

ENTREPRENEURSHIP DEVELOPMENT AND MANAGEMENT

UNIT - I

Entrepreneurship is the process of identifying opportunities, taking risks, and organizing resources to create and grow businesses. Entrepreneurs are classified based on their approach, motivation, and scale, ranging from innovative creators to social change-makers.

Concept and Definitions of Entrepreneurship

Entrepreneurship as innovation: The act of introducing new products, services, or processes to the market. Risk-taking: Entrepreneurs assume financial and personal risks in pursuit of profit and growth. Opportunity recognition: Spotting gaps in the market and turning them into viable ventures. Resource organization: Mobilizing capital, labor, and technology to build sustainable enterprises. Economic development role: Entrepreneurship drives job creation, competition, and national growth.

Classification /Types of Entrepreneurs

1. **Innovative Entrepreneurs**
 - Introduce new ideas, products, or services.
 - Thrive on creativity and originality.
2. **Imitative Entrepreneurs**
 - Copy existing business models and adapt them.
 - Often run franchises or replicate successful ventures.
3. **Social Entrepreneurs**
 - Aim to solve social or environmental problems.
 - Focus more on impact than profit.
4. **Technopreneurs**
 - Build businesses around technology and innovation.
 - Common in IT, AI, and digital startups.
5. **Scalable Startup Entrepreneurs**
 - Start ventures with high growth potential.
 - Usually backed by investors or venture capital.
6. **Corporate Entrepreneurs (Intrapreneurs)**
 - Innovate within large organizations.
 - Drive new projects or divisions internally.
7. **Necessity Entrepreneurs**
 - Start businesses due to lack of employment opportunities.
 - Survival-driven, common in developing economies.
8. **Lifestyle Entrepreneurs**
 - Build businesses around personal passions.
 - Examples: travel bloggers, fitness trainers.
9. **Serial Entrepreneurs**
 - Launch multiple businesses across industries.
 - Known for continuous experimentation.
10. **Buyer/Franchise Entrepreneurs**
 - Purchase existing businesses or franchises.
 - Prefer proven models over starting from scratch.

Entrepreneurial Competencies

1. **Opportunity Recognition** – Ability to identify gaps in the market.
2. **Risk Management** – Balancing risk with potential rewards.
3. **Innovation & Creativity** – Developing new ideas, products, or services.

4. **Decision-Making Skills** – Making quick and effective choices under uncertainty.
5. **Leadership & Team Building** – Inspiring and managing people effectively.
6. **Networking Ability** – Building strong professional and social connections.
7. **Financial Literacy** – Understanding budgets, investments, and cash flow.
8. **Adaptability & Resilience** – Adjusting to changing environments and bouncing back from setbacks.

Traits / Qualities of Entrepreneurs

1. **Visionary Thinking** – Clear long-term goals and direction.
2. **Self-Motivation** – Strong drive to achieve without external pressure.
3. **Risk-Taking Attitude** – Willingness to step into uncertainty.
4. **Persistence & Determination** – Never giving up despite challenges.
5. **Confidence** – Belief in their ideas and abilities.
6. **Problem-Solving Ability** – Tackling obstacles creatively.
7. **Flexibility** – Open to change and new approaches.
8. **Strong Work Ethic** – Commitment and discipline in execution.
9. **Communication Skills** – Ability to persuade, negotiate, and inspire.
10. **Integrity & Ethics** – Building trust through honesty and fairness.

Manager vs. Entrepreneur

1. **Focus**
 1. Manager: Ensures stability and efficiency in existing operations.
 2. Entrepreneur: Focuses on innovation, growth, and creating new ventures.
2. **Risk Orientation**
 1. Manager: Avoids risk, prefers safe and tested methods.
 2. Entrepreneur: Takes calculated risks to explore opportunities.
3. **Decision-Making**
 1. Manager: Relies on established policies and procedures.
 2. Entrepreneur: Makes bold, independent decisions under uncertainty.
4. **Resource Use**
 1. Manager: Utilizes available resources efficiently.
 2. Entrepreneur: Mobilizes and creates new resources.
5. **Objective**
 1. Manager: Achieves organizational goals set by others.
 2. Entrepreneur: Creates their own goals and vision.
6. **Innovation**
 1. Manager: Maintains existing systems.
 2. Entrepreneur: Introduces new ideas, products, and processes.
7. **Growth Approach**
 1. Manager: Works within boundaries of the organization.
 2. Entrepreneur: Expands beyond boundaries, often disrupting industries.

Role of Entrepreneur

1. **Creates New Ideas** – Brings new products or services to the market.
2. **Takes Risks** – Invests money and effort even when success is not guaranteed.
3. **Provides Jobs** – Gives employment to people by starting businesses.
4. **Generates Wealth** – Helps in earning profits and growing the economy.
5. **Improves Society** – Solves problems and brings positive changes.
6. **Uses Resources** – Organizes money, people, and technology to run a business.

