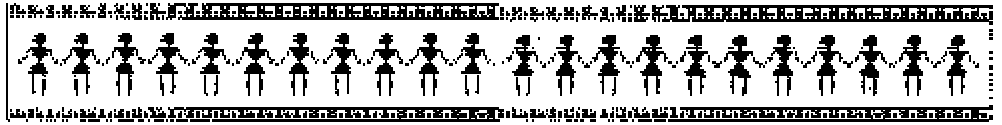


# Unit 8

## Achievement Motivation Training



### General Objectives

After studying this Unit, you should be able to help participants in your training session to describe the dynamics of motivation with special reference to entrepreneurial motivation.

### Specific Objectives

This Training Unit will help to enable trainees to:

- Discuss the motivation process;
- Describe how entrepreneurial motivation can be developed; and
- Conduct an exercise to demonstrate Achievement Motivation Training (AMT).

### Planning

- Time** : Three hours
- Training Methodology** : Discussions, group exercise
- Training Materials** : Blocks of wood, table, chairs, blackboard, chart paper, blindfold
- Trainer’s Preparation** : Preparing the chart for recording estimates. Reading instructions to conduct the exercise. Dividing women into 3 member groups, and helping them to choose a subject.

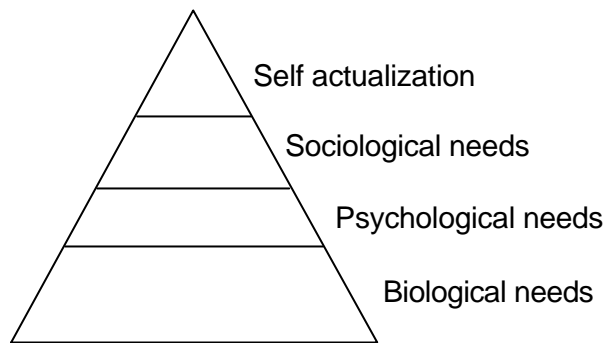
### Background Material

#### Introduction

Every action of a human being is in response to a stimulus (internal or external) and is carried out to satisfy, or fulfil some need, desire or expectation. These needs can be:

- Biological or physiological needs over which there is no control;
- Psychological needs which provide the person with security, confidence and feelings of security and other emotions;
- Sociological needs. These are feelings of social acceptance, self-esteem and self-actualization.

According to Maslow, these needs or motives follow a hierarchical structure, where the basic biological needs are at the base of the pyramid and the sociological needs are at the apex.



The motivating factors can thus be grouped into three categories:

1. Sociological Factors: These include family, culture and status of an individual.
2. Psychological factors: These are the desire for recognition, having an objective/aim/purpose in life, facing and meeting challenges, sense of self-fulfilment or satisfaction at achievements in any area, and striving towards better goals in life.
3. Economic factors: These include earning money for gratification of needs, acceptance and recognition of own capabilities and skills and the extent to which one can go.

Motivation is thus a process. What are the important aspects of this process? Let us explore this in more detail.

**Needs or expectations:** This is a state of disequilibrium, and is accompanied by a desire to reduce. There is also an anticipation or belief that certain forms of behaviour will result in a reduction of this imbalance. An individual then initiates action (behaviour) in a certain way, with the belief that this would lead him or her to the desired goal. The motivation of this action then sets up a series of events, either within the individual or in his or her environment, which feeds information back to the individual concerning the impact of his behaviour. This step may either reinforce his behaviour pattern as being the correct one or may lead to a modification in his or her behaviour. It, therefore, is apparent that:

1. Behaviour is an outcome of a need.
2. Behaviour is motivated – driven by some need.
3. Behaviour is goal directed–towards satisfaction of the need.

A person is said to have 'high motivation' if the desire, need or expectation to act/behave is strong and has 'low motivation' if the desire, need, expectation to act is not very strong, or she feels that she does not have the capability to act.

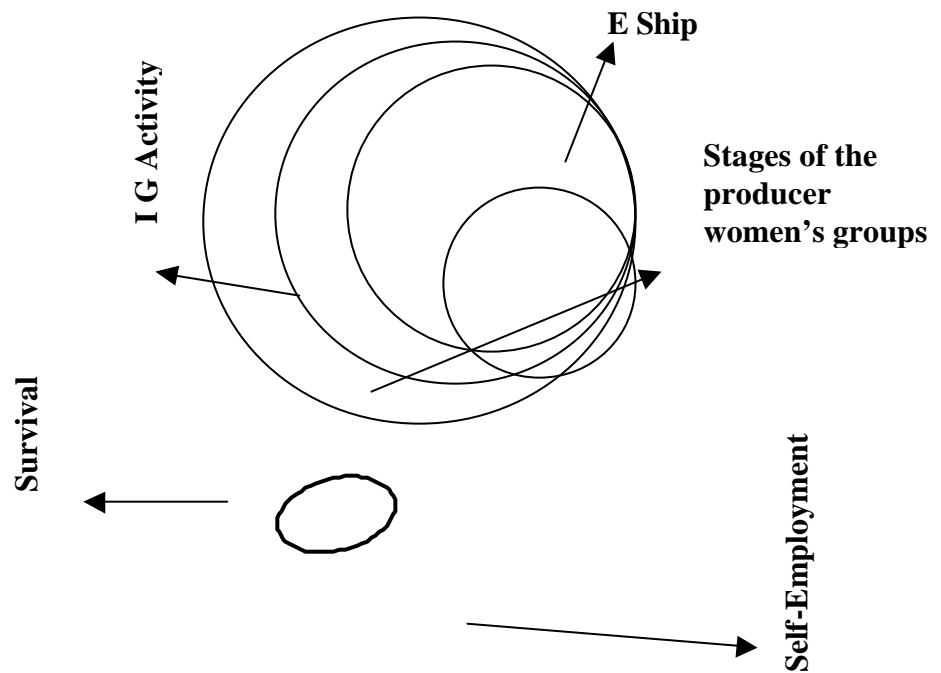
Motivation in general is an important determinant for entrepreneurial growth and development in society. Under this broad spectrum of motivation, certain motives have been found to be significantly related to entrepreneurial behaviour. These are:

- Need for Achievement (n. Ach.)
- High extension

- Need for Power (n. Power)
- Need for Affiliation ( n. Affiliation)
- Low dependency

**Moving from Survival to Entrepreneurship**

Most poor women are in the stages of survival. With efforts from change agencies they move into the realm of income generation which can be termed self-employment. They do not have access to jobs and hence this is the area of their livelihoods. Most producer women’s groups are within this category. However, attempts at empowering women go a step beyond. By successful mobilization and motivation, the producer women are empowered through entrepreneurship training to turn into entrepreneurs. This can be depicted as follows:



**Motives for Entrepreneurship**

Setting up an enterprise means that the entrepreneur has a high level of motivation. The type and degree of motivation is very important for an entrepreneur. Of the different types of motives listed above, the motives relating to self-fulfilment or self-actualization are the longest lasting and the most influential in maintaining the levels of motivation so that the enterprise activity continues.

As indicated earlier, every action of a person is governed by some motive or the other. Hence it follows that for setting up an enterprise there should be a motive too. Sometimes there may be a combination of several motives behind an action and in setting up an enterprise there definitely are several motives involved. The task of the facilitator is to discuss with the women participants and try and help them in the identification of their own motives in entrepreneurship.

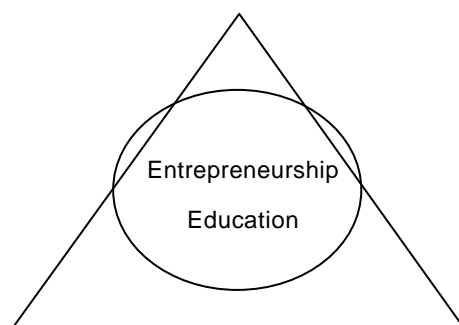
It is, however, possible to make a list of such motives. The list, which follows, is an indicative list and it is possible that the facilitator may identify some additional motives in the process of discussion with women.

1. *Financial Motives*: The entrepreneur by setting up an enterprise may have the motives of:

- Acquiring wealth and becoming rich;
  - Improving and exhibiting an improved lifestyle;
  - Or simply keeping self and family alive by earning a livelihood.
2. *Social Motives:* The entrepreneur here feels that she:
- needs to do something to prove to others that she is different;
  - has a motive to set an example or establish a model for others;
  - has a desire to be recognized in the society;
  - wishes to attain a certain status;
  - feels she would attain social prestige by this action
3. *Service-oriented Motives:* Here the entrepreneur is motivated towards the welfare of others rather than self. She:
- feels she is providing employment to others;
  - is helping to improve economic conditions of people in the community;
  - is doing a service to the village by providing them products/services which they are in need of.
4. *Family-based Motives:* Here the entrepreneur's actions are guided by concern for the family. She:
- may feel pressurized by parents to start the enterprise;
  - may want to satisfy the desires of her husband/children;
  - may want to establish something for her children to fall back on or continue;
  - may want to improve the economic condition of her entire family.
5. *Self-Actualization Motives.* Here the entrepreneur is trying to gratify her own inner motives by wanting to:
- prove her capacities by trying to achieve something;
  - have her own independence by setting up the enterprise;
  - employ her skills for some useful purpose;
  - use her time gainfully for some objective;

The facilitator helps the women to identify their motive/s in taking up enterprise activities. It is essential for women to not only make a list of the motives for their action but also to rank them in order of their intensity as this would be responsible for the success of the enterprise. This education or knowledge can be shown in the diagram below:

**Arousal of Motivation for Sensing, Seeking opportunities for excellence**



**Developing Capacity for Selecting,  
Planning, Resource Mobilization**

**Acquiring Ability  
to Manage Venture/  
Enterprise**

Entrepreneurial motivation is a set of motives of varying strengths – high n.Ach., and extension, moderate n.Power, and low n.Affiliation and dependency. To have the right kind of motivation is more important for an entrepreneur than technical/management skills for success in running an enterprise.

Evidence suggests that n.Ach is:

- A psychological characteristic within individuals in varying degrees;
- A trait which can be developed through training;
- Most important characteristic within the entrepreneur;
- Important factor responsible for initiation of entrepreneurship activity;
- Significant factor in the success of enterprise activity;
- An important aspect of entrepreneurship development, which ultimately leads to economic development; and
- Contributes towards the making of both the enterprise and the entrepreneur.

### **EMT Development**

The development of entrepreneurial motivation through a process of training is a complex process. Even though it is an expertise area, the Entrepreneurial Motivation Training (EMT) Lab – is based on the psychodynamic theories of motivational analysis of an individual personality and the place of motivation in the development of the personality.

Originally McClelland was of the view that a direct increase in achievement motivation leads to a corresponding increase in entrepreneurial motivation. However, it has now been realized that achievement motivation is not synonymous with entrepreneurial motivation. It is quite likely that it consists of other traits like dependency extension also. Therefore training inputs for motivational interventions need to be multi-channelled and focus on other motives also.

During the last 50 years a lot of research has taken place in this area. The theory dates back to the sixties when McClelland in his findings stated that:

- People can acquire motives and develop them through education.
- The newly acquired/developed motives are more likely to influence future thought and action of an individual.

In an EMT Lab, an attempt is made to work on the 'motive', and 'emotive' aspects of the individual's achievement motivation and its influences over entrepreneurship.

Objectives of EMT include:

- To improve entrepreneurial competence of the participant by emphasizing motivation;
- Help participants to examine his or her own self and relate his or her image of himself or herself with the environment;
- To make him or her aware of his own style of influencing others and on-going situations; and
- To enable him or her to recognize his or her creative and innovative potentialities.

