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# UNIT 11 ENTREPRENEURIAL SKILLS AND DELEGATION

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## 11.1 OBJECTIVES

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After studying this unit, we should be able to:

- 1 List the must-have skills for entrepreneurs;
- 1 Understand and appreciate challenges faced by an entrepreneur;
- 1 Appreciate risk involved in starting own enterprise;
- 1 Define delegation;
- 1 Describe the advantages of delegation;

- 1 Know the decisions which are not to be delegated; and
- 1 Explain the process of delegation of tasks.

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## **11.2 INTRODUCTION**

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In today's world, ideas drive economies. There is competition in every walk of life. But it is innovation that puts one individual above another. Innovation means something new or better than the existing product or service. This innovation could be process innovation, market innovation, product innovation, and even organizational innovation. With small innovations one is able to build a big and profitable businesses. For example, milk was earlier packed in returnable bottles but now with innovation in packaging it is made available in poly-pouches. This innovation in packaging resulted in huge cost economies and increased convenience for the consumers.

That is how success is defined too. Business success of a product is when we prefer one product over another and we maintain our preference over prolonged period of time. That is when we decide that a particular product is better than most products available in the market. To become a successful entrepreneur, we need to ensure that our product stands out over the rest and is able to meet the needs of the customers.

In simple terms, entrepreneurs buy at certain prices and sell at uncertain prices. The one who can make good revenue despite the market being volatile and uncertain is a successful entrepreneur. He takes risk and reaps benefits if the venture is successful. An entrepreneur is a person who is daring and who thrives in uncertainty.

Entrepreneurship is the practice of starting new enterprise, particularly, new businesses generally in response to identified opportunities. It is all about taking risk. Majority of the new ventures fail. Hence, it is tough and risky to be an entrepreneur but at the same the ones who are successful create immense wealth not only for themselves but also for the society. The great entrepreneurs, to name a few, are Bill Gates, Chairman and Founder of Microsoft Corporation, Sh. Dhirubhai Ambani, founder of Reliance Industries, Sunil Mittal of Airtel and many others.

Entrepreneur is a person who is willing to convert a new idea into a successful innovation. He is able to make an idea saleable and in turn creates more job opportunities and adds value to the mankind. Entrepreneur forces creative destruction across markets and industries by developing new products and business models that make market dynamic and help it grow.

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## **11.2 MUST-HAVE SKILLS FOR ENTREPRENEURS**

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It is definitely great to start off on your own and become your own boss. As you begin planning how to start your own business from home, you begin listing down what you want to do and what you can do. You decide on what you can do. But then, you ask yourself, "What skills do I really need to have to succeed as a home-based entrepreneur?"

Today's market is a very competitive one. To succeed in this competitive, dynamic and fluid market one must have lots of courage and character. In addition, one must have some basic skills to become an entrepreneur and make success out of a new venture. To start your own business, you will need a broad array of business skills to succeed and make your mark in today's competitive and ever changing market. You must possess basic skills necessary to enable you to start, develop, finance, and market your own home business enterprises.

There are a number of qualities and skills you need to have, including personal attributes, business skills and management capability. While you may not have all the skills at the moment, it is essential to develop them over time if you plan to run your own business. Listed below are the most important and critical skills for any entrepreneur. Let's read and understand them one by one.



**Figure: 11.1**

### **i. Marketing and Sales**

Sales and Marketing are two separate terms but they are used interchangeably. As an entrepreneur these are the most important skills you must have when you plan to start your own business. A business is truly successful, if it manages to get customers and more importantly sustain them for future business. To have revenues and profits, you first need to have customers. To get customers, you must be able to market your business and possess the skills to close the sale. You will need to highlight the key features of your products and also tell the customers why your product is better than most available in the market.

