be. This is not the case. The numbers need to be relevant and accurate. In case an entrepreneur decides to falsify numbers, the image of the organization may get tarnished. They may also be denied loan in the future for breaching investor trust.

After the end of the activity tell the class that a business plan should ideally be assessed by a qualified agency or individual. A qualified agency or individual is someone who has the knowledge to analyse all the facts and figures of the business and assess its profitability. Such agencies or individuals may include:

- Business Analysts
- Chartered Accountants
- Banks
- Entrepreneurship Development Institutions

## Conclusion

The above activity would have helped your students learn and practice making an effective business plan keeping in mind all its elements. They would have understood the importance of a business plan and learnt to assess its quality against benchmarks provided, as well as inter-personal feedback.





# Session 3

## Presenting the Business Plan



Classroom activity, group/  
individual presentations,  
and case stories



Handouts, paper,  
and pen



3.5 hours



### Aim of the Session

To help students presentation their business plan effectively.



### Session Objective

To help students acquire presentation skills. Giving an effective presentation means working with both the audience and the topic. One should be able to attract their audience's attention and make it engaging and crisp.

## Expected Outcomes

- That participants become better presenters
- That participants gain more confidence to speak in front of an audience
- That participants learn to engage their audience's attention while presenting their business plan.
- That participants are able to better their sales pitch and communication skills by the end of the session.

## What is a Business Plan Presentation?

Business plan presentation is a formal way for an entrepreneur to present her/his business plan in front of an audience of relevant stakeholders. Facts in a business plan presentation are typically aided by using audio-visual presentation material, projectors, flip charts, whiteboards and so on, to present statistical documents, and more. The Business plan presentation is designed to sell the entrepreneur's business idea to investors through a concise and engaging overview of what the business does, how it fills a consumer's need, and what are they looking for in terms of an investment.

**There are various kinds of Business plan Presentations, these include:**

### 1. GROUP PRESENTATIONS

The findings of a team are communicated through group presentations. These types of presentations are informational in structure and seek to convince people to accepting new programs and/or strategies. They may also be used to present reports.

### 2. PERSUASIVE PRESENTATIONS

The main motive of a persuasive presentation is to convince the audience to support certain views. Generally, they outline an organization's goal or problem and then elaborate on the point being presented.

### 3. INFORMATIVE PRESENTATIONS

This type of presentation aims at educating the audience. It consists of status reports or summaries. They start with defining a goal, what has been accomplished, what needs to be done, and are followed by action points and specific plans.

### 4. PRODUCT CATALOGUE

A product catalogue helps describe your product or service. This presentation works to explain how your product is going to solve the

problem for your consumer or address a demand gap. These typically include all necessary details and attributes regarding your product.

## 5. SALES AND CLIENT DECK

The sales deck is presented before prospective clients. It includes your best sales pitch and the unique selling proposition for your product or service to be. A sales deck will highlight the attributes of your product, service, and/or company and bring out its best features. There are no standardized sales decks. They are customized according to your product and the needs and expectations of your customers.

## 6. CORPORATE PRESENTATIONS

Corporate presentations are needed throughout the lifecycle of a business. They reflect the professionalism and competitiveness of the company to be considered by its audience. They are presented in seminars, to prospective clients and shareholders, to venture capitalists, and/or other corporates.

**If you are a start-up, the following tips to create a successful corporate presentation would prove useful:**

- ▶ Keep the look professional and consistent
- ▶ Include data, statistics and key metrics to substantiate your claim
- ▶ Keep your slides crisp, clear and uncluttered
- ▶ Limit the number of slides, do not ramble.
- ▶ Re-check all facts, typos and make sure you are to-the-point.

## 7. INVESTOR PITCH DECK

A great pitch deck gets potential investors excited about your idea and engages them in a conversation about your business, hopefully leading to an investment. An investment pitch deck is part of your branding collateral and should follow the overall ethos of your company.

Most entrepreneurs use PowerPoint, Prezi, or Keynote to create presentations now a days. While audio-visual aid no doubt add a lot to your presentations, don't fear a simple chalk and board presentation if your facts are clean and your ideas organized in an effective manner.

## Why Business Plan Presentation important?

Business plan presentations are important to sell an idea or a product to an investor or a consumer. A viable business plan presented in an effective manner is likely to get desired results from investors and other stake holders. This makes it exceedingly important for the success of your business venture.

The presenter needs to prepare and rehearse before giving a business presentation to remember all the points and remain confident. Remember, no matter how good an idea or a business plan might be, if the presentation and

sales pitch used is not effective, confident, and engaging, it does not give the desired result or output.

## ACTIVITY 1 : SHARPENING YOUR SALES PITCH



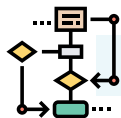
### Material Required

Handout, paper, and pen



### Activity Objective

That participants learn to present their a sales pitch effectively



### Process

1. Presentation Strategies- Divide the classroom into 4 groups. Ask each group to make a business plan with the help of all members in the group. Ask them to divide their tasks into what to do before the presentation (how to prepare for a presentation) and what to do during the presentation (how to effectively deliver a presentation). When the group has finished, they will present their ideas to the rest of the class. Give the following handout to the participants for referring to, and understanding the activity better.
2. Ask them to keep the following in mind before they begin the exercise.  
  