**Group Exercise 1****Tower Building**

This is an interesting exercise used in Enterprise Management Training (EMT). It is used in a variety of contexts particularly in developing entrepreneurs. The focus is on confidence, encouragement, insight into goal setting, and understanding the factors in the decision making process.

The time required is about two hours.

**Material Required:**

- About 25 wooden blocks (cube shaped) with plain surface of 5 sq cm each
- Blind fold or any other clean cloth
- Observation sheet.

**Procedure**

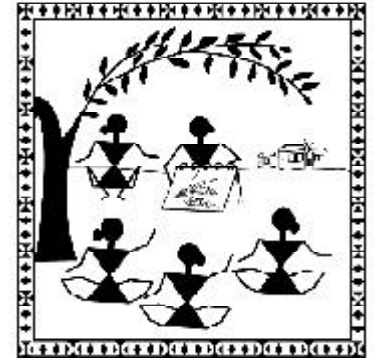
Divide group into 3 member teams. The three participants of the group take on different roles – e.g. manager of enterprise, worker in an enterprise and owner of enterprise. They visualize their role according to their own perceptions about the character they have chosen. You ‘as the trainer’ blindfold the trainee subject and ask him or her to perform the task with their wrong hand and the other two members of the group are not allowed to touch the trainee or the wooden blocks, but may do anything else of their choice. The time allotted is five minutes only.

The group performance is recorded on the basis of the number of standing blocks in the form of a tower. If the tower falls and the time is over the number of standing blocks will be counted till the time the tower fell e.g. if the tower falls when the 7<sup>th</sup> block is being placed, the height will be considered as 6 and the group will get a score of 6.

Information about the performance of other groups may also be provided. No practice is allowed.

**Observation:** Select a few participants to be observers and ask them to make the observations in the following areas:

- Decision making: This is the process when members of the group discuss and arrive at a consensus about the target (number of blocks) to be used in making the tower.
- Help: Verbal comments by other members of the group encouraging him or her that he/she is doing well or discouraging him/her saying that the tower is about to fall etc.
- Confidence of worker: Observations include calm and composed body posture, steady hand and fingers.
- Confidence of direction: When guidance is given by the other team members in the form of “little to the right”. Or “move back a little” etc., observations may include the level of anxiety exhibited by the trainee, and who gives the guidance and how?
- Planning and searching environment: Observation here includes the strategy of the three members and how they arrive at a consensus to build the tower.



**Procedure**

- All the participants assemble in a room.
- The trainer asks the participants to write their own estimate of how many blocks they would build to make a tower.
- Trainer records on the board the estimates of all the groups.
- Allow time for discussion and maintain silence thereafter.
- The subject begins making the tower and after 5 minutes the players are told to 'stop'.
- Remove the blindfold, and record performance (number of blocks).

**Analysis**

You can record the results as follows. It is a better idea for you to bring the data on the board to generate discussion.

Group	1	2	3	4
Target Setting				
Member 1				
Member 2				
Subject				
Consensus				
Target achieved				

The issues to be discussed would be:

**Target setting:** Questions like how did you arrive at this target? How did you overestimate/underestimate? How can you say you are above/below average? What happens if we overestimate or underestimate a person’s performance?

You need to emphasize the role of expectations in increasing achievement motivation, after obtaining the various responses.

**Decision-making:** The process of arriving at a consensus. Questions like are you satisfied with the consensus? Did you participate in arriving at a consensus?

Did someone else take the decision? Did you take the final decision?

The trainer emphasizes the involvement of the subject in arriving at a realistic goal.

**Encouragement:** Help comes in the form of directions being given by members. The issue is whether it is a positive encouragement like ‘well done’, ‘perfectly fine’ etc. or negative like ‘ tower is going to fall’, you are not doing what we are saying’, etc. You can emphasize the need to probe further about what encourages and what discourages a person, as these experiences strengthen/weaken the achievement motivation.

**Confidence:** The ability to build a tower with negative inputs (blindfold and wrong hand) is the result of the confidence the subject has in achieving the target.

You must emphasize this as an important ingredient in the development of achievement motivation.

Variations of this exercise may include playing it with just one group or different groups.

### **Creation of Entrepreneurs and Fostering of Entrepreneurial Attitudes**

This approach comes out of the Achievement Motivation Training (AMT) model. It is based on the belief that an individual's entrepreneurial attitudes can be identified and developed. Its theoretical underpinning comes from the work of McClelland, which argues that entrepreneurial behaviour is associated with measurable character traits such as "need to achieve", risk taking, and initiative (Hailey, 1994).

AMT helps identify and develop these key entrepreneurial traits within the potential entrepreneur. This is achieved through the creation of personal awareness; generation of self-confidence; establishment of personal goals; and development of strategies to achieve them. Group sessions, questionnaires, and self-assessment exercises are all common methodologies used.

AMT has been adopted in India. The entrepreneur identification and selection mechanism is based on the following key assumptions:

- a) That all persons cannot be entrepreneurs as all entrepreneurs have certain traits;
- b) Such traits are identifiable (and measurable) through some psychological, behavioural tests and social indices;
- c) People possessing these traits at a certain minimum level can be developed to acquire necessary dimensions of entrepreneurship.

Entrepreneurship motivation training (EMT) has thus become a specialized area of training. Motivation is important and is responsible for shaping a potential entrepreneur to take up entrepreneurial activity, but what is important is commitment to the idea of running a small business. This can and should be developed in any good small business development programme. Entrepreneurship is now a philosophy, a practice, a movement, and a mindset. The mental make up of an individual is the most important characteristic. It has been observed that opportunities exist – but only those individuals capitalize on it who have internalized the characteristics of entrepreneurship.



**Annexures: A Note**

The annexures we have provided you give you an opportunity for further reading not only on micro-enterprises but also on small-scale enterprises. They can also serve as additional background material/reference material. Use your originality to build them into your training sessions. The material has been adapted/adopted from the following IGNOU course materials:

- a) M-93: Management of New and Small Enterprises Course  
Preparation Team: Prof. H.N. Pathak, Dr. K. Ramachandan,  
Mr. Vijay Jain, Dr. V.G. Patel, Mr. B.P. Murali, Prof. K.P. Kumar,  
Dr. D.D. Kaushik, Dr. VSP Rao, Prof. Rakesh Khurana,  
Dr. Madhulika Kaushik, Mr. Upendra Gupta and Mr. Q. Haider.

Course Coordinator: Prof. Madhulika Kaushik

- b) CWDL - 03: Development Through Self Help Groups

Course Preparation: ACORD, Delhi

Course Coordinator: Prof. Prabha Chawla

**THE ENTREPRENEUR AND ENTREPRENEURIAL COMPETENCIES****Contents**

1. Who is an Entrepreneur?
2. What is a Competence?
3. What is a Body of Knowledge?
4. What is a Skill?
5. Motives and Traits
6. Major Entrepreneurial Competencies – A Research Study
7. Role of a Facilitator

**1. Who is an Entrepreneur?**

An entrepreneur is a person who organizes, runs and is responsible for a business enterprise to make profit. An entrepreneur shows:

- i) A strong desire for independence and ability to stand alone;
- ii) Drive and energy and organizing ability;
- iii) A desire to diversify, expand and innovate;
- iv) Above average intelligence; and
- v) Capacity to take risks.

The above qualities have been found in successful entrepreneurs irrespective of country, industry, size, product line and cultural background of the entrepreneur. It would mean that these qualities have an element of universality.

Entrepreneurs can be of different types and may prefer to go it alone or share the risks in groups with others. Some of the entrepreneurial types that you may recognize from among the ones you know may be:

**Sole operators** who essentially work alone or have a few employees. Most people, when they think of starting up a business think of themselves as sole operators.

**Active partners** are basically sole operators who have partners to contribute money to the business without actively participating in it.

**Partners** are those entrepreneurs who carry on the enterprise as a joint activity, all of them actively participating in the business of the firm.

**Inventors** are those whose chief competence is their creativity and inventiveness. They like to invent new products and may need to set up a business to make them commercially and market them. Since their interest is basically in research, and they often lack managerial experience or desire to run a business, they end up disenchanted and frustrated.

**Challengers** are those who get into business because of the challenge it represents, and tend to get bored when it seems to be settled and doing well. They then begin to look for newer challenges.

**Buyers** tend to purchase business rather than start one themselves as it appears to them to be the less risky alternative.

**Life timers** are those who see their business as integral to their life. It is a matter of ego satisfaction and personal concern to them to run the business successfully. Family enterprises and business depending on exercise of personal skill come in this category.

**Activity 1**

Survey a few successful as well as struggling women entrepreneurs. Using the questionnaire given in Exhibit 1 or one of your own, identify five qualities of entrepreneurs that set them apart. Also ask the entrepreneurs themselves to rate these qualities in order of importance.

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**EXHIBIT 1 SELF RATING QUESTIONS**

**Self-rating Questionnaire**

Your name.....

Organization or Group .....

Address .....

Date .....

**Instructions**

- 1) This questionnaire consists of 70 brief statements. Read each statement and decide how well it describes you. Be honest about yourself.
- 2) Select one of the numbers below to indicate how well the statement describes you:
  - 5 = Very well
  - 4 = Well
  - 3 = Some what
  - 2 = Very little
  - 1 = Not at all

- 3) Write the number you select on the line to the right of each statement.  
Here is an example:

I remain calm in stressful situations.

The person who responded to the item above wrote a "2" indicating that the statement described her or him very little.

- 4) Some statements may be similar, but no two are exactly alike.

Please answer all questions. Write the number on the line to the right of each statement.

- 1) I look for things that need to be done. ....
- 2) I like challenges and new opportunities. ....
- 3) When faced with a difficult problem, I spend a lot of time trying to find a solution. ....
- 4) When starting a new task or project, I gather a great deal of information. ....
- 5) It bothers me when things are not done very well. ....
- 6) I give much effort to my work. ....
- 7) I find ways to do things faster. ....
- 8) I plan a large project by breaking it down into smaller tasks. ....
- 9) I think of unusual solutions to problems. ....
- 10) I feel confident that I will succeed at whatever I try to do. ....
- 11) I tell others when they have not performed as expected. ....
- 12) I get others to support my recommendations. ....
- 13) I develop strategies to influence others. ....
- 14) No matter who I'm talking to, I'm a good listener. ....
- 15) I do things that need to be done before being asked to by others. ....
- 16) I prefer activities that I know well and with which I am comfortable. ....
- 17) I try several times to get people to do what I would like them to do. ....
- 18) I seek the advice of people who know a lot about the problems or tasks I am working on. ....
- 19) It is important to me to do a high quality job. ....
- 20) I work long hours and make personal sacrifices to complete jobs in time. ....
- 21) I am not good at using my time well. ....
- 22) I think about the advantages and disadvantages of different ways of accomplishing things. ....
- 23) I think of many new ideas. ....

