

**TECHNOLOGICAL INNOVATION
MANAGEMENT & ENTREPRENEURSHIP – 21EC61**

MODULE 4

Entrepreneurship: Introduction, Evolution of the concept of Entrepreneurship, Entrepreneurship today, Types of Entrepreneurs, Intrapreneurship, Entrepreneurial competencies, Capacity Building for Entrepreneurs.

Identification of Business Opportunities: Introduction, Mobility of Entrepreneurs, Business opportunities in India, Models for Opportunity Evaluation.

ENTREPRENEURSHIP

Introduction: Entrepreneurs have altered the direction of national economies, industries, and markets. The entrepreneurship served as a bridge between innovation and the marketplace. Many innovations have altered the pattern of living, and many services have been introduced to alter or create new service industries such as banking, medical, logistics, information systems, & insurance. The ways in which entrepreneurs can participate in the development of an economy are:

1. Contribution to GNP and per capita income: Entrepreneurship contributes to economic stability by introducing new products and services in the market and encouraging effective resource mobilization. This helps in increasing the gross national product as well as per capita income of the people in the country.

2. Employment generation: Entrepreneurs play an effective role in reducing the problems of unemployment in the country. Entrepreneurs are not only self-employed but also provide employment to others. Entrepreneurial activities lead to other activities, generating a multiplier effect in the economy.

3. Balanced regional development: The development of enterprises in less-developed regions promotes balanced regional development in the country. The entrepreneurship stimulates the distribution of wealth and income to more and more individuals and geographical areas, thus benefiting larger sections of society.

4. Promotion of export and trade: Entrepreneurship promotes the country's export trade and earns foreign exchange. When required, this earning can help combat the country's import dues requirements.

5. Improvement in the standard of living: Entrepreneurs bring a wide variety of products and services into the market. This increases competition in the market and makes it possible for people to avail of a better quality of products and services at lower and more competitive prices, resulting in an improvement of the country's overall standard of living.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

6. Increased innovation: With the liberalization of the Indian economy, the increased competition in the domestic and international market has encouraged entrepreneurs to be more creative.

7. Overall development of the economy: Entrepreneurs create new technologies, products, processes, and services that become the next wave of new industries, and these in turn drive the economy. They create wealth and value, and generate employment in society. This naturally leads to social and economic growth.

Who Is an Entrepreneur?

The word "entrepreneur" is derived from the French verb *entreprendre* ("to undertake"). The word was originally used to describe people who "take on the risk" between buyers and sellers or who "undertake" a task such as starting a venture. The entrepreneur is a person who starts or organizes a commercial enterprise, especially one involving financial risk. The process of creation of a business enterprise is called entrepreneurship.

The Jeffrey Timmons defined entrepreneurship as "the ability to create and build something from practically nothing." His definition captures the idea that entrepreneurs are like magicians, creating thriving organizations out of good ideas, hard work, business dealing, and personal skills.

Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time, and/or career commitment or provide value for some product or service. The product or service may or may not be new or unique but value must somehow be infused by the entrepreneur through receiving and locating the skills and resources.

How Do I Become an Entrepreneur?

The road to becoming an entrepreneur comprises the following steps:

Step 1: Generating business ideas and identifying business opportunities:

Business opportunities must first be identified through an evaluation of business ideas. A business opportunity is a favourable set of circumstances that creates a need for a new product, service, or business. Business ideas may be generated in the following ways:

- **Observing trends:** Social and economic trends, technological developments, and political and regulatory changes often create opportunities for entrepreneurship.
- **Finding gaps in the market:** A lack of a product or service in the market is a

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

barely-disguised opportunity for entrepreneurs.

Step 2: Conducting a feasibility analysis: A feasibility analysis is the process of determining the validity of a business idea. The important facets of a feasibility analysis are market analysis technical analysis, financial analysis, economic analysis, and ecological analysis. If the proposed business is found to be feasible after the conduct of a feasibility study, then a business plan is sketched out.

