

entrepreneurship

UNIT-1

- CONCEPT

- **2.1 Entrepreneur** The term entrepreneur has been derived from French word „entreprendre“ which means to undertake. It can further be defined as to undertake risk. The risk of failure involved in trying a new idea or a new way of doing an existing activity. An entrepreneur is the one who finds an opportunity and then puts his heart, soul, brain and everything to convert his dreams into reality. The opportunity is in the form of gap in the market. The gap may be in the form of:
 - ☐ demand /market for a new product,
 - ☐ demand for a better/improved version of an existing product or
 - ☐ a new market.
- Entrepreneurs are those who want to be their own boss. They do not like taking orders from others or to be bound in 9 to 5 job. They define their own rules; understand no boundaries and aim for the sky.

Figure 1: Entrepreneurship

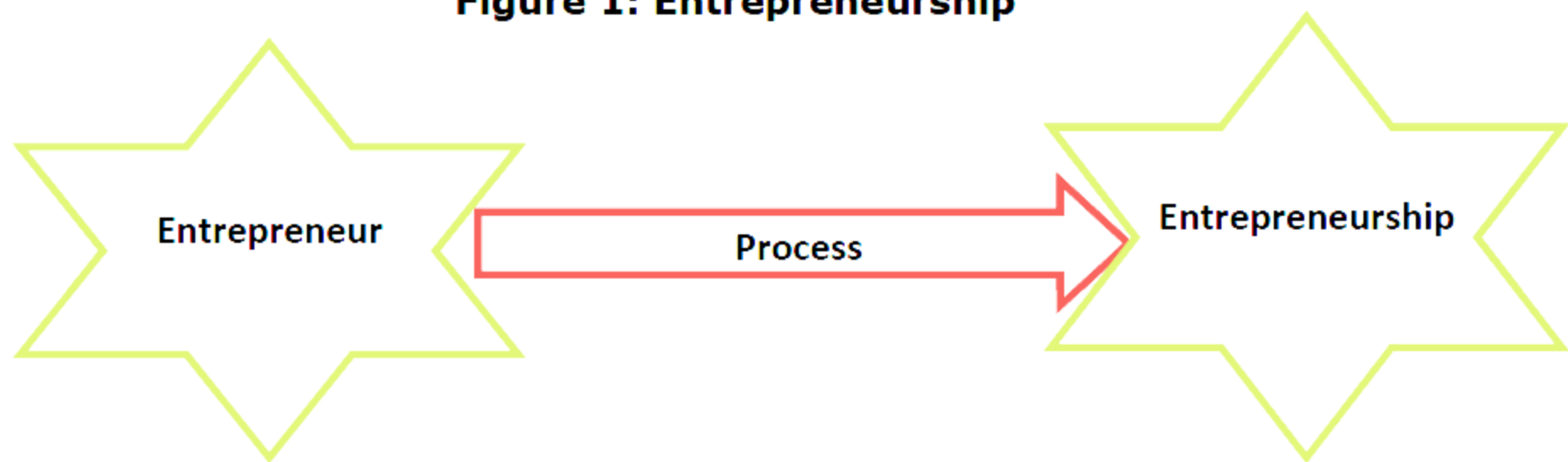


Figure 2: Essential Traits of an Entrepreneur

Relevant Traits of an Entrepreneur	
✓	Highly passionate
✓	Risk Taker
✓	Highly motivated
✓	Possess leadership skills
✓	Never give up attitude
✓	Ready to work under uncertainties
✓	Creative thinker
✓	Works independently
✓	Wants to achieve something meaningful.

