UNIT – 4

Q1. Explain the different sources of business ideas?

Ans-There are different sources and methods that help us to develop a wide range of ideas broadly, the most frequently used sources of business ideas for entrepreneurs are classified as follows:-

Primary sources of business ideas

1. Hobbies:- while having fun at what they enjoy doing many people have started businesses. Converting hobbies into money making opportunities has worked for many entrepreneurs .

2. Self Experience:- Many investors find it convenient to choose business ideas in line with their background. This because of them understands the terrain better. More than half of business ideas come from experience at work place only.

3.Exhibitions:- If we take time to study most exhibitions we would be able to discover the nature of new products and re-branding ideas of existing products. Though talking with sales representatives, manufactures and end users, we will be able find a gap to fill a start our own business.

4.surveys:- Surveys can either be done online or offline. to neighbours , co-workers and family members about a particular product or service is a form of informal survey. The essence of carrying out surveys is to gather complaints from dissatisfied customers of new and existing products.

Secondary sources of business ideas

1.Consumers:- Potential entrepreneurs should continually pay close attention to potential customers. This attention customers. This attention can take the form of informally monitoring potential ideas and needs or formally arranging for consumers to have an opportunity to express their opinions.

2.Existing products and services:- Potential entrepreneurs intraprenuers should also establish a formal method for monitoring and evaluating competitive products and services on the markets.

3.Existing distribution channels:- Members of the distribution channels are also excellent sources for new ideas because of their familiarity with the needs of the market .Not only do channel members frequently have suggestions for completely new products, but they can also help in marketing the entrepreneurs newly developed products.

4. Government and industrial policies:- The government and industrial policies can be a source of new product ideas. New product ideas can come in response to government regulations and industrial policies. The files of the patent office contain numerous new product possibilities.

Q2.Explain how literature is used as an idea and information sources?

Ans – Under this head of idea and information sources. Books, periodicals and technical reports, administrative directories and other literature sources are most popular.

(A) Books

1.Handbooks:- the engineering field publishes a variety of hand books on data. Procedures and technical information. These publications are usually available through the library.

2.Textbooks:- books are frequently a good source of information. Although technical information may not be the most up to date by the time a book is publishes,even some very texts can sometimes provide or at least stimulate some interesting ideas.

(B) Periodicals and technical reports

1*. Trade magazines*:- Thee are a number of trade magazines that cover general design issues or are targeted at a specialized technical field. These magazines are often a source of solutions for current problems.

2. *Research journals*:-Research journals are directly related to the specific area of the problem which is to be solved may provide modelling and analyses of specific problems as well as more general information that can lead to a design solution.

(c) Directories

1. *Thomas register*:- The Thomas register of American manufactures is set of volumes that provide information about manufactures of a multitude of products and services.

2. *Fraser's Canadian trade directory*:- Similar to the Thomas register , fraser's Canadian trade directory provides information about Canadian providers of products and services.

(D) Other literature sources

2.Brochures:-Marketing publications available from competitors or for related products can sometimes provide valuable informations.

Q3.Explain how people is used as ideas and information sources?

Ans:- We can find people like colleagues, consultant, business vendors, existing customer. Lead to our products and friends and our family members

1.Colleagues:- colleagues are generally a very approachable source of ideas. They may be people within the same company, contacts within the organisation or former classmates.

2.consultants:- consultants are generally people who are expert in a certain area although mostly paid for their expertise. Many willingly answer the question and provide information as long as it is not conflict with their commitments and doesn't require a great deal of time

3.Vendors:- Although the business vendors typically are interested in selling their product many value the development of relationships and will therefore often be wailing source of ideas and even samples.

4.Customer:- Customers are an excellent source of ideas. Often they have conducted their own research before committing to working with a team of designers on a specific project. They may have seen similar products in use and have ideas on different concepts that could be employed.

5. lead users:- These people are those that had a need for a product long before the general population. Lead users have often created adaptions or invented their own solutions satisfy their requirement until a new product comes along.

Q4. Discuss different technique for generating new ideas?

Ans- `The following are different types of techniques which can be stimulate and facilate the generation of new ideas for products services and businesses.

***1. Brainstorming*:-** This is a process in which a small group of people interact with very little structure with the goal of producing a large quantity of novel and imaginative ideas. The goal is to create an open, uninhibited atmosphere that allows members of group to`` freewheel" ideas . Normally, the leader of the group asks the participants to share their ideas.

***2.Focus group*:-** These are group of individuals who provide information using a structured format. Normally, a mendator will lead a group of people through an open, in depth discussion. The group members will form comments in open-end in depth discussion for a new product area that can result in market penetration.

***3. Observation*:-** A method that can be used to describe a person or group of peoples behaviour by probing

(i) What do people organisation buy?

(ii) What do they want and cannot buy?

(iii) What do they buy and don't like?

(iv) Where do they buy ,when and how?

(v) Why do they buy?

(vi) What are they buying more of?

(vii) What else might they need but cannot get?

4. Surveys:- This is process involves the gathering of data based on communication with a representative sample of individuals. This research technique requires

5.Emerging trends:- The example is based on the population within your area may be getting older and creating demand for new product and services.