Step 3: Making a business plan: A business plan is a written document, typically 20-30 pages in length, which describes what a venture intends to accomplish and how it plans to achieve its goals.

Step 4: Arranging funds: Once a project is selected, the two most common sources of funding for a venture are equity and debt financing. Equity financing means exchanging ownership in a firm for funding. The various forms of equity financing are angel investing, venture capital, private equity, personal savings, and investments from family and friends. In debt financing, money is borrowed to run a business. The various forms of debt financing are: funding through bank loans, financial institutions, and credit cards.

Step 5: Setting up an enterprise and building a venture team: To set up an enterprise, building a new venture team is very important. A venture team, also called promoters of the venture, is made up of the people who will transform an idea of a venture into a fully functioning firm. While setting up an enterprise, it is important to ensure the following things:

- **Smooth management of the enterprise:** The different facets of managing an enterprise comprises managing, finance, strategy, markets, operations, technology, and human resources.
- **Nurturing growth:** Once the business is set up and sustainability is assured, the entrepreneur should look at growing the business organically or inorganically.
- **Exit strategies:** An exit strategy involves planning for the termination of one's ownership of a company. In case an entrepreneur wants to close the existing business and start a new business, he has to wind up the existing business.

Advantages of Being an Entrepreneur

There are many advantages of being an entrepreneur. Some of them are listed below:

- An entrepreneur has enough scope for innovation.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

- An entrepreneur is an independent person who makes his/her own decisions and acts on them.
- An entrepreneur often has the opportunity of realizing dreams and achieving excellence while simultaneously contributing to the welfare of society.
- An entrepreneur usually has immense job satisfaction.
- An entrepreneur can bring about the socioeconomic transformation of a region by generating employment for others and creating wealth.
- An entrepreneur can make a significant contribution to the development of the country.

TYPES OF ENTREPRENEURS

Innovation is one of the most important characteristics of an entrepreneur. Entrepreneurs may be classified on the basis of functional characteristics, personality types or schools of thought.

Based on personality types, entrepreneurs may be classified as the improver, the advisor, the superstar, the artist, the visionary, the analyst, the fireball, the hero, and the healer. Based on schools of thought on entrepreneurship, entrepreneurs are classified as belonging to the "great person" school of entrepreneurship, the psychological characteristics school of entrepreneurship, the classical school of entrepreneurship, the management school of entrepreneurship.

Based on functional characteristics, entrepreneurs are classified as:

- **Innovative entrepreneur:** Innovative entrepreneurs are innovative in their approach to business and introduce new products, new production methods, or discover new markets or new form of organization in their enterprise.
- **Imitative or adoptive entrepreneur:** Entrepreneurs belonging to this category imitate products, production methods, and new forms of organization in their enterprise. This category can be found especially in developing & underdeveloped countries, partly due to a lack of investment in research and development.
- **Fabian entrepreneur:** Fabian entrepreneurs are not proactive in nature and do not respond very much to changes in the environment. Instead, they change only when there is a threat to the existence of their enterprise.
- **Drone entrepreneur:** Drone entrepreneurs are conservative and complacent in nature and like to maintain the status quo. These entrepreneurs may incur losses and have to close down their enterprises.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

INTRAPRENEURSHIP

Intrapreneurship, or corporate entrepreneurship, is the process by which teams within an established company conceive, foster, launch, and manage a new business that is distinct from the parent company but leverages the parent's assets, capabilities, market position, and other resources.

Intrapreneurs are employees within an organization who use their entrepreneurial spirit to introduce new products, new processes, new methods, and new forms within the corporation. Intrapreneurship describes the innovation that occurs inside established companies through the efforts of creative employees.