**Developing Entrepreneurial  
Qualities and Motivation**

- 24) I change my mind if others disagree strongly with me. ....
- 25) If I am angry or upset with someone, I tell that person. ....
- 26) I convince others of my ideas. ....
- 27) I do not spend much time thinking about how to influence .....  
others.
- 28) I feel resentful when I don't get my way. ....
- 29) I do things before it is clear that they must be done. ....
- 30) I notice opportunities to do new things. ....
- 31) When something gets in the way of what I am trying to .....  
do, I keep on trying to accomplish what I want.
- 32) I take action without seeking information. ....
- 33) My own work is better than that of other people .....  
I work with.
- 34) I do whatever it takes to complete a job. ....
- 35) It bothers me when my time is wasted. ....
- 36) I try to think of the problems I may encounter and plan .....  
what to do if each problem occurs.
- 37) Once I have selected an approach to solving a problem, .....  
I do not change that approach.
- 38) When trying something difficult or challenging, I feel .....  
confident that I will succeed.
- 39) It is difficult for me to order people to do things. ....
- 40) I get others to see how I will be able to accomplish what .....  
I set out to do.
- 41) I get important people to help me accomplish my goals. ....
- 42) In the past, I have had failures. ....
- 43) I take action before it is clear that I must. ....
- 44) I try things that are very new and different from what .....  
I have done before.
- 45) When faced with a major difficulty, I quickly go on to .....  
other things.
- 46) When working on a project for someone, I ask questions .....  
to be sure I understand what that person wants.
- 47) When something I have been working on is satisfactory, .....  
I do not spend extra time trying to make it better.
- 48) When I am doing a job for someone, I make a special .....  
effort to make sure that person is satisfied with my work.
- 49) I find ways to do things for less cost. ....
- 50) I deal with problems as they arise, rather than spend time .....  
trying to anticipate them.

- 51) I think of many ways to solve problems. ....
- 52) I do things that are risky. ....
- 53) When I disagree with others, I let them know. ....
- 54) I am very persuasive with others. ....
- 55) In order to reach my goals, I think of solutions that benefit  
everyone involved in a problem. ....
- 56) There have been occasions when I took advantage  
of someone. ....
- 57) I wait for direction from others before taking action. ....
- 58) I take advantage of opportunities that arise. ....
- 59) I try several ways to overcome things that get in the way  
of reaching my goals. ....
- 60) I go to several different sources to get information to help  
with tasks or projects. ....
- 61) I want the company I own to be the best of its type. ....
- 62) I do not let my work interfere with my family or personal  
life. ....
- 63) I get the most I can out of the money I have to accomplish.....  
a project or task.
- 64) I take a logical and systematic approach to activities. ....
- 65) If one approach to a problem does not work, I think of  
another approach. ....
- 66) I stick with my decisions even if others disagree strongly  
with me. ....
- 67) I tell people what they have to do, even if they do not want  
to do it. ....
- 68) I cannot get people who have strong opinions or ideas to  
change their minds. ....
- 69) I get to know people who may be able to help me reach  
my goals. ....
- 70) When I don't know something, I don't mind admitting it. ....

**EXHIBIT 2 A AND B**

**Scoring Sheet for Self-rating Questionnaire**

**Instructions**

1. Enter the ratings from the completed questionnaire on the lines above the item numbers in the parentheses. Notice that the item numbers in each column are consecutive: item number 2 is below item number 1, and so forth.
2. Do the addition and subtraction indicated in each row to compute each competency score.
3. Add all competency scores to compute the total score.

**Developing Entrepreneurial Qualities and Motivation**

**Rating of Statements**

**Score Competency**

—	+	—	+	—	+	—	—	—	+	6	=	—	Initiative
( 1 )		(15)		(29)		(43)		(57)					
—	—	—	+	—	+	—	+	—	+	6	=	—	Sees & Acts on Opportunities
( 2 )		(16)		(30)		(44)		(58)					
—	+	—	+	—	—	—	+	—	+	6	=	—	Persistence
( 3 )		(17)		(31)		(45)		(59)					
—	+	—	—	—	+	—	+	—	+	6	=	—	Information seeking
( 4 )		(18)		(32)		(46)		(60)					
—	+	—	+	—	—	—	+	—	+	6	=	—	Concern for High Quality of Work
( 5 )		(19)		(33)		(47)		(61)					
—	+	—	+	—	+	—	—	—	+	6	=	—	Commitment to Work Contract
( 6 )		(20)		(34)		(48)		(62)					
—	—	—	+	—	+	—	+	—	+	6	=	—	Efficiency Orientation
( 7 )		(21)		(35)		(49)		(63)					
—	+	—	+	—	—	—	+	—	+	6	=	—	Systematic Planning
( 8 )		(22)		(36)		(50)		(64)					
—	+	—	—	—	+	—	+	—	+	6	=	—	Problem Solving
( 9 )		(23)		(37)		(51)		(65)					
—	—	—	+	—	+	—	+	—	+	6	=	—	Self-confidence
(10)		(24)		(38)		(52)		(66)					

—	+	—	—	—	+	—	+	—	+	6	=	—	Assertiveness
(11)		(25)		(39)		(53)		(67)					
—	+	—	+	—	+	—	—	—	+	6	=	—	Persuasion
(12)		(26)		(40)		(54)		(68)					
—	—	—	+	—	+	—	+	—	+	6	=	—	Use of Influence Strategies
(13)		(27)		(41)		(55)		(69)					
—	—	—	—	—	—	—	+	—	+	18	=	—	Correction Factor
(14)		(28)		(42)		(56)		(70)					

### Corrected Scoring Sheet

#### Instructions

1) The Correction Factor (the total of Items 14, 28, 42, 56, and 70) is used to determine whether or not a person tries to present a very favourable image of herself. If the total score on this factor is 20 or greater, then the total scores on the 13 competencies must be corrected to provide a more accurate assessment of the strength of the competencies for that individual.

2) Use the following numbers when figuring the corrected score:

<b>If the Correction Factor score is:</b>	<b>Subtract the following Correction number from the total score or each competency:</b>
24 or 25	7
22 or 23	5
20 or 21	3
19 or less	0

3) Use the page below to correct each competency before using the Profile Sheet.

### Competency Profile Sheet for Self-rating Questionnaire

#### Instructions

- Transfer the corrected competency score to the profile sheet by marking an "x" at the appropriate point on the dotted horizontal line for each competency.
- Draw a heavy line over the dotted horizontal line for each competency, from the left vertical line to the point you have marked with "x". The heavy lines you have drawn graphically represent the strength of each competency.



3) The following is an example of how to create the profile sheet.

If the score for Initiative is 16, it will appear as follows:

$$\text{Initiative} \dots\dots\dots \times \dots\dots\dots$$

0            5            10          15          20          25

**CORRECTED SCORE SHEET**

Competency	Original Score	–	Correction Number*	=	Corrected Total
Initiative	.....	–	.....	=	.....
Sees & acts on opportunities	.....	–	.....	=	.....
Persistence	.....	–	.....	=	.....
Information seeking	.....	–	.....	=	.....
Concern for high quality of work	.....	–	.....	=	.....
Commitment to work contract	.....	–	.....	=	.....
Efficiency orientation	.....	–	.....	=	.....
Systematic planning	.....	–	.....	=	.....
Problem solving	.....	–	.....	=	.....
Self-confidence	.....	–	.....	=	.....
Assertiveness	.....	–	.....	=	.....
Persuasion	.....	–	.....	=	.....
Use of influence strategies	.....	–	.....	=	.....
			Corrected Total Score		

\*This number depends on a person's Correction Factor Score and will be 7,5,3,or 0, the same for each competency. Use the instructions on the previous page to determine the correction number.

**BUSINESS SITUATIONS EXERCISE PROFILE SHEET**

<b>Competency</b>					
Initiative					
Sees & acts on opportunities					
Persistence					
Information seeking					
Concern for high quality of work					
Commitment to work contract					
Efficiency orientation					
Systematic planning					
Problem solving					
Self-confidence					
Assertiveness					
Persuasion					
Use of influence strategies					
	0	1	2	3	4
	Competency Scores				

**Activity 3**

Administer the self-rating questionnaire given in Exhibit 1 to some very successful entrepreneurs and some average ones. Develop the competence profile. Do the profiles differ significantly?

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

**EXHIBIT 2 B: MY THOUGHTS ABOUT MY COMPETENCE PROFILE**

1) My first reaction on examining my score for each of the 15 competencies is as follows:

.....  
.....  
.....  
.....  
.....  
.....

2) I seem to be least competent at the following:

.....  
.....  
.....  
.....  
.....

3) Thinking back, the following incidents seem to have demonstrated my weakness in these areas:

.....  
.....  
.....  
.....

4) The following seem to be my strongest competencies:

.....  
.....  
.....  
.....  
.....  
.....

5) Thinking back, the following incidents seem to illustrate my strength in these areas:

.....  
.....  
.....  
.....  
.....  
.....

6) I hope I can make some improvement in the following competencies:

.....  
.....  
.....  
.....  
.....  
.....

The success of a micro-enterprise or small-scale industrial venture depends on the following major factors:

- a) Inherent viability of the project, i.e. technical, organizational, financial and commercial viability.
- b) The way a project is planned, i.e. decisions regarding various project parameters such as where to locate, what technology to use, what should be the capacity of the machineries etc.
- c) The meticulousness (thoroughness, attention to small details) with which a project is implemented.
- d) The way a project is managed.

While one can add certain other factors to this list including environmental factors, the factors mentioned appear to be major ones. Let us focus our attention on the last three factors mentioned earlier i.e. project planning, implementation and management.

In a small-scale enterprise, it is the promoter of the project, i.e. the entrepreneur who does most of the functions of project planning, implementation and management. If the size of the project is big enough to call for employing professional managers, it is the entrepreneur who acts as a driving force behind performance of these three aforesaid major tasks. In order to plan a

project flawlessly, implement it meticulously and manage it effectively, an entrepreneur needs to possess certain knowledge, skills and appropriate personality profile.

Entrepreneurship Development Institute of India took up a research project to identify what it takes to be a successful entrepreneur. The research project was initiated by Prof. David C. McClelland, a well known behavioural scientist and was taken up in three countries – India, Malawi and Equador. The output of the research project has been identification of a set of entrepreneurial competencies or characteristics that lead to superior performance. A major finding of the research project was that the said competencies are cross culturally valid. In other words, in order to perform well as an entrepreneur, it is necessary to possess the competencies in varying measures irrespective of the geographical locations where the entrepreneur is working.

Before we move ahead, let us look at the meaning of “competence”, “body of knowledge” and “skill”.

## **2. What is a Competence?**

A Competence is an underlying characteristic of a person, which results in effective and/or superior performance in a job. A job competence is an underlying characteristic of a person, in that it may be motive, trait, skill, an aspect of one's self-image or a body of knowledge which one uses. The existence of these characteristics may or may not be known to the person. In this sense, the characteristics may be unconscious aspects of the person. In simple terms, a competence is a combination of a body of knowledge, set of skills and cluster of appropriate motives/traits that an individual possesses to perform a given task. In order to understand more about competencies, let us understand the meaning of knowledge, skills, traits and motives which form various components of entrepreneurial competencies.

## **3. What is a Body of Knowledge?**

Knowledge means collection of information and retention of facts that an individual stores in some parts of his or her brain. Let us take an example of entrepreneurship. One could be in a position to describe how to start an enterprise which would mean that one possesses knowledge of entrepreneurship. But this alone will not enable a woman to actually start an enterprise unless she has something more than the knowledge component to perform the activity. It means that knowledge is necessary for performing a task but not sufficient. In a real life situation, one may find various examples, where people possessing mere knowledge have miserably failed while performing the task. Besides knowledge, an individual should have the skills required to translate the knowledge into action.

## **4. What is a Skill?**

Skill is the ability to demonstrate a system and sequence of behaviour that are functionally related to attaining a performance goal. Using a skill is not a single action. The relationship among the specific actions is such that each contributes in some direct manner to the capability of people to function effectively or ineffectively in a given situation. Since a skill is the ability to demonstrate a system and sequence of behaviour, it must result in something observable, something that someone in the person's environment can 'see'. For example, planning ability is a skill. People who have this skill can identify a sequence of actions to be taken to accomplish a specific objective. They can identify potential obstacles to those actions. People with this skill can identify sources of help in avoiding obstacles or overcoming them when they interfere with the action sequence. None of these separate actions constitutes

a skill, but the system of behaviour does. People who have this skill can apply it in any number of situations or contexts.