Barriers in Entrepreneurship

1. **Lack of Money** – Hard to arrange funds for starting a business.
2. **Fear of Failure** – Many avoid risks because they worry about losses.
3. **Limited Knowledge** – Not having enough skills or training.
4. **Government Rules** – Complicated laws and licenses make it difficult.
5. **Strong Competition** – Big companies make it tough for new ones to survive.
6. **Family/Social Pressure** – Sometimes society discourages risk-taking.
7. **Poor Infrastructure** – Lack of good facilities like transport or technology.

Sole Proprietorship

A sole proprietorship is a business owned and run by one person only. The owner makes all decisions, keeps all profits, and also takes all risks. It is the simplest form of business with very few legal requirements. Example: A small shop, a local bakery, or a freelance worker.

1. **One Person Owns It** – Only one person controls the business.
2. **Easy to Start** – Very few legal formalities.
3. **Quick Decisions** – Owner can decide everything alone.
4. **Keeps All Profits** – No sharing of earnings.
5. **Unlimited Risk** – Owner is personally responsible for losses.
6. **Examples** – Small shops, local service providers.

Meaning of Partnership

A partnership is a business owned by two or more people together. Partners share the work, profits, and also the risks of the business. It is formed through a partnership agreement (called a partnership deed). Example: Law firms, accounting firms, or trading businesses run by partners.

1. **Two or More Owners** – Run by partners together.
2. **Shared Work** – Partners divide responsibilities.
3. **More Resources** – Pooling of money and skills.
4. **Profit Sharing** – Profits and losses are divided among partners.
5. **Legal Agreement** – Partnership deed is needed.
6. **Unlimited Risk** – Partners are personally liable for debts.
7. **Examples** – Law firms, accounting firms, trading businesses

Small Business vs Startup

1. **Small Business**
 1. Usually run by one person or a family.
 2. Focuses on stability and steady income.
 3. Grows slowly and serves local customers.
 4. Example: Grocery shop, tailoring shop, local restaurant.
2. **Startup**
 1. A new company designed to grow fast.
 2. Focuses on innovation and solving big problems.
 3. Often uses technology and new ideas.
 4. Aims to expand quickly, sometimes globally.
 5. Example: Flip kart, Ola, Pay tm.

Critical Components for Establishing a Startup

1. **Idea & Vision** – A clear business idea that solves a real problem.
2. **Business Plan** – A roadmap explaining how the startup will work and grow.

3. **Funding** – Money from savings, investors, or loans to start operations.
4. **Team** – Skilled and motivated people to build and run the business.
5. **Product/Service Development** – Creating something valuable for customers.
6. **Market Research** – Understanding customer needs and competitors.
7. **Legal Structure** – Registering the company and following rules.
8. **Marketing & Branding** – Promoting the startup to attract customers.
9. **Technology & Infrastructure** – Tools, software, and systems to run smoothly.
10. **Adaptability** – Ability to change plans when challenges arise.

Definition of Leadership

Leadership means guiding and influencing people to work towards a common goal. A leader inspires, motivates, and directs others to achieve success. It is about vision, motivation, and responsibility.

Need for Leadership

1. **Direction** – Gives a clear path to follow.
2. **Motivation** – Encourages people to work with energy and confidence.
3. **Coordination** – Brings team members together to work in harmony.
4. **Decision-Making** – Helps in taking quick and effective decisions.
5. **Conflict Resolution** – Solves problems and reduces misunderstandings.
6. **Growth** – Ensures progress of both the team and the organization.

Manager vs. Leader

1. **Focus**
 - Manager: Maintains systems and ensures tasks are completed.
 - Leader: Inspires people and creates vision for the future.
2. **Approach**
 - Manager: Works by rules and procedures.
 - Leader: Works by motivating and influencing people.
3. **Risk**
 - Manager: Avoids risks, prefers safe methods.
 - Leader: Takes risks to achieve bigger goals.
4. **Decision-Making**
 - Manager: Follows set guidelines.
 - Leader: Uses creativity and vision to decide.
5. **Relationship with People**
 - Manager: Controls and supervises.
 - Leader: Builds trust and inspires.

Types of Leadership

1. **Autocratic Leadership**
 1. Leader makes all decisions alone.
 2. Suitable for quick decision-making.
2. **Democratic Leadership**
 1. Leader involves team members in decisions.
 2. Encourages participation and teamwork.
3. **Laissez-Faire Leadership**
 1. Leader gives freedom to team members.
 2. Works well with skilled and responsible teams.
4. **Transformational Leadership**
 1. Leader inspires people with vision and motivation.

2. Focuses on change and innovation.
5. **Transactional Leadership**
 1. Based on rewards and punishments.
 2. Works well in structured organizations.
6. **Charismatic Leadership**
 1. Leader influences through personality and charm.
 2. Builds strong emotional connection with followers.