Intrapreneurship is a top-down approach, wherein the top management plays the role of a facilitator and empowers employees to effectively utilize resources and try out new ideas. The top management must devise and put in place a system that would unleash employees' potential and build a reward and recognition mechanism for them. The differences between Entrepreneurs and Intrapreneurs are:

Criteria	Entrepreneur	Intrapreneur
Dependency	Independent in his operations	Dependent on the entrepreneur/owner
Fund raising	Raises funds required for the enterprise	Funds are not raised
Risk taking	Fully bears the risk involved in the business	Does not fully bear the risk involved in the business
Operation	Operates from outside	Operates within the organization
Primary motive	Goal-oriented, self-reliant, and self-motivated	Access to corporate resources and also responds to corporate rewards and recognition

Difference between a Manager and an Entrepreneur

- The entrepreneur starts a venture and is the owner of the enterprise, whereas the manager is an employee in an enterprise.
- The entrepreneur starts an enterprise and creates wealth and generates profit. The manager receives a salary for the services rendered to the enterprise.
- An entrepreneur is an employer whereas a manager is an employee.
- An entrepreneur is a job provider whereas a manager is a job seeker.
- An entrepreneur assumes more risk and uncertainty than a manager does.
- Entrepreneurs take mainly strategic decisions, whereas managers take operational decisions.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

ENTREPRENEURIAL COMPETENCIES

The term entrepreneurial competencies refers to the key characteristics that should be possessed by successful entrepreneurs in order to perform entrepreneurial functions effectively. The most successful entrepreneurs do share the competencies given below:

- **Creativity and innovation:** Creativity is the ability to develop new ideas and to discover new ways of looking at problems and opportunities, thinking new things. Innovation is the application of creative solutions to problems or opportunities to enhance or to enrich people's lives, or doing new things.

The creative process for an idea involves five stages: germination, preparation, incubation, illumination, and verification.

- **Leadership and team building:** Leadership is the basic quality of an entrepreneur. Good business leaders are great visionaries. They create a vision for the company, share the vision passionately, own a vision, and relentlessly drive it towards completion.

An entrepreneur should have an ability to build a team. A good team will be able to share knowledge, core competency, and goals. With mutual trust in place, collaborative work breeds the organizational climate needed for developing a perfect team.

- **Opportunity seeking and initiative:** Entrepreneurs can pursue opportunities in any industry at any time.

An entrepreneur needs to have the urge to take initiatives. The initiative to start a business can't be enough-entrepreneurs must have the initiative to continue to grow and expand not only the business but their own minds.

- **Risk-taking and decision-making ability:** There is always the risk of loss in any endeavor, and entrepreneurs have the right amount of confidence to take calculated risks to achieve their objective.

An entrepreneur performs the function of calculated risk-bearing. Risk-bearing and decision-making call for absolute clarity of thought and action. The focus should always be on the market. A good entrepreneur should avoid excessively high as well as low risk situations.

- **Tolerance of ambiguity and uncertainty:** The challenges and potential for success associated with business start-ups are by nature unpredictable.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

Tolerance of ambiguity is the ability to respond positively to ambiguous situations, and this is an important quality for entrepreneurs to have because they continually face more uncertainty in their everyday environment than do managers of established organizations.

- **Motivation to excel:** Entrepreneurs are motivated primarily by the desire to create something new, the desire for autonomy, wealth and financial independence, the achievement of personal objectives, and the propensity for action. The excitement and the thrill of starting a new venture is another major motivator.
- **Problem solving:** Successful entrepreneurs are problem solvers. A formal problem-solving model helps entrepreneurs solve problems in a logical manner.

The model consists of six steps:

1. Define the problem.
2. Gather information.
3. Identify various solutions.
4. Evaluate alternatives and select the best option.
5. Take action.
6. Evaluate the action taken.

- **Goal orientation:** Goal setting is the process of setting both long-term and short-term objectives for the successful performance of an entrepreneur. A clear set of goals helps to measure the performance standards of employees.

Goals must be measurable so that employees are able to feel a sense of achievement when a goal is attained. Once goals are achieved, team members should receive feedback on their performance.