Going by the example of knowledge of entrepreneurship, if one has to be in a position to start an enterprise, one needs to have the skill too. Knowledge could be acquired by reading, listening, visuals etc. while skill can be acquired only through practice which enables the individual to demonstrate the system and sequence of behaviour that are functionally related to performing a task. In other words, knowledge of entrepreneurship could be acquired by reading, talking to experts and so on whereas the skill to start an enterprise can be acquired through practice. Thus, knowledge as well as skills are required to perform a given task effectively.

## **5. Motives and Traits**

A motive is a desire to reach out for a particular goal. It drives, directs and selects the behaviour of the individual. Motive includes thoughts related to a particular goal. For example, people who think about improving their own performance and competing against a standard of excellence are said to have Achievement Motivation. When people with high achievement motivation encounter a situation in which their performance can be measured and a goal can be stated, their achievement motivation is aroused. Once aroused, the motivated thoughts direct and select their behaviour, i.e. they will choose to do things that help them get feedback on their performance and engage in activities that may result in improved performance. In simple terms, a motive is an urge for which one has continuous concern in one's mind. This directs one to get into certain actions so that the concerns that one shows get satisfied.

Take the example of swimming. The knowledge on how to swim followed by practice which would help an individual to acquire skills in swimming would lead to the individual acquiring capability to swim. But then this does not lead her to becoming the best swimmer within a given reference group. The individual's urge to do better and better leading to a desire to become the best swimmer could be termed as a concern for excellence – in other words achievement motivation. It is this concern which would help the individual to constantly practice swimming, look out for ways and means of increasing the speed thereby ultimately increasing the possibility of becoming the best swimmer.

A trait is a dispositional part of one's own nature or disposition or characteristic way in which the person responds to a situation. A trait includes thoughts and physical activities related to a general category of events. For example, people who believe themselves to be in control of their future are said to have the trait of efficacy. When people with this trait face problems or understand the issue, they do not wait for someone else to do what is required nor do they expect that luck will take care of it. The thought pattern and the behaviour that follows occurs in response to any general set of events, which allow the trait to be expressed.

## **6. Major Entrepreneurial Competencies: A Research Study**

In order to understand clearly what it takes to be a successful entrepreneur, Entrepreneurship Development Institute took up a research project. The following is a list of major competencies that contributes towards top performance.

### **i) Initiative**

- An entrepreneur takes action that goes beyond job requirements or the demand of the situation.

- Does things before being asked to or being forced by the events.
- Acts to extend the business into new areas, products, or services.

**ii) Sees and Acts on Opportunities**

- Looks for and takes action on opportunities.
- Sees and acts on opportunities (business, educational or personal growth).
- Seizes unusual opportunities to obtain financing, equipment, land, work space, or assistance.

**iii) Persistence**

- Takes repeated action to overcome obstacles that get in the way of reaching goals.
- Takes repeated or different actions to overcome obstacles.
- Takes action in the face of a significant obstacle.

**iv) Information Seeking**

- Takes action on own to get information to help reach objectives or clarify problems.
- Does personal research on how to provide a product or service.
- Consults experts for business or technical advice.
- Seeks information or asks questions to clarify what is wanted or needed.
- Personally undertakes research, analysis, or investigation.
- Uses contacts or information networks to obtain useful information.

**v) Concern for High Quality of Work**

- Acts to do things that meet or bear existing standards of excellence.
- States a desire to produce work of high quality.
- Compares own work or own company's work favourably to that of others.

**vi) Commitment to Work Contract**

- Places the highest priority on getting a job completed.
- Makes a personal sacrifice or expends extraordinary effort to complete a job.
- Accepts full responsibility for problems in completing a job for others.
- Pitches in with workers or works in their place to get the job done.
- Expresses a concern for satisfying the customer.

**vii) Efficiency Orientation**

- Finds ways to do things faster or with fewer resources or at a lower cost.
- Looks for or finds ways to do things faster or at less cost.
- Uses information or business tools to improve efficiency.
- Expresses concerns about costs vs. benefits of some improvement, change, or course of action.

**viii) Systematic Planning**

- Develops and uses logical, step-by-step plans to reach goals.
- Plans by breaking a large task down into sub-tasks.
- Develops plans that anticipate obstacles.
- Evaluates alternatives.
- Takes a logical and systematic approach to activities.

**ix) Problem Solving**

- Identifies new and potentially unique ideas to reach goals.
- Switches to an alternative strategy to reach a goal.
- Generates new ideas or innovative solutions.

**x) Self-Confidence**

- Has a strong belief in self and own abilities.
- Expresses confidence in own ability to complete a task or meet a challenge.
- Sticks with own judgement in the face of opposition or early lack of success.
- Does something that she says is risky

**xi) Assertiveness**

- Confronts problems and issues with others directly.
- Confronts problems with others directly.
- Tells others what they have to do.
- Reprimands or disciplines those failing to perform as expected.

**xii) Persuasion**

- Successfully persuades others.
- Convinces someone to buy a product or service.
- Convinces someone to provide financing.
- Convinces someone to do something else that she would like that person to do.
- Asserts own competence, reliability, or other personal or company qualities.
- Asserts strong confidence in own company's or organization's product or services.

**xiii) Use of Influencing Strategies**

- Uses strategies to affect others.
- Acts to develop business contacts.
- Uses influential people as agents to accomplish own objectives.
- Selectively limits the information given to others.

xiv) **Monitoring**

- Develops or uses procedures to ensure that work is completed or that work meets standards or quality.
- Personally supervises all aspects of a project.

xv) **Concern for Employee Welfare**

- Takes action to improve the welfare of employees.
- Takes positive action in response to employees' personal concerns.
- Expresses concern about the welfare of employees.

Are all these competencies independent?

All the competencies described above are instrumental in making a person a successful entrepreneur. Through these competencies, we can discriminate between successful entrepreneurs and average ones. All these competencies are interrelated. Depending on the nature and content of these competencies they could be put in various groups. These competencies could be developed through systematic training.

**Activity 2**

Some people believe that it is the traits of a person that help her in succeeding as an entrepreneur. Look at the table below and list 6 characteristics that you think are most important for a person to have in order to succeed as an entrepreneur. Also list 6 traits which you think are the least important in this regard.

	<b>Most Important</b>	<b>Least Important</b>
1. High Academic qualification	.....	.....
2. Physical fitness	.....	.....
3. Need to achieve	.....	.....
4. Inventiveness	.....	.....
5. Creativity	.....	.....
6. Competitiveness	.....	.....
7. Persistence	.....	.....
8. Patience	.....	.....
9. Leadership	.....	.....
10. Organizational ability	.....	.....
11. Need to have power over others	.....	.....
12. Desire for money	.....	.....
13. Independence	.....	.....
14. Coverage	.....	.....
15. Positive outlook	.....	.....



## **7. Role of a Facilitator**

The facilitator can with her committed efforts, bring out and nurture the potential entrepreneurs among the poor women who lack opportunities. For this the facilitator needs to do the following:

- Help women to become aware of the factors which discourage them from becoming entrepreneurs.
- Assess which women are interested in entrepreneurship development—women who indicate interest, willingness and self-confidence.
- Assist women in understanding their motive for starting an enterprise.
- Help women to develop an understanding of their self (who they are?) – their identity, strengths, limitations, potential.
- Help women to develop self-confidence and a positive self image.
- Assist women to deal with the various barriers which discourage them from progressing and overcome these.
- Guide women to decide whether they wish to start individual enterprise or a group enterprise.
- Assess whether women are ready to take up an enterprise at the individual level/group level.

**ENTREPRENEURIAL ACTIVITIES****Contents**

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4. Sources for Enterprise Idea
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7. Identification of an Opportunity
8. Why and How of a Small Enterprise?
9. The Zeroing In Process – Final Stage
10. Opportunity Identification and Promotional Policy

**1. Overview**

The process by which an opportunity is identified is at times described as Opportunity Scanning or Sensing and Identification (OSI). An opportunity is identified, the person is self-employed, earns some income and in some cases profit. This whole activity is at times covered under one term entrepreneurship and entrepreneurs are also self-employed.

In a developing economy like India there should not be any lack of opportunities. One comes across interesting success stories of entrepreneurs and businesswomen describing a life span from rags to riches. Presently, in our country several schemes of promotion and assistance for setting up small - scale units or small business by new or first generation entrepreneurs, are being implemented by the Central and State Governments. New product lines, new processes and new technologies have made India their home in only the recent past.

Let us begin by stating: What do entrepreneurs do? Entrepreneurs engage themselves in the following three interrelated activities:

- a) Identification of Business Opportunity;
- b) Establishment of an enterprise based on the opportunity; and
- c) Managing the enterprise as a profitable and growing concern.

The main focus here is an Opportunity and how to identify the same. The term opportunity also covers a product or project and hence identification of a product or project or opportunity, all these terms are used as synonyms. Some of the key steps include:

- Meeting support and finance agencies;
- Identifying a business opportunity;
- Preliminary survey for product selection and assessing feasibility of that proposed enterprise;

- Business opportunity counselling with experts;
- Business plan preparation and costing;
- Visits to business/industrial sites;
- Setting up the establishment and managing its finances and marketing;
- Setting the product/service; and
- Accounting and bookkeeping.

If you notice, the first step undertakes meeting support and finance agencies. Why is this done first? Such meetings will give an idea of the type of enterprises which could secure the funding, what steps the women need to take to get the finding and how long it would take before the finding would become available. This will lay the ground for subsequent work and visits.

Women entrepreneurs have become role models in their own right. Take the examples of Vinita Jain, Managing Director, IRL Marketing (Biotique), Ekta and Shobha Kapoor (Balaji Telefilms) and Ritu Beri (Ritu Beri Designs). Contrast their examples with the story of Jashwantiben Papat, we gave in Unit 4.

## **2. Case Studies of Successful Women Managers**

These case studies are drawn from Times of India, September 1, 2002.

### **THE BUSINESS OF BEAUTY**

by Nona Walia

#### **Vinita Jain, Managing Director, IRL Marketing (Biotique)**

It began as a quiet revolution, in Vinita Jain's research room. The golden, green apples were being made into a hair shampoo. The delicious sweet fruit would be an active hair cleaner. She called it 'Green Apple'. That was almost 15 years ago. Today, as she bites into one of the green apples on her table, sweet as it may be, she's thinking of creating a Spa revolution. "I am opening Biotique spas in Germany, France and Japan," she says.

Jain's Biotique multi-crore empire sells bottled beauty dreams like fruit-extracts for the face, herbal tea to make you glow, spa salts to refresh the body ..... "Our ground-breaking product has been the fairness cream and pack," she claims.

Every six months, Vinita Jain meets her team which includes Swiss doctors, biochemists from the US, dermatologists and ayurvedic experts, and together they decide their next beauty line. "Remember, I'm a scientist, first. That's what I owe my success to", adds Jain.

The brand Biotique has come a long way since 1992. Today, it's a market leader in India and is placed strategically at high-end retailers in the country and overseas. The product line of hair, skin and body care products and make-up is exported to France, Italy, Holland, Spain, the Middle East, USA, Singapore, Malaysia, Nepal and Sri Lanka. The brand is estimated to have crossed Rs. 50 crore in terms of sales in India, with another Rs. 35 crore in exports this year.