UNIT - II

MSME (Micro, Small and Medium Enterprises)

- MSMEs are small-scale businesses that play a big role in the economy.
- They are classified based on **investment in plant/machinery** and **annual turnover**.
- **Micro Enterprises** – Very small businesses with low investment.
- **Small Enterprises** – Slightly bigger businesses with moderate investment.
- **Medium Enterprises** – Larger businesses but still smaller than big corporations.

Significant Provisions of MSME Act

1. **Classification of Enterprises**
 - Defines what counts as Micro, Small, and Medium enterprises based on investment and turnover.
2. **Easy Registration (Udyam Registration)**
 - Simplifies the process for MSMEs to register and get official recognition.
3. **Procurement Preference Policy**
 - Government departments and PSUs must give preference to MSMEs while buying goods and services.
4. **Protection Against Delayed Payments**
 - Buyers must pay MSMEs within **45 days**.
 - If delayed, they must pay **compound interest** on the pending amount.
5. **Financial Support**
 - Central Government can provide **funds and grants** to promote MSMEs.
 - Banks are directed to give **priority lending** to MSMEs.
6. **Skill Development & Training**
 - Encourages training programs to improve skills of entrepreneurs and workers.
7. **Technology Up gradation**
 - Promotes modernization of MSMEs with better tools, machines, and processes.
8. **Facilitation Council**
 - Establishes **Micro and Small Enterprises Facilitation Council (MSEFC)** to resolve disputes related to delayed payments.

Feasibility Studies

Meaning of Feasibility Study

A **feasibility study** is a careful check to see if a business idea or project can actually work in real life. It looks at whether the idea is practical, profitable, and possible before starting. The study helps in deciding “Should we go ahead with this project or not?”

- **Checks Practicality** – Ensures the business idea can actually work.
- **Reduces Risk** – Identifies possible problems before starting.
- **Financial Planning** – Estimates costs, profits, and funding needs.
- **Market Understanding** – Studies demand, customer needs, and competitors.

- **Technical Check** – Confirms if required technology/resources are available.

Problems Faced by New Enterprises

Technical Problems

- Lack of modern machines and technology.
- Poor infrastructure and supply chain issues.

Marketing Problems

1. Difficulty in reaching customers.
2. Strong competition from established companies.
3. Limited knowledge of branding and promotion.

Financial Problems

1. Trouble in getting loans or funds.
2. High interest rates.
3. Limited working capital for daily operations.

Major Labor Issues in MSMEs and Related Laws

1. **Low Wages** – Workers often paid less compared to big industries.
2. **Job Insecurity** – No guarantee of long-term employment.
3. **Poor Working Conditions** – Lack of safety and proper facilities.

Government Schemes for Financial Assistance

1. **Prime Minister Employment Generation Program (PMEGP)**
 - Provides loans to set up new small businesses in manufacturing and services.
 - Helps generate employment in rural and urban areas.
 - Loan subsidy is given by the government to reduce repayment burden.
2. **Pradhan Mantri Mudra Yojana (PMMY)**
 - Offers small loans to micro and small businesses.
 - Three categories:
 - Shishu – Loans up to ₹50,000 for very small businesses.
 - Kishor – Loans from ₹50,000 to ₹5 lakh for growing businesses.
 - Tarun – Loans from ₹5 lakh to ₹10 lakh for expansion.
 - No collateral required for loans.
3. **Make in India**
 - Encourages manufacturing in India to reduce imports.
 - Attracts investment from global companies.
 - Provides support for industries like electronics, automobiles, textiles, and defense.
4. **Startup India**
 - Supports innovative startups with funding, mentoring, and tax benefits.
 - Provides easier compliance and fast-track patent registration.
 - Helps young entrepreneurs grow their ideas into big businesses.
5. **Stand Up India**
 - Provides loans between ₹10 lakh and ₹1 crore.
 - Specially designed for women entrepreneurs and SC/ST entrepreneurs.
 - Encourages inclusivity and equal opportunity in business.
6. **National Urban Livelihood Mission (NULM)**
 - Helps poor and unemployed people in cities.
 - Provides skill training and self-employment support.

- Offers loans and subsidies to start small businesses in urban areas.

Entrepreneurial Support Agencies

National Level

1. **NSIC (National Small Industries Corporation)** – Provides marketing support, raw material assistance, and financial help to MSMEs.
2. **NRDC (National Research Development Corporation)** – Transfers new technologies from research labs to entrepreneurs.
3. **DC:MSME (Development Commissioner MSME)** – Designs policies, schemes, and training programs for MSMEs.
4. **SIDBI (Small Industries Development Bank of India)** – Provides loans, venture capital, and financial services to small industries.
5. **NABARD (National Bank for Agriculture and Rural Development)** – Supports rural and agro-based enterprises with loans and subsidies.
6. **Commercial Banks** – Provide loans, working capital, and credit facilities to entrepreneurs.