Marketing means the process of planning to sell service or a product by understanding your customer's needs. It includes:

- a. Identification of customer or consumer and their needs

- b. Profiling of target market – Segmentation, Targeting and Positioning (STP)
- c. Planning sales pitch – Product, Price, Place, and Promotion (4Ps)

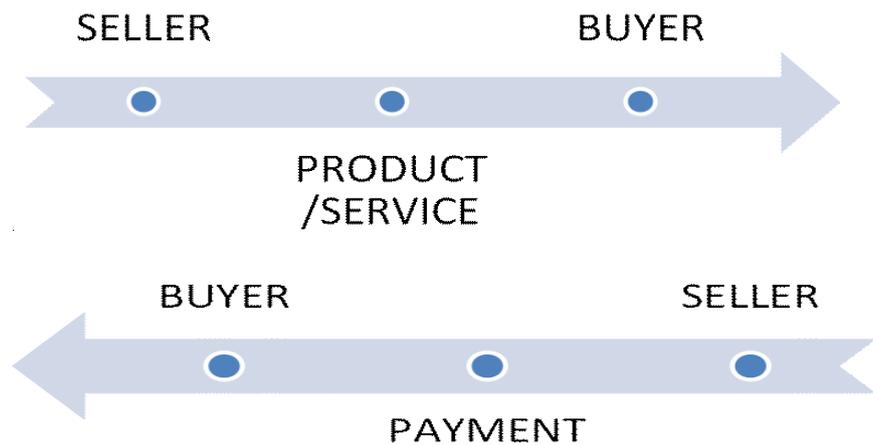
By using variations of these four Ps you have the ability to reach multiple consumers within your target market.

Sales, as the word suggests, means offering a service or a product to a customer who requires it to an extent where he is willing to pay money for it. Sales include:

- a. Distribution and Logistics: It means physical movement of product or delivery of service by some means at a certain price.
- b. Collection of money: The sales process is incomplete unless you recover value (in terms of money) for the service or product that you are selling.

Note: Sales is never complete without realization of money. In such case where money is not recovered for the product it is termed as distribution of product and not sales.

**Sales Process:** The important thing to note here is that Sales Process is incomplete unless Buyer makes Payment to the seller.



## ii. Financial management

Money is the key aspect of every business. You should always keep this in top of your mind that you are in business to make money. Therefore, the most important skill you must have is the ability to handle money well. This includes knowing how to put minimum possible resources to the best possible use to get maximum output for the benefit of business. This will ensure maximum returns. You also need to identify the best pricing structure in order to get the best returns for your products or services.

- 1 **Funds Management:** Managing inflow and outflow of money: Inflows are revenue earned by selling services and products. Outflow is expenditure on inputs needed to provide that service or produce that product.

To become a good money manager you must understand the importance of managing money judiciously for the benefit of your business. The key to success is:

- a. Control over costs: Current Expense Vs Capital Expenditure
- b. Cost benefit analysis: How much am I spending and what I would get in return?

There are certain basic questions that need to be answered for better management of funds.

For example,

Which is a tax deductible expense and which one is not?

On which kind of expense there would be a tax exemption allowed?

How much capital expense should I make?

How to prepare budget to set-up a small business?

Let's take-up an example of a chilling center.

Suppose as an entrepreneur you intend to set up a chilling center and you have got a project outlay of Rs. 80lac. Government provides tax deduction on the 10% of the plant and machinery cost. Banks offer loan at 1% lower rate of interest if the cost of machinery constitutes more than 25% of the total project outlay. Also, government offers 5% tax rebate if you employ more than 10 people from local population etc.

Considering this scenario you need to prioritize various expenses like how much you need to spend on plant and machinery (capital goods) e.g. compressor, chiller, land and building. How much you want to spend on manpower, meeting statutory obligations etc. by keeping in mind principle of cost-benefit analysis.

Project Outlay – 80 lacs

Self finance – 20 lacs (25% of total plan outlay)

Bank loan – 60 lacs @ 12% per annum\*

Duration – 5 years

Planned machinery cost – 18 lacs

Machinery cost 25% of the total outlay – 20 lacs

The difference in total investment in plant and machinery to avail 1% interest rebate on the principle amount is 2 lacs. By spending 2 lacs extra you would get two benefits:

- a. You will be able to save approx. 60,000 per annum which translate into 3.0 lacs over a period of 5 years.
- b. You will get benefits of increased depreciation which in turn would add to net profit.

\* Note: Interest is taken as simple interest for the purpose of easier understanding of the example.

As an entrepreneur one must take utmost care in managing payables and receivables to efficiently manage liquidity and working capital requirements. Accounts receivables should not go beyond industry norms under any circumstances. On payables front one must not stretch them too much that it starts affecting your cost of goods.

For an individual entrepreneur the most important thing in managing funds is to manage payables in such a manner that people respect and trust you for your prompt and timely payments. This goodwill brings in indirect benefits like getting better prices from the suppliers for most of the goods than competitors.