In the preparation phase - Know your audience, try, and gauge what they expect and try to deliver facts that are likely to generate maximum traction.  
  
Delivery Phase – Remember to maintain eye contact and speak with respect, kindness, and confidence.  
  
Presentation Language - To help presentations flow smoothly from one topic to the next, or to highlight important points or examples, we use signposting language. Signposting lets the audience know where you are in your presentation and when you are moving to a new topic.
3. Giving below is an outline of how to organize a presentation and use proper expressions.

# Handout

## INTRODUCTION: GREETING:

Good morning, everyone!

Thank you for coming to my presentation.

Welcome to Samsung Electronics.

## NAME/POSITION:

My name is \_\_\_\_\_ and I'm the Director of Marketing at Samsung Electronics.

I'm responsible for \_\_\_\_\_

## TOPIC:

Today, I'm going to talk about \_\_\_\_\_

## PURPOSE:

The purpose of my presentation is \_\_\_\_\_

My objective today is to \_\_\_\_\_

## OUTLINE:

I've divided my presentation into three main parts:

First \_\_\_\_\_

Next \_\_\_\_\_, and finally \_\_\_\_\_

It will cover the following: \_\_\_\_\_

## TIMING:

I plan to be brief today.

My presentation will last about 15 minutes

## QUESTIONS:

If you have any questions, I'll be happy to answer them at the end of my presentation.

If anything needs clarifying during my presentation, please feel free to interrupt me. There will, however, be plenty of time for questions at the end of my presentation.

## SAMPLE INTRODUCTION:

Good morning, everyone! Welcome to Samsung Electronics. My name is Subhadra Singh, and I'm the Director of the Marketing division. Today, I'd like to tell you a bit about our company and what we do. My hope is that, by the end of my presentation, you'll have a clearer picture of Samsung Electronics and where we are headed. I've divided my presentation into three main parts. First, I'll tell you a bit about the background and history of

Samsung Electronics. Then, I'll introduce our products, which I think you will find extremely interesting. Finally, I'll tell you a bit about our plans for the future. My talk will last for about 15 minutes. If you have any questions, I'll be happy to answer them at the end of my presentation.

#### **BODY: TRANSITION INTO BODY:**

Let's start with: \_\_\_\_\_ or

Let's begin with: \_\_\_\_\_

#### **TRANSITION FROM ONE SUBTOPIC TO NEXT:**

Let's move on to: \_\_\_\_\_ or

That covers the history. Let's turn to: \_\_\_\_\_ or

Now that you have a better picture of our history and current situation, let's turn to the future of our company.

#### **CONCLUSION: TRANSITION FROM BODY TO CONCLUSION:**

That brings me to the end of my presentation, or

That covers everything I wanted to talk about today.

#### **SUMMARY:**

Before I finish, let me just summarize the main points. Today, I've talked about the history, the current situation, and the future of Samsung Electronics, or Perhaps I could just briefly recap the main points. I've discussed:

\_\_\_\_\_

#### **CONCLUDING REMARKS:**

As you can see, Samsung Electronics is a dynamic company with a clear vision for the future, or

As I have demonstrated here today, \_\_\_\_\_

#### **RECOMMENDATION:**

Therefore, I strongly encourage you to \_\_\_\_\_ or

Because of \_\_\_\_\_, I strongly recommend that we : \_\_\_\_\_, or

In order to meet the needs of our customers, I encourage everyone of you to \_\_\_\_\_

#### **THANKS:**

Thank you very much.

#### **QUESTIONS:**

If you have any questions, I'll be happy to answer them now, or

Any questions?

**ADDITIONAL LANGUAGE:****Giving Examples:**

For example, \_\_\_\_\_ or

For instance, \_\_\_\_\_ or

One example of this is \_\_\_\_\_

Our company has many cutting-edge products. For example, our new Infinity Notebook Computers is made with cutting edge technology.

Adding an Opposite Idea:

On one hand \_\_\_\_\_, on the other hand \_\_\_\_\_, or

However, \_\_\_\_\_ or

Although, \_\_\_\_\_

On one hand, our revenue has been increasing. On the other hand, though, our market share has decreased.

Although our sales have been increasing, our profits have actually fallen.

Adding Another Idea:

In addition, \_\_\_\_\_ or

Moreover, \_\_\_\_\_ or

Another example is \_\_\_\_\_

There are several reasons why Bangalore is a great place to set up a call centre. Bangalore is considered to be the Silicon Valley of India, and many high-tech companies are based here. In addition, the city boasts of a highly educated workforce. Moreover, the cost of labour is much lower here than in the U.S.

Giving an Effect or Cause:

Consequently, \_\_\_\_\_ or

As a result, \_\_\_\_\_ or

Therefore, \_\_\_\_\_

Our competitors have been coming out with new products. As a result, our market share has been falling.

#### 4. Practice: To be done individually.

Complete the following presentation by filling in the blanks with appropriate expressions.

