

USN



Internal Assessment Test 2 – October 2019

Sub:	Management & Entrepreneurship for IT Industry				Sub Code:	17CS51	Branch:	ISE		
Date:	14.10.2019	Duration:	90 min's	Max Marks:	50	Sem/Sec:	V/A & B	OBE		
<u>Answer any FIVE FULL Questions</u>								MARKS	CO	RBT
1	Describe the need and significance of Project Report.					[10]	CO2	L2		
2	List and explain the contents of standard Project Report					[10]	CO2	L2		
3	Explain the necessary steps required to start a Small Scale Industry (SSI) in India.					[10]	CO2	L2		
4	List and describe the different types of entrepreneur.					[10]	CO2	L2		
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- 6 Explain the various steps involved in controlling.
- 7 Describe the various stages in entrepreneurial process
- 8 Define PERT and CPM and compare them. Apply CPM technique to the given network diagram to identify the critical path from source node (1) to destination node (8). Duration to reach from one node to other (in days) marked on each path.

MARKS	OBE	
	CO	RBT
[10]	CO1	L2
[10]	CO2	L2
[10]	CO2	L3

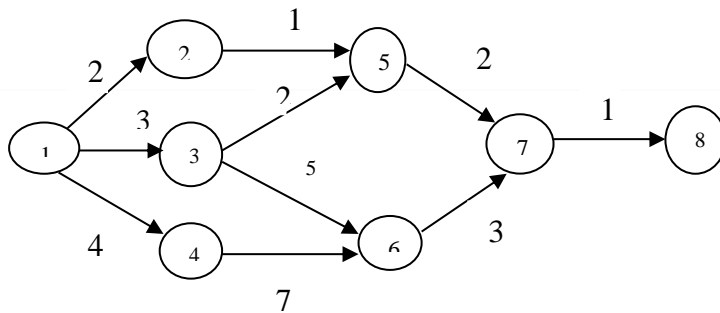


Fig. 8: Network Diagram

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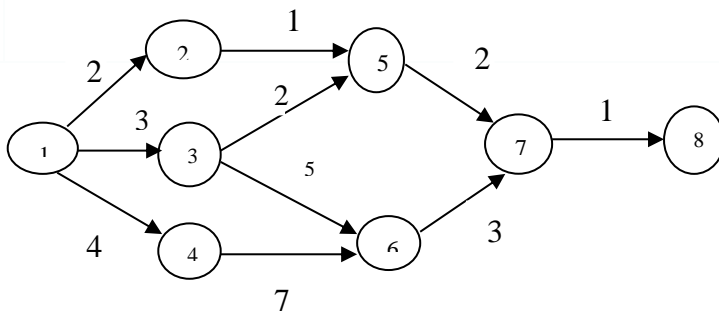


Fig. 8: Network Diagram

Course Outcomes		Modules covered	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9	PO10	PO11	PO12	PSO1	PSO2	PSO3	PSO4
CO1	Define management, organization, entrepreneur, planning, staffing, ERP and outline their importance in entrepreneurship	1,2,3,4	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CO2	Utilize the resources available effectively through ERP	3,4	3	-	-	-	2	-	-	-	-	2	-	-	-	-	-	-
CO3	Make use of IPRs and institutional support in entrepreneurship	5	3	2	-	2	-	2	-	2	-	3	-	-	-	-	-	-

COGNITIVE LEVEL	REVISED BLOOMS TAXONOMY KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.
L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.

PROGRAM OUTCOMES (PO), PROGRAM SPECIFIC OUTCOMES (PSO)				CORRELATION LEVELS	
PO1	Engineering knowledge	PO7	Environment and sustainability	0	No Correlation
PO2	Problem analysis	PO8	Ethics	1	Slight/Low
PO3	Design/development of solutions	PO9	Individual and team work	2	Moderate/ Medium
PO4	Conduct investigations of complex problems	PO10	Communication	3	Substantial/ High
PO5	Modern tool usage	PO11	Project management and finance		
PO6	The Engineer and society	PO12	Life-long learning		
PSO1	Design, implement and maintain business applications in a variety of languages using libraries and frameworks.				
PSO2	Develop and simulate wired and wireless network protocols for various network applications using modern tools.				
PSO3	Apply the knowledge of software and design of hardware to develop embedded systems for real world applications.				
PSO4	Apply knowledge of web programming and design to develop web based applications using database and other technologies				