- **Self-efficacy and adaptability:** Self-efficacy is the belief in one's ability to master and implement personal resources, skills, and competencies to attain a certain level of achievement on a given task. In other words, self-efficacy can be seen as task specific self-confidence. An individual with high self-efficacy for a given task will exert more effort for a greater length of time, persist through setbacks, set and accept higher goals, and develop better plans and strategies for the task.

Successful entrepreneurs are adaptive and resilient. Change is inevitable, and there will be plenty of times when entrepreneurs need to correct course and modify plans so that business isn't left behind. Entrepreneurs should not be

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

afraid of failure. Mistakes and failure come with the territory of being successful entrepreneurs, and if they are not making mistakes, they are probably engaging in a very easy task, where there is little chance of failure.

- **Internal locus of control:** Locus of control refers to how a person perceives the causes of events in one's life. Individuals high on the internal locus of control assume that any success or failure they experience is due to their personal actions and that they have the ability to influence events. Successful leaders and entrepreneurs typically show a high internal locus of control.
- **Persistence, persuasion, and networking:** Entrepreneurs display persistence, and are not discouraged into quitting by difficulties and problems that come up in business or in their personal life. Entrepreneurs with a track record of success are much more likely to succeed than first-time entrepreneurs. In essence, they have exhibited persistence in selecting the right industry and the right moment to start new ventures. Networking is something all successful entrepreneurs are good at. While networking, it is important to open all avenues by getting involved in every kind of social media, to build relationships by being open-minded, and to follow through any business opportunity you may have identified with personal interaction. Businesses have always relied on networks of clients, suppliers, associates and contacts to spread the word about their work and their products.

CAPACITY BUILDING FOR ENTREPRENEURS

In order to build an entrepreneurial society, following five areas has to be focused:

Create the right eco-system: The various elements of the ecosystem for commercialization are venture capitalists, institutional support systems, government schemes, and incubators. An ecosystem is a system of interconnected stakeholders-institutions and individuals whose linkages enable efficient production, and the spread of new and economically useful knowledge.

Build skills: The five most important skills needed for an entrepreneur are personal skills, communication skills, negotiation skills, leadership skills, and sales skills. The education system in India can ensure that the curriculum in schools, colleges, and universities is modified to address business needs and to build centres of entrepreneurial excellence in institutions that will actively support entrepreneurship.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

Provide access to capital: Determining capital requirements, crafting financial and fund-raising strategies, and managing the financial process are critical to a new venture's success. Government policy should be congenial for foreign investors, financial institutions, venture capitalists, and angel investors to enable them to invest in new ventures.

Enable networking and exchange: In professional or business networking, people use their personal contacts for succeeding in their businesses. A network serves to provide a lot of support to the entrepreneurial enterprise in times of crisis. Some ways to network are through social networking Web sites, business associations, alumni networks, and during trade fairs.

Create tax benefits, incentives and simplify the bureaucratic process: One way to encourage entrepreneurial activity would be to allow entrepreneurs to keep more of what they earn by lowering tax rates. Incentives to entrepreneurs, such as reduction of legal costs to hiring, would be beneficial. A reduced requirement of government mandated paperwork at various points while running a business could be desirable.

SMART is an acronym for a goal-setting technique that is popular among entrepreneurs because of its simplicity and effectiveness. The acronym stands for "Specific, Measurable, Achievable, Realistic, Timely". Set your goals according to the following set of criteria:

Specific: Specific" is the what, why, and now of the SMART model. Ensure that your goals are very specific and easy to understand.

Measurable: If you can't measure your goal, you can't manage it. Choose a goal with measurable progress, so that you can see the changes occurring. Establish concrete criteria for measuring progress toward the achievement of your goal.

Achievable: Set the bar high enough for a satisfying achievement but, at the same time, get an understanding of how big this challenge actually is for you. There's always someone who's first, and you may be that person, but make sure you know the true difficulty level of the goal you're setting before you get started.

Realistic: The goal set by you should be realistic and should yield results.