\_\_\_\_\_ everyone. \_\_\_\_\_ to my presentation. \_\_\_\_\_

Arundhati Roy, and I'm the co-founder of Agrani Foundation. Today,

\_\_\_\_\_ a bit about digitization and how it impacts marketing.

\_\_\_\_\_ is to help you understand how to choose proper medium of



marketing and how to improve your marketing skills. .... I'll begin by telling you a bit about digitization effect on marketing. .... , I'll introduce some core values which can. .... , I'll give you some strategies for. .... about 20 minutes. .... the digital marketing skills. Digital literacy can be viewed as a major iceberg. ....

..... some core values that vary from case to case. One value is how we relate to time ..... some strategies for dealing successfully with digital marketing effects ..... Before I finish, .....

Today, ..... digitization plays a huge role in how we grow and understanding how its usage can help us market better. Thank you very much for your attention.

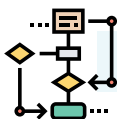
5. After completing the practice activity sheet compare the flow with points given in Step 3 above.

## ACTIVITY 2 : PRESENTING YOUR BUSINESS PLAN



### Material Required

Handout, paper, and pen



### Process

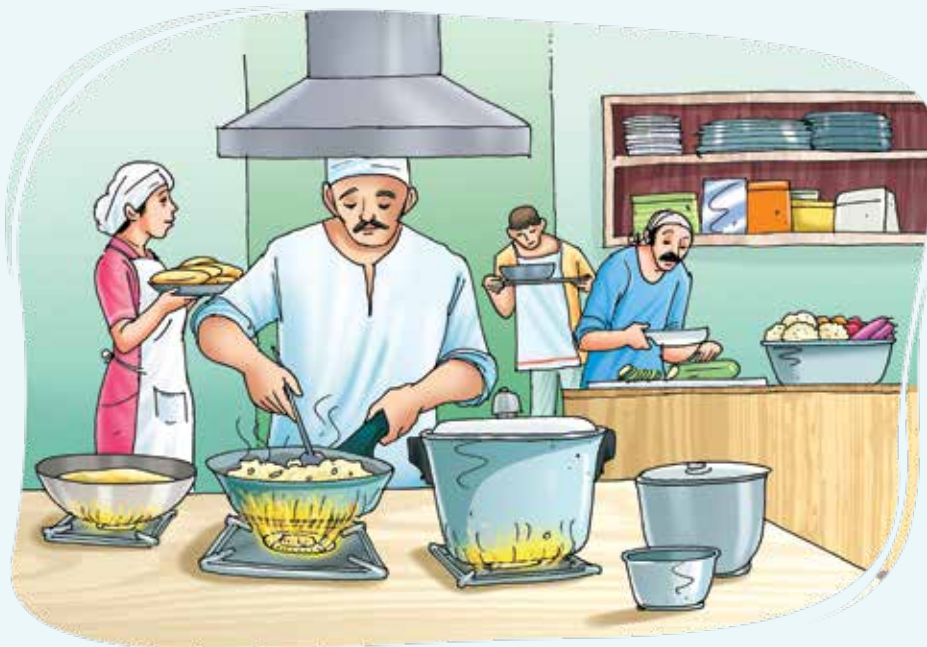
1. Before asking each group to start making a business plan and presenting it, let's look at the high-level business plan for an Industrial Kitchen.

## Handout

### CASE STUDY: BUSINESS PLAN FOR "GHAR KA KHANA" (HOME COOKED FOOD)

#### Executive Summary:

- Name of the Business – Ghar Ka Khana (Home Cooked Food)
- Location – Gurgaon, India
- Contact Information – [www.Gharkakhana.com](http://www.Gharkakhana.com); Payal@gharkakhana.com; +124 – 1234 5678; 1 800 1234 5678
- What problems are we trying to solve?



Working professionals, especially the ones where both husband and wife are working, are way too tired to prepare food for themselves on daily basis due to lack of time, lack of energy, lack of enthusiasm or combination of all of the above. The problem becomes bigger when there are more members in a family and/or they have a child. Good eating habits take a hit, eating outside becomes a norm, and fast food becomes one's regular food impacting health and well-being in long run.

→ **What is our solution?**

Our company, "Ghar Ka Khana" (Home Cooked Food) aims to provide vegetarian meals, cooked in a homely manner, using less oil and spices, using high-quality ingredients and fresh fruits and vegetables. The food will be delivered daily, at the location and time preferred by the customer.

→ **Who are our customers?**

The customer's profile includes office going professionals who are not able to cook at home due to number of reasons but long for a basic home cooked meal, as well as, groups who want wholesome meals delivered for their meetings / conferences or parties.

→ **How do you approach your customers?**

We publicise our product to reach our prospective customers through mix of pamphlets, and hoardings near office buildings and on public transport. We also crate campaigns on social media and have a good website to disseminate information and place orders.

→ **What kind of competition exists in the market?**

There is no competition in this segment. At present there are restaurants, take away, or mobile kitchens that do not do direct delivery to the

client. Also, hygiene, quality of ingredients and home-like-taste seem to be big issues with them.