The increasing popularity and understanding of the ancient texts of ayurveda, combined with extensive research into the ingredients, have given Jain an advantage over her competitors. She has successfully employed this competitive edge to build Biotique into an Indian success.

So, how did she make her dreams a reality? “With determination, anything is possible. I have kept an unusually low-profile in these last years. I just let my products talk.” What about the men, does she have something for them? “Men are becoming rather conscious of their looks. I have an entire product-line for them. They can feel their skin now,” she explains.

This first-generation businesswoman from a traditional Marwari family believes that every woman should pamper herself. “My parents were very supportive. Though I wish I had been more aggressive and ambitious, then I would have been more successful now. Women need to give priority to their careers and themselves today.”

Jain has 45 exclusive showrooms for her products in India and 4,000 retail outlets sell her products. “Experts constitute 65 per cent of my business. My turnover’s growing by multiples of three annually.”

Twenty years ago, she started studying biochemistry to learn more about Indian herbs. “I went to Switzerland to study biotechnology and Stanford Business School in 1984 to study marketing management. I wish I had gone to Harvard.”

She uses biotechnology to create effective products, which are natural, “I study the genetic history of each plant and then develop them for our products with a team of doctors.”

Vinita Jain believes in “mind-body-soul” perfection. “I want to open wellness centers in the country. Lifestyle boutiques are hot business. You have to know the trend and develop it.” In the next 10 years, she wants to promote the concept of youth, health and beauty. “I want to introduce some lifestyle programmes. We need to create more confident and beautiful women,” says Jain.

## THE POWER OF K

by Abha Srivastava

### Ekta and Shobha Kapoor

#### Creative Director and Chief Executive Officer (CEO) Balaji Telefilms

Woman power. A mother-daughter team. Star wife Shobha Kapoor and star daughter Ekta Kapoor. Of course, the prefixes to their names have now been replaced by impressive suffixes – CEO, Balaji Telefilms and Creative Director Balaji Telefilms – respectively.

Quite an achievement. Another feather in their cap is the Economic Times award for best emerging company of the year being conferred on Balaji Television. Jeetendra’s wife and daughter have come a long way. For Ekta, it’s been a personal triumph. From being a “fat, below average and ambitionless student and teenager” to a 27-year-old who has a knack for giving the masses what they want, she has evolved. And Shobha – who for years was known as Jeetendra’s wife – has metamorphosed into the person in charge of the overall administrative and production activities of the company.

It would be fair to say that Ekta and Shobha Kapoor have revolutionized Indian television programming. At a time when the TV serial did not have a worthwhile concept, Ekta Kapoor floated the ‘family drama’. Suddenly, the great Indian middle class was hooked on to the antics of the five sisters and their troubled, harassed parents in *Hum Paanch* – Ekta’s first successful show. After that came *Itihaas* for Doordarshan, the success of which established Balaji’s name in the industry.

Balaji has constantly improved its performance year after year. From a net profit of Rs. 30 lakh on total sales of Rs. 2.96 crore in 1995-96, the company

has grown to register a net profit of Rs. 3.63 crore on sales of Rs. 20 crore for 1999-2000. In 2000-2001, the company had a turnover of Rs. 110 crore and a profit of Rs. 29 crore, which means a rise of almost nine times, in profitability.

And now of course, the eight-year-old company, which had sales of Rs. 40 crore and a net profit of Rs. 13 crore in the first quarter of 2002-03, is famous for singing the 'K' tune. *Kyunki Saas Bhi Kabhi Bahu Thi, Kusum, Kahani Ghar Ghar Ki, Koshish-Ek Asha. Etc* take the viewer through the trials and tribulations of the "parivaars"/famous families of the soap world. Drama, conspiracies, love – basic human emotions are attractively packaged in 23-minute episodes to win over the viewer.

Ekta is a confident young woman who knows exactly what she wants. "Of course I am moody and I yell at my staff. If I don't scream, nothing gets done. And I wonder why a big issue is made of my temper when there are ample male producers who do the same thing?" she pertinently questions, while agreeing to the accusation that she bullies her staff. And she also knows how to strongly defend her serials, which are often labeled regressive. "I just make clean soaps," she says, "Is it wrong to present tradition and middle class values? I know of no rule that says I have to have extra marital affairs in my serials! My serials show women in a strong and positive light, who have their values intact but also have a mind of their own," she insists.

At the other end of the spectrum is Shobha, who is terribly media shy and prefers to work in the background. She could easily be called the invisible force behind Ekta's success. And she is also the person who was instrumental in steering the company into producing programmes in South Indian languages.

A formidable team that is scaling new heights as each day passes.

## **READY TO RULE**

by Nona Walia

### **Ritu Beri, Director, Ritu Beri Designs**

Ritu Beri has just returned from Paris. No, not for good. That might not be for a long time. In her New Delhi office, she walks in with a whiff of nostalgia after months of being away. In the world of fashion, where nothing is constant, her room remains, as she left it. The fashion-doodles hang gracefully on the walls, her metallic awards haven't moved either. "It's a secure feeling, when this room silently says: welcome back."

In a world of glitzy glamour, fast-changing fashion forecasts, supermodels, she's been a survivor. As her tales of success travel within Europe, at home in India, she lives in isolation from other designers. "I was disillusioned by the fashion scene in India. We can do so much. That's why I feel at home in Paris. But, India did teach me all there is to know about fashion," says Beri, sitting in her fashion boudoir.

As she prepares to tell the tale of her success, she's sure of her power. She's in control of her concepts and creativity. "I followed my heart. That's been the golden rule. If I were to start my career all over again, I would never be able to do it. I wouldn't know the strategy. But, I know Paris was meant to be my destination," she remarks.

Beri is the first Indian designer ever to take charge of a French fashion house, Scherrer. She's been appointed chief designer of the ready-to-wear collection of the fledgling luxury goods conglomerate France Luxury Group.

In New Delhi, she's just returned a bit disappointed from a prêt showing at the Lakme India Fashion Week. "Don't they know a prêt show worldwide doesn't

last more than 20-odd minutes? And nobody claps when it's over. There, it's business, serious business." After returning from Paris, the Indian fashion scene only frustrates her. "We have a long way to go before we become a fashion industry."

In the world of fashion, nothing is constant. Be it fame, trends or success. In the world of Ritu Beri, she makes sure nothing remains constant. "I'm having this long affair with myself."

Ideally, she would like to quit the madness of the fashion world and teach nursery school kids. "I always dream of quitting, but something stops me. But after every show, I realize that I'm not just a fluke." Yet, she never lets her critics get the better of her. "In India, I hardly have any friends in the fashion fraternity. My critics can say anything they like. The fact is one bad show doesn't mean you write off a designer. A designer is much more than one bad show."

She was part of the first batch to graduate from the NIFT. "Only 25 students were selected. There was no fashion industry and few qualified designers." That was just the beginning, for many of Ritu Beri milestones. In 1998, she was invited by the royal family of Saudi Arabia to design clothes for a family wedding; after which she was selected to participate in an official fashion promotion in New York, London, and Paris by the Indian government; she also received a National Award from the first lady of India; her Paris love affair started after she trained with Francois Lesage in Paris.

"I design for myself. That's how I understand other women. I'm a concepts person. Fashion is also about entrepreneurial acumen. I have my own benchmarks for success. I follow my own instincts. I have always sold well. My fashion shows are always a sellout," she adds. As a child, she fantasized about living in Paris. And there was a time she wanted to be a doctor. "My grandfather was a doctor with the WHO, I wanted to follow in his footsteps. But it's my mother who has been my strength."

But what about the odds, the criticisms? "I don't care about criticism. I can't lose sleep over what the world thinks of me. I enjoy being different and controversial."

Right now, she sees being the chief designer of an international fashion house like Scherrer, as "a big responsibility". She says: "The look for Scherrer is much younger. I'm designing the Spring-Summer collection. In Paris, I do two shows and four collections in a year. I want the Ritu Beri brand to sell worldwide. I want to be known internationally. The bottom line, is sales. If you sell, you're good."

In 1999, Ritu was the first designer from India in Paris to have her show at the residence of the Indian ambassador to France; a few months later she held a show in Vienna; in October 2000, she had her first show of western wear at the Musee du Petit Palais in Paris.

"I have a vision, I can network. I can't tolerate fools. I want to be super, super successful. Right from my first fashion show at Lodhi Gardens, I've been a success. That's because I'm dramatic and adventurous. Fashion has been a fantasy. I have had to struggle. It hasn't been easy. Fashion is a tough profession, you have to keep proving yourself."

### **3. The Enterprise Idea in Micro Enterprises**

Any business/enterprise has to start from an idea. This basis for the business is called the business idea. The business idea always arises from some kind of opportunity in the market. This means that there is a need or want for any

product or service that the entrepreneur can identify. It is, therefore, important for a potential entrepreneur to keep an open mind in order to look for opportunities and generate business ideas. What kind of business idea should the entrepreneur choose? For this, one has to assess the market needs and the customer's needs. The entrepreneur may be able to think of quite a number of such ideas, but it is not possible for her to start an enterprise on the basis of all ideas at one go.

Three kinds of enterprises can be considered: production, trading and service-based. As a facilitator it is important that you provide an opportunity to the women to consider the options in all three kinds of enterprises. Let us discuss all three kinds of enterprises and see what kind of questions potential entrepreneurs need to ask themselves while selecting the business idea.

### *3.1 Production-based Enterprise Idea*

While considering production-based enterprises the potential entrepreneurs must consider the following factors:

- a) Production of items which may be existing in the market but is in short supply and thus there is a tremendous scope for selling that item e.g. jute bags.
- b) Production of items which may be available in the market but are not of good quality/lacks good designs and variety e.g. bindis. Women look for new designs, colours and better sticking quality.
- c) Production of items which are not available in the market e.g. earthen pots/water filter which has a candle and a top attached. This product is available in Southern India but is not marketed in Northern India.

The potential entrepreneur also needs to ask herself/herself various questions while considering a production-based business idea.

*Will the enterprise idea enable the entrepreneur to utilize her skills?*

Every entrepreneur has certain skills. It is, therefore, important for the entrepreneur to consider if he/she can build the enterprise based on his/her existing skill. In such a case, he/she will have greater confidence in entering the market. Do you remember Lakshmi's case? She knew that she had the skill of pickle making. So, she chose an enterprise based on her skill. This also helped her to further develop her other skills.

*Are there new ways of doing old things?*

There are a large number of products already being made and being provided in the market. Quite a few of these are probably made with traditional methods or practices, and one way to look for business ideas is to see if any of these can be made by different or newer methods, which gives the entrepreneur an added advantage over the old method. For example, in villages in India, it is often seen that small-scale oil extraction is done using draught animals. The same thing also could be done with small machines specially developed for that purpose, at a lower cost or with better yields.

*Can her hobby be converted into business?*

Many women, especially in the traditional societies, are adept at doing something or the other as a hobby, or for use in the house only. It is possible to use such a hobby to set up an enterprise. A number of examples can be seen where a women has set up, say, a pickle making unit profitably as she has been doing the same thing well as a hobby earlier. Quite often, this would usually apply to smaller business, employing just two or three people, and with small investments.

### *Can waste materials be utilized to make new products?*

A great deal of attention is being given nowadays to the topic of conservation and protection of the environment. Recycling waste materials, or turning them into useful products will have a great potential in the future as good business ideas. Similarly making a product that helps to conserve natural resources or energy also will have great scope. It is strongly advised that the facilitator should look into this issue, and look at possible ideas in this field for the entrepreneur whenever possible.