Timely: Set a time frame for the goal. If you don't set a time frame, the commitment is too vague and it gives you the opportunity to procrastinate.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

IDENTIFICATION OF BUSINESS OPPORTUNITIES

Introduction: A business opportunity may be defined as a set of favourable circumstances in which an entrepreneur can exploit a new business idea that has the potential to generate profits. Business opportunities have the following four fundamental features:

- They create or add significant value to the customer.
- They solve a significant problem by removing pain points or meeting a significant want or need for which someone is willing to pay a premium.
- They have a robust market, margin, and money making characteristics that will allow the entrepreneur to estimate and communicate sustainable value to potential stakeholders.
- They are a good fit with the founder(s) and management teams at the time and marketplace along with an attractive risk-reward balance.

What Defines a Good Business Opportunity?

An idea is a thought or a concept that comes into existence in the mind as a product of mental activity. A business idea is an idea that can be used for commercial purposes. There can be many sources of business ideas, including the following:

- A resolved problem faced by an actual or potential entrepreneur.
- An unmet customer need discovered by an actual or potential entrepreneur at a place of employment.
- Changes in the business environment.

Not all business ideas are found to be good business opportunities. This simple five-step framework helps screen ideas and find out whether a business idea truly represents a good business opportunity. An opportunity is characterized by:

- 1. Urgency of the market need:** The business idea should envision a product or service that satisfies a market need or a need of the customer. The market need has to be carefully assessed by consulting industry experts as well as potential customers. The greater the market need, the greater the opportunity for a profitable business.
- 2. Adequate market size:** A business usually targets a particular market segment after assessing their demographic, geographical, and lifestyle factors. In order to make the business viable, a large number of potential customers should exist. There is a need to find out the potential market size for the product or service.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

- 3. Sound business model:** A business model clearly gives the outline or the rationale of how the potential entrepreneur intends to satisfy a customer need and create value. A business model that presents a plan to generate profits within three to five years is considered to be relatively good.
- 4. Potential brand value:** The product/service being offered must be differentiated from those being offered by competitors to maintain a competitive advantage in the market. It is necessary to assess the potential brand value of the product or service envisioned in order to ensure a fair chance of survival against competition by existing as well as future products.
- 5. An able management team:** The ability and passion of team members to use a business opportunity is important to success. The team should have contacts among suppliers, competitors, and customers. The business should be big enough to make it worthwhile and the team should be looking forward to being involved with it for a long time.

When Is an Idea an Opportunity?

A business opportunity is a set of favourable circumstances that creates a need for a new product or service. A business idea becomes a good business opportunity when it has the following four essential qualities:

- Attractiveness.
- Timeliness.
- Durability.
- The quality of being anchored in a product or service that creates or adds value for its buyer or end user.

How to Generate Business Ideas?

The ways to generate business ideas are:

Brainstorming: Brainstorming is a technique used to quickly generate a large number of ideas and solutions to problems. The brainstorming session is conducted to generate ideas that might represent business opportunities. Brainstorming works well individually as well as with a varied group of people. A group brainstorming session requires a facilitator, white board, and space to accommodate the participating people. Brainstorming works well with 8-12 people and should be performed in a relaxed environment. Participants are encouraged to share every idea that enters their mind with the assurance that there is no right or wrong answer.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

Survey Method: The survey method is used to collect information by direct observation of a phenomenon or systematic gathering of data from a set of people. The survey method involves gathering information from a representative sample population. Surveys generate new products, services, and business ideas because they ask specific questions and get specific answers.

Reverse Brainstorming: This is a method that is similar to brainstorming, with the exception that criticism is allowed. It is, therefore, also called "negative brainstorming". In this technique, the focus is on the negative aspects of every idea that has been generated through brainstorming. Also called the "sifting" process, this process most often involves the identification of everything that is wrong with an idea, followed by a discussion of ways to overcome these problems.

