

ENTREPRENEURSHIP MANAGEMENT AND FINANCIAL PLANNING.

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ABSTRACT

Entrepreneurs are not necessarily born but they can be developed through education, training and experience. Development of entrepreneurs means inculcating entrepreneurial skills required for setting up and operating business units. Entrepreneurial management is an organized and an ongoing purpose. It develops one's skills in networking, creativity, team management, leadership, spontaneity, flexibility, foresight, expertise and innovative approach whereas Entrepreneurship financial planning is the last step in writing a business plan. When you begin to contemplate starting a business, you assume it will be successful, but many entrepreneurs find out after launching the company that success can be elusive. Entrepreneurship management and financial planning is now regarded as a tool of industrialization and help in economic progress. In the early 16th century, the Frenchman who organized and led military expeditions were referred to as 'entrepreneurs'. Basically, an entrepreneur is a person who bears the risk of change and uncertainties, who always searches for change, introduces innovations and exploits change as an opportunity, converts those opportunities into marketable ideas, adds value through time, effort, money or skills, assumes the risk to implement these ideas and realizes the rewards from these efforts. Being highly achievement oriented and motivated is what entrepreneurship management is all about.

Keyword:- *Management, planning, training, experience, leadership, risk, flexibility, progress, reward, effort, approach, skills, ideas, implementation.*

1. Who is an Entrepreneur ?

An entrepreneur has been defined as, "a person who starts, organizes and manages any enterprise, especially a business, usually with considerable initiative and risk; running a small business with all the risk and reward of any given business process". Entrepreneurs tend to be good at perceiving new business opportunities and they often exhibit positive biases in their perception (i.e., a bias towards finding new possibilities and seeing unmet market needs) and a pro-risk-taking attitude that makes them more likely to exploit the opportunity. An entrepreneur may be in control of a commercial undertaking, directing the factors of production – the human, financial and material resources – that are required to exploit a business opportunity. Entrepreneurs act as managers and oversee the launch and growth of an enterprise. Entrepreneurship is the process by which an individual (or team) identifies a business opportunity and acquires and deploys the necessary resources required for its exploitation. The exploitation of entrepreneurial opportunities may include:

- developing a business plan
 - hiring the human resources
 - acquiring financial and material resources
 - providing leadership
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- being responsible for both the venture's success or failure
- risk aversion

According to the 'New Encyclopedia Britannica', Entrepreneur is an individual who bears the risk of operating a business in the face of uncertainty about the future conditions.

According to 'Oxford English dictionary', "An entrepreneur is the one who undertakes an enterprise, especially a contractor- acting as intermediary between capital and labour."

1.1 Objectives.

- 1) To bring about awareness among the youth about the innovations and increase in the scope of entrepreneurship management and financial planning.
- 2) To impart knowledge about the importance of entrepreneurship management and financial planning.
- 3) Develop and strengthen entrepreneurial quality in the upcoming generation.
- 4) Motivate the youth to become knowledgeable and productive entrepreneurs and financial planners.
- 5) To explain the key ingredients to become a successful entrepreneur.
- 6) To appreciate the value of entrepreneurship and financial planning in daily life.

1.2 Entrepreneurship Management.

Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of goods and services.

We can take the example of a lot of entrepreneurs who have come up with their idea of business and have been extremely successful in their ventures. Below is the list of entrepreneurs of 2016-2017:

✚ Venture name: Taxi for sure.

Founders: Radhakrishna and Raghunandan G.

Business: Aggregates car rentals and taxis.

Idea: Radhakrishna and Raghunandan G, both IIM-Ahmedabad graduates, launched Taxiforsure in 2011 as an online platform through which consumers can rent taxis. The company has partnered with around 25 cab operators in Bangalore and around 15 in Delhi, including branded operators like Mega Cabs and Cell Cabs.

The company, which claims to have reached operational profitability in Bangalore, has also done its own branding on about 550 cabs that are operated by small local operators. The past couple of years has seen the launch of a number of online and mobile based taxi booking services.

The two cofounders expect their company to earn revenue of Rs 100 crore by fiscal 2015.



Venture name: Snapdeal.

Founders: Kunal bahl and Rohit Bansal.

Business: Online trading.