Figure 4: Elements of Entrepreneurship

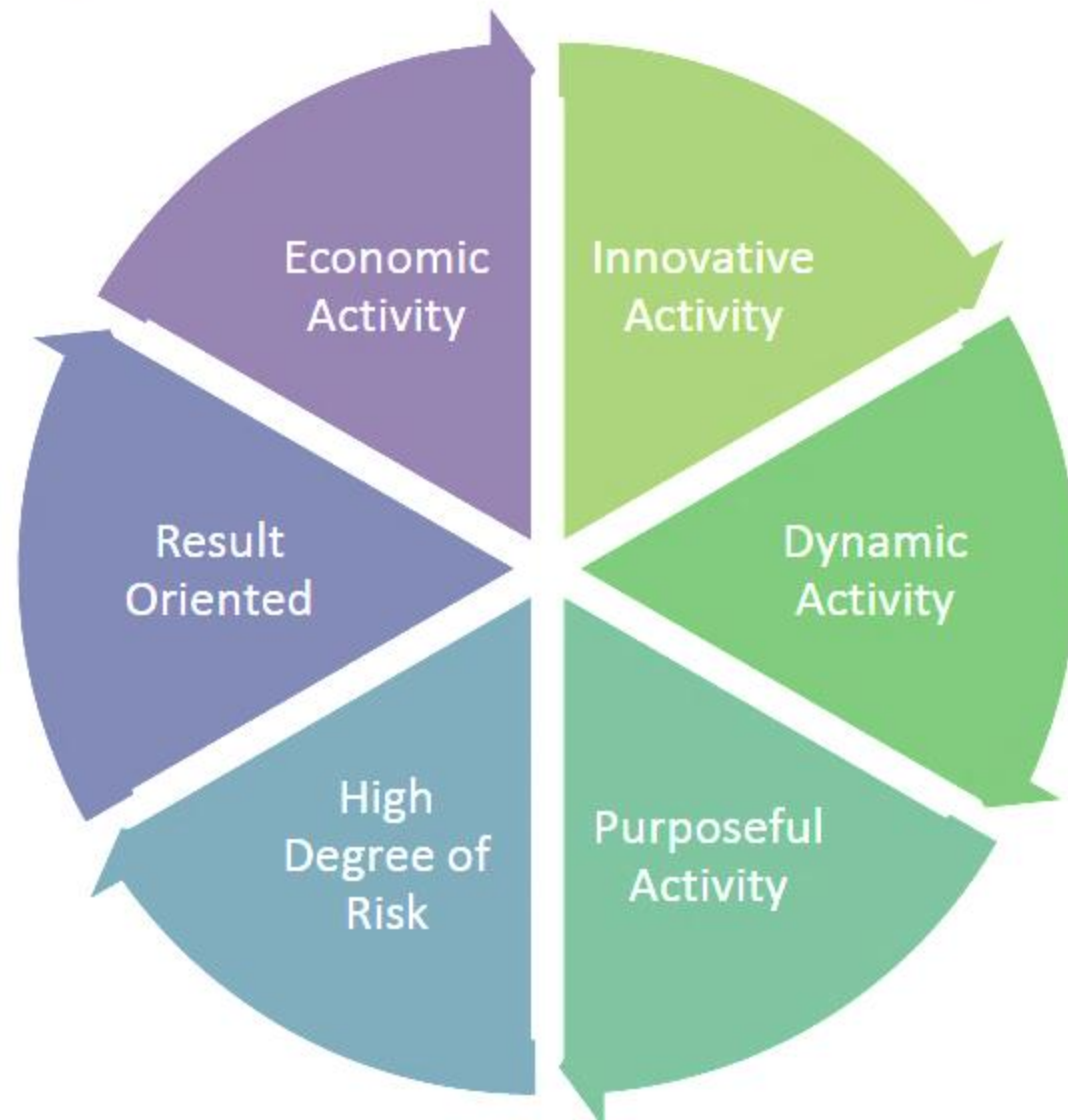


Figure 5: Determinants of Entrepreneurship

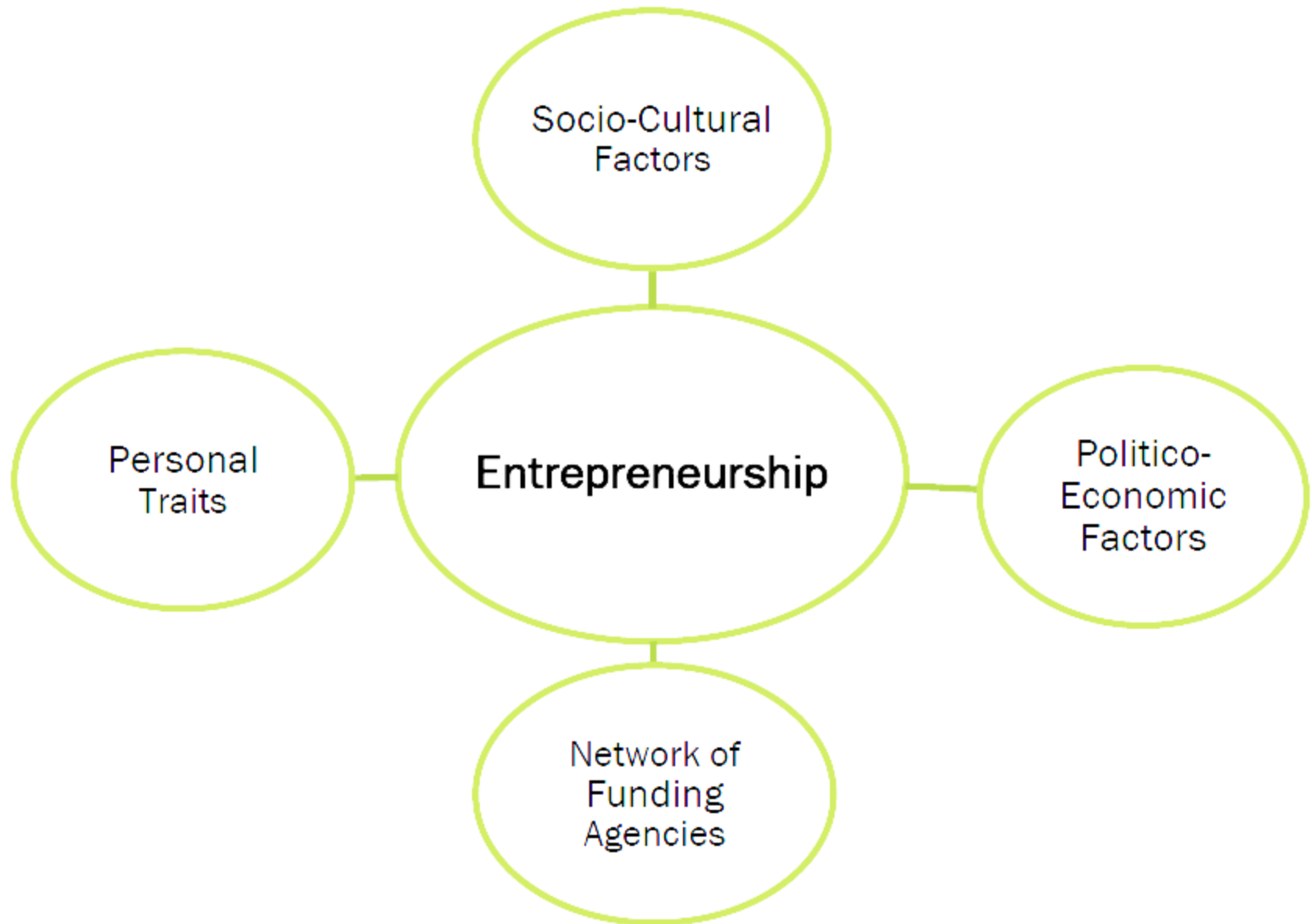


Figure 6: Importance of Entrepreneurship



Figure 7: Ways to Encounter Challenges

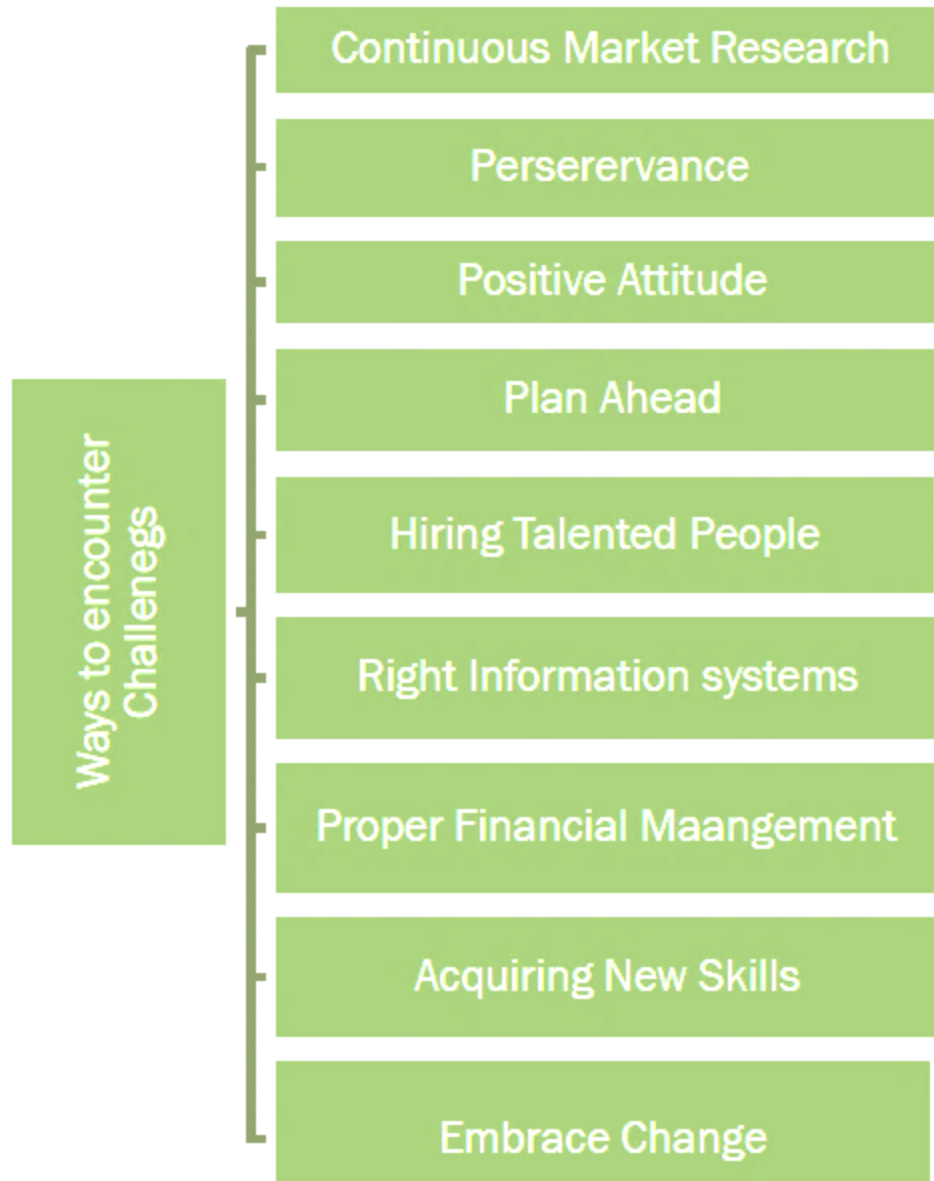
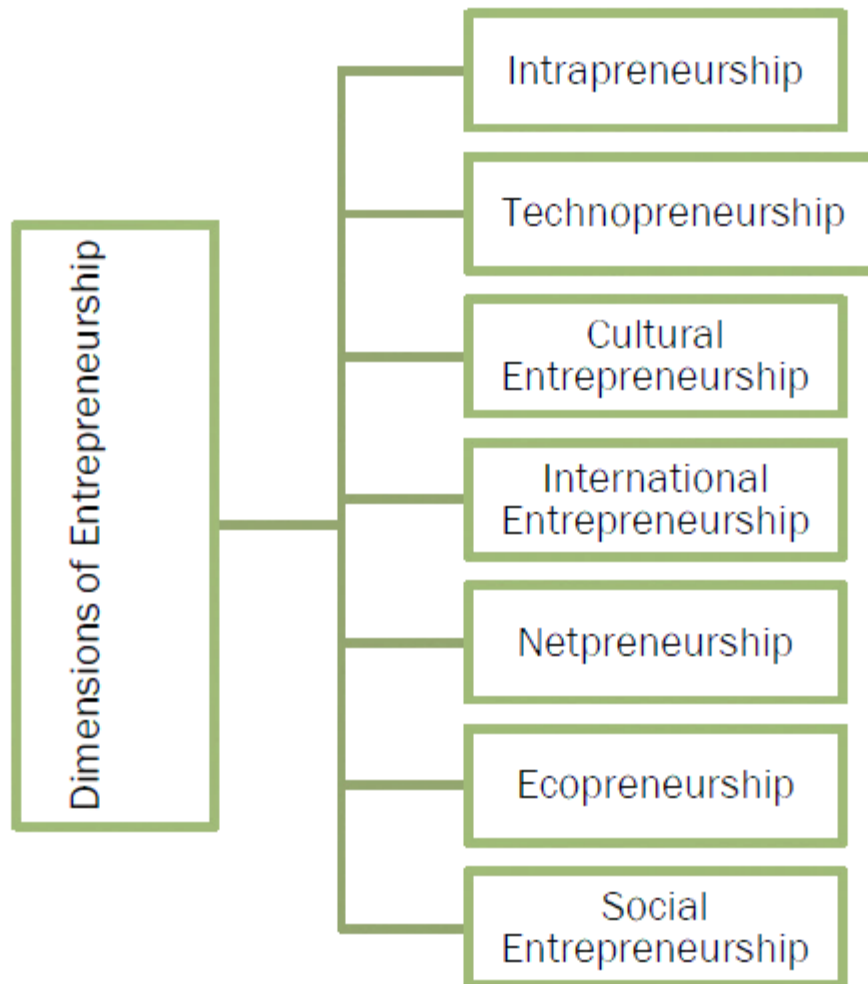