The Gordon Method: This is a creative technique developed by A. F. Osborn to develop new ideas. This method is similar to brainstorming. Collective discussion addresses every aspect of the planned product in an uninhibited solution-oriented way. This discussion encourages a fresh, creative, and unusual approach to developing a new product.

What Leads to the Creation of Opportunities?

Entrepreneurial opportunities often come into being because of certain external changes, such as technological change, regulatory and political change, social and demographic change, and economic change.

Technological Changes: Technological changes lead to entrepreneurial opportunities because they make it possible for people to do things in new and more productive ways. Technological changes can take the form of five forms of business opportunity: new products and services, new methods of production, new markets, new ways of organizing, and new raw material.

Political and Regulatory Changes: Political and regulatory changes lead to business opportunities by paving the way for new, more productive use of resources or a redistribution of wealth from one person to another. Statutory and regulatory requirements create opportunities for entrepreneurs to start firms that help other firms and the community to comply with the requirements.

Social and Demographic Changes: Social and demographic changes, such as changes in family and work patterns, the ageing of the population, increasing focus

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

on health and fitness, the increase in the number of cell phone and internet users, and new forms of entertainment, lead to the creation of business opportunities because they alter people's preferences or demand for products and services, and consequently make it possible to generate new ideas to meet new demands.

Economic Changes: Economic forces affect business opportunities by determining who has money to spend. An increase in the number of women in the workforce over the last few decades and their related increase in disposable income is largely responsible for the number of boutique clothing stores, targeting professional women that have opened in the past few years.

How to Identify a Business Opportunity?

The three general approaches entrepreneurs use to identify an opportunity are:

- 1. Observing trends:** Entrepreneurs can identify business opportunities by carefully observing trends. The most important trends to follow are economic, social, technological, and political trends. For example, the development of the Internet and the miniaturization of electronics goods led to the development of e-commerce and laptop computers, respectively.
- 2. Solving a problem:** Another approach to identifying business opportunities is to recognize and solve a pressing problem that customers are facing today. From an entrepreneur's point of view, every problem is a disguised opportunity.
- 3. Finding gaps in the marketplace:** A third approach is to find a gap between what is needed by the customer and what is actually provided to the customer. Finding such gaps can help entrepreneurs develop new products and improve existing ones.

MOBILITY OF ENTREPRENEURS

Entrepreneurial mobility is the movement of entrepreneurs from one location to another (geographical mobility) or from one occupation to another (occupational mobility) based on business opportunities. Entrepreneurial mobility is usually caused by political, economic, cultural, and social factors. The various factors that influence entrepreneurial mobility are listed below:

Political conditions: Entrepreneurial mobility is influenced by political factors. For example, Tata Motors shifting of the Tata Nano project from Singur, West Bengal, to Gujarat clearly demonstrated that political Bengal conditions are more congenial to business in Gujarat than in West Bengal.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

Education: Education imparts knowledge and hones one's analytical thought process. An educated entrepreneur will be able to scan and understand the business environment in order to exploit both domestic and international business opportunities. An educated entrepreneur will also usually be able to communicate, interact, and network more effectively.

Experience: Entrepreneurs with experience in business and industry are quick to exploit opportunities. Their past experiences enable entrepreneurs to take up various types of ventures in distant places, leading to entrepreneurial mobility

Size of enterprise: The larger the size of the business, the greater is the entrepreneur's mobility. Large business houses want to grow organically and inorganically through diversification, expansion, mergers, acquisitions, and joint ventures.

Availability of facilities: Availability of labour, land, water and power, and proximity to market, transport, suppliers, clusters, and communication increases the mobility of entrepreneurs. We can see more IT industries located in cities such as Bangalore and Chennai due to the availability of knowledgeable workers and other infrastructural facilities.

Geographical Mobility of Entrepreneurs

The factors responsible for geographical mobility of entrepreneurs are the availability of raw material, new and emerging markets, skilled labour, government incentives, better infrastructural facilities, and access to resources.