SCHEME & SOLUTION

Course Name: Management & Entrepreneurship for IT Industry

Course Code: 17CS51

Q.No.	Solution Scheme	Marks
1	Describe the need and significance of Project Report.	10
Ans:	<div data-bbox="212 342 1385 1064" data-label="Diagram"> </div> <p data-bbox="212 1198 758 1232">Significance / Importance of Project Report:</p> <p data-bbox="212 1265 1385 1400">Project report is an important cornerstone for setting up an enterprise. It is a business plan to convert a business idea into a productive venture. It is like a blue print for any construction activity without which one would land in confusion or chaos at a later stage. The significance of a project report is as follows/Explain above points;</p> <p data-bbox="212 1433 518 1467">Serves as a Master Plan-</p> <p data-bbox="212 1500 1385 1601">For successful management, effective planning is absolutely essential. A project report serves as a business plan indicating the objectives or goals of the enterprise & states in detail how these objectives are going to be achieved at various stages of the enterprise.</p> <p data-bbox="212 1635 630 1668">Describes Direction / Road Map-</p> <p data-bbox="212 1702 1385 1803">A project report is like a road map. It describes the direction in which the enterprise should go & how to reach the goal. Without well defined goals & operational methods as stated in the report, most enterprises land in troubled waters & flounder on the rocks of hard times.</p> <p data-bbox="212 1836 438 1870">Shows Feasibility-</p>	02
		08

A project report also shows the feasibility of the proposed project & the probability of achieving profit. Whether a project is feasible from different angles- economic, financial, commercial, social etc. can be ascertained while preparing a project report.

Foresees requirements-

A project report enables an entrepreneur to realize what he needs for implementing the project well in advance. It also gives a general idea of his various resource requirements like raw materials, manpower, finance, infrastructure facilities etc. and also the means of procuring them. Thus, it enables an entrepreneur to foresee his requirements in advance & helps him to take suitable decisions accordingly.

Indicates Profitability-

It gives an indication of likely & benefits which a prospective entrepreneur can get from his venture. This profitability indication will help an entrepreneur to take an important investment decision. Thus, the financial rewards can be visualized in advance.

Helps in Decision Making-

Crucial decisions have to be made at various stages of production. How much to produce to achieve Break-Even-Level? How to fix the repayment schedule? Such important decisions can be taken with the help of a project report prepared well in advance. It also anticipates problems in advance so that suitable decisions can be taken then & there to solve those problems. Thus, it helps to visualize action tasks also.

Paves way for Financial Assistance-

The preparation of a project report is absolutely essential for those enterprises which apply for financial assistance from different financial institutions & banks. It is on the basis of project report, that the financial institutions could be given or not. In most cases, the quality of the firms project report weighs heavily in taking lending decisions. Thus, it paves the way for financial assistance which is the life blood of an enterprise.

Ensures Survival-

The survival of any business depends upon the marketability of its products. The project report projects the demand & supply position, competitor's position in the market, expected price etc. and thus ensures the survival of the business unit.

To Plan Expected Performance-

A project report is prepared to plan in advance about the fulfillment of expected performance in various areas like technology, marketing, finance, personnel, production, customer satisfaction & social endowment.

Assess Profitability-

Project report assesses the demand potential of the proposed product, works out the cost of capital invested & operational costs & side by side expected profitability of the proposed project.

To know expected Inputs & Outputs-

A project report enables an entrepreneur to know how much money, manpower & material would be required to set up the project, type of machine & technology required & the economic gains from the project.

	<p>To Evaluate Organisational Goals-</p> <p>A project report helps to evaluate the organization objectives, to what extent they are achievable. For this purpose, an entrepreneur is expected to consider the input data, analyse the data, predict outcome, choose best alternatives, take action, measure results with predictions.</p> <p>To Quantify Objectives-</p> <p>Project report helps to quantify the objectives. It makes them to be measurable, tangible, verifiable & attainable.</p> <p>To gain Financial Support-</p> <p>Project report ensures to avail financial support from the financial institutions. This report helps to evaluate the desirability of financing the project.</p> <p>Guides the Course of Action-</p> <p>Successful implementation of a project is governed by the course of action as given in project report.</p> <p>Government Authorities-</p> <p>A project report is of importance to government authorities to provide subsidies, tax exemptions, deductions, incentives, concessions, government clearance from Pollution Control Boards.</p> <p>Useful to Entrepreneur-</p> <p>A project report highlights the practicability of a project in terms of different factors like economy, finance, technology & social desirability. It is needed by the entrepreneur for carrying out expansion or starting a new production line & for getting loans from banks & financial institutions. It enables the entrepreneur to understand, at the initial stage, whether the project is sound on technical, commercial, financial & economic parameters. It helps the entrepreneurs in establishing techno-economic viability of the project.</p> <p>Banks & Financial Institutions-</p> <p>Commercial banks & financial institutions are the interested parties in project report which is prepared for direct submission to banks & financial institutions for getting loans. Financial institutions & banks require project report for granting financial assistance. It will help the bankers in appraising the project report & offer financial assistance.</p> <p><i>-Note: Answer may vary from these -</i></p> <p><i>-Answer can have at least 8 needs listing</i></p>	
2	List and explain the contents of standard Project Report	10
Ans:	Project Report is a written document relating to any investment. It contains data on the basis of which the project has been appraised and found feasible. It consists of information on economic, technical, financial, managerial and production aspects. It enables the entrepreneur to know the inputs and helps him to obtain loans from banks or financial Institutions.	