The combination of reasonable price, home style cooking, guaranteed wholesomeness and delivery at your doorstep at the time you desire is a sure shot winner

→ **What is the market size?**

Currently there are approximately 3,50,000 office goers coming to Gurgaon every day in the normal day-shift. Even if we take 10% of this work force that will need such a service, it is a good 35,000 people per day. If again very conservatively we capture 5% of this market, we are looking at 1750 meals per day. At an average of Rs. 80 per meal that would be a revenue of Rs. 1,40,000 per day and ~ 30 lacs per month.

Further, this market is increasing.

→ **What are the plans for expansion?**

In about a years' time in the business, we have plans to expand our reach from Gurgaon to the entire NCR region which has a workforce of approximately 1.5 million people. This will require us to more kitchens in other satellite towns of Delhi. We plan to be a 10 Crore company within the first 3 years of our operations.

→ **What are your working capital requirements?**

Typically, our working capital requirements include the money required for say, the next 3 months, to keep the business going. It is the addition of both Direct and Indirect costs on the P&L Sheet excluding the material cost and depreciation. If we look at the P&L sheet for our Industrial Kitchen, then for the entire year our capital requirement come to around 8,16,000. To this we can add some more capital for raw material though that should be balanced out with our payables. So, for 3 months running, our business will require a working capital of around 2,75,000.

→ **What is the Capital expenditure (CapEx)?**

This is the cost of machinery / fixed assets that are needed for starting the business. Typically, it is required before the business gets operational. For our Industrial kitchen it the Material cost on P&L which is 3,00,000

→ **What is your business type?**

At present it is sole proprietorship. We will be looking to add partners after 2 years in operation.

→ **What is your current area / geography of Operation?**

As mentioned earlier, it is currently targeting working professionals in and around Gurgaon. Within 3 years of operation, we plan to cover the entire NCR.

→ **Does your organization have any outstanding loans?**

Yes, a long term 5,00,000 loan from a bank. Planning to raise an investment of 1.5 Crores in about an year's time to set up additional kitchens.

→ **What kind of compliances you need to adhere to?**

The usual ones related to the food industry, like

- ▶ Fire and health
- ▶ FSSAI
- ▶ Electricity and water connection for commercial establishment
- ▶ Govt. regulations for having more than 10 employees like PF, ESI etc.

→ **What are your sources of funds?**

Share capital of 2,00,000 and a bank loan of 5,00,000

→ **Infrastructure and Resource details**

- ▶ Kitchen area – 5000 Sq. Feet
- ▶ An industrial gas connection
- ▶ A commercial water connection
- ▶ A commercial electricity connection for 15 MW
- ▶ 1 Chef, 2 cooks, 4 helpers, 4 delivery staff, 2 guards, and a manager
- ▶ Raw material on daily basis

→ **Administration**

Standard house-keeping covering receivables, payables, HR, Accounts management etc.

2. Remind the students of your class, the elements to be kept in mind while making the business plan. Now ask them to create and present their business plans in accordance with step 3 in front of the class.



## Facilitators' Note

After they present the business plan one by one, ask:

- How do you usually feel when you give presentations (nervous, hot, excited, relaxed)?
- How did you feel during your presentation today? Why did you feel this way?
- What are the biggest challenges you face while giving presentations?

Ask the participants to regularly practice giving presentations to overcome the challenges they face. Ask them to refer to Step 3 regularly, this will help them think in sequence, while practicing will make them more confident about themselves helping them understand when and what to speak without hesitation.



## Conclusion

By now, you are well aware of the importance of an effective presentation. The purpose of a presentation is to engage its audience, alter its opinion, and steer it toward the natural conclusion of the presentation, which is to act upon the ideas that have been put forth. An entrepreneur needs to meet people and pitch ideas about his products/services on a regular basis. Being able to present an idea effectively is crucial to any business process. An entrepreneur must update her/himself, keep practicing and upgrading their skills and learn to give effective presentations with the use of a proper sales pitch.

# Module 6

## Understanding the Ecosystem

### MODULE 6 SESSIONS

2 hours

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#### 6.1 Govt. Scheme and Programs