Always focus on the bottom-line. For every penny spent you must earn something. If it does not give any return then it does not make sense to incur that expense.

### **iii Self Motivation and Self Discipline**

This is one of the most important traits of a successful entrepreneur. If you want to be a successful entrepreneur then you need to have tons of self motivation and self discipline. In your business you are your own boss. There is nobody to tell you or remind you of your duties or responsibilities. You must have that extra self drive that propels and motivates you to overcome inertia and makes you a self-starter. Over and above this one must be willing to live in uncertainty rather it should be uncertainty from where you draw your motivation to propel in business. If you want to be your own master then thrive in uncertainty and make it your food for improving everyday.

As an owner of the business the responsibility starts from you and ends at you. You can not blame others for the undesirable outcomes of your decisions. If you succeed credit is yours but at the same time onus of failure lies on your shoulders.

### **iv. Time Management**

Managing time effectively is one key step towards entrepreneurial success. Time is always a scarce commodity for an entrepreneur. The ability to plan your day and manage time is particularly important for a home business. A to do list can help you plan your day well in advance. Especially if there is a need to multi-task, you must be well aware at the beginning of the day on how many tasks and how fast you can finish them. You simply have to know how to manage time and prioritize your tasks. There would always be many unfinished tasks at the end of the day everyday.

Time management and self discipline go hand in hand. If you are disciplined in your day to day work then it would help you in utilizing your time efficiently and effectively. Self discipline automatically makes you a good time manager.

Another important aspect of time management is to decide and draw your plan of action about when to start and when to stop. There needs to be an adequate balance between your personal life and your business life. One needs to manage both fronts effectively.

Follow some key points given below to manage your time effectively:

1. Before starting your day, plan and list (to-do list) down all your works in order of priority.
2. Allocate adequate time for each work.
3. Do not overburden yourself by writing too many tasks for the day which you could never do at the end of the day despite your best efforts.
4. Strictly adhere to the timelines set for each task.

#### **v. Administration**

Most start-up entrepreneurs need to manage the administration of their work area themselves. Few have the luxury of hiring help for such purposes. Therefore it calls for a great deal of administration skills. Tasks like billing, printing invoices, collecting payments, man management and managing your receivables etc. become an inevitable part of your administration function.

Arranging every small item yourself, dealing with every kind of person and at all levels on your own requires a lot of patience, determination and high level of energy. One must be mentally strong and clear in his mind that as an entrepreneur one need to know how to manage people.

This function deals with softer issues where more than formal education common sense and experience plays a very important role.

Also, not only because of lack of resources one should manage administration but also because of critical nature of this function. This is one of the most critical, tricky and time consuming function for an entrepreneur.

#### **i) Challenges Faced by an Entrepreneur**

Entrepreneur is a one man army. He is an all-rounder who has to manage many tasks at a time. He is always in a hurry and running against time. He has to manage internal as well as external challenges. Internal challenges for example managing funds, lack of infrastructure, lack of trained manpower etc. and external challenges for example, pressure from existing players in the market, raw material suppliers, procurement tie-up with a dairy plant etc.

#### **1. Internal Constraints**

- a. **Lack of Resources:** The biggest challenge that any entrepreneur faces is availability of adequate financial resources. He has to not only manage finances himself but also raise enough money through various sources to put new venture on its feet. Since he has to start from scratch he has to spend relatively more on every activity like putting up basic infrastructure, recruiting trained manpower, marketing activities, extension activities etc. He needs high initial capital investment to make venture successful by bringing it to a financially stable stage.
- b. **Lack of knowledge about the pitfalls in the business:** From periphery one can not appreciate the day to day problems faced by existing players who

are already into the business. It is only when you get into the business you face many unknown challenges that keep coming up daily. These unknown problems are the biggest bottlenecks for an entrepreneur. The successful entrepreneur is one who overcomes these obstacles.