The project report contains detailed information about Land and buildings required, Manufacturing Capacity per annum, Manufacturing Process, Machinery & equipment along with their prices and specifications, Requirements of raw materials, Requirements of Power & Water, Manpower needs, Marketing Cost of the project, production, financial analyses and economic viability of the project.

CONTENTS OF A PROJECT REPORT

Following are the contents of a project report.

1. General Information

A project report must provide information about the details of the industry to which the project belongs to. It must give information about the past experience, present status, problems and future prospects of the industry. It must give information about the product to be manufactured and the reasons for selecting the product if the proposed business is a manufacturing unit. It must spell out the demand for the product in the local, national and the global market. It should clearly identify the alternatives of business and should clarify the reasons for starting the business.

2. Executive Summary

A project report must state the objectives of the business and the methods through which the business can attain success. The overall picture of the business with regard to capital, operations, methods of functioning and execution of the business must be stated in the project report. It must mention the assumptions and the risks generally involved in the business.

3. Organization Summary

The project report should indicate the organization structure and pattern proposed for the unit. It must state whether the ownership is based on sole proprietorship, partnership or joint stock company. It must provide information about the bio data of the promoters including financial soundness. The name, address, age qualification and experience of the proprietors or promoters of the proposed business must be stated in the project report.

4. Project Description

A brief description of the project must be stated and must give details about the following:

Location of the site,
Raw material requirements,
Target of production,
Area required for the workshed,
Power requirements,
Fuel requirements,
Water requirements,
Employment requirements of skilled and unskilled labour,
Technology selected for the project,
Production process,
Projected production volumes, unit prices,
Pollution treatment plants required.
If the business is service oriented, then it must state the type of services rendered to customers. It should state the method of providing service to customers in detail.

5. Marketing Plan

The project report must clearly state the total expected demand for the product. It must state the price at which the product can be sold in the market. It must also mention the strategies to be employed to capture the market. If any, after sale service is provided that must also

be stated in the project. It must describe the mode of distribution of the product from the production unit to the market. Project report must state the following:

Type of customers,
Target markets,
Nature of market,
Market segmentation,
Future prospects of the market,
Sales objectives,
Marketing Cost of the project,
Market share of proposed venture,
Demand for the product in the local, national and the global market,
It must indicate potential users of products and distribution channels to be used for distributing the product.

6. Capital Structure and operating cost

The project report must describe the total capital requirements of the project. It must state the source of finance, it must also indicate the extent of owners funds and borrowed funds. Working capital requirements must be stated and the source of supply should also be indicated in the project. Estimate of total project cost, must be broken down into land, construction of buildings and civil works, plant and machinery, miscellaneous fixed assets, preliminary and preoperative expenses and working capital.

Proposed financial structure of venture must indicate the expected sources and terms of equity and debt financing. This section must also spell out the operating cost

7. Management Plan

The project report should state the following.

Business experience of the promoters of the business,
Details about the management team,
Duties and responsibilities of team members,
Current personnel needs of the organization,
Methods of managing the business,
Plans for hiring and training personnel,
Programmes and policies of the management.

8. Financial Aspects

In order to judge the profitability of the business a projected profit and loss account and balance sheet must be presented in the project report. It must show the estimated sales revenue, cost of production, gross profit and net profit likely to be earned by the proposed unit. In addition to the above, a projected balance sheet, cash flow statement and funds flow statement must be prepared every year and at least for a period of 3 to 5 years.

The income statement and cash flow projections should include a three-year summary, detail by month for the first year, and detail by quarter for the second and third years. Break even point and rate of return on investment must be stated in the project report. The accounting system and the inventory control system will be used is generally addressed in this section of the project report. The project report must state whether the business is financially and economically viable.

9. Technical Aspects

Project report provides information about the technology and technical aspects of a project. It covers information on Technology selected for the project, Production process, capacity of machinery, pollution control plants etc.