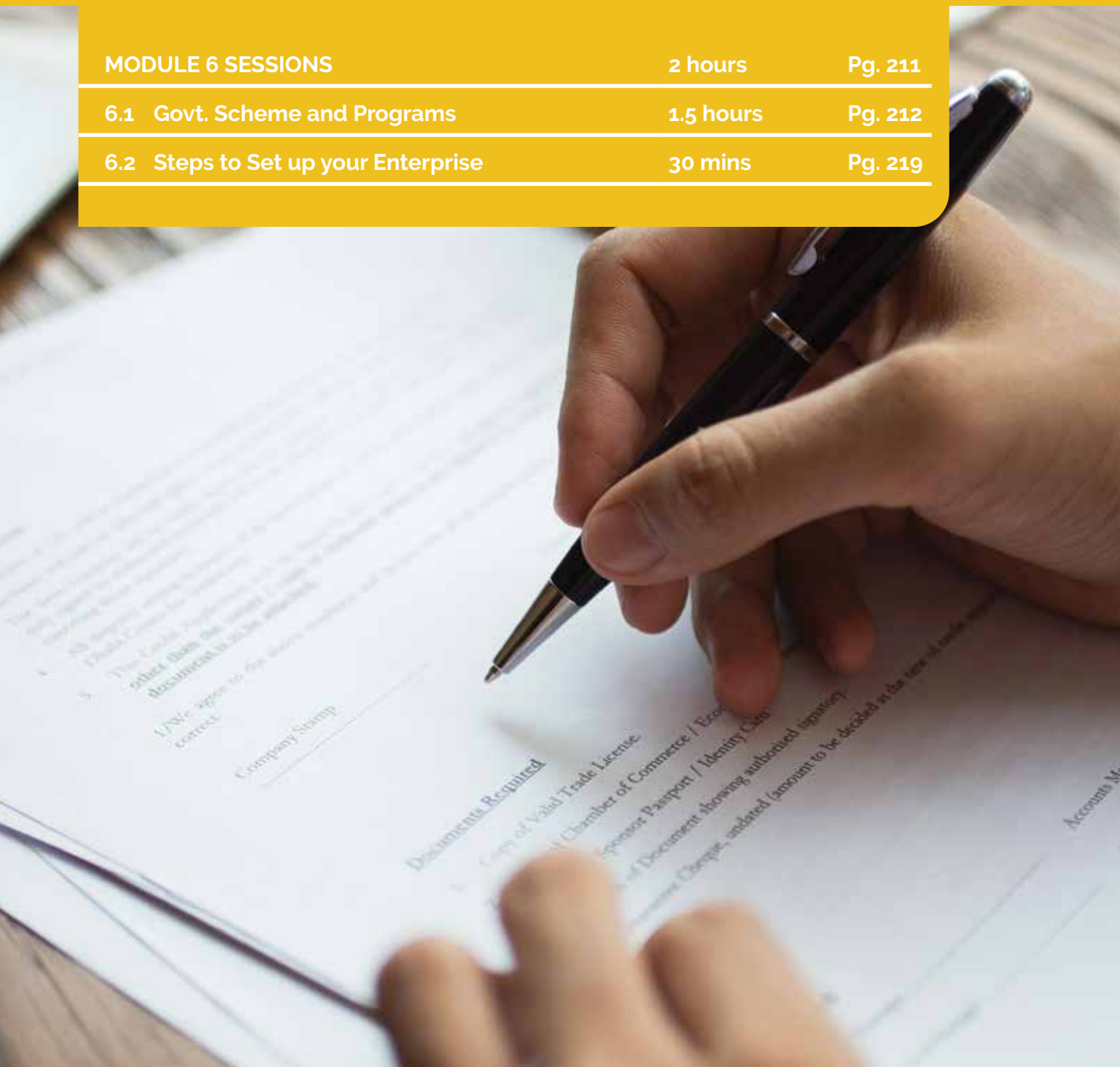
1.5 hours

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#### 6.2 Steps to Set up your Enterprise

30 mins

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# Session 1

## Govt. Scheme and Programs



Classroom session



Handouts



1.5 hrs



### Aim of the Session

This session introduces the participants to the initiatives of Government, support entrepreneurs over the years..



### Session Objective

To introduce participants to various schemes and programs of the Government for Entrepreneurial aid.



## Expected Outcomes:

Participants are provided with a list of government organisations and initiatives that may be reached for technical or financial support

The government, for a long period of time, has had its focus on the development of entrepreneurship. A number of national and district level institutions have been set up to promote entrepreneurship through education, mentoring, and support. Some of these include:

1. National Institute for Entrepreneurship and Small Business Development (NIESBUD)
2. Indian Institute for Entrepreneurship (IIE)
3. National Institute for Micro, Small and Medium Enterprises (NIMSME)
4. District Industries Corporation (DIC)

### **INSTITUTE FOR ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT (NIESBUD)**

The National Institute for Entrepreneurship and Small Business Development is an apex organization under the Ministry of Skill Development and Entrepreneurship, Government of India engaged in Training, Consultancy, Research and Publication, in order to promote entrepreneurship. It is based in Noida and has a Regional Centre in Dehradun.

### **INDIAN INSTITUTE FOR ENTREPRENEURSHIP (IIE)**

The IIE is an autonomous organization under the Ministry of Skill Development & Entrepreneurship. The main aim of the Institute is to provide training, research, and consultancy activities in Small and Micro Enterprises (SME), with special focus on entrepreneurship development. The Institute is based in Guwahati.

### **DISTRICT INDUSTRIES CENTRES (DIC)**

The 'District Industries Centre' (DICs) programme was started by the central government in 1978 with the objective of providing a focal point for promoting small, tiny, cottage and village industries in a particular area and to make available to them all necessary services and facilities at one place. DICs extend their help to entrepreneurs by providing the benefit of government schemes to them and also perform centralization of procedures required to start a new industrial unit and minimization of the efforts and time required to obtain various permissions, licenses, registrations, subsidies etc.

### **NATIONAL INSTITUTE OF MICRO, SMALL AND MEDIUM ENTERPRISES (NIMSME)**

The NI-MSME was originally set up as Central Industrial Extension Training Institute (CIETI) in New Delhi in 1960, a department under the Ministry of

Industry and Commerce, Government of India. The Institute was shifted to Hyderabad in 1962 and renamed as the Small Industry Extension Training (SIET) Institute.