In all the above, the facilitator has to act as a guide and the leader, in trying to help the entrepreneur look at different product ideas, and think which would suit her most. However, the facilitator should ensure that ideas come from the entrepreneur, the facilitator should never force his/her ideas on the entrepreneur.

### *What kind of resources will be needed to set up the enterprise?*

The potential entrepreneur needs to know the resources that will be needed for the enterprise. These will include:

*Work place* – Whether the production of the item can be done at home or a separate place will be required? Is such a place available locally? How much will she have to pay for the place?

*Raw materials* – For production-based enterprises, raw material is required. A potential entrepreneur can think of making a product using locally available raw material. This can be a good opportunity. Lakshmi's idea of making lemon pickle was based on: a) her skill of making lemon pickles and b) the easy availability of lemons in Lakshmi's farm.

*Machines/equipment* – Will the production of the item require some machines/equipment? What kind of machines/equipment are required? Will such machines/equipment be locally available?

*Water/electricity* – Does the production of the items require water and/or electricity? What quantity of water will be required? Is it easily available at the work place? Does the work place have an electric connection?

*Money* – The potential entrepreneur has to finally assess as to how much money will be needed to start the production-based enterprise? Does she have that kind of money? Will she need the loan facility? From where can she get the loan facility?

### *3.2 Trading-based Enterprise Idea*

While thinking about the trading-based enterprise idea the entrepreneur must ensure the following for selecting the items:

- a) Which items are not locally available but have a great demand e.g. stationery items?
- b) Which items of a good variety are not locally available?
- c) Which new items can create a local demand?

The entrepreneur will also have to find out as to:

Where these items will be purchased from?

Where and how will the trading be done? Will the trading be done from house-to-house i.e. a mobile service on a cycle, cart etc. or from the home or a book shop etc.?



### 3.3 Service-based Enterprise Idea

If the entrepreneur wishes to take up a service-based enterprise, she needs to consider the following:

- a) Which services are not available locally and have a good demand? e.g.  
(i) The service could be a eating house since a lot of visitors come to the town, and require different kinds of eating places. (ii) A cluster of villages which use farm equipment and require a repair shop and so on.
- b) Does the entrepreneur have the skill to provide the service? For example if she wants to open a repair shop, is she trained in the repair of the items?
- c) Can the entrepreneur get the training locally?
- d) Will the entrepreneur open a shop, or operate from her home or make the material at home (in case of an eating place) and sell it elsewhere?

The two examples given below will help you to understand the service related enterprise idea:

#### *Rani's tea shop*

Rani decided to start a tea and snack shop as her village was near a cross-road where a lot of people passed and waited for the public transport. People always felt the need of a tea shop there. But no one took the opportunity. When Rani got a chance to select and start her micro-enterprise, she thought of the existing opportunity of making available the service of a tea and snack shop which was in great demand but not available.

#### *Travelling in Bharatpur*

Bharatpur is a tourist location. Tourists from all over the world come here to see the migrating birds. The sanctuary is very big and tourists cannot cover it on foot. Several youths of the neighbouring villages have bought cycles and cycle-rickshaws which can be hired by the tourists. Thus, this enterprise has helped to solve the local problems of the tourists. You can think of several similar examples.

#### **Questions for Discussion**

- 1) What is a business idea? How can it be generated?  
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- 2) List the three kinds of enterprise ideas. Give examples for each.
  - a) .....
  - b) .....
  - c) .....
- 3) What kind of resources are required for a production-based enterprise?  
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.....  
.....

#### 4. Sources for Enterprise Ideas

Among the women who plan to start an enterprise, some may already have thought of some product or service which they can provide, while others may not have. One of the first things that the facilitator needs to do is to find out if the entrepreneur has thought of her product idea. If not, the facilitator has to assist her in coming up with different ideas and finally deciding on one of them.

The first action, therefore, is to generate ideas for business. Initially, the entrepreneur may find it difficult, without any context, to come up with many ideas. However, there are a number of ways by which she can do so, and in fact come up with many possible ideas. The entrepreneur should use as many sources as possible for scanning enterprise ideas from the environment.

The various sources are discussions with others, brainstorming, visiting shops and attending trade shows, seeking assistance from research organizations, looking at new ways of doing old things, converting hobby into business.

##### a) Discussions with others

Looking for business ideas involves asking questions about **what is not easily available, or what people wish was available in the market.** The entrepreneur can ask herself these questions wherever and whenever possible, and can come up with a number of possibilities. Quite often an idea for a business can come up during discussions of this kind with different people. These could be friends, family colleagues, employees, users, salespeople, social contacts, bankers, or business counsellors.

##### b) Brainstorming

Brainstorming is a special technique by which a large number of product ideas can be generated. In order to carry out brainstorming, people need not be experts – anybody can do this exercise. The only rule for this exercise, which is almost like a game, is that none of the ideas mentioned will be evaluated or judged, i.e. one should not worry whether the idea is feasible or not. This technique can be used by itself, or in combination with the others mentioned. It is suggested that every entrepreneur should participate in a brainstorming exercise.

Let us look at the example of Rani:

Rani was an educated lady and residing at Delhi. One day during the course of her discussions with her friends in her locality, they expressed their interest in having a coaching center in order to teach the children in the surrounding areas. Taking the idea from the discussion, she has established a tuition center in the locality.

##### c) Visiting shops and attending trade shows

One thing the entrepreneur can do is to visit shops and find out which articles are sold easily, and which are not. Faster moving products can always form the basis for a business idea. Similarly, visiting trade shows or trade fairs to see the new products displayed can suggest many new ideas. The entrepreneur can also talk to suppliers and dealers of household and trade goods, to see what is needed e.g. kitchen ware.

Monica was visiting the trade show arranged by the India Trade Promotion Council, Bangalore. While she was closely observing the various stalls put up for the show, she notices also the various holders which were put up in the halls. Being an artist, she decided that she would establish an agency for painting the holders, and soon with the help of her family she had established an art agency.

From where did she get the idea? She received the idea by visiting the trade show. Thus an entrepreneur can visit trade fairs and shops to generate business ideas. Observing the fast moving products in the various shops can generate business ideas. The entrepreneur can also talk to suppliers and dealers of household and trade goods.

**d) Seeking assistance from Research Organizations**

Research organizations carry out research on various products and have a list of product ideas. Some of these may have a demand and could be made use of by the entrepreneur. What she could do in this case is to write to such institutions, requesting for a list of products developed, along with estimates of the cost for setting up an enterprise for making such products.

**e) Looking at new ways of doing old things**

Quite a few of the products are probably made with traditional methods or practice. One way to look for business ideas is to see if any of these can be made by different or newer methods, which gives the entrepreneur an added advantage over the old method.

**f) Converting hobby into business**

It is possible to use such a hobby to set up an enterprise. A number of examples can be seen where a woman has set up a pickle making unit profitably as she has been doing the same thing well as a hobby earlier.

**Questions for Discussion**

- 1) List the six sources that can help the entrepreneur to get business ideas.
  - a) .....
  - b) .....
  - c) .....
  - d) .....
  - e) .....
  - f) .....
- 2) What should be the facilitator's role at the stage of developing a business idea?
  - .....
  - .....
  - .....
  - .....
  - .....
  - .....

**5. Assessing the Enterprise Ideas**

Generating an enterprise idea is only the beginning of the process of deciding on one business idea for the entrepreneur to pursue. Once a potential idea is generated the entrepreneur should assess whether the idea is feasible in the market, i.e. will setting up one enterprise based on the idea become successful?

Many a time good ideas cannot be implemented because of many reasons: low market share, low margins, high investment, lack of skills, not viable in small scale production, lack of technology, and various other factors.

In assessing a product idea, the entrepreneur needs to look at a number of factors which affect the success of the enterprise. These are: a) Market for proposed product, b) Availability of raw materials, c) Availability of skilled labour, d) Complexity of production, e) Infrastructure needed, f) Investment needed.

**a) Market for proposed product**

The first point to be looked into is the market for the product. If the market demand is sufficient and the price satisfactory, then it is worth looking at the idea further. However, if there is no market, there is no point in considering the particular idea any further. This is the most important factor to be considered in deciding on a product idea.

**b) Availability of raw materials**

Once it is felt that there is a market, the entrepreneur must check if it is possible to get the necessary raw materials locally, or if not locally, easily. If getting the raw materials is difficult, she must take into account the added cost of transporting them from longer distances, and also the cost of buying in larger quantities to avoid stoppage of production.

**c) Availability of skilled labour**

Any enterprise must necessarily rely on people working for it if it is to provide any product or service to the market. Production of anything depends very much on who produces, i.e. who workers are and how good they are. The skills of the employees, therefore, are very important in deciding on a product idea. For instance, it might be very tempting to make and sell woollen sweaters in winter, but if the entrepreneur cannot get skilled employees to produce good quality sweaters, she will not be able to sell anything. Thus skill is an important factor to be looked into.

**d) Complexity of production**

As mentioned in the previous paragraph, the skill of the employee is important. In the same manner, the complexity of production is also an important factor. An entrepreneur may be willing to think of making and selling sweaters, but may find it difficult to make and sell nylon fishing nets, as the process of manufacturing nylon fibre is complex.

**e) Infrastructure needed**

Production of any kind is possible when there is a place where it can be made, the necessary power and fuels are available, the necessary machines can be obtained, water supply is easy, and suitable transport systems are available to get raw materials and supply the finished products. All these together are called infrastructure, or support structure. It is very essential for the entrepreneur to ensure that all these are available to her to the extent needed for the product. Otherwise, she will find it difficult to make or sell the product. For example, production of hand-made paper requires very large quantities of water. If this is not available it is not possible for that entrepreneur to make a profit in manufacturing hand-made paper.

**f) Investment needed**

Last, but definitely not the least, is the investment needed for the production to be made in the quantity planned. The entrepreneur has to buy or rent land/buildings, has to buy machines, has to get electricity for the premises if needed,

and many other such expenses to just get the unit ready for production. After that she has to spend money for regular running of the unit. All this calls for a certain amount of money to put in, or be invested, in the business. Part of this amount may be obtained from banks or other financial institutions. The rest of the money has to come from the entrepreneur herself. Thus, the money available to the entrepreneur to start the enterprise will determine whether the product planned can be made by her or not.

Here again, the role of the facilitator is of vital importance. The best thing the facilitator can do is to arrange for a visit by the entrepreneur to an existing enterprise, and help her in understanding how that business was started, and what factors governed the choice of that particular idea. Thus the facilitator will be able to help the women to think on the right lines.

<p><b>Questions for Discussion</b></p> <p>1) Why is it essential to assess the business ideas?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>2) State the factors which need to be considered to assess the success of the proposed enterprise.</p> <p>a) .....</p> <p>b) .....</p> <p>c) .....</p> <p>d) .....</p> <p>e) .....</p> <p>f) .....</p> <p>3) What can the facilitator do at the stage of assessing the business idea?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
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**6. Entrepreneur-Enterprise Match**

We have just talked of the fact that the entrepreneur must check what investment would be required for a given business idea, and see if she can make such an investment. This matching of requirements with what is available, must also be done for the entrepreneur's own personal qualities to see if she is capable of running such an enterprise. For example, a woman was interested in reeling of silk. She, however, found that the process involved boiling of the cocoons, with the live pupae inside to get the silk. Being a devout

Buddhist, she could not accept the possibility of killing any living being, and so decided not to go in for that particular product.