State Level

1. **SFCs (State Financial Corporations)** – Give loans to small and medium industries at the state level.
2. **TCO (Technical Consultancy Organizations)** – Provide expert advice, project reports, and consultancy services.
3. **KVIB (Khadi and Village Industries Board)** – Promotes village industries and khadi products by providing financial and marketing support.

District Level

- **DIC (District Industries Centre)** – Helps entrepreneurs at the local level with registration, guidance, and access to schemes.

Technology & Innovation Support

1. **TBI (Technology Business Incubator)** – Supports startups with labs, mentoring, workspace, and funding.
2. **STEP (Science and Technology Entrepreneur Parks)** – Provides infrastructure, training, and support for technology-based businesses.

UNIT - III

Management means planning, organizing, directing, and controlling resources (like people, money, and materials) to achieve goals. It is about getting work done through others in an efficient and effective way.

Nature of Management

1. **Universal** – Needed in all organizations (business, schools, hospitals, etc.).
2. **Goal-Oriented** – Always aims to achieve specific objectives.
3. **Continuous Process** – Management is ongoing, not a one-time activity.

4. **Group Activity** – Involves working with and through people.
5. **Dynamic** – Adapts to changes in environment, technology, and society.
6. **Intangible** – Cannot be seen physically, but its results are visible.

Management as a Process

Management is a **step-by-step process** that includes:

1. **Planning** – Deciding what to do.
2. **Organizing** – Arranging resources and tasks.
3. **Staffing** – Hiring and training people.
4. **Directing** – Guiding and motivating employees.
5. **Controlling** – Checking if work is done as planned.

Management as Science and Art

- **As Science**
 - Based on principles, rules, and theories.
 - Provides systematic knowledge (like planning methods, organizational structures).
- **As Art**
 - Requires creativity, skill, and personal judgment.
 - Managers use experience and talent to handle people and situations. □ In short: **Science gives knowledge, Art applies it.**

Functions of Management

1. **Planning**
 1. Thinking in advance about what to do.
 2. Sets goals and decides actions.
2. **Organizing**
 1. Arranging people, money, and materials.
 2. Creates structure for smooth work.
3. **Staffing**
 1. Recruiting, selecting, and training employees.
 2. Ensures the right person is in the right job.
4. **Directing**
 1. Guiding, motivating, and leading employees.
 2. Ensures teamwork and cooperation.
5. **Controlling**
 1. Checking performance against plans.
 2. Correcting mistakes and ensuring goals are met.

Management and Administration

- **Management**
 - Concerned with **planning, organizing, directing, and controlling** day-to-day activities.
 - Focuses on **execution of policies** and achieving organizational goals.
 - Example: A factory manager ensuring production targets are met.
- **Administration**
 - Concerned with **formulating policies, rules, and objectives.**
 - Focuses on **decision-making and overall direction** of the organization.
 - Example: A board of directors deciding company strategy.

Managerial Skills

1. **Technical Skills**
 1. Knowledge of specific work, processes, or tools.
 2. Important for lower-level managers.
2. **Human/Interpersonal Skills**
 1. Ability to work with people, motivate, and build relationships.
 2. Needed at all levels of management.
3. **Conceptual Skills**
 1. Ability to see the organization as a whole.
 2. Important for top-level managers to plan long-term strategies.
4. **Decision-Making Skills**
 1. Choosing the best option among alternatives.
 2. Helps in solving problems effectively.
5. **Communication Skills**
 1. Clear exchange of ideas and instructions.
 2. Builds trust and teamwork.

Levels of Management

1. **Top-Level Management**
 1. Includes Board of Directors, CEO, Managing Director.
 2. Responsible for **policy-making, long-term planning, and overall direction.**
 3. Example: Deciding expansion into new markets.
2. **Middle-Level Management**
 1. Includes Department Heads, Branch Managers.
 2. Acts as a **bridge between top and lower levels.**
 3. Responsible for **implementing policies and supervising lower managers.**
3. **Lower-Level (Supervisory) Management**
 1. Includes Supervisors, Foremen, Team Leaders.
 2. Directly manages workers and day-to-day operations.
 3. Ensures tasks are completed as planned.

Planning and Forecasting – Meaning and Definition

1. **Planning** – Thinking in advance about what to do, how to do it, and when to do it.
2. **Forecasting** – Predicting future conditions (like demand, sales, or market trends) to make better plans.
3. **Definition** – Planning is deciding in advance the actions to achieve goals, while forecasting is estimating future events to support planning.

Features of Planning

1. **Goal-Oriented** – Always aims to achieve objectives.
2. **Future-Oriented** – Focuses on what will happen ahead.
3. **Continuous Process** – Done regularly, not just once.
4. **Decision-Making Activity** – Choosing the best option among alternatives.
5. **Flexible** – Can be changed if situations change.
6. **Primary Function** – Basis for all other management functions.