Figure 8: Dimensions of Entrepreneurship



UNIT-2

- TYPES OF ENTITIES

Figure 1: Definition of Micro, Small and Medium Enterprises in India

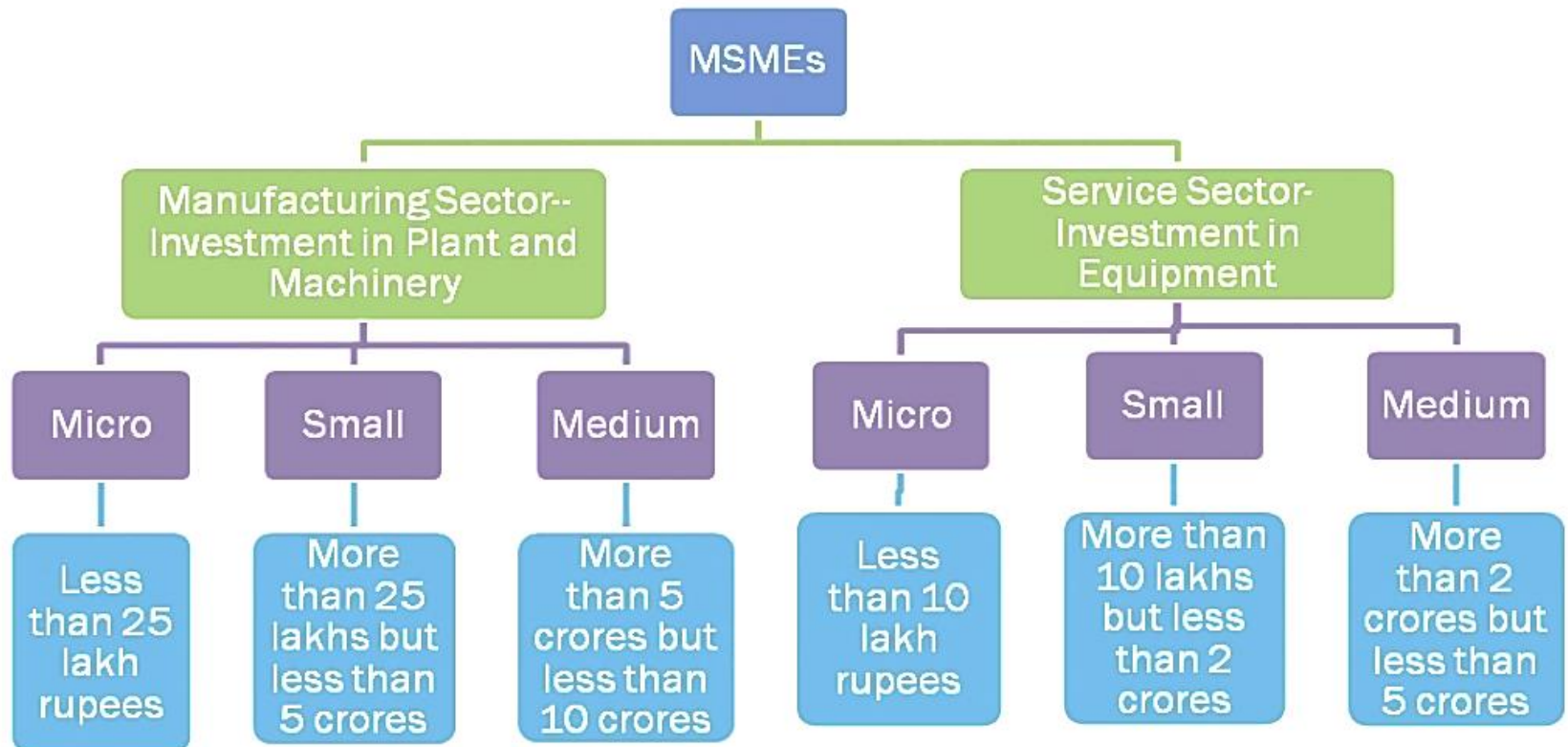


Figure 2: Relationship between Ownership and Management in Family Business

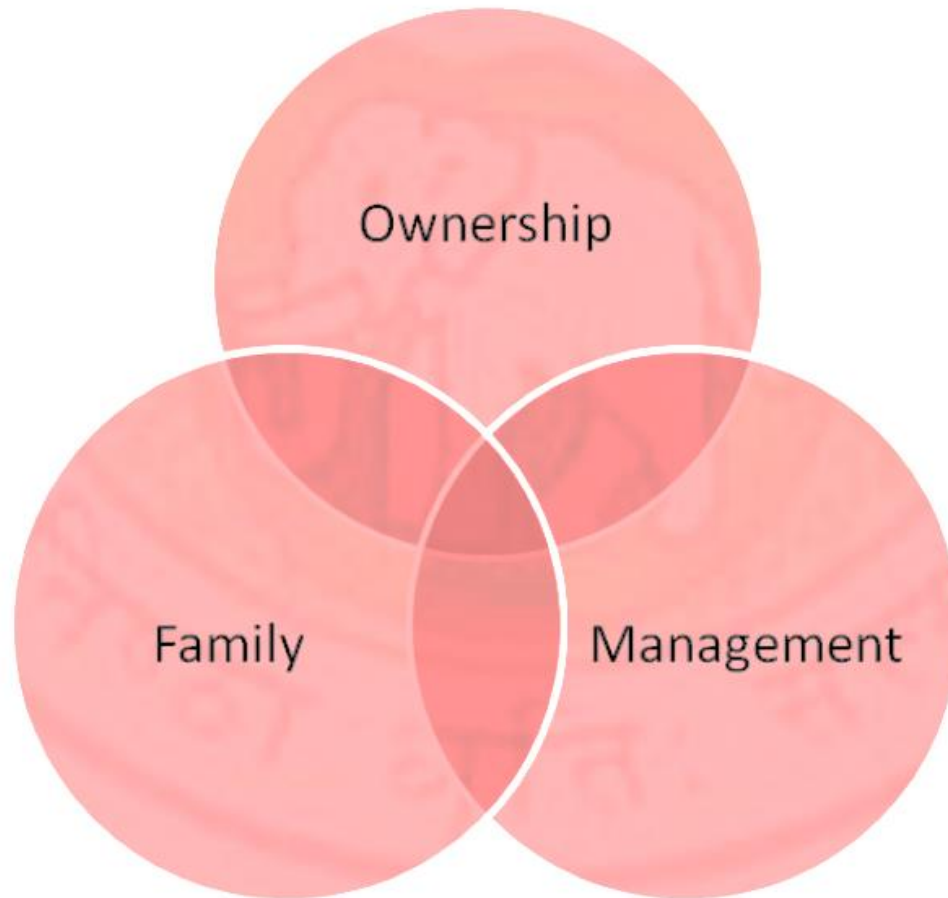
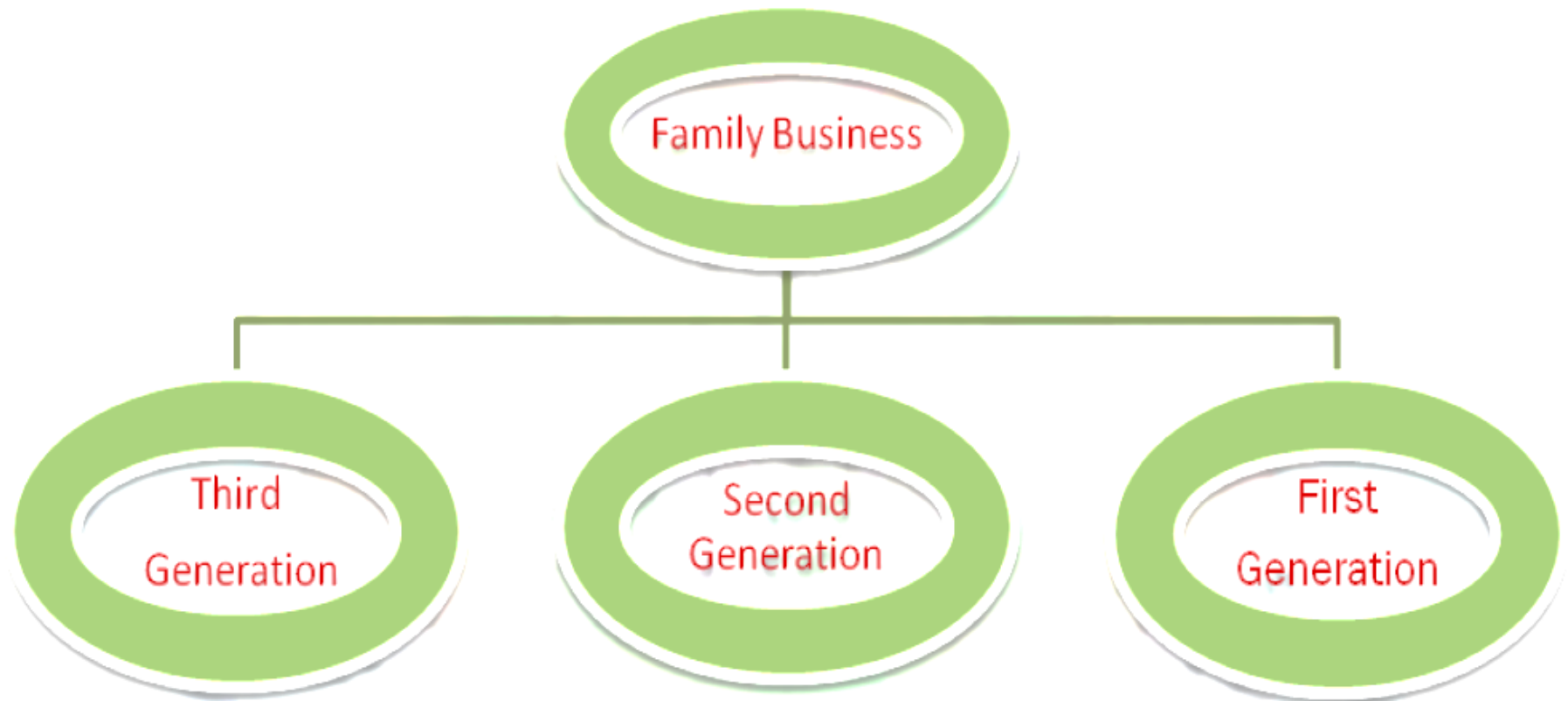