## **2. External Constraints**

- a. **Market pressures:** There are some inherent entry barriers in every business. For example in setting up chilling center availability of milk would be a major constraint. Also, finding a suitable land closer to the milk procurement area is very important but difficult to get. Moreover, existing chilling centers would pose an inherent risk in getting desired quantity of milk throughout the year for your center. Even at a new place the investment required to put-up a supply-chain in place and managing logistics would be big constraints.
- b. **Competitor's pressure:** As an entrepreneur and a late entrant in the field you are at disadvantage with respect to:
  - i. Access to market information
  - ii. Pricing pressure
  - iii. Credit terms to distributors and dealers (Channel Partners)
  - iv. Getting into marketing tie-up at competitive rate for his produce
- c. **Raw material constraint:** You being new in the market would not have any history. The advantage of good past track record and goodwill earned over the years by successful players would not be with you. As a result you will not get the best trade terms from the suppliers. For example, in case of chilling center very few farmers would come initially to pour milk in your collection centers. You may have to make advance payments or on the spot payments to:
  - i. attract new customers
  - ii. give farmers confidence about your financial strength.

Also, you may have to spend on extension activities to overcome resistance from the farmers.

- d. **Manpower constraint:** Day by day market place is becoming more complex. The latest technological innovations and improvements require continuous learning for an individual to keep himself useful in the marketplace. For entrepreneur it is a big challenge to get good, trained manpower at economical price. Actually it is scarcity of trained manpower more than cost that poses a challenge. In dairy industry also the latest equipments need operators who are open to learning and can upgrade themselves faster to operate these machinery efficiently and skillfully.

## ii) Traits of a Good Entrepreneur



**Fig-11.2 : Traits of a Good Entrepreneur**

Given below are some important traits of an entrepreneur. He should have:

1. **Quick decision making ability:** Ability to think on the feet and arrive at a decision quickly with logic is a must-have quality for an entrepreneur. In business having complete information and absolute correctness of the decision is not as important as taking a decision itself. Decision delayed is opportunity lost. Entrepreneur has to make decisions at every step, right or wrong, while doing business because he is the person who knows the best as to what he wants to do and achieve.
2. **Risk taking capability and Perseverance:** These are must have characteristics of an entrepreneur. He must be a high risk taker since in any start-up business there is a great degree of risk involved due to lack of complete information and high financial commitment. Due to continuous problems from unknown sources he has to be courageous enough to stand up to them, face them head-on and find solutions to them. As has been said - perseverance pays. For an entrepreneur perseverance is the key to success.
3. **High energy levels:** Entrepreneur must have never say die attitude. As mentioned earlier, entrepreneur is a one man army. He is the owner of the idea, the vision and the enterprise. He is the leader of the ship. He has to marshal all his resources in the right direction to fulfill his objectives. He has to own responsibility to achieve success. He can not sleep at home and feel comfortable that there are people, whom he has employed, would do work for him. He needs to get into details of each and every activity that may affect his business. His success is directly proportional to the effort he puts into the business activities.
4. **Self discipline and Self belief:** Easier said than done but if entrepreneur lacks these qualities then his success is doubtful. As a leader he has to set example for others. If he himself is not disciplined then the team would be doubly irresponsible and laggard. These traits are even more needed in crises. He must show courage and have self belief to pull the whole team out of crises. If leader loses heart then followers anyway are losers.
5. **Logical and Analytical bent of mind:** Entrepreneur must think logically. He must have a broader picture in his mind. He must have the ability to see through the

things and visualize what others can not even think of. Good analytical skills go a long way in taking sound business decisions.

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**Check Your Progress - 1**

1. Identify the five must-have skills of entrepreneurs.  
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2. Briefly describe why financial know-how is important in successful entrepreneurial development.  
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3. List down five important traits of an entrepreneur.  
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**11.3 DELEGATION**

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**i. Introduction**

Delegation is a skill of which we have all heard - but which few actually understand and practice in the right sense. It can be used either as an excuse for dumping failure onto the shoulders of subordinates, or as a dynamic tool for motivating and training your team to realize their full potential. The latter effectively identifies the true meaning of delegation.

Delegation is primarily about entrusting your authority to others. This means that they can act and initiate independently; and that they assume responsibility with you for certain tasks. If something goes wrong, you remain responsible since you are the manager; therefore delegating rights tasks to the right people is very important.

You alone can not accomplish all tasks. Moreover, it does not make sense to do every small thing on your own. Though, sometimes due to various constraints one has to do them.

There are three main reasons for not doing everything on your own.

- a. First, you are not an expert and know all the tasks yourself.