6. Research and development:- Research

7. Trade and association meetings:- This can be excellent way to examine the products of many potential competitors .Uncover

Q5. What are the tasks involved in developing new business ideas?

Ans:- For developing a new business ideas one could pursue the following tasks:-

1. Identify the value proposition of business ideas.

2.Discuss product/services.

3.Access the market using in-depth market research.

4.Analyse your competitors.

5.Consider possible start-up strategies.

6. Set approximate targets and prepare first-cut financial projections.

7.Prepare a simple action plan.

8.Critically examine ideas from all angles

Q6.What do you mean by feasibility test?

Ans:- A business idea feasibility test can be defined as a controlled process for identifying problems and opportunities, determining objects, describing situation, defining successful outcomes and assessing the range of cost and benefits associated with several alternatives for solving a problem. The business feasibility test is used to support the decision making process based on a cost benefit analysis of the actual business or project viability.

Q7.What are the importance of feasibility test?

Ans:- The importance of feasibility test can be identified as follows:-

1. Cost reduced:- The research and information uncovered in the feasibility test will support the business planning stage and reduced the research time . Hence, the cost of the business plan will also be reduced.

2 Abundance of information:- A through viability analysis provides an abundance of information that is also necessary for the business plan. For example a good market analysis is necessary in order to determine the business concept's feasibility. This information provides the basis of market section of the business plan.

3.Supporting evidence:- A feasibility test should contain clear supporting evidence for the recommendation .The strength of the recommendation can be weighed against the test ability to demonstrate the continually that exist between the research analysis and the proposed business models.

4.Evidence for business ideas:- A business feasibility test is heavily dependent on the market research and analysis. It provides the stakeholders with varying degrees of evidence that a business concept will be in fact be viable.

Q8. What do you mean by business plan/project?

Ans:- The business plan/ project proposal is written document prepared by the entrepreneur that describes all the relevant external and internal elements involved in starting a new venture. It is often an integration of functional plains such as marketing, finance, manufacture and human resourced. Thus, business plan is an integration and coordination of effective business objectives and strategies when the venture contains a variety of products and services.

Q9. What are the significance/reason for writing a business plan?

Ans:- The following are considerable reasons for writing a effective and efficient business plan:-

1.Clarity:- Writing a business plan or putting together an investor deck allows you to think more clearly about what you are doing and where you are going key point to remember though is that the minute that your business plan hits thee printer it is already out to date, so do not depend on it as your to –do list.

2.Organization:- The biggest reason to write out a business plan regardless of any financing option concerns is that it can help you stay organized and remains on track. Business without a plan can easily get off- target and revenues will suffer as a result. Creating a plan with expenses projections, revenues forecasts and more an help a small business remain committed to its long- term goals

3. Practice Makes Perfect:- It's great to write one simply to throw it away. The mental gymnastics are great. The plan is basically worthless the moment you are finished-but it will force you to think about things you might not have otherwise.

4. Confirm the Math:- A lot of ideas sound great on paper and even in discussions. However, simple math can make or break an idea. Before we launch any new idea, we at least create a financial model to project the return or investment from several realistic scenarios. We can save a lot of time and frustration thinking through the numbers, and making sure it's possible to hit your revenue and profit goals.

5. Iron out Possible Kinks:- Writing a possible plan allows to really thinking things through. The plan should question the validity of our ideas, the product/service target market markets and so on. It should force to do our own proper due diligence.

6. Foster Alignment:- Writing a business plan is an ideal way to make sure that everyone on your founding team is aligned with the current and future plans for the business. In the early stages of a company, it is imperative for founding team members to be on the same page as to how they will work together on moving the business forward to great success.

Q10. What are the parts/contents of business plan/project proposal ?

Ans- A full project proposal should have the following parts:-

TITLE PAGE:- The title page should indicate the project title, the name of the lead organization and potential partners, if any, the place and date of project preparation and the name of the donor agency to which the proposal is addressed.

PROJECT TITLE:- The project title should be short, concise and preferably refer to a certain key project result or the leading project activity. Project titles that are too long or too general fail to give the reader an effective snapshot of what is inside.

ABSTRACT/EXECUTIVE SUMMARY:- Many readers lack the time needed to read the whole project proposal. It is therefore useful to insert a short project summary, an abstract or executive summary.

CONTEXT:- This part of the projects describes the social, economic, political and cultural background from which the project is initiated. It should contain relevant data from research carried out in the project planning phase or collected from the other sources.

PROJECT JUSTIFICATION:- A rationale should be provided for the project. Due to its importance the project justification is sometimes divided into four or more sub-sections such as: a) Problem statement, (b) The proposed approach (type of intervention) (c) Project aims.

TARGET GROUP:- The project should provide a detailed description of the size and characteristics of the target groups, and especially of direct project beneficiaries.

PROJECT IMPLEMENTATION:- The implementation of plan should describe activities and resource allocation in as much detail as possible. It is exceptionally important to provide a good overview of who is going to implement the project's activities as well as when and where.

BUDGET:- It is an item wise summary of an organizations expected income and expenses over a specified period of time.