Figure 3: Categorization of Family Business According to Age Bracket



Third Generation Business: Tata, Birla, Bajaj group, Hero group, Dabur

Second Generation Business: Reliance, Wipro

First generation Business: Adani Group, Future Group, Bharti Enterprises

Figure 4: Characteristics of a Family Business



Figure 5: Contribution of Family Business in an Economy

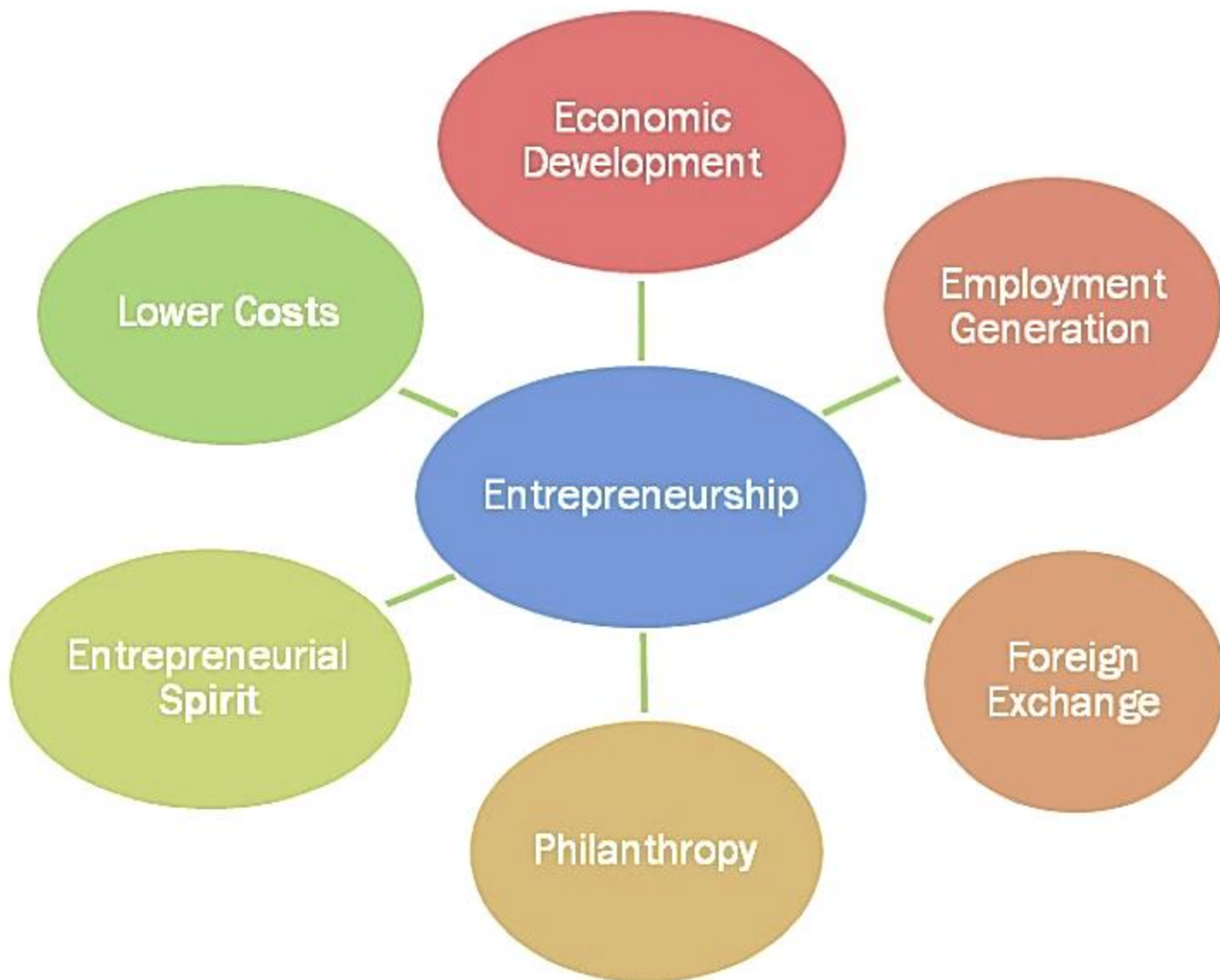


Figure 6: Challenges Faced by a Family Business

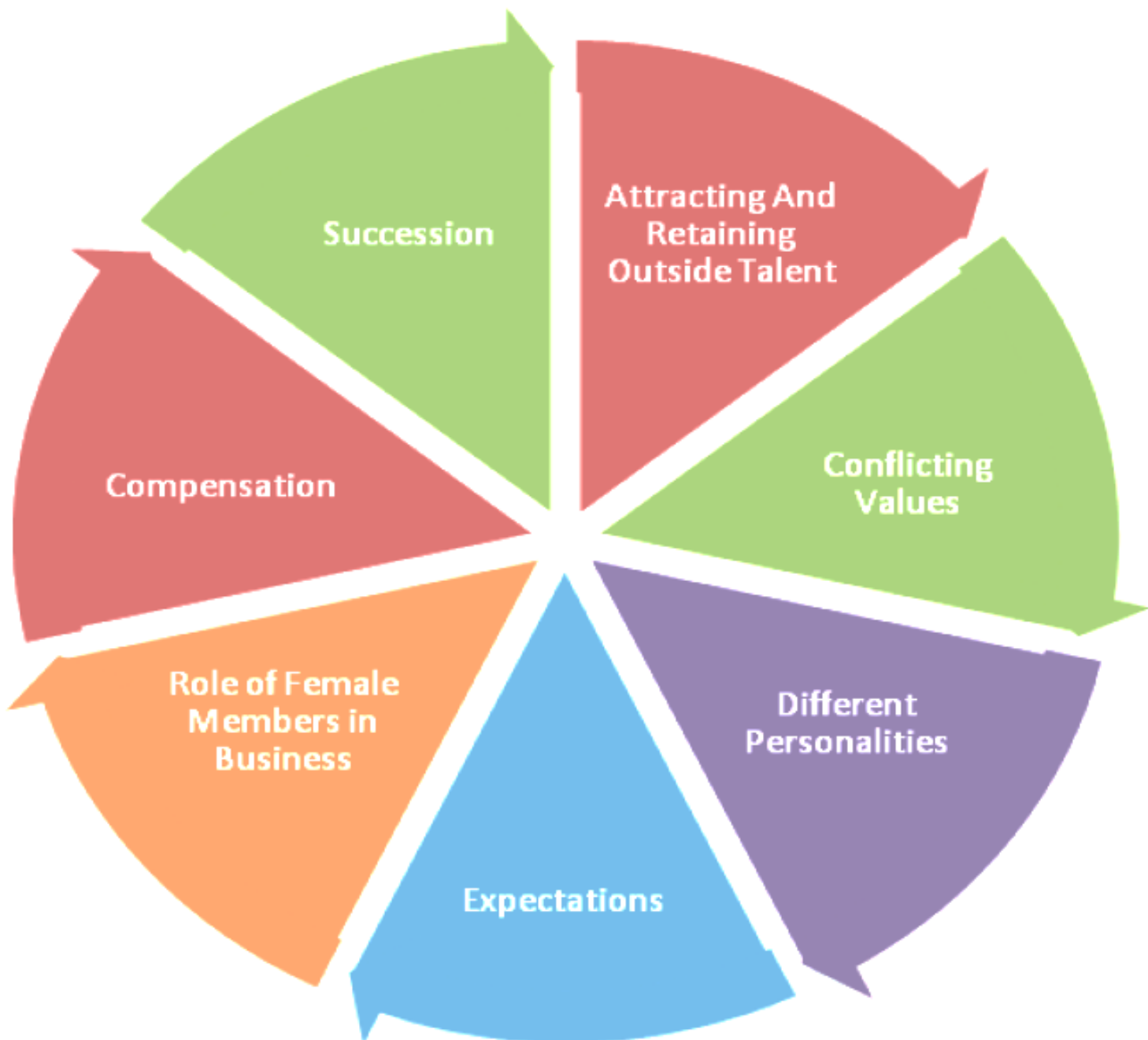
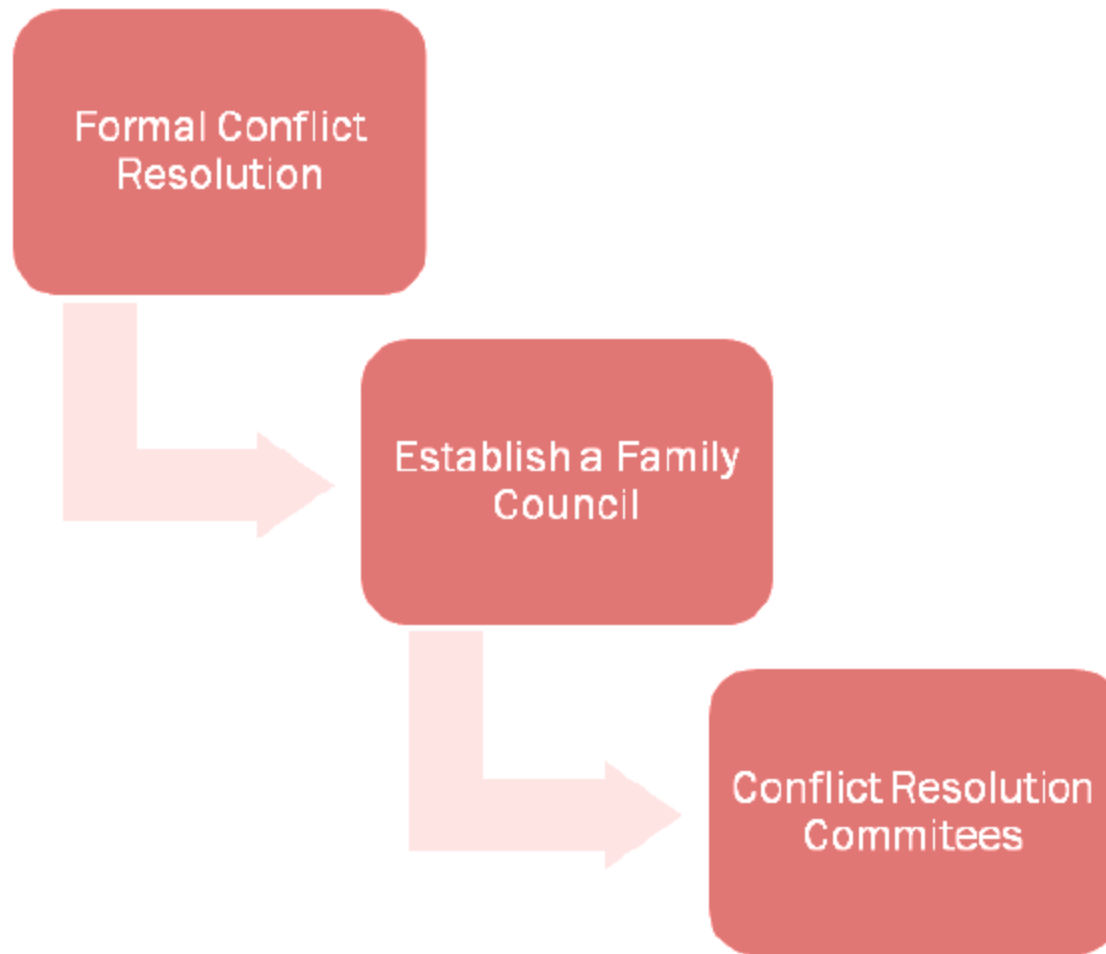


Figure 7: Conflict Resolution



UNIT-3

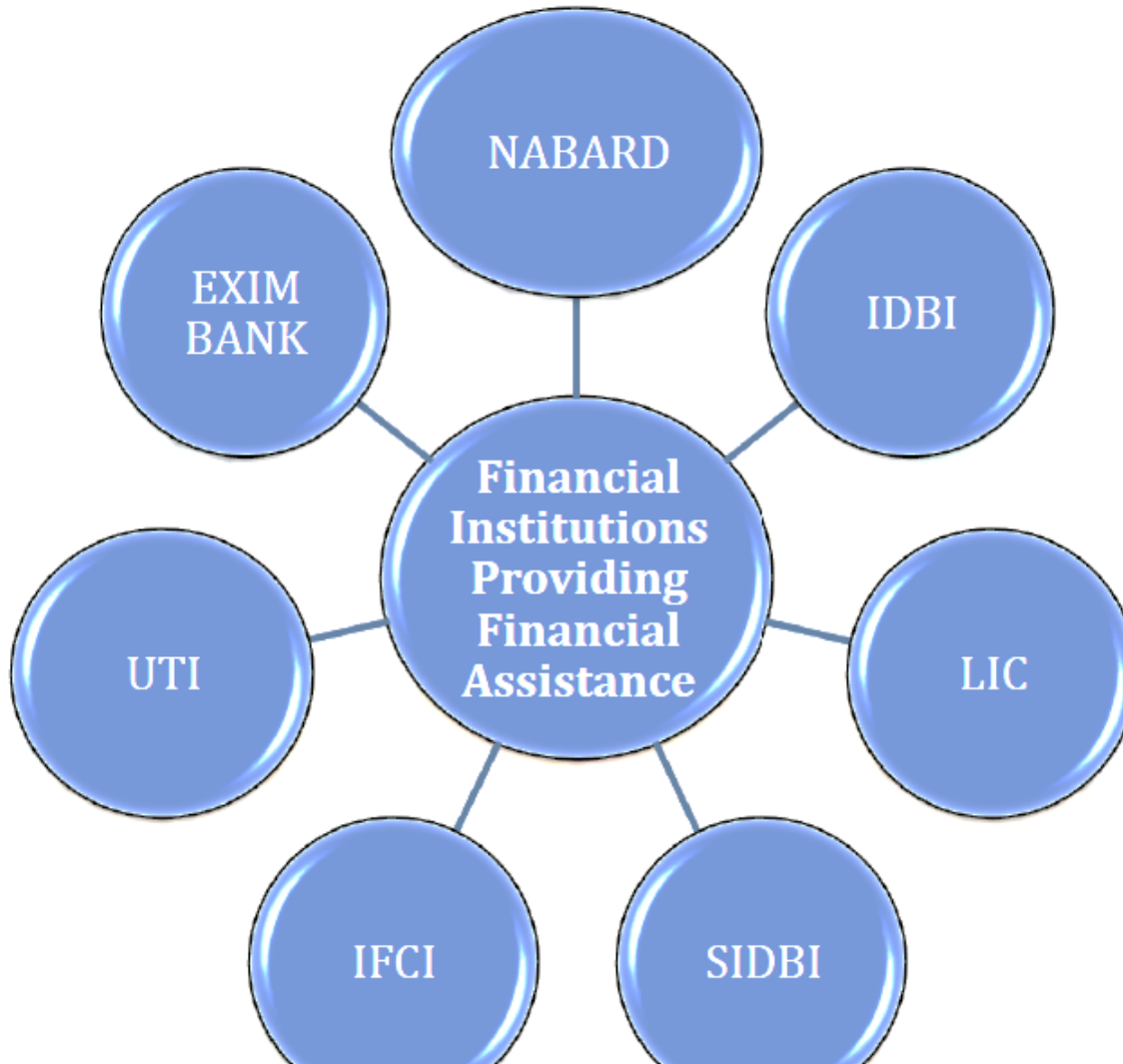
ENTREPRENEURIAL SUSTAINABILITY

Figure 1: Entrepreneurial Environment



FINANCE

Figure 2: Financial Institutions providing Financial Assistance in India



In India, Central and State governments are promoting number of financial institutions to bring in the industrial development in the country. Some of the important financial institutions are:

1. India Infrastructure and Finance Company Ltd (IIFCL)
2. Industrial Finance Corporation of India (IFCI)
3. Industrial development bank of India (IDBI)
4. National bank for agriculture and rural development (NABARD)
5. Export import bank of India (EXIM Bank)
6. State Industrial Development Corporation (SIDC)
7. Small industrial development bank of India (SIDBI)
8. United Trust of India
9. Industrial finance corporation of India (IFCI)
10. General Insurance Company of India (GIC)

7. Technical Assistance:

Entrepreneurial training is essential for the development of first generation entrepreneurs. They don't have to accessing technology due to poor consultancy support, unskilled man power, lack of managerial skills, monetary problems etc.

For technology up-gradation the government provides financial subsidy and other assistance to the Medium and Small Entrepreneurs. The Government has set up three national-level Entrepreneurship Development Institutes (EDIs) in India.

They are:

1. National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad
2. The Indian Institute of Entrepreneurship (IIE), Guwahati
3. The National Institute for Entrepreneurship and Small Business Development (NIESBUD), Noida

The schemes announced by government under Technology up-gradation & Productivity Enhancement is:

- CLCSS (Credit Link Capital Subsidy Scheme for Technology Upgradation:

The Ministry of Micro, Small and Medium Enterprises has started a scheme in October 2000 called "Credit Linked Capital Subsidy Scheme (CLCSS)". It provides technological upgradation to Small, Medium and Micro and Enterprises. In this scheme 15% capital subsidy (limited to maximum Rs. 15 lakhs) is provided for the purchase of Plant & Machinery. The plant and machinery should not be of more than Rs.100 lakhs.

- Manufacturing Competitiveness Programme (NMCP):

In 2005, the Government of India has started National Competitiveness Programme. It enables them to become competitive in today's era of liberalization and moderation. It includes the following schemes:

1. Setting up Incubators for Entrepreneurial Development.
2. Setting up Quality Management Standards and Quality Technology Tools for manufacturers.

8. Industrial Accommodation:

One of the key environmental stimulants for entrepreneurial initiation is the accommodation in industrial areas. Industrial accommodation includes a host of infrastructural and the related facilities which at times guarantee the automatic access to a variety of fiscal incentives such as income/VAT/excise/sales/ tax exemption, subsidy, etc. The availability of industrial accommodation attracts new entrepreneurs who lack prior business background. Industrial estate programme aimed at allocating some industrial space for technically and professionally skilled persons stimulates industrial entrepreneurship attracting the professionals. The entrepreneurs with better economic backgrounds get relatively better access to industrial accommodation.

Value Addition 1: Further Understanding

Industrial Accommodation

An important strategic approach adopted by the Micro and Small Enterprises – Cluster Development Programme (MSE-CDP) for holistic and integrated development of micro and small enterprises in clusters is **Infrastructure Upgradation**. It includes the creation/upgradation of infrastructural facilities in the new/existing industrial areas/ clusters of MSEs.