- b. Second, the task would not be that important where you can justify cost of your time that you would give to the task and most important,
- c. Third, if you are too tied-up and hence some decision gets delayed, the cost of delay in taking a decision would be much more than the cost that you would save by getting involved yourself. Let's take an example of purchases. As head of your business you can get involved in buying everything, from low value items like muslin cloth, floor cleaner to very critical and high value items like machinery and raw material. But your involvement in buying very low value items does not justify your cost of involvement. Your time is much more expensive than you buying a Rs. 20/- floor cleaner and saving Rs.2/- in the process.

Instead, as an entrepreneur you must delegate authority to next level staff for quick decision making and faster work completion. You need to trust your subordinate and delegate authority to an extent where with a wrong decision your interests are not hampered.

## **ii. Definition**

- 1 Delegation is a key aspect of leadership. It means assigning work to the right individual, for the right span of time, with the right resources to ensure effective task completion.
- 1 Delegation is a style of management which allows the staff to use and develop their skills and knowledge to the full potential. Without delegation, the staff may lose their full value.

## **iii. Objective**

The objective of delegation is to get the job done by someone else effectively. Not just the simple tasks of reading instructions and mechanical labor, but also the decision making and changes which depend upon new information. With delegation, your staff has the authority to react to situations without referring back to you. It may also mean hiring expert services to help perform a job better. You on your own can't do everything the best way.

For example you may not be perfectly well-versed with maintaining accounts. You could therefore hire the services of a chartered account and delegate him the task of keeping your company accounts.

To enable someone else to do the job for you, you must ensure that:

- 1 They know what you want
- 1 They have the authority to achieve it
- 1 They know how to do it.

To have effective delegation you must put in place well defined processes and systems. With these processes and systems you would be able to:

- a. Speed up decision making
- b. Reduce project implementation cost

- c. Reduce fire-fighting and hence wastage
- d. Improve coordination amongst various functions

Everybody's roles, job responsibilities, and authorities must be defined clearly. It helps in giving concerned person more visibility as to what is his role and limits to discharge his duties effectively.

#### **iv. Information**

Clarity and transparency of information is an important aspect of delegation. This means that you must establish a system to enable the flow of information. You must not only establish but also ensure that everybody follows and adheres to the processes by doing a regular process check yourself. Regular communication, in the initial stages of setting up a business with various stakeholders is very critical for effective execution of your plans.

Entrepreneur must be a good communicator. An effective speaker is a good leader. An effective speaker is able to tell other person exactly what is expected of him.

Other important thing is that communication should be two-ways. It may mean inviting active participation of your staff in the decision-making process. It should not so happen that you are the only person telling everything to others. You should allow others to speak and participate. You never know who comes with an idea that would save, if not millions but may be a few thousands for your business. You must give space to other persons to air their views. This kind of delegation will ensure that the staff practices decision-making. Staff will feel that their views are welcome.

#### **v. Poor delegation**

You must assign various tasks to different people based on their capability and skill set. An accountant should not be given a task to supervise civil construction work. When there is contradiction and mismatch in skill-set and the assigned job there are more chances of mistakes and sub-optimal decision making.

The signs that tell that delegation is failing are:

- 1 Team Motivation / Morale is down
- 1 You are always working late
- 1 Your team is confused / conflicting / tense
- 1 You get questions about delegated tasks too often
- 1 Decisions made by you and your team get challenged and too often it is difficult to justify them.
- 1 Tasks that you assign don't get completed on time or are not effective.

Being aware of these symptoms and remedying them could be one effective way to ensure that poor delegation is effectively tackled.

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**Check Your Progress - 2**

1) Define delegation.

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2) What are the signs of delegation failure?