	<p>10. Project Implementation Every proposed business unit must draw a time table for the project. It must indicate the time within the activities involved in establishing the enterprise can be completed. Implementation schemes show the timetable envisaged for project preparation and completion.</p> <p>11. Social responsibility The proposed units draws inputs from the society. Hence its contribution to the society in the form of employment, income, exports and infrastructure. The output of the business must be indicated in the project report.</p> <p><i>Note: Include 8-10 points</i></p>	
3	Explain the necessary steps required to start a Small Scale Industry (SSI) in India.	10
Ans:	<p>Following steps are followed to start a SSI in India-</p> <p>Decision Making: First of all, you need to prepare the description for the small scale industry you want to set up. It is necessary to decide whether you wish to set up a corporation, proprietorship or partnership. The potential entrepreneur has to analyze his strength, weakness while deciding for entrepreneur career. This analysis helps in knowing what type and size of business would be the most suitable.</p> <p>Scanning Of Business Environment: Before setting up your industry, it is always essential to study and understand the prevailing business environment in which they operate particularly the industrial policy, economic policy, licensing policy, legal environment, and technological environment. The environment impacts a lot in setting up a proper industry.</p> <p>Product Selection: You need to decide the product you wish to manufacture or the service you wish to offer. While choosing the product or service you want to offer, you must conduct a good market research and learn about the prevailing competition in the market.</p> <p>Location: You need to choose a location to set up your small scale industry. While choosing the location such factors such as nearness to market, sources of material availability of raw materials, labor, transportation services, modern infrastructural facilities and other things are considered. Location determines the success or failure of the enterprise.download</p> <p>Technology: To manufacture any item, technology is used. The entrepreneur should collect information on all available technologies, and the most suitable one should be identified. This will also be useful to determine the type of machinery and equipment to be installed.</p> <p>Project: Project appraisal means the assessment of a project. It is a technique for ex-ante analysis of a scheme or project while preparing to set up an enterprise; the entrepreneur has to appraise the project carefully from the standpoint of economic, financial, technical, market, social and managerial aspects to arrive at the most socially-feasible enterprise.</p> <p>Finance: Finance is the lifeblood of the enterprise. So, the next big step is to arrange for finance. No business can be created, with zero capital. If you don't have enough finance and then the best way is to borrow or take a loan.download-3</p> <p>Provisional Registration: It is always worthwhile to get the unit registered with the government. The entrepreneur has to obtain the prescribed application from DIC or</p>	10

Directorate of Industries. After having duly filled in the application form, he has to submit the application with all relevant documents in the local DIC or Directorate of Industries.

Production Management: Production management is the next step, once you can start your small scale industry. This includes allocating space for different operations and choosing your production methods. You are required to purchase machinery and hire employees and workers for different departments.

Power And Water Connection: The sites where the enterprise will be located should either have adequate power connections, or it should be arranged. The entrepreneur can calculate the total power requirement and determine the nearest pole from which power will be given to the enterprise, as it can materially affect the installation cost.

Installation Of Machinery: Once the above formalities have been completed; the next step is to procure machinery and begin its installation as per the plant layout.

Insurance: It is necessary to have adequate insurance for fixed assets at this stage and later on for the current assets as well.

Recruitment Of Manpower: Once machines are installed, the need for manpower arises to run them. So, the quantum and type of manpower are to be decided. The sources of getting desired labor are also important. This follows the recruitment, training, and placement.

If you want to learn more about Industrial and Labour laws, you can take up this course that is created by iPleaders in association with National University of Juridical Sciences (NUJS), Kolkata which is regularly ranked as one of India's top three law schools.

Production: The unit established should have an organizational set-up. To operate optimally, the organization should employ its manpower, machinery, and methods effectively. There should not be any wastage of manpower, machinery, and materials. If items are exported, then the product and its packaging must be attractive.

Marketing: Marketing is the most important activity as far as the entrepreneurial development is concerned. Marketing and business advertising form the next big step of setting up a small scale industry. Online business directories and various traditional forms of advertising can gain exposure for your business. Prices for your products or services are decided to keep in mind the profit margin.

Quality Assurance: Before marketing, the product quality certification from BIS (Bureau of Indian Standard)/ AGMARK/HALLMARK, etc., should be obtained depending upon the product. If there are no quality standards specified for the products, the entrepreneur should evolve his quality control parameters.

Permanent Registration: After the small scale unit goes into production and marketing, it becomes eligible to get permanent registration based on its provisional registration from the DIC or Directorate of Industries.office-1209640__180

Market Research: Once the product or service is introduced in the market, there is strong need for continuous market research to assess needs and areas for modification, up gradation and growth.