Visit the link <http://dcmsme.gov.in/mse-cdprog.htm> to study in detail about the adoption of industrial accommodation as an entrepreneurial stimulant by the government in advancing entrepreneurship.

9. Role of Industries/Entrepreneur's Associations and Self Help Groups:

Industrial associations are bodies which are founded and funded by industrial groups to support and protect the rights of industry and the people associated with it. Industrial associations lobby and urge governments and other agencies to take measures for the industry. Those active in the Indian business environment include:

- Local Industries Associations like Automation Industry Association) AIA,
- Packaging Industry Association of India (PIAI),
- Confederation of India Industry (CII), FICCI and
- All India Association of Industries (AIAI).

The villagers usually have the problems of poverty, lack of skills, lack of awareness, and lack of funds which cannot be solved by one person alone. The group of people can tackle them. These groups known as Self help groups have led to paradigm change for the economically weaker sections people.

SHG is a homogeneous group of a few individuals usually poor and often women who pool their savings in funds from which they can borrow when necessary. It is small association of around 20 or persons predominately women voluntary coming together of homogenous socio-economic background. The common pool is used to provide loans to

Figure 3: Ultimate Goal of SHG's

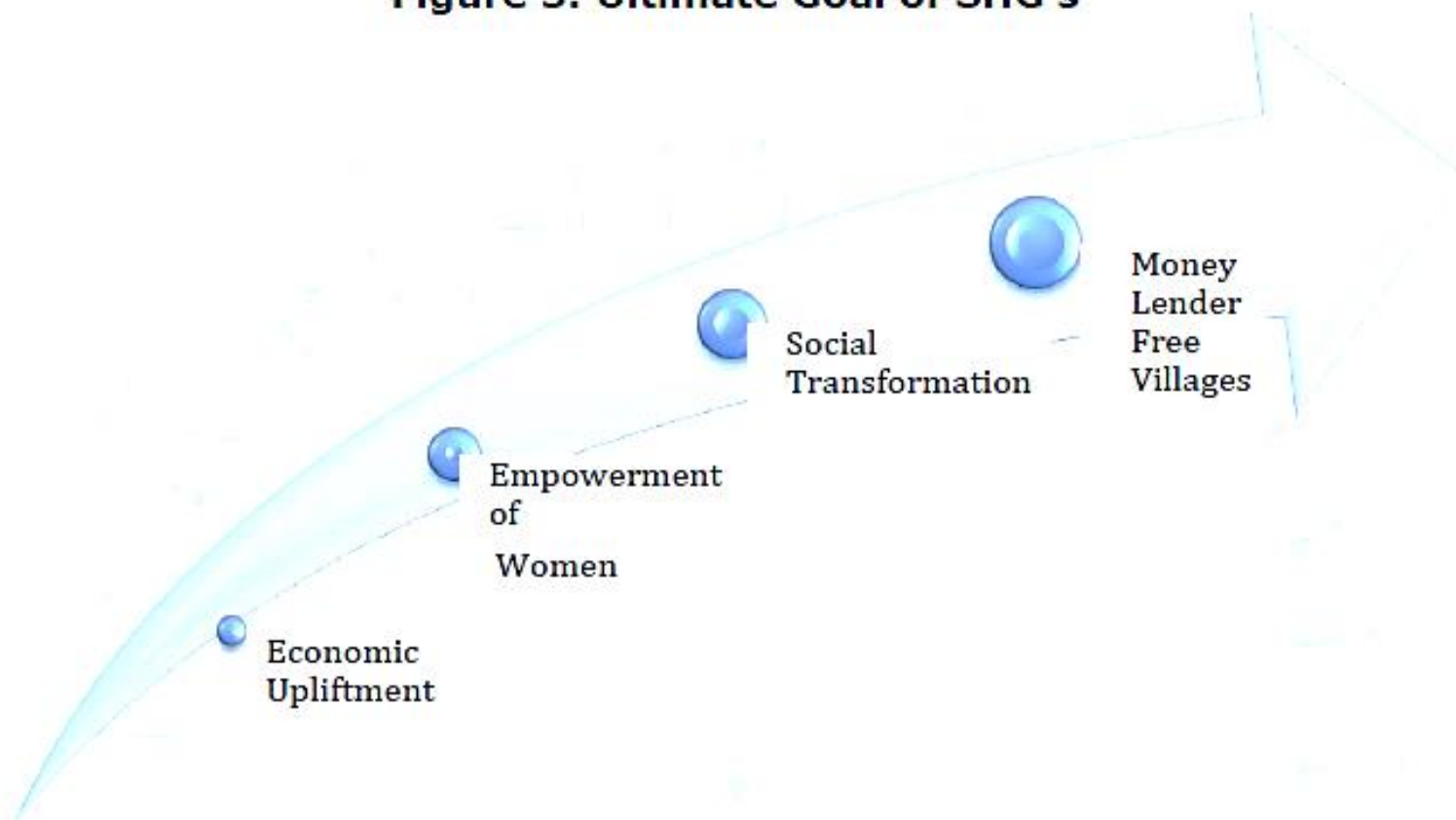
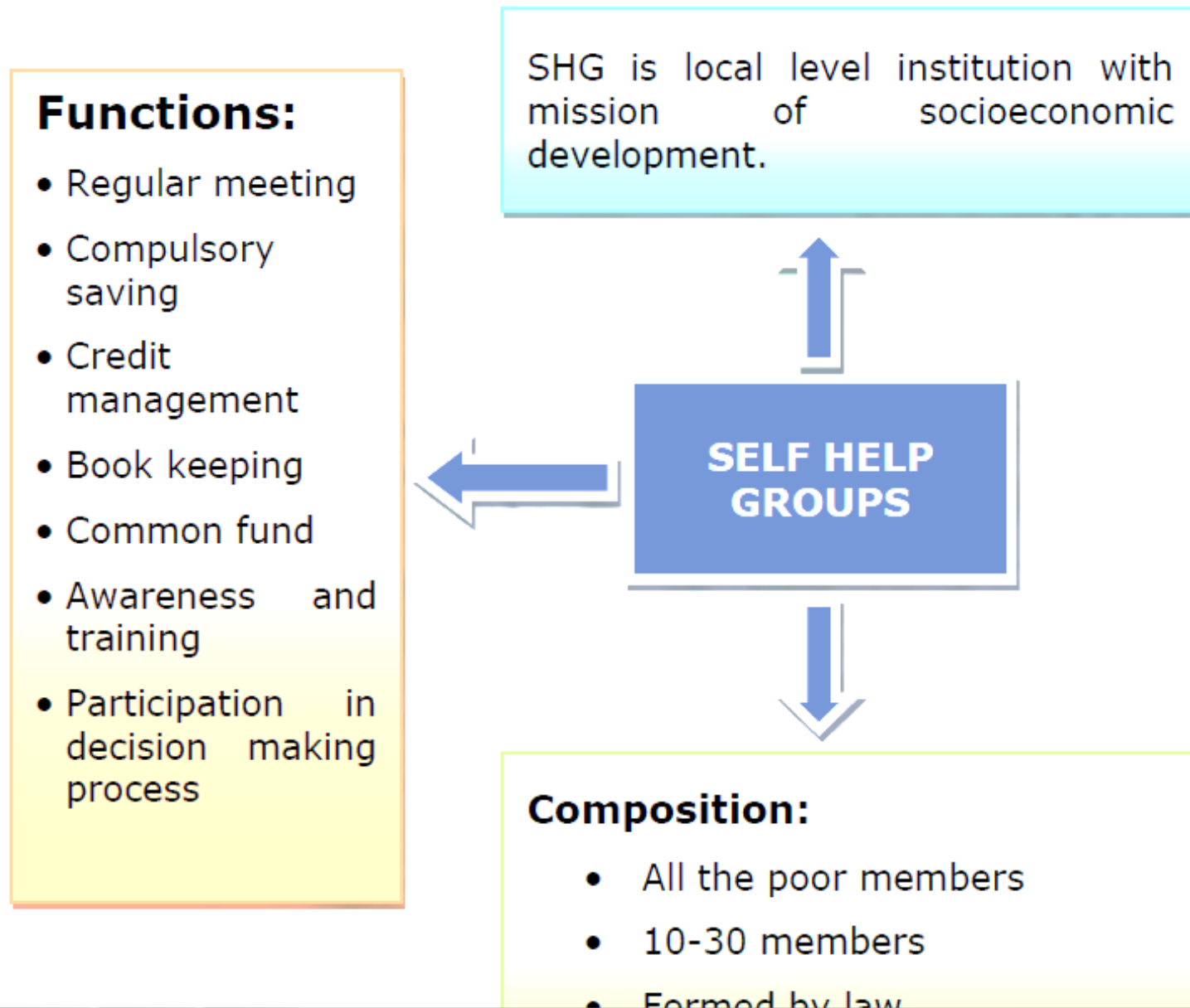


Figure 4: Process of SHG



Figure 5: Formation and Functioning of Self Help Groups



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INDIAN SCIENCE AND TECHNOLOGY
ENTREPRENEURS PARKS AND
BUSINESS INCUBATOR ASSOCIATION

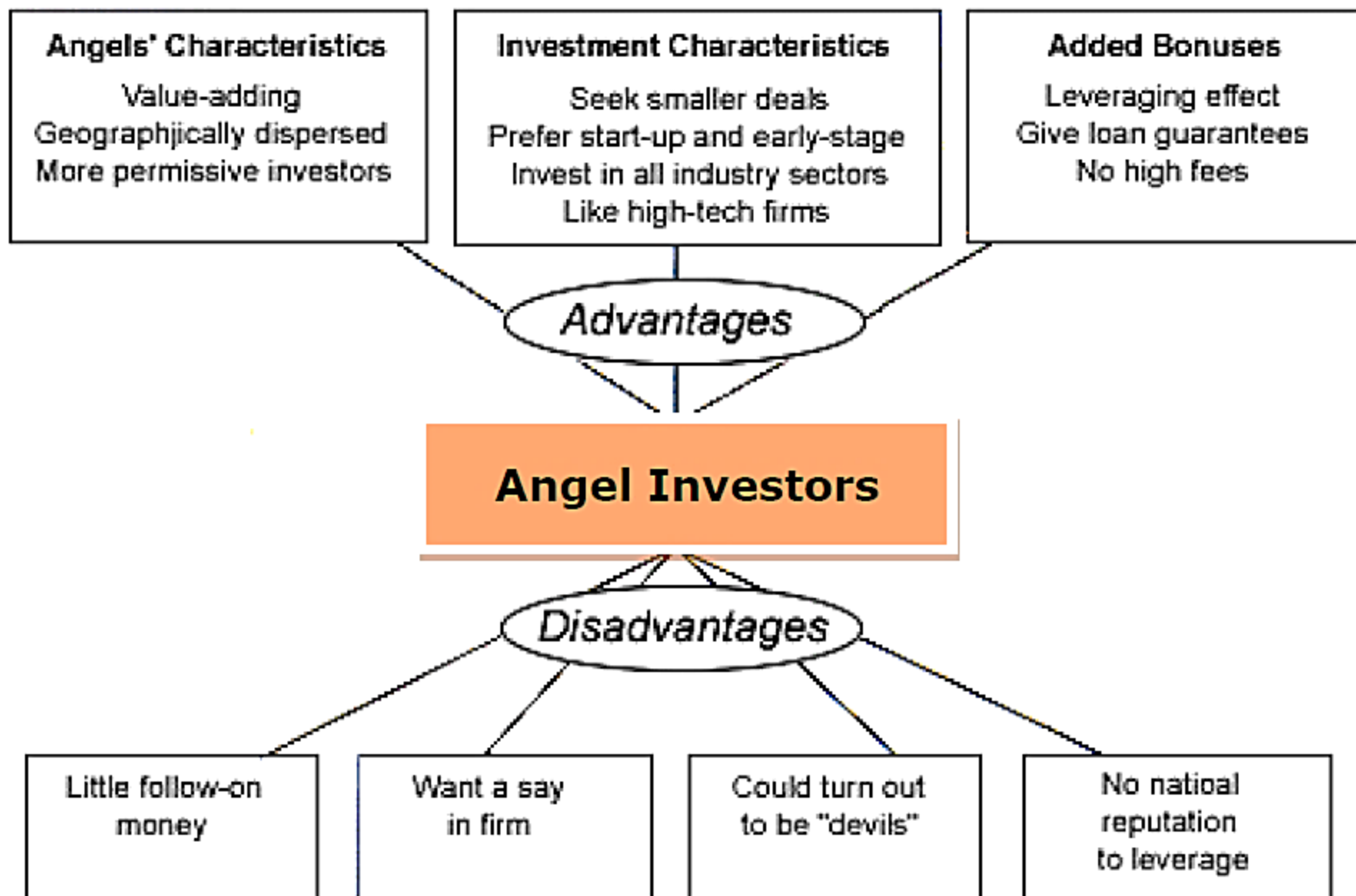
Fuelling Entrepreneurship



- Networking activities
- Marketing assistance
- Market Research
- Assist with accounting/financial management
- Access to bank loans, loan funds and guarantee programs
- Help with skill development, research and training
- Connect with the strategic partners
- Access to angel investors or venture capital
- Comprehensive business training programs
- Advisory boards and mentors
- Management team identification
- Technology commercialization assistance
- Help with regulatory compliance
- Intellectual property management