There are three stages in the mobility of entrepreneurs. In the initial stages, an entrepreneur sets up a venture at one place and sticks to one place of working. In the next stage, as the business grows, entrepreneurs start moving out within a limited area of business development. In the third stage, as the business expands and there is an increase in the entrepreneurs' resources and network size, there will be a greater degree of mobility as they cross boundaries and start working in the global arena.

Occupational Mobility

The occupation chosen by an entrepreneur is not always the same as that of his/her family. Studies have revealed that though business communities still constitute the dominant source of entrepreneurship, people from technical backgrounds, and those working in corporate and government jobs, are also swelling the ranks of

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

entrepreneurs. This emerging class of entrepreneurs is characterized by better education and technical knowledge.

Liberalization, privatization, and globalization of the Indian economy have brought about drastic changes in the occupation of people. Earlier, most people followed one vocation throughout their lives. Today, the rapid changes happening in the economy demand that people learn, unlearn, and relearn, leading to a higher level of occupational mobility. The major factors influencing occupational mobility are one's personal preference, motivation, opportunities, and skill set.

Occupational mobility is termed as "horizontal" when it happens between occupations of equal rank and "vertical" when it happens between occupations of unequal rank, perhaps due to promotion or demotion.

BUSINESS OPPORTUNITIES IN INDIA

India has a growing market and is a land of opportunities. The opportunities for importing, exporting, trading, investing, and franchising are immense. A potential entrepreneur needs to take into account the economy, the consumer, and business trends. One should also understand that what may be a good business opportunity for one entrepreneur may not be a good opportunity for another. It's essential for entrepreneurs to pick opportunities that they are passionate about.

The factors that create favourable business opportunities in India:

- India is a well-established democratic country with a free & fair judicial system.
- The country also has a well-established banking system consisting of public and private banks and other financial institutions.
- The country has a huge middle-class with enhanced purchasing power. Coupled with a high-growth economy, this creates the potential for a huge growth in manufacturing, services, and the retail sector.
- India has vibrant trade links with the South Asian Association for Regional Cooperation (SAARC) nations such as Sri Lanka, Pakistan, Nepal, Bhutan, Bangladesh, and the Maldives.
- India has a competitive advantage in the global market with the availability of a huge pool of cheaper labour and knowledgeable workers to enhance industrial productivity.
- Economic reforms and policy changes have created an investment-friendly environment.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

- The capital markets in India are one of the fastest-growing markets in the world, attracting huge foreign investments. A lot of international companies have started outsourcing and setting up international operations in the country.
- The country is self-sufficient in agriculture and rich in natural resources.
- India is a part of the BRICS group of nations comprising Brazil, Russia, China, and South Africa. India has developed vibrant trade links with these nations.

MODELS FOR OPPORTUNITY EVALUATION

1. The RAMP Model

While analysing your business idea, it can be passed through the RAMP test to see if it is truly a valid business opportunity. RAMP is an acronym for four factors: return, advantage, market, and potential.

Return on Investment-Ask the following questions

- Will your revenues be higher than your expenses? Is the business profitable?
- How much time will the business take to break even?
- How much investment is needed to start the business? How are you going to raise this investment?
- What is the exit strategy?

Advantages-Ask the following questions

- What are the barriers to entry?
- What will be your distribution channel for selling your product?
- Do you have a proprietary advantage such as a patent or exclusive license on what you will be selling?
- What is the cost structure taking into account things like suppliers & sourcing?

Market-Ask the following questions:

- Is there a value proposition? What is the need you will fill or problem you solve?
- How do you define the targeted market? Are you selling to consumers? Businesses? What are the demographic features of your targeted market?
- What per cent of the market do you believe you could gain? How fast is the market for your product growing?
- How is the competition? What will be the price of your product?

Potential-Ask the following questions:

- How will you differentiate your company from what is already out there?