Steps in Planning Process

1. **Identify Objectives** – Decide what you want to achieve.
2. **Gather Information** – Collect data about future conditions.
3. **Develop Alternatives** – Think of different possible actions.

4. **Evaluate Alternatives** – Compare pros and cons of each option.
5. **Choose Best Plan** – Select the most suitable option.
6. **Implement Plan** – Put the plan into action.
7. **Review and Control** – Check results and make corrections if needed.

Approaches to Planning

1. **Top-Down Approach** – Plans made by top management and passed down.
2. **Bottom-Up Approach** – Plans suggested by employees and approved by managers.
3. **Participative Approach** – Both managers and employees are involved in planning.

Principles of Planning

1. **Principle of Contribution to Objectives** – Plans must help achieve goals.
2. **Principle of Efficiency** – Plans should use minimum resources.
3. **Principle of Flexibility** – Plans must allow changes if needed.
4. **Principle of Unity** – All plans should work together.
5. **Principle of Continuity** – Planning should be ongoing.

Importance of Planning

1. **Provides Direction** – Guides employees towards goals.
2. **Reduces Uncertainty** – Prepares for future risks.
3. **Improves Efficiency** – Saves time and resources.
4. **Helps in Decision-Making** – Provides alternatives to choose from.
5. **Facilitates Control** – Makes it easier to check performance.

Advantages of Planning

1. Clear goals and direction.
2. Better use of resources.
3. Reduces risks and confusion.
4. Improves coordination among departments.
5. Helps in achieving success.

Disadvantages of Planning

1. Time-consuming process.
2. Costly due to research and analysis.
3. May reduce flexibility if plans are rigid.
4. Cannot predict everything (uncertainty remains).
5. Sometimes leads to over-dependence on plans.

Types of Plans

1. **Standing Plans** – Used repeatedly (policies, rules, procedures).
2. **Single-Use Plans** – Made for one-time projects (budgets, programs).

Types of Planning

1. **Strategic Planning** – Long-term, made by top management.
2. **Tactical Planning** – Medium-term, made by middle management.
3. **Operational Planning** – Short-term, made by lower-level managers.

Meaning of Management by Objectives (MBO)

Management by Objectives (MBO) is a management approach where managers and employees set goals together. Performance is measured based on how well these goals are achieved.

It focuses on participation, clarity of objectives, and results rather than just activities.

Features of MBO

1. **Goal-Oriented** – Focuses on achieving specific objectives.
2. **Participative** – Involves both managers and employees in goal-setting.
3. **Measurable Results** – Success is judged by performance against goals.
4. **Alignment** – Ensures individual goals match organizational goals.
5. **Motivational** – Employees feel responsible and motivated when they set their own targets.

Importance of MBO

1. Improves clarity of goals.
2. Encourages teamwork and participation.
3. Enhances motivation and accountability.
4. Provides a basis for performance evaluation.
5. Helps in better planning and control.
6. Clear direction for employees.
7. Better communication between managers and staff.
8. Increases employee involvement and motivation.
9. Improves efficiency and productivity.
10. Provides measurable results for evaluation

Meaning of Decision Making

Decision Making means choosing the best option among different alternatives to solve a problem or achieve a goal. It is a key part of management because managers constantly make decisions about people, resources, and activities. In short: Decision making is about selecting the right path of action.

Characteristics of Decision Making

1. **Goal-Oriented** – Every decision is taken to achieve a specific objective.
2. **Process of Choosing** – Involves selecting the best option from many alternatives.
3. **Continuous Activity** – Managers make decisions regularly, not just once.
4. **Based on Information** – Requires facts, data, and analysis for accuracy.
5. **Problem-Solving Tool** – Helps in finding solutions to organizational issues.
6. **Commitment of Resources** – Decisions involve using money, people, and materials.
7. **Influenced by Values and Judgment** – Personal experience and judgment affect decisions.
8. **Dynamic** – Decisions may change with changing situations and environment.
9. **Levels of Decision** – Can be strategic (long-term), tactical (medium-term), or operational (day-to-day)

ORGANISING AND ORGANISATION STRUCTURE:

Organising Process – Meaning and Definition

- **Meaning** – Organising means arranging people, tasks, and resources in a structured way to achieve goals.
- **Definition** – It is the process of identifying activities, grouping them, assigning duties, and delegating authority to ensure smooth functioning of the organization.

Characteristics of Organising

1. **Goal-Oriented** – Done to achieve organizational objectives.
2. **Systematic Process** – Involves step-by-step arrangement of tasks and resources.
3. **Division of Work** – Activities are divided among individuals or departments.
4. **Coordination** – Ensures all parts of the organization work together.
5. **Authority and Responsibility** – Clearly defines who is responsible for what.
6. **Flexibility** – Can be adjusted as per changes in environment or goals.