### ENTREPRENEURSHIP DEVELOPMENT INSTITUTE OF INDIA (EDII)

Entrepreneurship Development Institute of India (EDII), set up in 1983, is sponsored by apex financial institutions. EDI has helped set up twelve state-level exclusive entrepreneurship development centres and institutes. It has taken entrepreneurship to a large number of schools, colleges, science and technology institutions and management schools in several states by including entrepreneurship in their curricula.

### HOW TO APPROACH THESE INSTITUTIONS?

These institutions can be reached through a number of ways for the purpose of learning more about entrepreneurship, their functions, and/or enquiring about their upcoming programs. Some methods of approaching these institutions are through their:

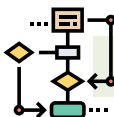
- website
- phone number
- fax
- social networking platforms
- walk-ins
- entrepreneurial networks etc.

## ACTIVITY 1 : APPROACH THE INSTITUTE



### Material Required

Student's mobiles/tabs/laptops or they may borrow one if needed, paper and pen.



### Process

- Ask the students to visit the website of anyone of above institutions and write down what they do. If possible, ask them to visit in groups any institute which is in their vicinity and find out more about the programmes and support they offer for entrepreneurs.
- After the activity, ask them to share what they learnt in class.

## Current State of Entrepreneurial Promotion

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### ENTREPRENEURIAL FINANCE MAY BE OBTAINED FROM:

- Government of India – Department of Financial Services (DFS) through institutions like SIDBI, MUDRA BANK, NABARD etc.
- Others finance options – Venture Capitalists, Angel Investors, Impact Investors

### YOU CAN FIND OUT ABOUT GOVERNMENT POLICIES FROM:

- Central Government – Department of Promotion of Industry and Internal Trade (DIPP), NITI Ayog, Ministry of Finance, Micro Small and Medium Enterprises (MSME) etc.
- State Governments – Related state government departments.

### ENTREPRENEURSHIP PROGRAMS ARE RUN BY:

- Central Government – Department of Financial Services (DFS), NITI Ayog, Ministry of Skills Development (MSDE), MSME, DIPP, Department of Science and Technology, (DST), etc.
- State Governments – Department of Industries and other stakeholder departments
- Others – Regional and Other bodies and institutions, Mentors, Retired Entrepreneurs, Researchers, Bankers etc.

## Definition of MSMEs

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### MANUFACTURING ENTERPRISES – EMPLOYING PLANT AND MACHINERY

- Micro – Investment up to 25 lacs
- Small – Investment from 25 lacs up to 5 Crores
- Medium – Investment from 5 Crores up to 10 Crores

### SERVICE ENTERPRISES – PROVIDING OR RENDERING SERVICES

- Micro – Investment up to 10 lacs
- Small – Investment from 10 lacs up to 2 Crores
- Medium – Investment from 2 Crores up to 5 Crores

### FINANCIAL INSTITUTION HELPING MSMEs

- Small Industries Development Bank of India (SIDBI):
- Minimum loan size is 10 lacs for equipment.
- Others – 25 Lacs.
- Corpus – 10,000 Crores.

**Also,**

- NBFCs and
- Micro Lending Development Department
- National Bank for Agriculture and Rural Development (NABARD):
  - ▶ Loans for Food Parks and Food Processing Units in Designated Food Parks
  - ▶ Loans to Warehouses, Cold Storage and Cold Chain Infrastructure
- Rural Infrastructure Development Fund
- Credit Facilities to Marketing Federations
- Pradhan Mantri Awas Yojana - Grameen (PMAY-G)
- Direct Refinance Assistance to Co-operative Banks

**MUDRA YOJANA**

MUDRA – Micro Units Development & Refinance Agency.

**The funding support from MUDRA includes :**

- Micro Credit Scheme (MCS) for loans up to 1 lakh finance through MFIs.
- Refinance Scheme for Commercial Banks / Regional Rural Banks (RRBs) / Scheduled Cooperative Banks
- Women Enterprise programs
- Securitization of loan portfolio

**REFINANCE SCHEMES:**

- Shishu – 10,000 to 50,000
- Kishore – 50,000 to 5 Lakh
- Tarun – 5 Lakh to 10 Lakh.

**PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAM (PMEGP)**

This scheme is implemented by Khadi and Village Industry Commission (KVIC).

**The loan limits are:**

- Manufacturing Sector – Up to 25 Lacs
- Business/Service Sector – Up to 10 Lacs

**RATE OF SUBSIDIARY**

- Urban – General – 15% and Special – 25%
- Rural – General – 25% and Special – 35%
- Special includes SC/ ST/ OBC/ Minorities/Women, Ex-servicemen, Physically handicapped, NER, Hill and Border areas, etc.

## Who can apply?

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- Any individual, above 18 years of age.
- At least VIII standard pass for projects costing above Rs.10 lakh in the manufacturing sector and
- above Rs. 5 lakh in the business / service sector.