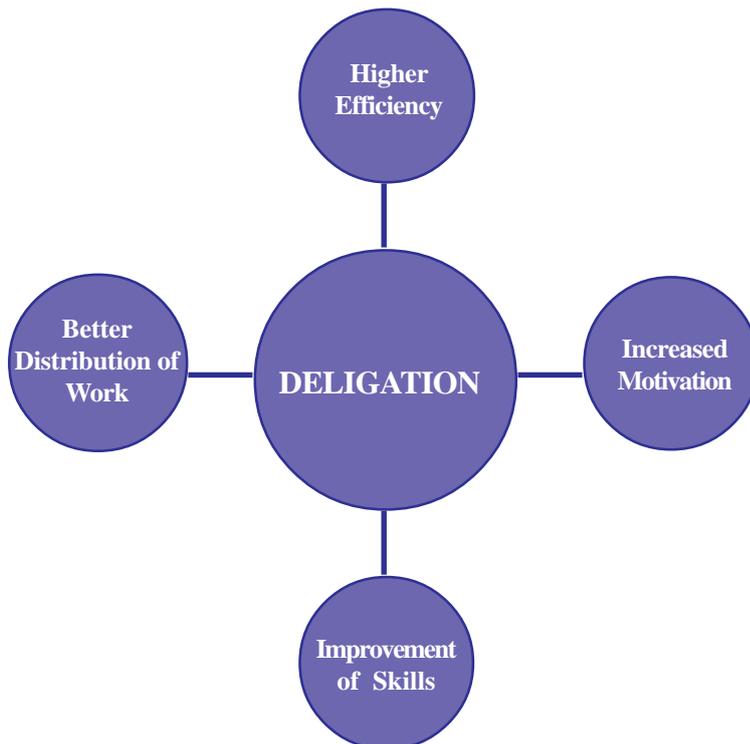
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**11.4 ADVANTAGES OF DELEGATION**

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As we just saw, how poor delegation reduces efficiency of people and hampers effective performance of tasks, like wise the right kind of delegation can help entrepreneurs meet success, their goals and business demands faster. Thus success comes to those who can delegate effectively and efficiently. A judicious mix of Control and Delegation ensures success. There is no clear cut formula which tells you that delegating 75% of the tasks would ensure success. As an entrepreneur you have to take a call based on the circumstances and your comfort level. There are entrepreneurs who are absolutely hands-on and there are those who are completely hands-off. You need to decide for yourself the comfort zone where you are most effective by delegating responsibilities and tasks.



**Fig- 11.3 The Process of Effective Delegation**

Some positive aspects of delegation include:

- 1 Higher efficiency: One can not do everything oneself. Any enterprise is a team effort. Entrepreneur must define responsibilities and accountability of each member of the team very clearly. As an entrepreneur you must set the expectations straight – your expectations from the employee and vice-versa. Too much control and lack of empowerment of team-members result in sub-optimal decisions, delay in work, and cost over runs. With good reporting systems in place, empowerment of your employees increases their efficiency and skill level.
- 1 Increased motivation: With empowerment and responsibility comes motivation in the employee to perform better. He feels motivated to accomplish his task in the best possible manner. If he is not given freedom to perform his task the way he wants to then he gets de-motivated and is not able to demonstrate his full capabilities. It is observed that an empowered employee goes out of his defined role to benefit the organization.
- 1 Improvement in skills: Unless you trust and impose faith in the capabilities of your team you won't be able to take best out of them. An empowered employee is a continuous learner. He learns new things to discharge his duties more effectively. He upgrades himself without any formal training and inputs from the organization.
- 1 Better distribution of work through the group: Once responsibilities are defined and tasks assigned to respective stakeholders there is no confusion or doubt left in the system. Delegation brings more clarity and visibility in everybody's mind regarding their goals and the tasks to achieve these goals. With better distribution of work the speed of work also increases tremendously.

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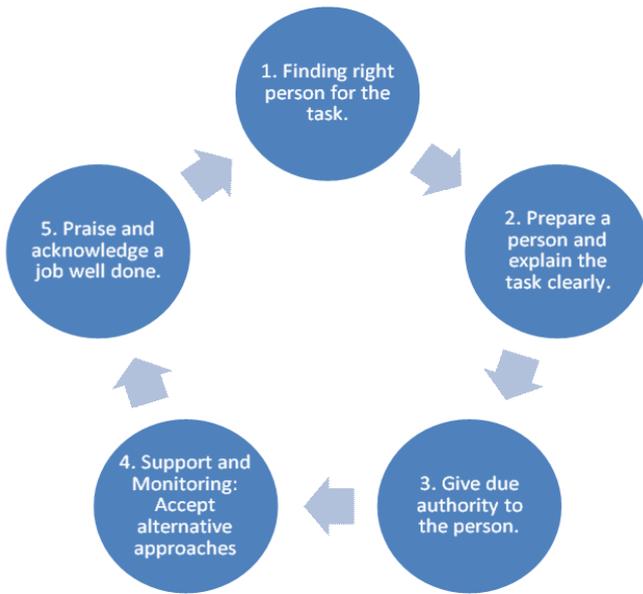
## **11.5 DELEGATION — RESPONSIBILITY AND AUTHORITY**