Idea: At 25, Wharton graduate Kunal Bahl quit his cushy Microsoft job based in Seattle and even convinced his IIT Delhi alumni Rohit Bansal to take a leap of faith in 2007.

Bahl originally launched Snapdeal.com as a daily online deals site and was often touted as India's answer to Groupon. The model has, however, changed and is today one of India's largest online marketplace.

The company boasts of 20 million members, 500+ product categories and 20000+ sellers. It is backed by leading global investors such as eBay Inc, Intel Capital, Bessemer Venture Partners, Nexus Venture Partners and IndoUS Venture Partners.



Venture name: Flipkart.

Founders: Sachin Bansal and Binny Bansal.

Business: Online trading.

Idea: It has taken Sachin Bansal, 32, a mere six years to build Flipkart, the country's best-known online retail brand. The IIT-Delhi alumnus started off with college friend Binny Bansal in a small flat in southeast Bangalore in 2007 with Rs 4 lakh.

The two, who are not related to each other, had worked in Amazon India for a few months before they launched Flipkart. Sachin, who leads the Bangalore-based ecommerce venture as its CEO, has battled scepticism and regulatory constraints to build a company that expects to post sales of \$1 billion, or over Rs 6,200 crore, by 2015.

Flipkart's cash-on-delivery model has been copied by almost every other ecommerce company in the country and now accounts for a majority of transactions across all online retail sites. Flipkart's success has come not just from online retail, but also from its focus on building technology services at the back end. It has set up a logistics arm that has ensured quick deliveries to customers.

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There are many more entrepreneurship stories of ReportBee, Grey orange robotics, Exotel, BlueGape, knowlarity and innumerable amount of success stories that will throw light on the importance of entrepreneurship management.

There are a lot of innovations and changes taking place in the field of entrepreneurship management. Business has a very dynamic nature in reality and it affects the working, mentality,

process and nature of the management in multiple ways. Entrepreneurship management has one thing that is exceptional from others and that is, that it creates an independent thinking attitude and changes the way a person thinks. It changes the person from, “win-lose” to “win-win” attitude.



Arvind panagariya

Recently, outgoing NITI Aayog Vice Chairman Arvind Panagariya said that India’s private sector needs to create well-paid and highly productive jobs. Panagariya was addressing 200 young CEOs participating in the ‘Champions of Change’ programme. Finance Minister Arun Jaitley also addressed the CEOs and spoke about the government’s Jan Dhan initiative that has helped in pushing financial inclusion.

Management entrepreneurship has reached such a level that billionaires of the foreign market have started believing that India has a great future in entrepreneurship.



Howard Marks

Recently, billionaire and co-chairman of Oaktree capital Management Howard Marks has said that he is a great believer in India’s future. “I was very impressed by the people I met and by the power of the country”, he added. Notably, commodities trader Jim Rogers earlier said he was astonished that PM Narendra Modi’s government passed the Goods and services tax.

Uber India has appointed former American Express executive Vishpala Reddy as the chief people's officer (CPO) for its India and South Asia operations. The company said Reddy will be strengthening leadership, and overseeing aspects of gender diversity and inclusion. Last month, Uber appointed Sanjay Gupta, former CMO of Urban Ladder, as head of marketing in India.

This is a perfect example of people proving themselves fit for being a global leader.

One of the greatest innovations in the field of entrepreneurship management is the start up scheme that our honorable prime minister Narendra modi has come up with.



Honorable Prime Minister Narendra Damodardas Modi.

Let us know something about Startup India scheme.

Startup India campaign is based on an action plan aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage start ups with jobs creation. The campaign was first announced by Prime minister Narendra Modi in his 15 August 2015 address from the Red Fort. It is focused on to restrict role of States in policy domain and to get rid of "license raj" and hindrances like in land permissions, foreign investment proposal, environmental clearances. It was organized by Department of Industrial Policy and Promotion (DIPP). A startup is an entity that is headquartered in India which was opened less than seven years ago and has an annual turnover less than 25 crore rupees (US\$3.9 million). The government has already launched iMADE, an app development platform aimed at producing 1,000,000 apps and PMMY, the MUDRA bank, a new institution set up for development and refinancing activities relating to micro units with a refinance fund of 200 billion rupees.(US\$3.1 billion).