## Where to apply?

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- <https://www.kviconline.gov.in/pmegpeportal/pmegphome/index.jsp>
- Submit printout of the application along with Detailed Project Report and other required documents in DIC office

## Start Up India (<https://www.startupindia.gov.in>)

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- Up to a period of ten years from the date of incorporation/registration
- Incorporated as either a Private Limited Company or a Registered Partnership Firm or a Limited Liability Partnership
- With an annual turnover not exceeding Rs. 100 crore for any of the financial years since incorporation/registration
- Entity should not have been formed by splitting up or reconstruction of a business already in existence
- Working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation
- **SELF-CERTIFICATION:** Self-certify and comply under 3 Environmental & 6 Labor Laws
- **TAX EXEMPTION:** Income Tax exemption for a period of 3 consecutive years and exemption on capital and investments above Fair Market Value
- **EASY WINDING OF COMPANY:** In 90 days under Insolvency & Bankruptcy Code, 2016
- **STARTUP PATENT APPLICATION & IPR PROTECTION:** Fast track patent application with up to 80% rebate in filing patents
- **EASIER PUBLIC PROCUREMENT NORMS:** Exemption from requirement of earnest money deposit, prior turnover, and experience requirements in government tenders
- **SIDBI FUND OF FUNDS:** Funds for investment into start-ups through Alternate Investment Funds

## Government Initiatives for Export Entrepreneurship

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- Market Development Assistance Scheme – Funding up to 90 per cent in respect of to and fro air fare for the participation by MSME entrepreneurs in overseas fairs/trade delegations.
- Market Access Initiative (MAI) Scheme – It involves for financial assistance - marketing projects abroad, capacity building, support for statutory compliances, studies, project development.
- Software Technology Park (STP) Scheme – All imports of hardware and software in STP units are completely duty free and approvals are given under single window clearance mechanism.
- Export Promotional Capital Goods (EPCG) Scheme – Allows import of capital goods for preproduction, production and post-production at zero customs duty.

# Session 2

## Steps to Set up your Enterprise



Lecture



Handout of list



30 min



### Aim of the Session

Giving information about things to set up when beginning a new enterprise



### Session Objective

Providing the participants with a list of things to do immediately after they set up an enterprise



As soon as you decide to become an entrepreneur and start a business, you are required to take a number of steps and fulfil certain formalities. These are as follows:

**Scanning of Business Environment:** it is essential that the entrepreneur study and understand the prevailing business environment. Entrepreneurs should scan the business environment for opportunities and threats and study the administrative framework, procedure, rules and regulations and other formalities implemented by the government.

**Selection of the Product:** You need to have clear idea of the type of business you want to run.

### **Selection of Form of Ownership**

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- Proprietorship/Sole Tradership
- Joint Hindu Family
- Partnership
- Co-operative Society /Trust
- Private Limited Company/Limited company

### **Selection of Location and Site**

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Location is selected after considering certain factors such as proximity to market, sources of material and labour, modern infrastructure facilities etc. The entrepreneur must choose a suitable place for her business /plot for the factory. S/he may purchase land directly or choose from an industrial area developed by State Development Corporations

### **Designing Capital Structure**

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Apart from own capital, s/he may secure finance from friends and relatives, term loans from banks and financial institutions.

### **Acquiring Manufacturing Know-How or Technology**

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Many institutions of government, research laboratories, research and development divisions of big industries and certain consultancy agencies provide the manufacturing know-how.

### **Preparation of Project Report**

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The report usually covers important items like sources of finance, availability of machinery and technical know-how, sources of raw material and labour, market potential and overall profitability.

## Registration as a Micro/Small Scale Enterprise

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Registration with UDYAM is optional. There is no statutory obligation, but micro/small scale industries can avail various facilities, incentives and concessions offered by the state as well as central government if they registered as MSMEs. The registration can be done via their site, <https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>.

## Obtaining Statutory License

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Any person should obtain the following licenses and certificates before starting the venture.

**A. License from Local Bodies for**

- ▶ Construction of building
- ▶ Installation of plant and machinery.

**B. License from the Directorate of Factories and Boilers for boiler based industries**

- ▶ Approval of factory building.
- ▶ Registration under section 6, 7 and 85 of the Factory Act.

**C. No Objection Certificate from State Pollution Control Board for orange/red category industries.**

## Apply for a Power Connection

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There are 2 categories of power, the Low Tension (LT) and High Tension (HT). A consumer can avail LT only if the connected load is 75 HP and below.

## Arrangement of Finance

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Entrepreneurs need assistance to acquire fixed assets as well as current assets. Long term finance is needed to acquire fixed assets like land, building, plant, and machinery and for security deposits. Short term funds are required for acquiring current assets. Current assets are essential for the day to day working of the business. Long term funds includes owner's capital, subsidy from central/ state govt., personal borrowings from friends and relatives and long term loans from financial institutions. There are Govt. schemes like MUDRA, CGTMSE & PMEGP where in you can get the loan without third party security

## Registration under GST

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All the businesses supplying goods whose turnover exceeds INR 40 lakh in a financial year are required to register as a normal taxable person. However,

the threshold limit is INR 10 lakh if you have a business in the north-eastern states, J&K, Himachal Pradesh, and Uttarakhand.