	<p>Monitoring: Periodical monitoring and evaluation not only of markets but also production, quality, and profitability help in knowing where the firm stands in comparison to performance envisaged in the business plan. It also identifies the direction of future growth. Therefore, planning is a useful aspect of setting up a small scale. According to business, at every stage, you are required to improve your plan.</p> <p><i>Note: These points may vary and related points are also ok. -Include at least 7-10 points</i></p>	
4	List and describe the different types of entrepreneur.	10
Ans	<p>Entrepreneurs are classified into different types based on different classifications as mentioned below:</p> <p>Based on the Type of Business:</p> <p>1. Trading Entrepreneur:</p> <p>As the name itself suggests, the trading entrepreneur undertake the trading activities. They procure the finished products from the manufacturers and sell these to the customers directly or through a retailer. These serve as the middlemen as wholesalers, dealers, and retailers between the manufacturers and customers.</p> <p>2. Manufacturing Entrepreneur:</p> <p>The manufacturing entrepreneurs manufacture products. They identify the needs of the customers and, then, explore the resources and technology to be used to manufacture the products to satisfy the customers' needs. In other words, the manufacturing entrepreneurs convert raw materials into finished products.</p> <p>3. Agricultural Entrepreneur:</p> <p>The entrepreneurs who undertake agricultural pursuits are called agricultural entrepreneurs. They cover a wide spectrum of agricultural activities like cultivation, marketing of agricultural produce, irrigation, mechanization, and technology.</p> <p>Based on the Use of Technology:</p> <p>1. Technical Entrepreneur:</p> <p>The entrepreneurs who establish and run science and technology-based industries are called 'technical entrepreneurs.' Speaking alternatively, these are the entrepreneurs who make use of science and technology in their enterprises. Expectedly, they use new and innovative methods of production in their enterprises.</p>	10

2. Non-Technical Entrepreneur:

Based on the use of technology, the entrepreneurs who are not technical entrepreneurs are non-technical entrepreneurs. The forte of their enterprises is not science and technology. They are concerned with the use of alternative and imitative methods of marketing and distribution strategies to make their business survive and thrive in the competitive market.

Based on Ownership:

1. Private Entrepreneur:

A private entrepreneur is one who as an individual sets up a business enterprise. He / she is the sole owner of the enterprise and bears the entire risk involved in it.

2. State Entrepreneur:

When the trading or industrial venture is undertaken by the State or the Government, it is called 'state entrepreneur.'

3. Joint Entrepreneurs:

When a private entrepreneur and the Government jointly run a business enterprise, it is called 'joint entrepreneurs.'

Based on Gender:

1. Men Entrepreneurs:

When business enterprises are owned, managed, and controlled by men, these are called 'men entrepreneurs.'

2. Women Entrepreneurs:

Women entrepreneurs are defined as the enterprises owned and controlled by a woman or women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated in the enterprises to women.

Based on the Size of Enterprise:

1. Small-Scale Entrepreneur:

An entrepreneur who has made investment in plant and machinery up to Rs 1.00 crore is called 'small-scale entrepreneur.'

2. Medium-Scale Entrepreneur:

The entrepreneur who has made investment in plant and machinery above Rs 1.00 crore but below Rs 5.00 crore is called 'medium-scale entrepreneur.'

3. Large-Scale entrepreneur:

The entrepreneur who has made investment in plant and machinery more than Rs 5.00 crore is called 'large-scale entrepreneur.'

Based on Clarence Danhof Classification:

Clarence Danhof (1949), on the basis of his study of the American Agriculture, classified entrepreneurs in the manner that at the initial stage of economic development, entrepreneurs have less initiative and drive and as economic development proceeds, they become more innovating and enthusiastic.

Based on this, he classified entrepreneurs into four types:

These are discussed in seriatim:

1. Innovating Entrepreneurs:

Innovating entrepreneurs are one who introduce new goods, inaugurate new method of production, discover new market and reorganise the enterprise. It is important to note that such entrepreneurs can work only when a certain level of development is already achieved, and people look forward to change and improvement.

2. Imitative Entrepreneurs:

These are characterised by readiness to adopt successful innovations inaugurated by innovating entrepreneurs. Imitative entrepreneurs do not innovate the changes themselves, they only imitate techniques and technology innovated by others. Such types of entrepreneurs are particularly suitable for the underdeveloped regions for bringing a mushroom drive of imitation of new combinations of factors of production already available in developed regions.

3. Fabian Entrepreneurs:

Fabian entrepreneurs are characterised by very great caution and skepticism in experimenting any change in their enterprises. They imitate only when it becomes perfectly clear that failure to do so would result in a loss of the relative position in the enterprise.

4. Drone Entrepreneurs:

These are characterised by a refusal to adopt opportunities to make changes in production formulae even at the cost of severely reduced returns relative to other like producers. Such entrepreneurs may even suffer from losses but they are not ready to make changes in their existing production methods.