MONITORING AND EVALUATION:- The basis for monitoring is set when the indicators for results are set. The project proposal should indicate how and when the project management team will conduct activities to monitor the project's progress, which methods will be used to monitor and evaluate, and who will do the evaluation.

REPORTING:- The schedule of project progress and financial report could be set in the project proposal. Often the obligations are determined by the standard requirements of the donor agency.

MANAGEMENT AND PERSONNEL:- A brief description should be given of the project personnel, the individual roles each one has assumed, and the communication mechanism that exists between them. All the additional information should attached to the annexure.

Q11. Discuss about the designing business process and its related aspects ?

Ans- A business process is a set of logically related business activities that combine to deliver something of value (e.g. products, goods, services or information) to a customer. A business processes represent an alternative-and in many ways more powerful –way of looking at an organization and what it does than the traditional department or functional view.

The most common initiatives behind business process design projects are :

1. Customer and supply chain management.
2. Operational performance improvement.
3. Business process integration and automation.
4. Cost reduction.
5. New business opportunities.

In order to derive the maximum operative economy and effectiveness of designing the business processes, it should include the following aspects:-

1.LOCATION- It is the place where a firm decides to site its operation. Location decision can have a big impact on cost and revenues. A business needs to decide on the best location taking into account various factors such as customers, availability of raw materials, suppliers, transportation, banking and environment etc. The selection of appropriate location enables the enterprise to operate smoothly, efficiently with the minimum cost.

2.LAYOUT:- A plant layout is a floor plan for deciding and arranging the required plant & machinery and equipment, whether established or contemplated, in the one best place to permit and speedy flow of materials at the lowest cost and with the least amount of handling in processing the productfrom the receipts of raw materials to the shipment of the finished products.

3.OPERATION:- Operations are the ongoing execution of activities that produce the same output, or provide a repetitive service and do not produce anything new, but they are necessary to maintain and sustain the system. These are the activities used to run regular business models, achieve the goals of the business, and sustain the business. Any manufacturing or production process can be an example of operation.

4.PLANNING:- Project involving a few activities such as resources, constraints and inter-relationships can be visualized easily by the human mind and planned informally. However , when a project crosses a certain threshold level of size and complexity, informal planning as to be substituted by formal planning. The need of formal planning is indeed for formal planning is indeed much greater for project work then for normal operations. Without effective planning there may be confusion.

Q12. Write a short note on preparation of project reports?

Ans:- A project report generally covers the following aspects in detail

1. Introduction:- Brief introduction of the proposed project.

2.Need:- Need for deciding to setup of the project.

3.Unit:- constitution of the unit indicating proprietorship, partnership, corporate body etc. The nature of unit indicates whether ancillary to some large unit or not.

4.Promoters:- The detail of promoters and other key personnel should be furnished. The bio-data must give details on their education, jobs held and business activation undertaken by them.

5. Nature of product:- This should contain information on the description of the product to be manufactured , the types of product to be manufactured, product capacity, chemistry of product, specifications, properties, applications and uses.

6.Market potential:- This should disclose information on general market trends, estimated overall demand, proposed share of the unit, projected sales for the first three years, market segments proposed to be covered, extent of competition prevailing in the market, details of own show rooms, sales force, middleman and terms and condition offered to them , value of orders in hand if received by the entrepreneurs etc.

7. Manufacturing process and knowhow:- This should provide details about process flow chart, sequence of the operations and time taken for each operation, input output ratios between material and finished products, selection of suitable knowhow for the project, prospective collaborator and terms and conditions.

8. plant and machinery:- This should disclose details of machinery required for the project, capacity of each machine and power required for them, technical details and specifications, details of suppliers, price of each machine , procurement time and availability in the market, spare parts required and their availability , lists of imported machinery if required reasons for selecting the supplier along with the details of quotations.

9. Location:- Actual site selected for the project, overall plot plan along with the building plan should be devised. This should also provide information regarding the total area and cost of the land required, cost of the land required, cost of land development, covered and uncovered area, estimate of building including utilities such as water , electricity and other infrastructural facilities.

10. Raw Materials:- This should give details of various raw material required, specifications, availability, name sof suppliers, source, whether quota, non-quota or imported items price at which they are available, procurement time, minimum order quantity, terms and conditions offered by suppliers and consumable stores like oil, lubricants etc.

11. Financial Analysis:- This contains information on profitability statement for 10 years. Break even analysis, repayment schedule as desired by promoters, internal rate of return, projected balance sheet for 10 years and security offered to promoters etx.

12. Implementation Schedule:- This gives details on the time schedule for the implementation of the project.

Q13. What is Project Appraisal ? Write its objectives.

Ans- Project appraisal is the process of transmitting information accumulated through feasibility studies into a comprehensive form in order to enable the decision maker undertake a comparative appraisal of various projects and embark on particular project or projects for allocating scarce resources.

Following are the objectives of Project Appraisal:-

1. To arrive at specific and predicted results of project.
2. To get necessary information to determine the success or failure of a project.
3. To apply standard yardsticks for determining the rate of success or failure of a project.
4. To identify the expected costs and benefits of a project.