Startup India

Country India

Prime Minister(s)	Narendra Modi
Ministry	Department of Industrial Policy and promotion(India)Ministry of commerce and Industry (India)
Key people	Nirmala Sitharaman
Launched	16 January 2016: 18 months ago Vigyan Bhavan, New Delhi.
Website	Startupindia.gov.in

Standup India initiative is also aimed at promoting entrepreneurship among SCs/ STs, women communities. Rural India's version of Startup India was named the Deen Dayal Upadhyay Swaniyojan Yojana. To endorse the campaign, the first magazine for start ups in India, The Cofounder, was launched in 2016.

Some keypoints :

- Single Window Clearance even with the help of a mobile application.
- 1000 crore fund of funds.
- Reduction in patent registration fee.
- Modified and more friendly Bankruptcy Code to ensure 90-day exit window.
- Freedom from mystifying inspections for 3 years.
- Freedom from Capital tax gain for 3 years.
- Freedom from tax in profits for 3 years.
- Self-certification compliance.
- Innovation hub under Atal Innovation Mission.
- Starting with 5 lakh schools to target 10 lakh children for innovation programme.
- New schemes to provide IPR protection to start-ups and new firms.
- Encourage entrepreneurship.
- Stand India across the world as a start-up hub.

Our honorable prime minister, Narendra Modi has a lot of hope for entrepreneurship management programme by expressing, "I see startups, technology and innovation as exciting and effective instruments for India's transformation."

1.3 Entrepreneurship financial planning.

Financial planning allows entrepreneurs to estimate the quantity and the timing of money needed to start their venture and keep it running.

The key questions for an Entrepreneur are:

- Is it worthy to invest time and money in this business?
- What is the cash burn rate?
- How to minimize dilution by external investors?
- Scenario analysis and contingency plan?

A start-up's Chief Financial Officer (CFO) assumes the key role of entrepreneurial financial planning. In contrast to established companies, the start-up CFO takes a more strategic role and focuses on milestones with given cash resources, changes in valuation depending on their fulfilment, risks of not meeting milestones and potential outcomes and alternative strategies.

Components of a Financial Plan

- ▶ Critical part of the business plan – the numbers have to make sense!
- ▶ A good financial plan has all of these components.
- ▶ Integrate with business plan.
- ▶ Typical timeframe 3-5 years.
- ▶ The first year should be broken down by month.
- ▶ Should be consistently updated with new and more reliable information.



Determination of the Financial Need of a Start-up:

The first step in raising capital is to understand how much capital you need to raise. Successful businesses anticipate their future cash needs, make plans and execute capital acquisition strategies well before they find themselves in a cash crunch.