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**Responsibility and Authority:** Though you have delegated a task to someone else, you are still responsible for making sure that the task is done in time and it is error free. For this a regular follow-up is a must. One must not forget about the task after delegating it to somebody. If the task fails, you can not point finger on somebody else. The reasons can be many. You may have picked the wrong person for the job or you were not able to make him understand the task well. Therefore the onus for rectifying the mistake lies with you. If you have given responsibility to somebody then you must give commensurate authority as well to him. In its absence the responsible person may feel suffocated and not able to do well. As an entrepreneur we need to take care that if we expect certain results from a person then the person also wants some freedom and authority to perform his responsibility effectively.

The amount of authority you delegate is up to your discretion, although it should be enough for the concerned person to complete the task. When you give someone the responsibility for doing a task, you also need to give him or her authority to perform that task. For example if you allocate someone to take care of your company accounts, you will need to give him the authority to look up the company financial records.

delegate. This actually goes to define if the delegation is going to be successful or not.



**Fig – 11.4 The Process of Effective Delegation**

The process of effective delegation

1. Identify a suitable person for the task.
2. Prepare the person. Explain the task clearly. Make sure that the person understands the task clearly.
3. Make sure the person has the necessary authority to do the job properly.
4. Keep in touch with the person for support and monitoring progress. Accept alternative approaches.
5. Praise / Acknowledge a job well done.

**Check Your Progress - 3**

1. What are the advantages of delegation?

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2. Describe the process of effective delegation.

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## 11.6 DELEGATION — TASKS

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There is a thin line between what to delegate and what not to delegate. To ensure that delegation doesn't hinder business goals and success, care must be taken to ensure that only specific tasks are assigned and some tasks are not assigned.

Tasks you should not delegate

Some aspects of leadership are sensitive and should not be delegated. For example:

- 1 Hiring: In a small enterprise recruitment is a very key decision. Entrepreneur must have the final word to avoid recruitment of:
  - 1 Person with wrong skill set
  - 1 Person whose integrity is doubtful
  - 1 Person who is incompetent

A person with a good recommendation is always preferred over professionals who do not have endorsement from a common person known to both, the employer and the employee. Since initially organization is small and there are few employees one needs to be conservative with respect to hiring. One bad fish can spoil the whole pond.

- 1 Firing: This is equally important or may be more critical decision that must be reserved for entrepreneur himself to take. This issue must be handled delicately and carefully. The decision should be taken with utmost care due to the following:
  - 1 To avoid losing a good resource and getting into a situation where later one has to repent.
  - 1 It is a very emotional and sensitive decision. Since in a small set-up everybody is connected with each other not only professionally but also personally. Particularly as owner all employees treat you with lot of respect and keep you on a very high pedestal. They look up to you for personal as well as professional guidance. Hence, terminating a relationship becomes even more difficult.
  - 1 Since, a fired employee can harm you and your reputation in the marketplace it needs to be handled very carefully. In most of the cases entrepreneur is the best judge. You must be impartial and unbiased in your decision making.
- 1 Pay issues: Remuneration is always a sensitive matter for any employee. In a small enterprise this decision becomes even more critical since there are a lot of emotions and personal feelings involved at the workplace. Moreover, bad mouthing by an employee on financial matters affect organisation's reputation in the market regarding ill treatment of employees.
- 1 Policy making: These are broad spectrum decisions for an organization. They affect almost all stakeholders like employees, suppliers, channel partners etc. Entrepreneur must be the ultimate authority for taking these decisions since with every policy decision he gives shape to the organization. Policy decisions are

long term decisions which have far reaching consequences. These decisions are critical due to their:

- 1 long term implications
- 1 direct impact on future of the business
- 1 direct impact on employees
- 1 irrevocable nature

Your responsibility after Delegating

After delegating:

- 1 Identify business needs
- 1 Communicate them to the delegated group
- 1 Plan goals, meeting, tasks
- 1 Direct your team, keep them on track
- 1 Encourage - boost morale

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**Check Your Progress - 4**

- 1. Identify some tasks that should not be delegated.

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**11.7 LET US SUM UP**

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After completion of this unit, you learnt:

Entrepreneurship is the practice of starting new enterprise particularly new businesses generally in response to identified opportunities.