Source: Adapted from https://en.wikipedia.org/wiki/Business_incubator

Figure 6: Advantages and Disadvantages of Angel investment

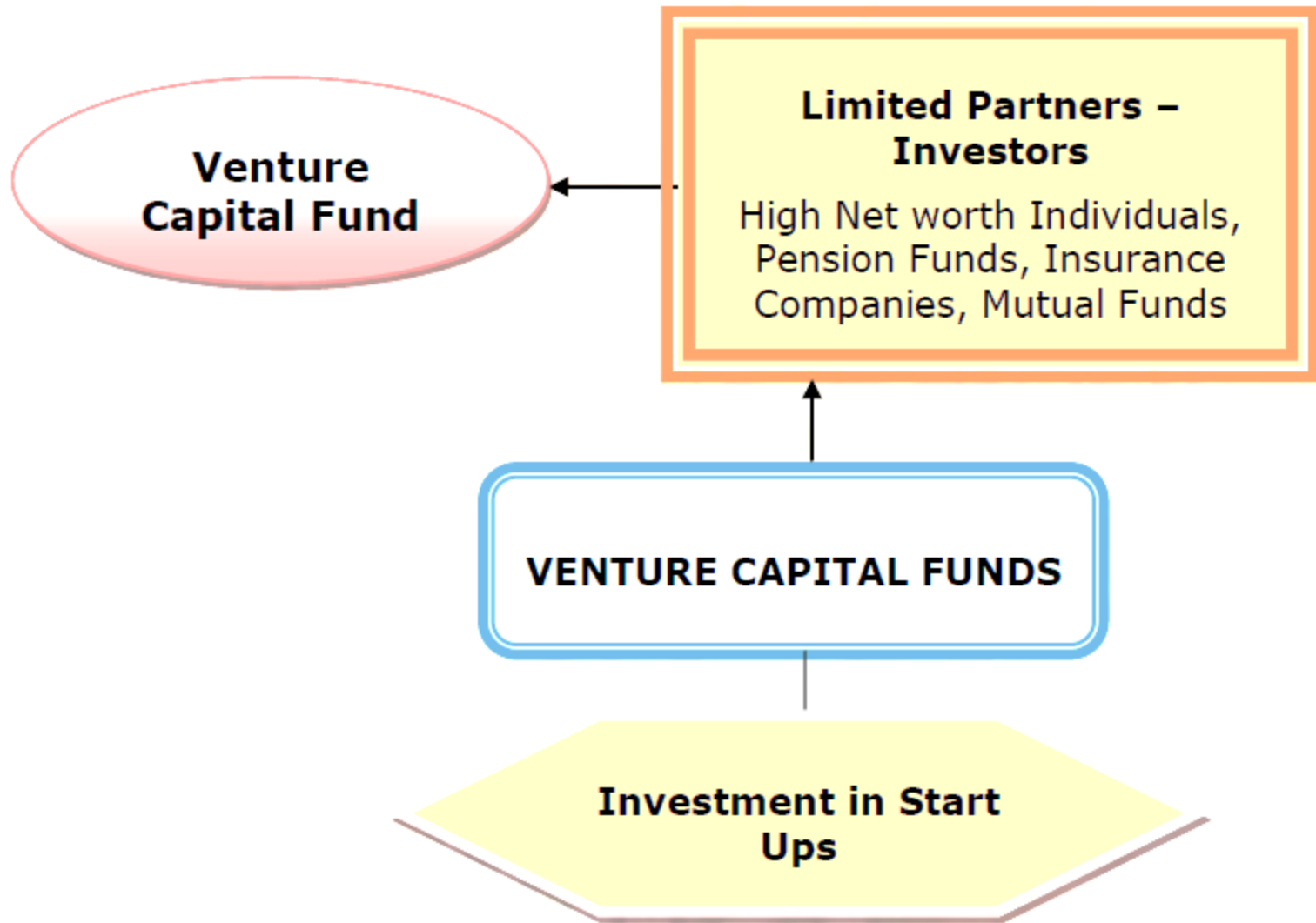


Angel Investing Vs Venture Capital

Main Differences	Business Angels	Venture Capitalists
Personal	Entrepreneurs	Investors
Firms funded	Small, early-stage	Large, mature
Due diligence done	Minimal	Extensive
Location of investment	Of concern	Not important
Contract used	Simple	Comprehensive
Monitoring after investment	Active, hands-on	Strategic
Exiting the firm	Of lesser concern	Highly important

Source: Mark Van Osnabrugge and Robert J. Robinson, Angel Investing, 2000 (San Francisco Jossey-Bass 2000), p.111.

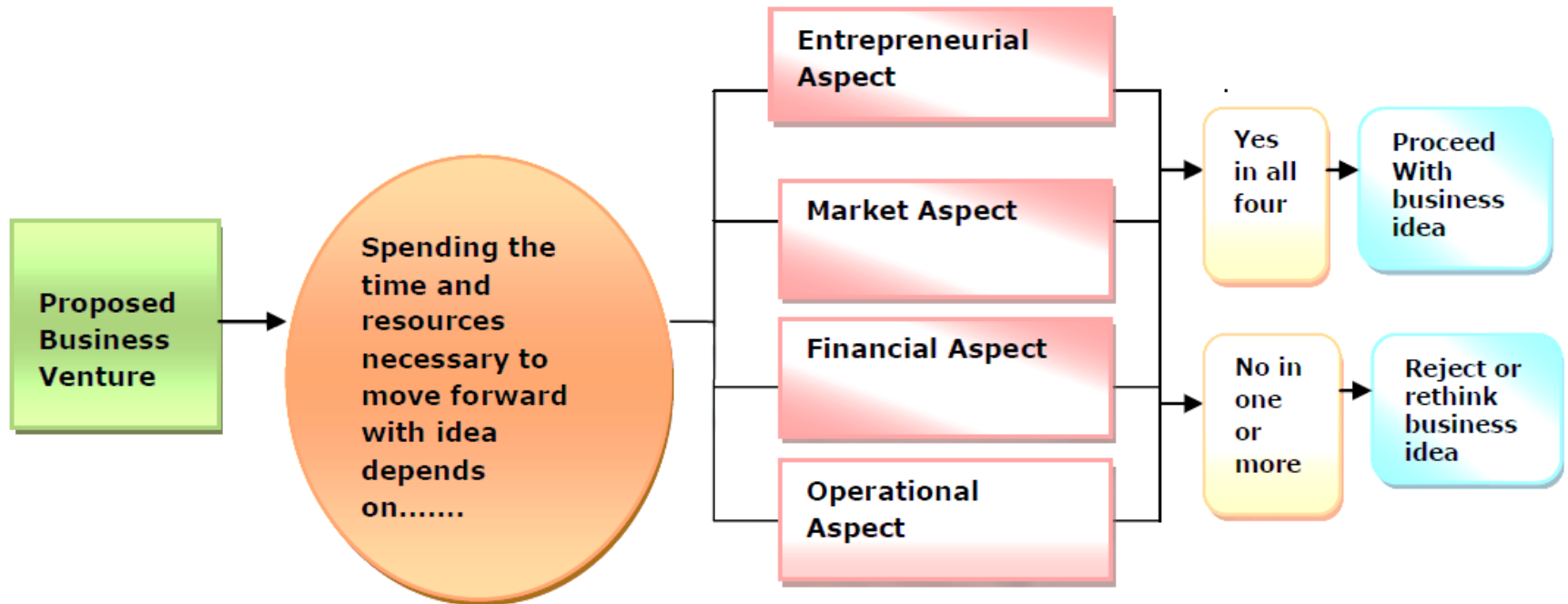
Figure 7: Structure of Venture Capital



UNIT-4

BUSINESS PLAN PREPARATION

Figure 1: Testing the feasibility of business idea



1. Entrepreneurial Aspect:

The success or failure of any business idea/project is largely depending on the various capabilities and skills of entrepreneur. In fact, it is indispensable to possess certain skills and personality traits by entrepreneur and management team to convert idea into business value. Therefore, any business idea should be evaluated or tested first in the light of following entrepreneurial capabilities/skills.

- Willpower and Self confidence
- Determined and persistent
- Energy to work 12-16 hours a day
- Capability to take risks
- Can take criticism and rejection
- Capability to acclimatize changing conditions
- Ability to work under stressful conditions
- Potential to take quick and rational decision
- Qualified enough to comprehend national and international business forces

2. Market Aspect:

Assessing the market potential or size for new business is quite complicated but decisive aspect of feasibility analysis. To test market feasibility, there are ten important aspects/issues that an aspiring entrepreneur should consider:

- Potential number of customers and their location
- Strength of product/service (does it serve an unserved need of customers?)
- Probable demand of products or services
- Unique selling proposition
- Barriers to entering in the market
- Price, quality and quantity compared to competitors
- Competitive advantage
- Technological changes
- Changing nature of competition
- Industrial trend

3. Financial Aspect:

After determining that there is a market for product, the entrepreneur needs to consider financial requirement to make it viable. Financial feasibility test should consider the following:

- The estimated cost of project
- Estimation of fixed and variable cost
- Sources of Finance/Capital structure
- Money required for start-up
- Sales forecast
- Break-even point
- Projection of future profitability
- Cash flow analysis

4. Operational Aspect:

Operation feasibility of a project is important to test to ensure smooth operation of business activities. Operation feasibility test generally consider the following aspects:

- Plant capacity and size
- Equipments
- Infrastructure
- Various business processes
- Implementation and evaluation of business processes
- Resistance management
- In-house strategies
- Knowledge of quality, quantity, technical specifications, and price range of products
- Supply Chain Management (SCM) system
- Keeping pace with changing technology

5. Other Aspects:

Added to above mentioned considerations, there are number of other aspects which should be considered in feasibility test of business idea/project. Following factors should also be considered as a part idea feasibility test:

- Regulatory requirements
- Protection of intellectual property (IP) assets
- Skills requirements
- The state of technology
- Social, economic and political conditions

After the feasibility test, a systematic and comprehensive review of above mentioned and other such aspects is carried out to decide whether the new business idea/project is selected or rejected or to make sure that the idea will deliver desired results. This process is generally known as project appraisal. Project appraisal is basic requirement before resources are committed and funding of programme is done. In the end, a report is prepared which is generally called feasibility report.