Process of Organising

1. **Identify Objectives** – Decide what the organization wants to achieve.
2. **Identify Activities** – Break down work into smaller tasks.
3. **Group Activities** – Combine similar tasks into departments.
4. **Assign Duties** – Allocate work to individuals or teams.
5. **Delegate Authority** – Give power to employees to carry out tasks.
6. **Establish Relationships** – Define reporting lines and coordination.

Need and Importance of Organising

1. **Clarity of Work** – Everyone knows their role.
2. **Efficiency** – Proper use of resources.
3. **Specialization** – People focus on tasks they are skilled at.
4. **Coordination** – Smooth flow of work among departments.
5. **Growth** – Helps in expansion and handling complexity.
6. **Adaptability** – Adjusts to changes in environment.

Principles of Organising

1. **Unity of Command** – One person should report to only one boss.
2. **Scalar Chain** – Clear line of authority from top to bottom.
3. **Delegation of Authority** – Authority should match responsibility.
4. **Span of Control** – A manager should handle a reasonable number of subordinates.
5. **Flexibility** – Structure should allow changes when needed.
6. **Efficiency** – Organization should achieve goals with minimum resources.

Span of Management

- **Meaning** – Number of subordinates a manager can effectively supervise.
- **Wide Span** – Manager controls many employees (used when work is simple).
- **Narrow Span** – Manager controls fewer employees (used when work is complex).

Organisational Chart

A diagram that shows the structure of an organization, including positions, departments, and reporting relationships.

Types

- **Vertical Chart** – Shows hierarchy from top to bottom.
- **Horizontal Chart** – Shows departments side by side.
- **Circular Chart** – Shows relationships in a circular form.

Contents

1. Names of departments.
2. Positions and designations.
3. Reporting lines (who reports to whom).

Uses

1. Provides clarity of structure.
2. Helps in communication and coordination.
3. Shows authority and responsibility clearly.
4. Useful for training and orientation of new employees.

Limitations

1. May become outdated quickly.
2. Shows only formal relationships, not informal ones.
3. Can be rigid and may not reflect flexibility.

Factors Affecting Organisational Chart

1. **Size of Organization** – Larger organizations need detailed charts.
2. **Nature of Work** – Complex work requires more divisions.
3. **Technology Used** – Advanced technology may change structure.
4. **Management Style** – Centralized or decentralized authority affects chart design.
5. **Growth and Expansion** – As business grows, chart needs updating.

Meaning of Staffing

Staffing means finding the right people for the right jobs in an organization. It includes hiring, training, placing, and paying employees. In short: Staffing is about building a strong team to achieve goals.

Nature of Staffing

- **Continuous Process** – Happens regularly as people join or leave.
- **Important Function** – Essential for running any organization smoothly.
- **People-Centered** – Focuses on selecting and managing human resources.
- **Universal Function** – Needed in all types of organizations.
- **Goal-Oriented** – Aims to match skills with job needs.

Importance of Staffing

- **Right Person for Right Job** – Improves efficiency and performance.
- **Better Use of Talent** – Utilizes employee skills properly.
- **Employee Satisfaction** – Leads to motivation and loyalty.
- **Growth of Organization** – Skilled staff helps the business grow.
- **Reduces Turnover** – Proper staffing lowers chances of employees leaving.

Staffing Process

1. **Manpower Planning**
 - Estimating how many and what kind of employees are needed.
 - Helps avoid shortage or excess of staff.
2. **Recruitment**
 - Finding and attracting suitable candidates.
 - Can be done through ads, job portals, or campus drives.
3. **Selection**
 - Choosing the best candidate from the applicants.
 - Includes tests, interviews, and background checks.
4. **Orientation and Placement**
 - Introducing new employees to the organization.
 - Placing them in the right department or role.
5. **Training**
 - Teaching employees new skills or improving existing ones.
 - Can be on-the-job or off-the-job training.
6. **Remuneration**
 - Paying employees for their work.
 - Includes salary, incentives, and benefits.

Selection

1. **Meaning** – Choosing the best candidate from the list of applicants.
2. **Purpose** – To find the most suitable person for the job.
3. **Steps Involved:**
 1. Screening applications
 2. Conducting tests
 3. Holding interviews
 4. Checking references
 5. Final selection and job offer

Orientation and Placement

- **Orientation**
 - **Meaning** – Introducing the new employee to the organization.
 - **Purpose** – Helps the employee understand company rules, culture, and expectations.
 - **Includes:** Tour of workplace, meeting team members, explaining duties.
- **Placement**
 - **Meaning** – Assigning the employee to the right job or department.
 - **Purpose** – Ensures the person is placed where they can perform best.

Training

Meaning – Teaching employees new skills or improving existing ones.

- **Purpose** – To increase efficiency, confidence, and performance.
- **Types of Training:**
 - *On-the-job training* – Learning while working.
 - *Off-the-job training* – Learning through workshops, seminars, etc.

Remuneration

Meaning – Payment given to employees for their work.