Entrepreneur is a person who is willing to convert a new idea into a successful innovation.

There are five must have skills for entrepreneur – marketing and sales skills, financial management, time management, self discipline and self motivation, and administration.

Internal and external challenges faced by an entrepreneur. The internal challenges like lack of resources and knowledge about the pitfalls in the business. External challenges include market pressure, competitor’s threat, raw material constraints, and the manpower constraints.

The basic traits of an entrepreneur – quick decision making, risk taking capability, high energy levels, self discipline and self belief, and logical & analytical mind.

That Delegation means assigning work to the right individual, for the right span of time, with the right resources to ensure effective task completion.

Objective of delegation is to get the job done by someone else effectively.

Signs that tell that delegation is failing are low moral of the team, late working, tension in team, too many clarifications sought by team members, decisions are difficult to justify, delay in task completion.

That the advantages of delegation are higher efficiency, increased motivation, improvement in skills, and better distribution and coordination in work.

Process of effective delegation and the tasks that you should not delegate like hiring, firing, pay issues and policy decisions.

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## **11.8 KEY WORDS**

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<b>Entrepreneur</b>	: Self employed business person
<b>Innovation</b>	: Thinking out-of-the-box to develop anything that is different from what is available in the market
<b>Delegation</b>	: Assigning someone other than self to do a task
<b>Receivables</b>	: Money to be received from the buyers of your products or services
<b>Payables</b>	: Money to be paid to the supplier of goods
<b>Segmentation</b>	: Classifying the target customers based on certain parameters for better understanding and planning effective marketing strategy for them
<b>Positioning</b>	: Define a product by attaching certain attributes to it

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## **11.9 SOME USEFUL BOOKS**

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Ref: <http://www.see.ed.ac.uk/~gerard/Management>

Roebuck Chris, (2004). Effective Delegation, AMA , American Management Association, NY10019

Heller, Robert, (2005). How to Delegate (Essential Managers Series)

Burns, Robert (2002). Making Delegation Happen, ISBN: 1865089923, Published by Allen and Unwin, NSW2065

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## 11.10 ANSWERS TO CHECK YOUR PROGRESS

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Your answer should include the following points:

### Check Your Progress - 1

- i. The five must-have skills of entrepreneurs are:
  - 1 Sales and marketing skills
  - 1 Financial know-how
  - 1 Self-motivation skills
  - 1 Time management skills
  - 1 Administration skills
- ii. This is the most important skill in business and entrepreneurial development. This includes knowing how to put minimum possible resources to the best possible use. This will ensure maximum returns. You also need to identify the best pricing structure for your business products in order to get the best kind of return for your products or services.
- iii. The five important traits of an entrepreneur are:
  - a. Quick decision making
  - b. Risk taking capability
  - c. High energy levels
  - d. Self discipline and Self belief
  - e. Logical and Analytical mind

### Check Your Progress - 2

- i. Delegation is a key aspect of leadership. It means assigning work to the right individual, for the right span of time, with the right resources to ensure effective task completion.

Delegation is a style of management which allows the staff to use and develop their skills and knowledge to the full potential. Without delegation, the staff may lose their full value.

- ii. The signs that tell that delegation is failing are:
  - 1 Team Motivation / Morale is down
  - 1 You are always working late
  - 1 Your team is confused / conflicting / tense

- 1 You get questions about delegated tasks too often
- 1 Decisions made by you and your team get challenged and too often it is difficult to justify them.
- 1 Tasks that you assign don't get completed on time or are not effective.

### **Check Your Progress - 3**

- i. Advantages of delegation include:
  - 1 Higher efficiency
  - 1 Increased motivation
  - 1 Develops the skills of your team
  - 1 Better distribution of work through the group
- ii. The process of effective delegation can be step listed as follows:
  - 1 Identify a suitable person for the task.
  - 1 Prepare the person. Explain the task clearly. Make sure that the person understands the task clearly.
  - 1 Make sure the person has the necessary authority to do the job properly.
  - 1 Keep in touch with the person for support and monitoring progress.
  - 1 Accept alternative approaches.
  - 1 Praise / Acknowledge a job well done.

### **Check Your Progress - 4**

- i. Some tasks that should not be delegated are:
  - 1 Hiring
  - 1 Firing
  - 1 Pay issues
  - 1 Policy making