5.1 Significance of Writing the Business Plan/Project Proposals

Business planning is one of the most critical parts of running a business enterprise, no matter whether the business is large or small, public or private, operating at domestic or international level. It is simple to start a business project, but without proper planning it is tantamount to wastage of time, energy, and resources. It is a blueprint for directing the business in a particular direction. Without proper business planning, a business is like a train, having no engine to pull it in any direction. Added to this, a written business plan is important due to the following reasons:

1. It determines and substantiates the feasibility of the business idea.
2. It provides a statement of business vision and mission.
3. It also provides roadmap and timetable for attaining business objectives and goals.
4. With a sound business planning entrepreneur can convince a bank or financial institutions and other investors to invest in the business.
5. It also sets value that can guide business in the times of trouble or crisis.
6. It helps the entrepreneur to introduce business to suppliers, investors, vendors and, others.
7. It provides a roadmap of actions to be taken in the future.
8. The planning process allows the entrepreneur to determine what might or might not work.
9. A written business plan is required to design a rational business model or plan how business can make money or generate revenue.
10. It helps the entrepreneur to identify future opportunities and potential risks.
11. It facilitates a system that enables owners, managers and workers to work effectively and efficiently.
12. Business plan acts as a control instrument. As in the planning process benchmarks

UNIT-5

MOBILIZING RESOURCES

Types of Business Resources

Notion of Resource Mobilisation

Objectives of Resource Mobilisation

Process of Resource Mobilisation

Accommodation and Utilities for Start-up

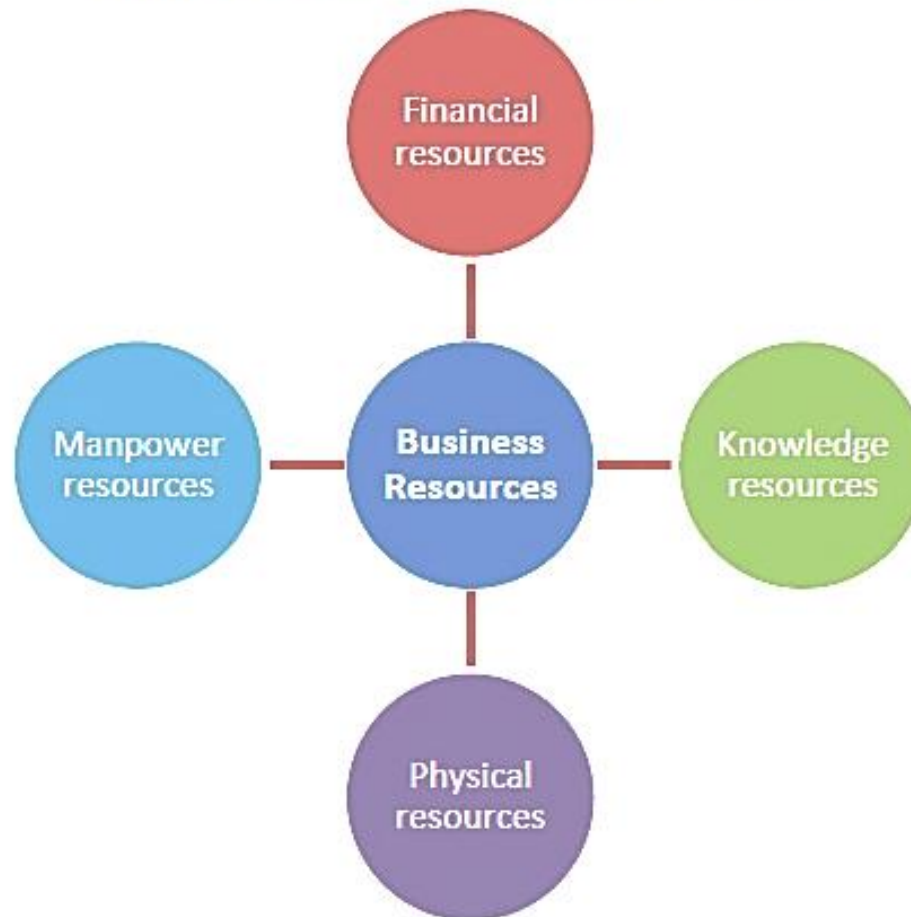
Preliminary Contracts

Contract Management

- Contract Problems of Start up
- Making a Solid Business Contract
- Funding Opportunities for Start-ups
- Strategies to Exploit Funding Opportunities
- Marketing Plan for Start-up
- Outlines of an Effective Marketing Plan
- Organisational Plan for Start up Enterprise

1. Financial resources;
2. Manpower resources;
3. Knowledge resources; and
4. Physical resources.

Figure 1: Types of Business Resources



Mobilising Resources

Figure 2: Types of Intellectual Property Rights (IPRs)

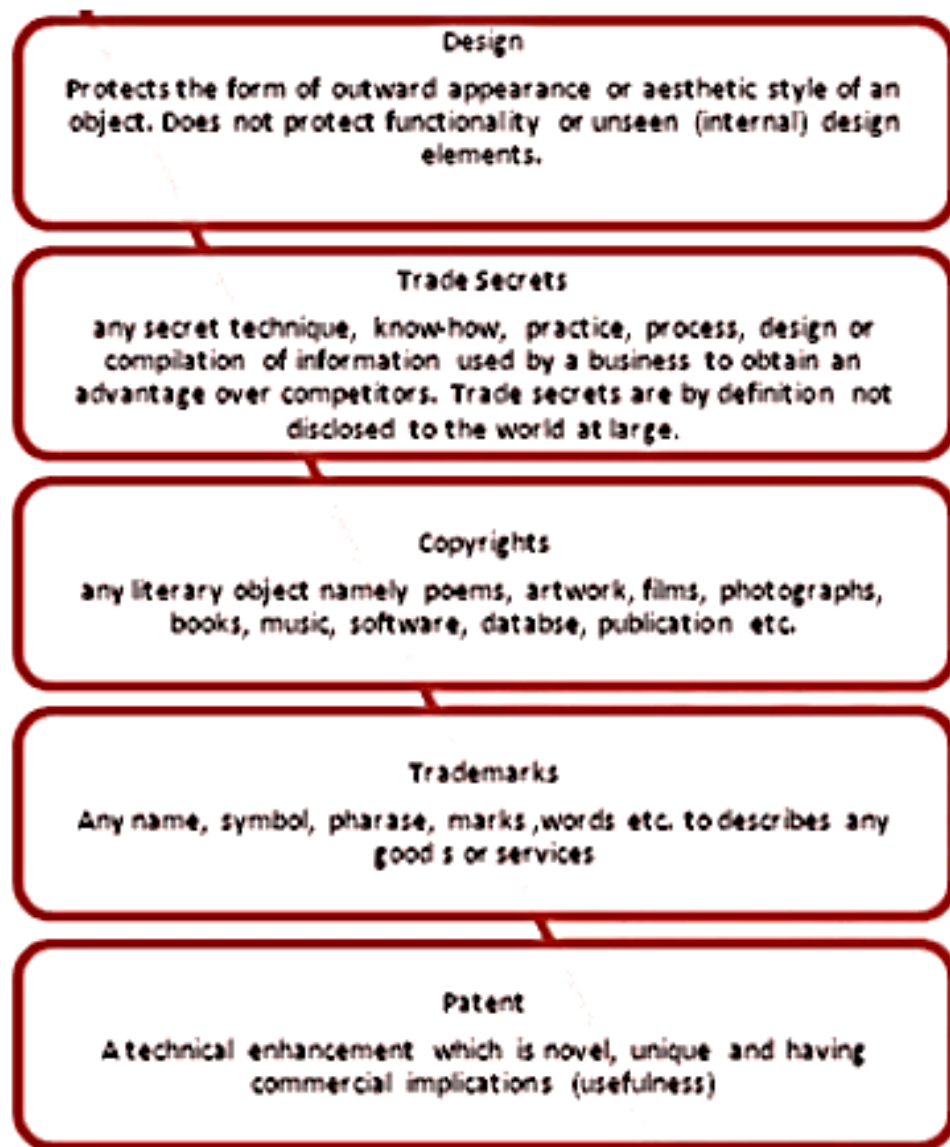


Figure 4: SWOT Analysis to Support Resource Mobilisation

Internal	External
Strength <i>(assessment of internal factors/ attributes that can support or aid in fulfilment of organisational objectives)</i>	Opportunities <i>(assessment of conditions/ factors/ attributes external to the organisation, but can contribute to attain organisational goals/ mission/ vision/ objectives)</i>
Weakness <i>(assessment of internal factors/ attributes that can act as hindrance in fulfilment of organisational objectives)</i>	Threats <i>(assessment of conditions/ factors/ attributes external to the organisation, but may hinder the achievement of organisational goals/ mission/ vision/ objectives)</i>

Mobilising Resources

Accommodation:

Following points should be considered in selecting the location (accommodation) of business or office space:

- Style of operation (e.g. formal, casual, traditional retail store, kiosk, cart etc.)
- Consider who your customers are and how important their proximity to your location is.
- Monitor foot traffic
- Accessibility of parking
- Is your location/area business friendly?
- Is your area safe for business as well as for customers
- Proximity to other businesses and services
- Building infrastructure
- Utilities and their associated costs
- How close do you need to be your suppliers?
- Can you legally operate your business in this area?
- Possibilities of renovations or change in building (consider legal restrictions)
- Availability of labour, transport, fuel, power, raw material etc.
- Expansion possibilities
- Personal factors

Utilities:

Utilities (water, fuel, electricity etc.) are essential services that play a vital role in successful operation of any enterprises. What utilities your business requires will depend on the nature of business and size of operation. These utilities are required not only for smooth functioning of business, but also for health, safety and to improve efficiency at workplace.

Some common utilities which should be obtained/acquired or hold by the start-up are given below:

- Water
- Sewage
- Trash services
- Telecommunication (i.e. telephone, internet, FAX machine, word processing software etc.)
- Electricity
- Parking
- Canteen
- Furniture
- Toilets (for basic health, welfare, privacy and dignity)
- Conference style speaker phone
- Flipcharts
- LCD projectors
- Catering

- Photocopy
- Video conferencing facilities
- Waiting room/hall/area
- Change room
- Dining hall
- Personal storage
- Washing facilities for personal hygiene
- Lighting and temperature
- Shelter from respite from whether (e.g. heat, cold, rain, wind etc.)

Value Addition 2

Some Important Office Utilities Required for Start-up



Source: <http://nca1.net/listings/great-office-space/>

8. Preliminary Contracts

For start-up enterprise, entrepreneur needs to sign some kind of contract in writing with various parties/stakeholders e.g. vendors, shareholders, suppliers, financial institutions/lenders/bankers and principal customers. These agreements allow the enterprises to define their legal relationship to the corporation, to each other and the start-up's other participants. Added to this, written contracts also allow individuals and businesses with a legal document stating the expectations of both parties and how negative situations will be resolved. Contracts also are legally enforceable in a court of law. Contracts often represent a tool that companies use to safeguard their resources. For start up enterprises following points should be considered in the process of forming a contract with various parties i.e. vendor, suppliers, investors, customers or lenders.

1. The parties to the agreement (name of your business and name of the party whether the party is a customer, vendor, suppliers or lender.
2. Mention, how each party is going to be benefited from the agreement. In legal language it is referred as 'consideration'. Consideration is base of every contract and law enforces only those promises which are made for consideration. Consideration may be related with past, present or future. It must be real, lawful and should be passed at the request of offeror. Consideration may in form of cash, kind or abstinence.