1. *Salary or wages*
2. *Incentives and bonuses*
3. *Allowances (travel, housing, etc.)*
4. *Benefits (insurance, retirement plans)*

Controlling – Meaning

Controlling means checking whether the actual performance matches the planned performance. It ensures that activities are carried out as per the plan and corrective actions are taken if needed. In short: Controlling is about measuring performance and correcting deviations.

Features of Controlling

1. **Goal-Oriented** – Ensures organizational objectives are achieved.
2. **Continuous Process** – Done regularly, not just once.
3. **Forward-Looking** – Focuses on future improvements.
4. **Universal Function** – Needed at all levels of management.
5. **Measurement-Based** – Relies on comparing actual results with standards.

Importance of Controlling

1. **Ensures Achievement of Goals** – Keeps performance aligned with objectives.
2. **Improves Efficiency** – Reduces wastage and increases productivity.
3. **Facilitates Coordination** – Ensures all departments work in harmony.
4. **Helps in Decision-Making** – Provides data for better decisions.
5. **Reduces Risks** – Identifies problems early and corrects them.

Control Process

1. **Setting Standards** – Define expected performance (targets, budgets, deadlines).
2. **Measuring Actual Performance** – Collect data on what is actually done.
3. **Comparing Performance with Standards** – Identify gaps or deviations.
4. **Finding Causes of Deviations** – Analyze why performance differs.
5. **Taking Corrective Action** – Apply solutions to fix problems.

Characteristics of an Effective Control System

1. **Simple and Understandable** – Easy for employees to follow.
2. **Flexible** – Can adapt to changes in environment.
3. **Economical** – Should not be too costly.
4. **Timely** – Detects problems quickly.
5. **Accurate** – Provides reliable information.
6. **Focus on Key Areas** – Concentrates on important activities.

Types of Control

1. **Pre-control (Preventive Control)** – Done before work starts (e.g., quality checks of raw materials).
2. **Concurrent Control** – Done during the work process (e.g., supervision while tasks are performed).
3. **Post-control** – Done after work is completed (e.g., final inspection, audit).

Co-ordination – Meaning

Co-ordination means bringing together the efforts of different people and departments to achieve common goals. It ensures unity of action and smooth functioning of the organization.

Characteristics of Co-ordination

1. **Group Activity** – Needed when people work together.
2. **Continuous Process** – Must be maintained regularly.
3. **Responsibility of Managers** – Managers ensure coordination among departments.
4. **Unity of Action** – Aligns efforts towards common objectives.
5. **Integration** – Combines individual efforts into collective success.
6. **Dynamic** – Adjusts to changes in environment and goals.

UNIT V

Market survey and opportunity identification

1. **Meaning:** Systematic collection of information about customers, competitors, prices, and trends to understand the market.
2. **Purpose:** Find profitable opportunities, reduce risk, and decide what to sell, to whom, at what price.
3. **Key steps:**
 1. **Define objective:** What do you want to learn (e.g., demand for a new product)?
 2. **Identify target customers:** Age, location, income, preferences.
 3. **Choose methods:** Surveys, interviews, focus groups, observation.
 4. **Collect data:** Primary (you gather) and secondary (reports, websites, government data).
 5. **Analyze results:** Patterns in needs, price sensitivity, and buying behavior.
 6. **Spot opportunities:** Gaps in supply, underserved segments, pain points you can solve.
4. **Outputs:** Estimated demand, competitor list, customer needs, pricing range, potential sales channels.

Scanning of business environment

1. **Meaning:** Watching external and internal factors that affect your business.
2. **Types of environment:**
 1. **Internal:** Resources, skills, culture, processes, finances.
 2. **External:** Market trends, competitors, regulations, technology, economy, social changes.
3. **Tools:**
 1. **PESTLE:** Political, Economic, Social, Technological, Legal, Environmental factors.
 2. **SWOT:** Strengths, Weaknesses, Opportunities, Threats.
 3. **Porter's Five Forces:** Competition, new entrants, substitutes, supplier power, buyer power.
4. **Process:**
 1. **Collect signals:** News, policy updates, competitor actions, tech changes.
 2. **Evaluate impact:** How each factor helps or hurts your plan.
 3. **Respond:** Adjust product, pricing, marketing, or operations accordingly.
5. **Outcome:** Better strategy, fewer surprises, faster adaptation to change.

Assessment of demand and supply in potential areas of growth

1. **Demand assessment:**
 1. **Meaning:** Estimate how much customers will buy and at what price.
 2. **Methods:** Surveys, past sales trends, market size calculations, test marketing.
 3. **Measures:** Market size, growth rate, willingness to pay, frequency of purchase.
2. **Supply assessment:**
 1. **Meaning:** Understand current providers, capacity, costs, and distribution.
 2. **Methods:** Competitor mapping, retailer interviews, price tracking, production capacity checks.
 3. **Measures:** Number of competitors, their market share, availability, stock-out frequency.
3. **Gap analysis:**
 1. **Compare demand vs supply** to find shortages or service gaps.
 2. **Identify growth areas:** High demand + low supply, or fast-growing segments.
4. **Forecasting:**
 1. **Short-term:** Seasonal patterns, promotions.
 2. **Long-term:** Population growth, income changes, technology adoption.