Following are some more types of entrepreneurs listed by some other behavioural scientists:

1. Solo Operators:

These are the entrepreneurs who essentially work alone and, if needed at all, employ a few employees. In the beginning, most of the entrepreneurs start their enterprises like them.

2. Active Partners:

Active partners are those entrepreneurs who start/ carry on an enterprise as a joint venture. It is important that all of them actively participate in the operations of the business. Entrepreneurs who only contribute funds to the enterprise but do not actively participate in business activity are called simply 'partners'.

3. Inventors:

Such entrepreneurs with their competence and inventiveness invent new products. Their basic interest lies in research and innovative activities.

4. Challengers:

These are the entrepreneurs who plunge into industry because of the challenges it presents. When one challenge seems to be met, they begin to look for new challenges.

5. Buyers:

These are those entrepreneurs who do not like to bear much risk. Hence, in order to reduce risk involved in setting up a new enterprise, they like to buy the ongoing one.

6. Life-Timers:

	<p>These entrepreneurs take business as an integral part to their life. Usually, the family enterprise and businesses which mainly depend on exercise of personal skill fall in this type/category of entrepreneurs.</p> <p><i>Note: These points may vary and related points are also ok. Include at least 8-10 Entrepreneur types</i></p>	
5	Explain the various barriers to entrepreneurship.	10
Ans	<p>Following are the popular barriers-</p> <p>First: Corrupt and unsupportive business environment</p> <p>Lack of supportive and market-augmenting governmental regulations serve as a barrier to entrepreneurship. Russia leads all other large nations in having an unsupportive business environment because they lack rule of law, have poorly defined contract and property laws, enforce regulations inconsistently, allow rampant corruption and bribing, allow regulatory authorities and inspectors to act in a predatory nature which therefore requires friendly ties with government officials and bureaucrats to smooth the way for businesses to operate. China has similar issues. See the accompanying list where pictured is Russian dissident-businessman, Boris Berezhovsky, now exiled in London, England. Berezhovsky was one of the Russian oligarchs who acquired massive wealth by taking control of state assets after the fall of communism. He also has links to the poisoned Russian spy Alexander Litvinenko.</p> <p>Tied for second: Employee related difficulties</p> <p>Building an employee asset base for the enterprise is one of the more daunting and sometimes overlooked tasks. Entrepreneurs must find and select the best-qualified employees who are motivated and willing to grow with the venture. Then they must ensure the employees do not leave. The professors say this task becomes a barrier when employees' expectations increases, governmental regulations related to labor employment is hardened, and employee costs grow. Employee cost is more than pay. It includes healthcare, workers' compensation, social security tax, and health and safety regulations.</p> <p>Just ask Charles "Chip" Starnes, who was recently held hostage by his own employees in a plant in China. It has been widely reported that Starnes was held hostage by current employees who did not receive severance pay that 30 workers received because they were being laid off. Starnes was moving a plastic-injection-molding division to Mumbai, India, where production costs are lower. After being barricaded in the plant for almost a week, Starnes reached an agreement after nearly a week to pay two months' wages, totaling almost \$300,000, to the remaining 97 employees.</p> <p>Tied for second: Severe market entry regulations</p> <p>Governmental rules, taxation, environmental regulations, lending requirements and licensing are all barriers to entrepreneurship. Most countries, the United States included, proscribe or license market entry and the creation of new firms to protect incumbents in certain industries and professions. Entry procedures, or "red tape," vary such that entrepreneurs need one day to register an enterprise in one country and up to 20 weeks in</p>	

another. Other barriers to entrepreneurship are predatory tax behavior of authorities, lack of property rights and tax disadvantages.

Tied for second: Shortage of funds and resources

Finding the money to start up an enterprise is a leading barrier to entrepreneurship. Without funds, any person cannot begin to organize, train, develop and sell product.

Fifth: Lack of Entrepreneurship Opportunities

Venture creation requires existing marketplace opportunities with possibilities known to the entrepreneur and favorable odds for success for entrepreneurial “spirit” to succeed.

Sixth: Lack of Entrepreneurial Capacity

Opportunities go untried until someone comes along with an eye for possibility and a can-do attitude. Some cultures may discourage entrepreneurial capacity resulting in a low rate of new firm entrance. It is like having an oil well field without knowledgeable people to mine the wells. Entrepreneurial capacity is the existence of people with entrepreneurship qualities, willingness and motivation to initiate new ventures.

Seventh: Lack of Adequate Entrepreneurship Training

Training and education can be a robust incubator for new ventures. This includes training in technical skills, managerial skills, entrepreneurial skills and entrepreneurship.