Value Addition 3

Contract with Supplier (Sample)

Form of Agreement

Date.....2016

Parties

- (1).....of.....(the "client")
(2).....of.....(the "supplier")

Introduction

The supplier has offered to supply the equipments/raw material/goods, details of which are attached at the Client's office/factory at.....in accordance with the terms and conditions of the agreement which are mentioned below:

Terms and Conditions:

1. general obligations of supplier
2. general obligations of client
3. work at client premises
4. contract price and payment
5. change and delay
6. completion, testing and defects
7. insurance and liability
8. risk and property
9. termination
10. intellectual property
11. disputes
12. definitions
13. a general clause detailing notices, assignment, subcontracting, the scope of the agreement, amendment, severance and waiver

The Parties agree as follows:

1. The Supplier will provide the service.....
2. The Client will give the Supplierdays notice to enable the Suppliers to start work.....
3. The contract price is Rs.....details of which are set out in attached Schedule....
4. The contract between the Client and Supplier consists of this form of agreement and terms and conditions and schedules and comes into effect upon the signature.

SIGNED on the behalf of Client and Supplier on the date specified above

SIGNED by:

Name of Client.....

For and behalf of Client

In the Presence of(Witness)

SIGNED by:

Name of Supplier.....

For and behalf of Supplier

In the Presence of(Witness)

CONTRACT MGT

3. Define terms and conditions of contract. It includes what each party is promising to do. For example, in case of agreement with vendor following terms and conditions must be a part of the contract:
 - *Bidding*
 - *Confidentiality agreement*
 - *Ownership*
 - *Invoice*
 - *Reporting*
 - *Communication*
 - *Review and acceptance*
 - *Timelines*
 - *Insurance verification*
 - *Attendance at meeting*
 - *Back-up*
4. Additional terms and conditions should be well specified in the contract which generally includes conditions under which either party can terminate the contract, transfer or assign the contract to another company or person, how dispute arising from the contract may be mediated or arbitrated and payment of attorney's fees if one party breach the contract.
5. Whenever, you need to share organisation's proprietary information with other party, ask them to sign a non-disclosure agreement. Proprietary information can be anything from your business plan, marketing plan, resource planning, code or financial information as well as client and customer list.

10. Contract Problems of Start-up:

As mentioned above, contract problem may occur due to various reasons. However, the contract problems of start up enterprises are often not so simple. For example, start up owner does not know how to express family and friends that he wishes that they had a contract. Thus, a contract problem could exist for a number of unusual reasons.

These could include the situations such as:

- Poor knowledge and understanding about contract formation/management
- Lack of legal advice
- Lack of experience in forming contracts
- The terms and conditions of contract are not clear or are open to misrepresentation.
- The expectations for the contract are not realistic or well defined.
- Performance of contract is not monitored, discussed and documented.
- Establishing a contract, but not having a suitable process in place to support the management of contract.
- Communication problem.
- Not making the clear deal with co-founder or promoters.
- Not coming up with great standard form contract in favour of your enterprise.
- Not complying with securities law when issuing stocks to angels/family and friends.
- Not carefully considering protection of IP assets.
- Ignorance of tax issues

11. Making a Solid Business Contract:

It is worthwhile noting that the contract is enforceable and successful if:

- It is written. Agreement should be in written even if law does not require it. A written agreement is less risky than oral.
- It is simple. Create clear and short sentences with simple, numbered paragraph headings that alert the reader to what is in the paragraph.
- There are no disputes and surprises.
- Identify each party correctly and deal with right person or authorised person.
- The supplier is cooperative and responsive.
- The organisation understands its obligations under the contract.
- Clearly specify terms and conditions and most important payment obligations.
- Specify circumstances under which agreement can be terminated.
- Specify how the disputes will be resolved through mediation, arbitration or through court.
- Each party keep promise that business information will be kept confidential.
- Encourage ongoing and open line of communications between the parties.
- Always seek advice, assistance or clarification when needed.

Value Addition 4

Standard form of Contract

1. Get sample contracts of what other people do in the industry. There is no need to re-invent a contract.
2. Make sure you have an experienced business lawyer doing the drafting, one that already has good forms to start with.
3. Make sure you make it look like a standard form pre-printed contract with typeface and font size.
4. Don't make it so ridiculously long that the other side will throw up their hands when they see it.
5. Make sure you have clearly spelled out pricing, when payment is due, and what penalties or interest is owed if payment isn't made.
6. Try and minimize or negate any representations and warranties about the product or service.
7. Include limitations on your liability if the product or service doesn't meet expectations.
8. Include a "force majeure" clause relieving you from breach if unforeseen events occur.
9. Include a clause on how disputes will be resolved. Our preference is for confidential binding arbitration in front of one arbitrator.

Source: Harroch, Richard and Frasch, Richard (2013). *10 Big Legal Mistakes Made by Start-up*, Forbes, October 3.

12. Funding Opportunities for Start-ups:

No business can take off without monetary support. Finance is needed to fund purchase of land, plant and machinery, equipments, construction of factory, purchasing of technology or know-how, payment of wages, purchasing of raw material and consumables and other manufacturing and administrative expenses. Broadly, the need for finance in any enterprise can be classified into following types:

- Long and medium term financing
- Short term or working capital financing
- Seed capital or marginal money
- Bridge loans and
- Risk financing

Thus, infusion of money is needed in every stage of business and perhaps every activities of business. And that is why it is quite complicated to crack the problem of 'raising finance'.

Value Addition 5
Challenges in Raising Seed Capital
<ul style="list-style-type: none">• <i>Highly risky</i>• <i>Fragmented Marketplace</i>• <i>Lack of well-convinced market plan</i>• <i>Lack of clear sale</i>• <i>Lack of clear marketing strategy</i>• <i>Over/highly qualified investor base</i>• <i>Growing demand of seed capital in the market</i>• <i>Regulatory problems</i>

13. Strategies to Exploit Funding Opportunities:

Raising financing for new business venture is one of the first hurdles that an entrepreneur may face. Many entrepreneurs commits mistake in their fundraising strategies by failing to understand the differing needs of investors or lenders. Therefore, it is important to understand what factors are important for investors/lenders in the process of financing the new business venture. Generally investors/lenders are interested about following aspects of a new business:

- Industry (*type of business*)
- Geography (*Location of business*)
- Scalability (*ability to keep pace of changing conditions e.g. demand, technology etc.*)
- Stage of business (Concept or expansion)
- Type of preferred capital structure
- Return on investment (expected)
- Liquidity
- Quantum of risk
- Available capital under management

Thus, lenders, as a rule, are not interested in your vision for a great business. They are solely interested in risk management and the capacity of your business to repay the credit that they advance to you.

14. Marketing Plan for Start-up:

Most start up enterprises understands and realise the importance of a business plan, which basically outlines enterprise's course of action to attain its objectives. One crucial element of that plan is marketing plan/strategy. Because the strategy is buried in the larger business plan, many start up owners may not give their time, efforts, research and attention it deserves, assuming that they know their customers and how to reach them. Therefore, marketing aspect of new business venture should be explored and analysed in a broader perspective to exploit market opportunities. At its most basics, marketing plan provides a holistic overview of enterprise's marketing strategy. It can be defined as a process of determining a clear, compressive approach to the creation of customers (e.g. retaining existing customers as well as generating new customers). The following elements are critical for developing a marketing plan:

Figure 4: Elements of Marketing Plan



- Brief description of products or services offered by the new business
- Marketing goals and objectives
- Define target market
- Major strength and weakness
- Major opportunities and threats
- Positioning statements
- Market analysis
- Situation analysis

15. Outlines of an Effective Marketing Plan:

A good marketing plan spells out all the tools and tactics that will be used by an entrepreneur to achieve sales. In fact, it is a plan of action-what you will sell, to whom you will sell, at what price, at what place, why they (customers) should buy and all the strategies to increase customer base and boost sales. Thus, a marketing plan should be designed to meet certain criteria. Some important points that must be incorporated in an effective marketing plan are as follows:

- It should be based on facts and real/valid assumptions
- Detail specific activities you intended to undertake;
- Identify your target audience/customers;
- Specify your marketing objectives;
- Identify your competitors and comprehend their strategies;
- Define your competitive advantage;
- Situation analysis is crucial for an effective marketing plan;
- Sometimes organisational restricting is needed to implement the marketing plan;
- Rational allocation of resources;
- Develop marketing strategies/tactics you will use to achieve your objectives;
- Set your marketing budget;
- Be flexible enough to allow changes/adjustments as necessary;
- Fix responsibility points or centre for each activity; and
- Specify how you are going to measure success of your marketing plan.

16. Organisational Plan for Start up Enterprise:

Organisational plan describes organisation's immediate and long term objectives, and details how the organisation will accomplish these objectives. A comprehensive organisational plan should integrate all of plan including operational, financial, marketing, manpower, strategic, investment, risk and crisis management etc. thus, the scope of organisational plan is very wide.

Generally, organisational plan comprises following elements:

Goals

It includes both official and operative goals. Peter Ducker has identified 8 key areas in which organisations should establish goals:

1. *Market Share*
2. *Innovation*
3. *Productivity*
4. *Profitability*
5. *Physical and financial resources*
6. *Management performance and development*
7. *Employees performance and attitude goals*
8. *Social responsibility*

Strategies

It includes all courses of actions and benchmarks a business intends to take to accomplish organizational goals/objects. It includes the followings:

- *Corporate strategy*
- *Business strategy*
- *Functional strategy*
- *Growth strategy*
- *Diversification strategy*
- *Vertical integration strategy*
- *Technological and innovation strategy*
- *Global strategy*
- *Cooperative strategy*

Actions

It includes detailed description of the key actions to be undertaken to implement each strategy. Some of the most important are listed below:

- *Change management*
- *Resource management*
- *Communication management*
- *Conflict management*
- *Time management*

Deadlines/Timeframe

It describes the due date for completion of each action.

Resources

It deals with acquisition and allocation of resource. It generally includes:

- *Financial resources*
- *Human resources*
- *Physical resources*
- *Intellectual or technological resources*
- *Management resources i.e. experts, advisor, consultant etc.*

Structure

It basically deals with how power, responsibility and jobs are structured/organised within the organisation. It includes:

- *Division of work into activities*
- *Hierarchy*
- *Authority structure*
- *Responsibility structure*
- *Authority relationship*
- *Complexity*
- *Formalisation*
- *Centralisation*
- *Decentralisation*

Performance Measures

It details how you will measure organisational performance. Generally following measurement tools are used to measure performance:

- *Benchmark*
- *Standard*
- *Control points*
- *The Balance Scorecard*

Risk Management

It includes the strategies/techniques to manage the risk or uncertainty. Operation plan should include the following risk management strategies:

- *Avoidance*
- *Risk control (taking proactive steps)*
- *Risk transfer*
- *Spread of risk (don't put all eggs in one basket)*
- *Duplication of resources (having back up facility or contingency plan)*
- *Self retention*

Communication System

It describes how the plan and strategies be communicated to have maximum benefits. A communication plan includes objectives and tools for communication, including the following:

- *Communications objectives/goals*
- *Target audience*
- *Frequency of communication*
- *Mode of communication*
- *Resources of communication*
- *Periodic print publication*
- *Online communication*
- *Meeting and conference materials*
- *Media relations and public relations materials*
- *Incoming communication*
- *Corporate identify materials including logo, letterhead, envelops etc.*

Review of Plan

As your business grows and objectives are achieved or conditions change, revise the plan. Develop the system to ensure the plan remains current and progress is monitored.

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