There should be a match not only with the entrepreneur's behavioural competencies but also about her resources with regard to finances, skill (if she does not have the skill, do any of the family members have it), etc. One way of finding out these is to do an analysis called SWOT analysis. Each entrepreneur notes, with the help of a trained expert, her own strengths and weaknesses, and what she sees as opportunities and threats. These may be personal, economic, social, psychological or cultural.

She also notes a similar analysis for the business, and then examines the two to see if they match i.e. if the skills she has are those that are needed for the business, the money she has matches with the money needed, for the business. In the case of her weaknesses, she has to see that they do not affect the making/selling of the product badly. Similarly, what she sees as opportunities for herself should also be the opportunities offered by the product, while the threats she sees to herself do not cause any problem for the product.

*Such a match, called Entrepreneur-Enterprise match should be done by every entrepreneur, and the entrepreneur herself must be fully aware of the SWOT analysis that she has done.*

### **SWOT Analysis**

Every product idea has its strengths and weaknesses and provides opportunities and threats. By being aware of these strengths and weaknesses, opportunities and threats, (SWOT), we can deal more effectively with the problems that are likely to come up, and look at ways and means of converting the threats into opportunities and setting off the weaknesses with the strengths.

This exercise must be repeated again and again over a period of time, for better results since the strengths, weaknesses, opportunities and threats will keep changing with time.

## **7. Identification of an Opportunity**

In identifying her opportunity, an intending entrepreneur like an individual businesswoman is required to understand the environment in which she would operate. At the opportunity stage again Government policy and the market for the product/service would be the first to be considered. This is generally termed as the external environment. Government policy for large or medium industry is regulatory but for small industry it is both developmental and promotional.

The major tools which our entrepreneur uses in this activity include scanning of her environment and assessing her own strengths and weaknesses in relation to opportunities in the market and competitive threats to the same. The former can be a more general, all inclusive activity while the latter is a more specific and situation-oriented activity. This is known in managerial jargon as SWOT Analysis meaning thereby *Analysis of Strengths and Weaknesses on the subjective side and Opportunities and Threats in the market on the objective side. These tools are important and are generally employed in the working of a business unit. But they can be extended into areas such as setting up of an enterprise and likewise identifying opportunity.*

<b>Definition of SWOT Analysis</b>
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SWOT analysis is a technique used for analyzing the strength, weaknesses, opportunities and threats of something. The analysis could be of an idea, an organization, person, product. By being aware of the strengths, weaknesses,

opportunities and threats, one can deal with the problems that are likely to come up more effectively and look at ways and means of converting the threats into opportunities and setting off the weaknesses with the strengths.

Ask the entrepreneur to list what she sees as the strengths, weaknesses, opportunities and threats of her business idea in the form shown below:

**SWOT Analysis**

<b>Strengths</b>	<b>Weaknesses</b>

<b>Opportunities</b>	<b>Threats</b>

As an example, let us look at the idea of making pickles:

***The STRENGTH of the product could be:***

- The pickle can be made very tasty;
- Low investment;
- Requisite skills easily available; and
- Use of simple technology.

***The WEAKNESSES would be:***

- Seasonal availability of raw material, leading to large stocks;
- The product is perishable if not prepared properly; and
- Licensing formalities are cumbersome for food products.

***The OPPORTUNITIES could be:***

- Large market;
- Once the brand is established, selling is easy; and
- Variety of pickles can be made to suit customers' taste, e.g. sweet pickles, extra spicy.

***The THREATS could be:***

- Large number of competitors;
- Establishing a brand is difficult; and
- Customer's tastes may change.

***How can “threats” be converted into ‘opportunities’?***

Discuss with the entrepreneur and encourage her to come up with some ideas on how some of the threats could be converted into opportunities:

She can introduce a number of varieties to meet the different taste requirements of various customers. She could also keep asking customers how they like her product and make necessary changes when needed. This would further help in establishing the brand name, as customers would get used to hearing about her product. To offset the large number of competitors, she could focus more on quality and on special pickles.

***How can her “weaknesses” be converted into “strengths”?***

Different raw materials are available in different seasons. Instead of making one pickle through the year, she can make different pickles with the materials available at different times.

She should take care to ensure that the product is made under the correct conditions, so that it would not spoil. In addition, she could keep testing the finished pickles lying with her for more than one month.

***Let us look at the following case:***

Sheela is a housewife. She married Ram a few years ago. They have a child who is 7 years of age, and studies in a nearby school. Mr. Ram is employed in the nearby government office as a clerk. Their income is sufficient to manage their household and to look after the education of their child. But since they were staying in a rented house, they needed additional income to ensure the proper education of their child and also so that they could purchase a house.

In order to generate additional income, Sheela had been on the look out for opportunities available to them. In her search she came across an organization named Asian Centre for Organization Research and Development (ACORD) which has been working in the area of micro-enterprise development programme in her locality at Bharatpur. On further research she found out that the organization also gives loans to individuals who would be interested in initiating income generating activities including trading.

Therefore, she looked around to see the type of activities that she would be able to initiate in her locality. She found out that there were a lot of vegetables grown in the area. These vegetables were available at a very low price in the villages. But, at the Bharatpur market the prices of these were almost double. Hence, she felt that by buying these vegetables from the villages and by selling them in the market she would be in a position to make quite a lot of money. As the loan facility was already available from ACORD, she decided to get a loan from the organization to start a small trading business.

After discussing the idea of starting the trading activities with her entire family, she decided that she would take a loan of Rs. 2000/- from ACORD for the purpose of initiating activity in her locality.

By initiating this activity she has been able to make an additional income of Rs. 3000/- per month. As the family income has increased, they have taken a loan and bought a house. Thus the activity of trading taken up by Sheela has had a very lasting effect in her life. Even now she continues with her trading activities in the village, and her husband also helps her with this work in his spare time.

Through its trading activities, ACORD has helped Sheela by giving her the initial financial assistance and also by providing her the required training and other assistance in locating the market for her work.



**Practical Exercise**

Can you list the strengths, weaknesses, opportunities and threats in the above case?

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**Questions for Discussion**

1) What is SWOT Analysis?

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2) What should be done by an entrepreneur in the SWOT analysis?

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3) Why should the SWOT Analysis be repeated?

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**8. Why and How of a Small Enterprise?**

As you have understood, an important tool in the identification of a business opportunity is the SWOT analysis. Let us now enumerate why and how small enterprises are established. In a sense this analysis of why and how small enterprises are established is similar to SWOT analysis. Analysis of factors which have led individual entrepreneurs to set up their small enterprises reveal a surprising degree of uniformity the world over. A small entrepreneur, the owner-manager of a small unit, enters this world because of:

- b) Love for doing independent business – or being one’s own boss;
- c) Small business provides scope for taking an initiative, organizing activities and a kind of freedom which owner- managed small units alone can offer.
- d) Self-employment being an income generating activity, as an alternative to wage employment; the flexibility in several operations which again is available in a small unit.

Another set of data on how typical small-scale units were set up on the basis of identifying an opportunity reveals the following factors. This data is based on Indian small industry. Entrepreneurs have selected:

- products based on their own experience or their partner’s experience in the line;
- products based on the expansion/diversification plans of their own or any other on-going business known to them;
- products which are likely to have ready demand either in the local or regional market;
- products whose imports are banned or controlled by the government. This factor has been found applicable in identification of opportunities in small, medium and large scale industrial units;
- products which show high profitability; entrepreneurs have selected products based on certain specific advantages available to that product—such as, reservation of product lines for small scale units, certain regions or locations;
- product lines guided mainly by changes in certain aspects of industrial policy—more specially change in control and regulation of prices of raw material or products.

What appears to take place is an opportunity “envelope” with positive and negative or favourable and unfavourable factors attached to different opportunities. This “envelope” tells us how an opportunity is finally identified by an entrepreneur.

The combination of factors in such an envelope is not, in any sense, a unique or unusual combination. Our main reason for collecting these factors is to identify the more important general factors—factors which seem to be generally applicable—and another category of factors which are specific to any opportunity or opportunities.

As has been pointed out, the individual refers to the ‘immediate’ and the ‘remote’ environment. More accurately, her own strengths and weaknesses arising from the immediate environment in relation to the remote environment. Now, in India this remote environment often includes government policy and the market for the product. It is an interaction between the immediate and the remote environment which seems to explain, even in a simple way, how opportunities or project ideas may be generated. It is a process of back and forth, as it were and the individual may be in a position to monitor her thinking.

### ***Hen or Egg***

In identifying an opportunity the entrepreneur passes through several processes. Some leading to satisfaction and others to dissatisfaction. At one stage she likes the opportunity, at the other she turns her mind to another alternative. Nevertheless, two stages can be clearly identified. In stage one, the entrepreneur tries to generate ideas or opportunities and in stage two she identifies the opportunity. In stage one most of the entrepreneurs are likely to

encounter a situation resembling the Hen or Egg controversy. Ask any one who wants to select a project. Her obvious answer would be a “*project having a good market*”. Now, how could one determine the market without knowing the product? Whose market will you find out without deciding the item? It is necessary, therefore, to find a way out of this tangle. One of the methods employed by experienced entrepreneurs is to generate ideas about a few projects.

In such an attempt she makes use of her experience, background, contacts, observations, information obtained from friends, development agencies, policies of the government, schemes of concessions and incentives. All of these, put together, may offer a few ideas to be examined as opportunities.

We give below two situations to explain what has been discussed.

In Jana Aranya of Satyajit Ray there is a sequence in which two co-students Khokan and Bishuda are seen conversing with each other. Khokan is searching for a job while Bishuda is running his own business. Bishuda advises Khokan to observe the market and supply what the consumers want – what they are prepared to pay for.

A second situation is as follows:

Bala works in the purchase department of a private gift corporation. As such, she knows about many items which are being purchased. Having been in this department for many years she also knows which items are purchased in large quantities and more often. She turns her mind to the prospects of manufacturing some of the gift items in demand.

In the above two situations which one, do you think, is at the idea stage and which one at the opportunity stage? Alternatively, what is the difference between opportunity sensing and opportunity identification. This distinction is very important for those who are consciously making an attempt to identify an opportunity.

Imagine that as a result of the above analysis the entrepreneur has been able to prepare a list of the following opportunities. These are:

- 1) Cosmetics (industry)
- 2) Cold storage services (service-based business)
- 3) Packaging material ( product-based industry)
- 4) Xeroxing unit (service-based business)

This is the smaller list from which the final opportunity/project will be selected. This can be described as the “zeroing in process”. The activity involves some of the major steps described earlier.

**Activity 3**

Going back to the sample you took for Activity 2, discuss with the entrepreneurs to find out exactly how they identified their opportunity.