Tied for eighth: Lack of Appropriate Technical and Practical Skills

People tend to use the skills they have acquired to pursue entrepreneurial initiative. Lacking the appropriate skills and knowledge inhibits economic development.

Tied for eighth: Lack of Market Experience

The essence of leadership is first learning and doing before leading. Therefore, the capability to start a business is propelled by previous education and work experience. Rushing into a new market because it looks attractive and rewarding without having some experience and background in it can be fatal. Experience in a related business before start-up is positively correlated to the probability of success.

Tenth: Fear of Failure

Entrepreneurs have to decide whether to take action so they don't miss the boat, while knowing that hasty action may cause them to sink the boat.

Eleventh: Aversion to Risk

A psychological barrier closely related to the fear of failure is aversion to risk. Entrepreneurs must take initiative, create structure with a social-economic mechanism and accept risk of failure. Entrepreneurs have to be risk takers while those who are risk averse will seek the security of an existing establishment.

Note: These points may vary and related points are also ok.

	<i>Include 8-10 Points</i>	
6	Explain the various steps involved in controlling.	10
Ans	<p>Some of the essential steps of controlling process as studied under Business Management are : 1. Setting Performance Standards 2. Measurement of Actual Performance 3. Comparing Actual Performance with Standards 4. Analysing Deviations 5. Taking Corrective Action.</p> <p>Controlling Process consists of following systematic steps:</p> <p>1. Setting Performance Standards:</p> <p>The first step in the process of controlling is concerned with setting performance standards. These standards are the basis for measuring the actual performance.</p> <p>Thus, standards act as a lighthouse that warns & guides the ships at sea. Standards are the benchmarks towards which efforts of entire organisation are directed. These standards can be expressed both in quantitative and qualitative terms.</p> <p>Examples of Quantitative Standards:</p> <p>(a) Revenue to be earned.</p> <p>(b) Units to be produced and sold.</p> <p>(c) Cost to be incurred.</p> <p>(d) Time to be spent in performing a task.</p> <p>(e) Amount of inventories to be maintained etc.</p> <p>Examples of Qualitative Standards:</p> <p>(a) Improving motivation level of employees.</p> <p>(b) Improving labour relations.</p> <p>(c) Improving quality of products.</p> <p>(d) Improving goodwill etc.</p> <p>In order to facilitate easy comparison of actual performance with the standards, a manager should try to set these standards in quantitative terms as far as possible. However, in case of qualitative standards, effort should be made to define these standards in such a way that comparison becomes easily understandable.</p> <p>For example, for improving customer satisfaction in a restaurant having self service, standard can be set in terms of time taken to get a table, place the order and collect the</p>	10

order. Moreover, the standards set should be flexible enough so that necessary changes can be made according to varying situations.

2. Measurement of Actual Performance:

Once the standards have been determined, the next step is to measure the actual performance. The various techniques for measuring are sample checking, performance reports, personal observation etc. However, in order to facilitate easy comparison, the performance should be measured on same basis that the standards have.

Following are some of the ways for measuring performance:

- (a) Superior prepares a report regarding the performance of an employee.
- (b) Various ratios like gross profit ratio, debtor turnover ratio, return on investment, current ratio etc. are calculated at periodic intervals to measure company's performance.
- (c) Progress made in areas like marketing can be measured by considering the number of units, increase in market share etc.
- (d) In small organisations, each unit produced can be checked personally to ensure the quality standards.
- (e) In large organisation, the technique of sample checking is used. Under this technique, some pieces are checked at random for quality specifications.

3. Comparing Actual Performance with Standards:

This step involves comparing the actual performance with standards laid down in order to find the deviations. For example, performance of a salesman in terms of unit sold in a week can be easily measured against the standard output for the week.

4. Analysing Deviations:

Some deviations are possible in all the activities. However, the deviation in the important areas of business needs to be corrected more urgently as compared to deviation in insignificant areas. Management should use critical point control and management by exception in such areas.

(a) Critical Point Control:

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Since it is neither easy nor economical to check each and every activity in an organisation, the control should focus on Key Result Areas (KRAs) which act as the critical points. The KRAs are very essential for the success of an organisation. Therefore, the entire organisation has to suffer if anything goes wrong at these points. For example, in a

manufacturing organisation, an increase of 7% in labour cost is more troublesome than an 18% increase in stationary expenses.

(b) Management by Exception:

Management by exception or control by exception is an important principle of management control. According to this principle, an attempt to control everything results in controlling nothing. Thus only the important deviations which exceed the prescribed limit should be brought to the notice of management. Thus, if plans provide for 3% increase in labour cost, deviations beyond 3% alone should be brought to the notice of the management.