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

- What is the risk involved? What is the reward for the founders and investors if the company succeeds?
- Does the team have the potential to successfully launch and sustain the business? What will be the nature of the business entity (e.g., sole proprietorship, partnership, cooperative, etc.)?
- Is the business concept compatible with the business mission of the team?

2. Mullins's Seven-domain Framework

Successful entrepreneurship comprises three critical elements: market, industry, and the key people that make up the entrepreneurial team. Mullins developed a seven-domain model for evaluating entrepreneurial opportunity. The domains are:

1. Market domain-macro level
2. Market domain-micro level
3. Industry domain-macro level
4. Industry domain-micro level
5. Team domain-aspirations
6. Team domain-capability of execution
7. Team domain-connections or networks

These seven domains address the following central elements in the assessment of any entrepreneurial opportunity:

- Are the market and the industry attractive?
- Does the opportunity offer compelling customer benefits as well as sustainable advantage over other solutions to the customer's needs?
- Can the team deliver the results they seek and promise to others?

Market Domain-Macro Level: This domain requires an analysis of the attractiveness of the overall market based on certain factors. These factors are:

- The number of customers in the market.
- The amount of money spent by customers on the relevant goods or services.
- The number of relevant products or usage occasions for services bought annually

Market Domain-Micro Level: This domain requires an analysis of the benefits and attractiveness of the targeted market segment. Some of the factors on the basis of which the analysis is made are:

- Identifying the target market and the market segment where customers are ready to pay premium prices.

TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

- Product / service differentiation.
- The size of the market segment and the phase of growth.
- Future growth potential and the future plan of the business.

Industry Domain-Macro Level: This domain requires an analysis of the attractiveness of the industry, based on certain factors. Some of these factors are:

- The threat of displacement by competitors.
- The bargaining power of suppliers and buyers.
- Competitive rivalry and the threat of substitutes.

Industry Domain-Micro Level: This domain requires an analysis of the sustainable advantages of the industry. Ask yourselves the following questions:

- Does the venture have proprietary elements patents, trade secrets, and so on- that other firms are unable to duplicate or imitate?
- What will be the likely presence of superior organizational processes, capabilities, or resources that others would have difficulty duplicating or imitating?
- Is there an economically viable business model?

Team Domain-Aspiration: This domain requires an analysis of the team's mission, aspirations and propensity for risk taking. A question this analysis will answer is:

- Does the opportunity fit the team's business mission, personal aspirations, and risk propensity?

Team Domain-Capability of Execution: This domain requires the ability of the team to execute tasks or the basis of the identified critical success factors. One question that needs to be addressed is:

- Does the team have what it takes, in a human sense in terms of experience and industry know how to deliver a superior performance for this particular opportunity, given its critical success factors?

Team Domain-Connections or Networks: This domain requires an analysis of the team member's connectedness-up, down, and across the value chain. A question you may ask yourself is:

- Is the team connected well enough to notice any opportunity of need to change its approach if conditions warrant?

**TECHNOLOGICAL INNOVATION
MANAGEMENT & ENTREPRENEURSHIP – 21EC61**

Assignment Questions:

1. Explain how entrepreneurs can contribute to the development of an economy?
2. Describe the steps required to become an entrepreneur.
3. Discuss the types of entrepreneurs.
4. Explain Intrapreneurship? List the difference between an entrepreneur and intrapreneur.
5. What are the differences between a manager and an entrepreneur?
6. Briefly explain the competencies shared by successful entrepreneurs.
7. What are the areas to be focused to build an entrepreneurial society? Explain.
8. Define business opportunity? Mention its fundamental features.
9. List & explain five-step framework that represents a good business opportunity.
10. Explain the ways to generate business ideas.
11. What are the factors that leads to the creation of business opportunities? Explain
12. Discuss various factors that influence entrepreneurial mobility.
13. Mention the factors that create favourable business opportunities in India.
14. Briefly explain the RAMP model for opportunity evaluation?
15. Briefly explain the Mullins's Seven-domain Framework for opportunity evaluation?