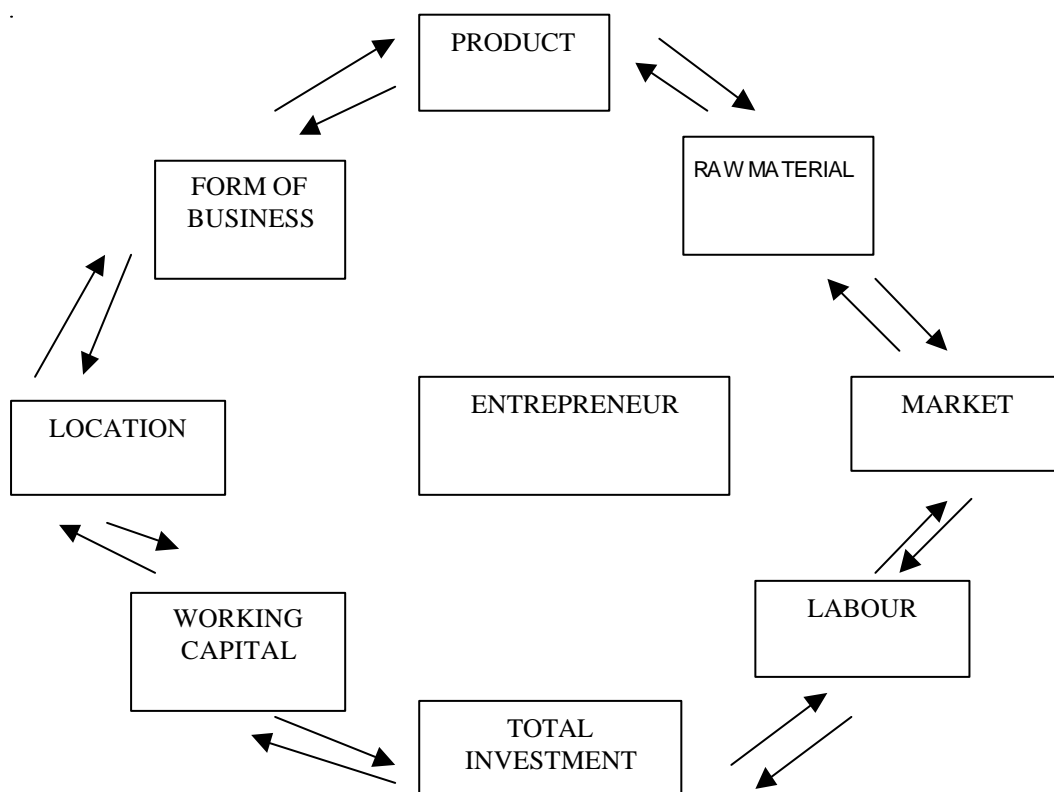
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## 9. The Zeroing In Process – Final Stage

How should the intending entrepreneur arrive at the final project? What additional processes and criteria of selection should she use? In several respects the final selection should follow the course of action adopted in the previous stages, but with a difference. The examination of each of the areas such as market, raw materials, total investment – amount and technology of plant and equipment – location and the type of organization i.e. private ownership, partnership, etc. will be in greater details. In other words, each of the areas will be examined in terms of all the relevant details. Secondly, the interrelationship between each of the areas will have to be fully worked out. An example should make this clear.

A village woman who would like to make one of the components of a detergent (say sodium carbonate) on a small scale obviously cannot meet the total demand for that component. Her whole approach in examining this item will be governed by either a local dealer or meeting part of the demand by a detergent manufacturer. This would mean that from the two industrial products and two business opportunities she will first decide whether she selects industry or business. After doing this she will choose either a product or a business line as the case may be.

In these situations you will be required to work out the interrelationship between different areas. From the point of view of the entrepreneur, it is necessary to remember that each of the areas has to be evaluated (a) independently and (b) in relation to each other. This can be almost a continuous process wherein you would be moving from one area to the other and it will be a “back and forth” process. (See Figure). It must be emphasized here that no area should remain without a detailed examination.



**Figure: Opportunity Identification: An Interdependent Process**

The most important areas will be demand and market, investment, plant and machinery and technology, working capital, total investment, raw material availability and the price, price-cost-volume relationship and the location of the project. It will be easy to understand that the areas are closely interrelated and cannot always be examined independently. To provide a reckoner we give below a check list in the form of a framework for Product/Service Selection.

**Framework 1 for Product/Service Selection**

Industrial/ Product	Total Investment	Market/ Competition	Raw Material Merchan- dise	Location	Others Labour Utilities	Overall Rating
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Cosmetics						
Packaging material						
Cold storage service						
Xeroxing Unit						

*Clues on how to use the framework:*

- 2) Put high, medium or low as per your financial strength
- 3) Competition could be stiff or moderate
- 4) Could be easily or not easily available
- 5) Could be favourable or unfavourable
- 6) Could be again favourable or unfavourable
- 7) Acceptable – Not acceptable

The overall assessment is thus an outcome of subjective and objective factors relevant to each product/service line. Finally you should emerge with your opportunity.

**Activity 4**

For any one of the products given in the framework complete the columns by finding out relevant data, in respect of your own town/locality.

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What we have done so far is a step-by-step approach to opportunity sensing and selection. An important aspect of this approach should now be understood.

When an idea is in the process of becoming an opportunity one tends to examine it broadly in terms of: “whether this is a line business for me or not”. Alternatively, ‘do I have all that the line business would demand’. In this process we examine a potential opportunity from the point of view of becoming “The Opportunity”. This is often termed as *Project Formulation* meaning thereby the process and steps through which an opportunity becomes a project in which the individual is willing to invest her time, money and other resources. The manner in which the individual would pass from the stage of sensing to identification and final selection is almost imperceptible. But the opportunity must be transformed into a business. It must be emphasized that project formulation is the most important stage in this.

An opportunity which does not result in a business or industry is not an opportunity for us. It is just a vague idea. The entrepreneurial process, to which we referred earlier, should be understood in terms of what happens in (a) Identification of an opportunity and (b) Setting up an enterprise based on the same. A small case can perhaps illustrate this.

Sudhir and his wife Vaishali were traveling from Ahmedabad to Mumbai by a day train— distance of 492 kms. On their way after Baroda their train stopped at a station Bharuch situated on the banks of the river Narmada. Young teenagers with packets of roasted peanuts crowded the compartment and almost every passenger purchased one packet. Sudhir and Vaishali also did the same and started munching. “The peanuts are really good” tells Vaishali to Sudhir— the latter nods. Both of them reached Mumbai by afternoon. Vaishali feels this might be a good business to start. She asks Sudhir to go to Bharuch. Sudhir took the next train to Bharuch. In Bharuch he contacted shopkeepers and those who roast peanuts. He finalized a business deal for them to send a pack of 25 kgs of roasted peanuts daily to Mumbai. From the third day Vaishali and Sudhir’s business started. They were selling packets of roasted peanuts in Mumbai.

You would have noticed that in the above case there is almost no time gap between (a) and (b). But the pertinent question for us is how did Vaishali examine “selling roasted peanuts” as a business proposition? In other words, how did this idea make its headway into a business opportunity for Vaishali and Sudhir? We list below the kind of questions that they must have considered.

- i) Who will buy this and who will be my principal buyers all through the year?
- ii) In what packet size and at what price could I sell it in the Mumbai market?
- iii) How much will it cost me per kg. of roasted peanuts plus packaging and transport in Mumbai?
- iv) Given the quality and price of other substitutes to peanuts in Mumbai, will my price per packet be comparable to the cost at which I shall be receiving the same in Mumbai from Bharuch?

To the above main questions a few additional questions can be added but our objective in the above enumeration is again to lay bare the process, through which this random idea was turned into a business. When you are about to consider an opportunity as a possible business your mind begins to visualize what the business would be like when it is established. What kind of a shop/factory/shed would be needed? What merchandise/raw material would be required and what will the business look like when it starts functioning? This ability to visualize or draw a mental picture is called simulation. This is a well-known technique of management. In other words, with regard to the opportunity for your group of women you should be able to visualize the same as a running

enterprise. You can do this better if you have the required experience and a keen sense of observation.

Mere simulation is not enough without a sound backing of calculations as to how much will it cost and how much will it earn. This requires abilities and skills from an altogether different field viz. costing and accounting. Since in a small enterprise almost every activity and decision is taken by the entrepreneur-owner-manager, the individual woman or group of women ought to have these abilities and skills. Perhaps, as a facilitator, you should now be in a position to understand how an opportunity is transformed into a business or industry.

To sum up, an opportunity which is likely to be accepted finally as the Opportunity can be broken up, as it were, into components as follows. An opportunity has thus:

- b) Demand and marketing component
- c) Costing and pricing component
- d) Financial component in terms of term-loan and working capital
- e) Locational component – where are you located
- f) Merchandise, raw material and processing, manufacturing component

You have to visualize the opportunity as passing through the above to be able to say that this is the Opportunity. Such an examination should enable you to answer the following basic questions:

- a) the product/service is needed i.e. it has a market;
- b) that there is enough room in the market for a volume of production that you intend to produce;
- c) at that volume you will be producing it cheaply enough to earn some profit; and
- d) Market or Need, Enough Volume and Cheaply Enough are the three catch words for you.

In the case of a business providing a service, say a Xeroxing center, you should be able to translate the above in terms of the same three catchwords. This gives you a formula with which the opportunity is completely screened as a business venture. An opportunity is now a business. Another way of defining this is to say that a business opportunity implies a series of activities in which entrepreneurs will decide to invest their time, money and organizing ability. In short, it is an opportunity “worth investing in”.

#### **10. Opportunity Identification and Promotional Policy**

Small enterprise, small-scale industry (SSI) and many other self-employment based activities form the principal objective of the industrial policy of the Government. Let us examine how these policies and programmes are helpful to an individual at the two stages of an enterprise viz. identification of an opportunity and setting up the same as a business or enterprise.

- i) Identification of an Opportunity
  - a) Reservation of products for exclusive manufacture by SSI
  - b) Government purchase programme for products of SSI
  - c) Liberal financial assistance for term-loan and working capital

- d) Availability of infrastructure facilities like shed, water, power, roads etc.
- ii) Setting up an enterprise
  - e) Facilities for acquiring machinery on hire-purchase basis, allocation of scarce raw materials etc.
  - f) Marketing assistance

It will be seen that taking all the promotional measures, various requirements of opportunity identification and project formulation are adequately covered. To these must be added entrepreneurship and self-employed development programmes with different target groups such as unemployed youth, technicians, women, SC/ST group, rural youth. The promotional umbrella thus covers a wide range of areas but its main focus is opportunity identification by a young woman to set up a small self-employment based unit of her own.

### **Steps in Opportunity Identification**

#### ***Step 1: Understanding and Recognizing***

The first step towards acquiring a new behaviour is to understand what a particular competence means. With such an understanding one would then be able to recognize the competence when someone exhibits the same.

#### ***Step 2: Self Assessment***

Having understood a given competence and having been able to recognize the same when someone else exhibits a given competence, the next step is to find out where one stands with respect to a given competency. In other words, does one possess a given competence and if so how frequently does one exhibit the same in one's day-to-day activities?

In order to help one identify the level of one's competencies, we can use the 'Self Rating Questionnaire' which one could answer and later on use the coding sheet attached to the questionnaire to understand one's level of competencies. Its coding has already been discussed in this block.

After coding, to know where one stands with respect to various entrepreneurial competencies, we suggest one does some introspection and answer some of the questions listed in Exhibit 2 B labeled as "My Thoughts about my Competence Level". Again these have been discussed earlier.

#### ***Step 3: Practice***

Having gone through the above steps, one would be in a position to decide the competencies that are not a part of one's personality but one would like to acquire these competencies and strengthen others. By practice, we mean exhibiting a given competence in a variety of situations, both simulated and real. Help from a trained facilitator is called for to develop the competencies through practice in simulated situations.

#### ***Step 4: Application in Real life Situation***

Any new behaviour that one acquires would become a part of one's personality only when one applies the same on a continuous basis in various activities. In other words, there is a need to make efforts towards exhibiting all the competencies deliberately and consciously all the time even in the simplest activities that one performs.

#### ***Step 5: Feedback***

One's desire to acquire new behaviour, internalize and practice the same would be strong only when one understands the benefits of operating as per



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the newly acquired behaviour versus usual/old behavioural pattern. Hence, having understood a competence and having practiced the same in a given situation one needs to introspect to find out how one's new behaviour or act of exhibiting or showing a competence has been rewarding. The greater the benefit, the more will be one's determination to continue exhibiting the competence in a variety of situations.