### Sales Tax Registration

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Sales Tax Registration is required if the annual turnover of the business crosses Rs. 5 lakhs in most states, though some have raised this threshold limit to Rs. 10 lakhs.

Installation of Machinery: Machinery should preferably be installed as per the plant layout.

### Recruitment of Manpower

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The number and type of workers should be decided after a careful evaluation of needs and resources available with a firm. After this, the required workers may be recruited.

### Procurement of Raw Material

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Raw materials may be procured indigenously or may have to be imported by the entrepreneur. The next step is to start production, which is taken up in two stages - Trial production and Commercial production. Having successfully test marketed the product, commercial marketing can be undertaken.

### About micro, small, and medium enterprises (MSME)

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Small businesses are playing an important role in the industrial economy of the world. These are particularly important in the developing economies. They are predominant, however, even in developed countries such as USA, Japan etc.

The micro, small and medium enterprises (MSME) development act, 2006: Under this act, the central Government shall set up, for the purpose of the act, a Board known as the National Board for Micro, Small and Medium Enterprises.

### Classification Of Enterprises (New Definitions)

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#### IN CASE OF MANUFACTURING ENTERPRISE:

- A micro enterprise is one in which the investment in plant and machinery does not exceed Rs.25 Lakhs.
- A small enterprise one in which the investment in plant and machinery is more than Rs.25 Lakhs but does not exceed Rs. 5 crores.
- A medium enterprise is one in which the investment in plant and machinery is more than Rs. 5 crores but does not exceed Rs. 10 crores.

**IN CASE OF SERVICE ENTERPRISES:**

- A micro enterprise is one in which the investment in plant and machinery does not exceed Rs. 10 lakhs.
- A small enterprise one in which the investment in plant and machinery is more than Rs. 10 lakhs but does not exceed Rs. 2 crores.
- A medium enterprise is which the investment in plant and machinery is more than Rs. 2 crores but does not exceed Rs. 5 crores.

**ADVANTAGE OF MSMEs:**

1. They are relatively more environmentally friendly.
2. They are generally based on local resources.
3. They provide ample opportunities for creativity and experimentation.
4. They facilitate equitable distribution of income and wealth.
5. MSME enjoys government support and patronage.
6. They help in the balanced regional development.
7. It is easier to make necessary changes as and when required.
8. They keep the market competitive.
9. There is a close and direct personal contact with customers and employees.
10. They create employment opportunities, are labour intensive, and offer ample scope for self-employment.
11. They require less capital. This is a boon to a country like India where capital is deficient.
12. MSME can satisfy individual tastes and offer personalized service to the customers.

### Udyog Aadhar Registration

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With a view to promote ease of doing business, the Ministry of Micro, Small and Medium Enterprises, Govt. of India has come out with one-page Udyog Aadhaar Memorandum, which can be filled now on by the Micro, Small and Medium Enterprises online. Existing business with MSME registration or small scale industry registration are not required to obtain Udyog Aadhaar. However, they may also obtain a Udyog Aadhaar, if they desire so.

The online Udyog Aadhaar registration process has been created with an aim to encourage online filing of entrepreneurs Memorandum for Micro, Small and Medium enterprises. In the form, the MSME will self-certify its existence, Bank account, business activity details, employment and ownership details and other information.

**Documents and information required for online Udyog Aadhaar registration:**

1. **AADHAAR NUMBER** – (12-digit Aadhaar number issued to the applicant)

2. **NAME OF THE OWNER** – (The applicant's name as mentioned on the Aadhaar card issued By UIDAI)
3. **SOCIAL CATEGORY** – Applicant caste: General / SC / ST /OBC (The proof of belonging to SC,STor OBC may be asked by the appropriate authority, if and when required)
4. **NAME OF THE ENTERPRISE** – (Name of the legal entity to conduct business. One applicant can have more than one enterprise doing business and each one can be registered for a separate Udyog Aadhaar with the same Aadhaar number)
5. **TYPE OF ORGANIZATION** – (1. Proprietorship,2. partnership firm, 3. Hindu Undivided family, 4. Private Ltd. Co., 5. Co-operative, 6. Public Ltd. Co., 7. Self Help Group, 8. Others (Limited Liability Partnership)
6. **POSTAL ADDRESS** – (Address of the business including Mobile and e-mail address)
7. **DATE OF COMMENCEMENT** – The date on which business was started)
8. **PREVIOUS REGISTRATION DETAILS** – (Details of previous MSME registration, if applicable should be entered here)
9. **BANK DETAILS** – (Details of Bank account of the Company including IFSC code and Bank account number)
10. **MAJOR ACTIVITY** – (Major area of activity of the business-manufacturing or service)
11. **NIC CODE** – (The appropriate NIC code should be entered from the National Industrial Classification (NIC) Handbook)
12. **PERSONS EMPLOYED** – (The total number of people employed in the business)
13. **INVESTMENT IN PLANT & MACHINERY / EQUIPMENT** – (Amount of money invested in terms of Machinery and Equipment by the business)
14. **DIC** – (Details of the District Industry Centre nearest to the business, if required)



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