Project report preparation

1. **Meaning:** A structured document that describes your business idea, feasibility, and plan to execute it.
2. **Purpose:** Convince lenders, investors, and partners; guide your own actions.
 1. **Executive summary:** One-page snapshot of the project.
 2. **Business overview:** Promoters, vision, mission, legal form.
 3. **Market analysis:** Customers, competitors, demand, pricing.
 4. **Product/service:** Features, benefits, uniqueness, compliance.
 5. **Operations plan:** Location, capacity, technology, suppliers, processes.
 6. **Organization and HR:** Structure, staffing, roles, training.
 7. **Marketing and sales:** Positioning, channels, promotions, pricing strategy.
 8. **Financials:** Cost estimates, revenue projections, profitability, cash flow.
 9. **Risk and mitigation:** Key risks and how you will manage them.
 10. **Implementation schedule:** Timeline, milestones, resources needed.
 11. **Regulatory and ESG:** Licenses, approvals, environmental and social impacts.

Technical feasibility

1. **Scope:** Can we make/deliver the product with available technology and resources?
2. **Elements:**
 1. **Process flow:** Step-by-step production/service delivery.
 2. **Technology choice:** Machines, software, standards.
 3. **Capacity planning:** Output per day/month; scalability.
 4. **Location and layout:** Site selection, plant layout, utilities (power, water).
 5. **Input sourcing:** Raw materials, suppliers, logistics.
 6. **Compliance:** Safety, quality certifications, legal requirements.
3. **Outcome:** Clear technical plan that is practical and compliant.

Economic/financial feasibility

1. **Scope:** Will the project be financially viable and sustainable?
2. **Elements:**
 1. **Cost estimates:** Capital expenditure (CapEx), operating expenses (OpEx).
 2. **Revenue model:** Pricing, volumes, margins.

3. **Profitability metrics:** Break-even point, gross margin, net margin.
4. **Cash flow:** Monthly inflows/outflows; working capital needs.
5. **Funding plan:** Equity, loans, grants; repayment schedule.
6. **Sensitivity analysis:** Impact of changes in price, cost, or demand.
3. **Outcome:** Evidence the project can make profits and manage cash.

Market feasibility

1. **Scope:** Is there enough demand and a route to reach customers?
2. **Elements:**
 1. **Target segments:** Who, where, how large.
 2. **Competitive positioning:** Your differentiation and value proposition.
 3. **Channel strategy:** Retail, online, distributors, B2B sales.
 4. **Marketing plan:** Promotion, content, partnerships, budget.
 5. **Pricing strategy:** Penetration, premium, value-based.
3. **Outcome:** Realistic plan to acquire and retain customers at acceptable cost.

Common errors in project report preparations

1. **Vague assumptions:** No data or sources for demand, price, or costs.
2. **Overestimation:** Unrealistic sales forecasts and underestimation of expenses.
3. **Ignoring working capital:** Only focusing on CapEx, forgetting inventory and receivables.
4. **Weak risk analysis:** No plan for delays, competition, regulation changes.
5. **Inadequate technical details:** Missing process flow, supplier specifics, or capacity proofs.
6. **Poor market understanding:** Undefined target customers or channels.
7. **No sensitivity analysis:** Not testing best/worst-case scenarios.
8. **Messy structure:** Unclear headings, inconsistent numbers, missing executive summary.

Exercises on preparation of project report

1. **Exercise 1: One-page concept note**
 - **Task:** Write an executive summary with problem, solution, target market, and key numbers.
 - **Goal:** Practice clarity and focus.
2. **Exercise 2: Market sizing**
 - **Task:** Estimate demand using TAM–SAM–SOM (Total, Serviceable, Obtainable market).
 - **Goal:** Build realistic sales targets.
3. **Exercise 3: Break-even analysis**
 - **Task:** Calculate fixed costs, variable cost per unit, price per unit, and break-even units.
 - **Goal:** Understand viability and pricing.
4. **Exercise 4: Process flowchart**
 - **Task:** Draw steps from order to delivery; list resources and time per step.
 - **Goal:** Check technical feasibility and bottlenecks.
5. **Exercise 5: Channel plan**
 - **Task:** Choose 2–3 sales channels; define activities, budget, and expected conversions.
 - **Goal:** Create a practical go-to-market plan.
6. **Exercise 6: Sensitivity table**
 - **Task:** Vary price and demand by $\pm 10\%$ and observe profit and cash flow changes.
 - **Goal:** Prepare for uncertainty.

7. **Exercise 7: Risk register**

- **Task:** List top 10 risks, likelihood, impact, and mitigation actions.
- **Goal:** Strengthen resilience.