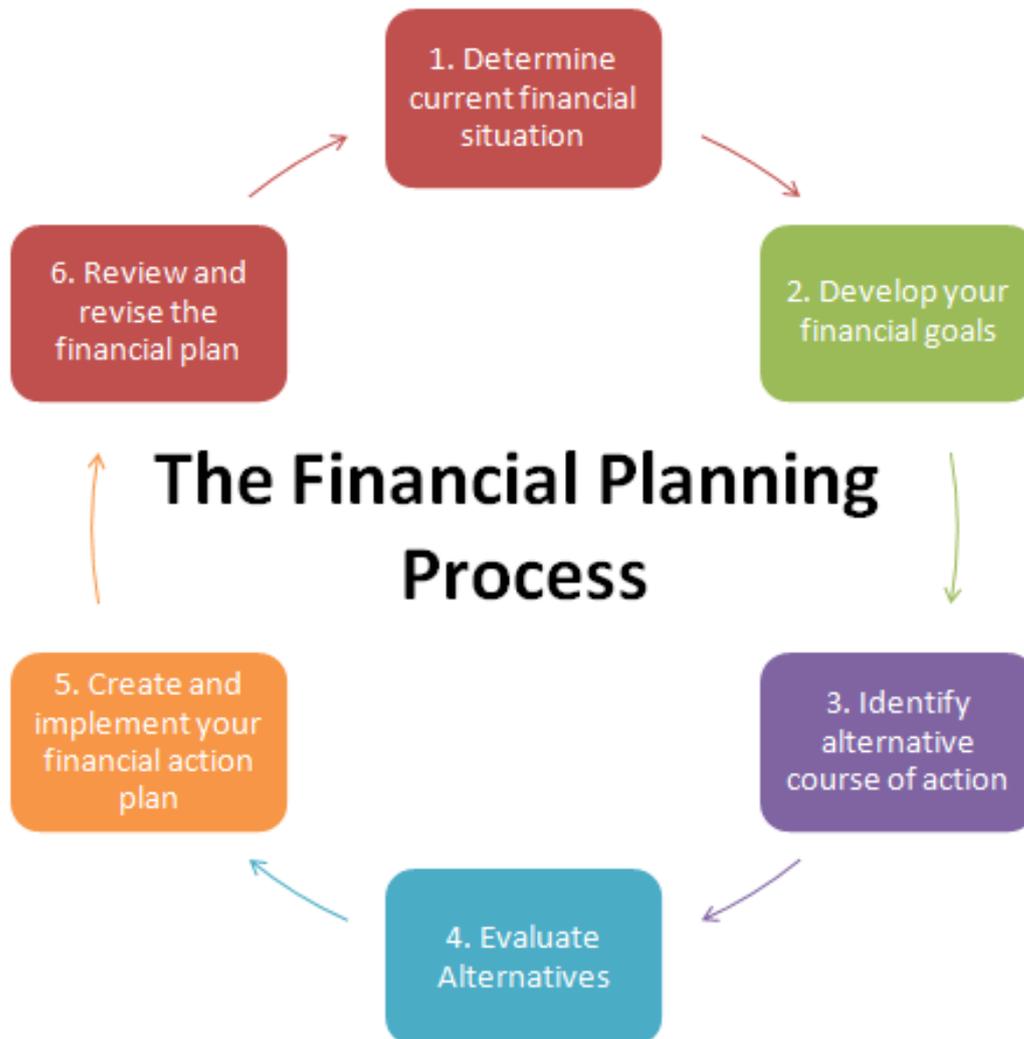
Three axioms guide start-up fund raising:

- As businesses grow, they often go through several rounds or stages of financing. These rounds are targeted to specific phases of the company's growth and require different strategies and types of investors.
- Raising capital is an ongoing issue for every venture.
- Capital acquisition takes time and needs to be planned accordingly.

Four critical determinants of the financial need of a venture are generally distinguished:

- Determination of projected sales, their growth and the profitability level

- Calculation of start-up costs (one-time costs)
- Estimation of recurring costs
- Projection of working capital (inventory, credit and payment policies. This determines the cash needed to maintain the day-to-day business.



The Financial Planning process

There are some important factors that are very important from a financial planner's point of view to consider:

- 1) Continue or discontinue its main operation or part of its business
- 2) Make or purchase certain materials in the manufacture of its product
- 3) Acquire or rent/lease certain machineries and equipment in the production of its goods
- 4) Issue stocks or negotiate for a bank loan to increase its working capital
- 5) Make decisions regarding investing or lending capital
- 6) Make other decisions that allow management to make an informed selection on various alternatives in the conduct of its business.



Financial entrepreneurship has some goals to achieve and they are as follows:

1. **Profitability** - its ability to earn income and sustain growth in both the short- and long-term. A company's degree of profitability is usually based on the income statement, which reports on the company's results of operations;

2. **Solvency** - its ability to pay its obligation to creditors and other third parties in the long-term;

3. **Liquidity** - its ability to maintain positive cash flow, while satisfying immediate obligations;

Both 2 and 3 are based on the company's balance sheet, which indicates the financial condition of a business as of a given point in time.

4. **Stability** - the firm's ability to remain in business in the long run, without having to sustain significant losses in the conduct of its business. Assessing a company's stability requires the use of both the income statement and the balance sheet, as well as other financial and non-financial indicators. etc.

CONCLUSIONS:

From all the data presented above with regards to entrepreneurship management and financial analysis, we can come to a conclusion that the scope in these particular fields is increasing second by second, minute by minute, hour by hour, day by day. Entrepreneurship plays an important role and will always play a very important role along with proper financial analysis which is imperative as well from the technical aspect point of view. Entrepreneurship management is the wheel of the economy and financial analysis part is the engine of the economy.

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