Advantages of Critical Point Control and Management by Exception are as follows:

- (i) Since managers deal only with important deviations, it results in saving time and efforts.
- (ii) It helps in identifying important deviations which need timely action to keep the organisation at the correct path.
- (iii) By handing over the routine problems to the subordinates, management by exception facilitates delegation of authority and helps in increasing morale of employees.
- (iv) It ensures better utilization of managerial expertise by focusing managerial attention only on important areas.

After identifying the deviations, various causes for these deviations are analyzed. The main causes can be structural drawbacks, shortage of resources, environmental factors beyond organisational control, unrealistic standards, defective process etc. Exact cause or causes of deviation must be identified correctly in order to take effective corrective measures.

5. Taking Corrective Action:

The last step in the process of controlling involves taking corrective action. If the deviations are within acceptable limits, no corrective measure is required. However, if the deviations exceed acceptable limits, they should be immediately brought to the notice of the management for taking corrective measures, especially in the important areas.

Following are some of the examples of corrective action:

Causes of Deviation	Corrective action to be taken
(i) Obsolete Machinery	Technological Upgradation of machinery
(ii) Defective Process	Change the specification standards for the manufacturing process.

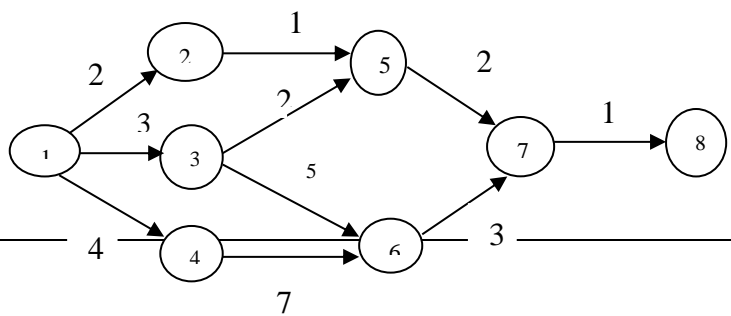
	(iii) Defective Material used.	Change the quality standards for material	
	(iv) Defective physical conditions of work.	Improvement in physical conditions of work.	
	(v) Defective machinery.	Repair the existing machine or purchase new machine if it cannot be repaired.	

Notes: Points may vary. Related points/concepts are ok 4-6 steps are required

7	Describe the various stages in entrepreneurial process.	10
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Ans:	<p>Following are the steps involved in entrepreneurial process-</p> <ol style="list-style-type: none"> 1) Perceiving ,identifying opportunity 2) Evaluating opportunity Description of product Agreement of opportunity Assessment of the entrepreneur Resources needed Amount & sources of capital Profit expected 3) Drawing up a business plan Title of project, table of contents Description of business & industry. Technology plan Financial plan Organization plan Production & operation plan Marketing & distribution plan Summary 4) Marshalling resources The process of assessing, assembling, evaluating, and applying the materials and supports needed to create an effective learning or collaboration experience Learn more in: Practical Considerations When Using Virtual Spaces for Learning and Collaboration, with Minimal Setup and Support. 5) Creating the enterprise 6) Consolidation and management <p><i>Note: Detail explanation of all points</i></p>	10
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8	Define PERT and CPM and compare them. Apply CPM technique to the given network diagram to identify the critical path from source node (1) to destination node (8). Duration to reach from one node to other (in days) marked on each path.	10
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Ans:

CPM (CRITICAL PATH METHOD):

The critical path method (CPM) is a step-by-step methodology, technique or algorithm for planning projects with numerous activities that involve complex, interdependent interactions. CPM is an important tool for project management because it identifies critical and non-critical tasks to prevent conflicts and bottlenecks. CPM is often applied to the analysis of a project network logic diagram to produce maximum practical efficiency.

PERT(PROGRAM EVALUATION AND REVIEW TECHNIQUE):

PERT is a project management planning tool used to calculate the amount of time it will take to realistically finish a project. PERT stands for Program Evaluation Review Technique. PERT charts are tools used to plan tasks within a project - making it easier to schedule and coordinate team members accomplishing the work. PERT charts were created in the 1950s to help manage the creation of weapons and defense projects for the US Navy. While PERT was being introduced in the Navy, the private sector simultaneously gave rise to a similar method called Critical Path. PERT is similar to critical path in that they are both used to visualize the timeline and the work that must be done for a project. However with PERT, you create three different time estimates for the project: you estimate the shortest possible amount time each task will take, the most probable amount of time, and the longest amount of time tasks might take if things don't go as planned. PERT is calculated backward from a fixed end date since contractor deadlines typically cannot be moved.

02

Comparison Chart

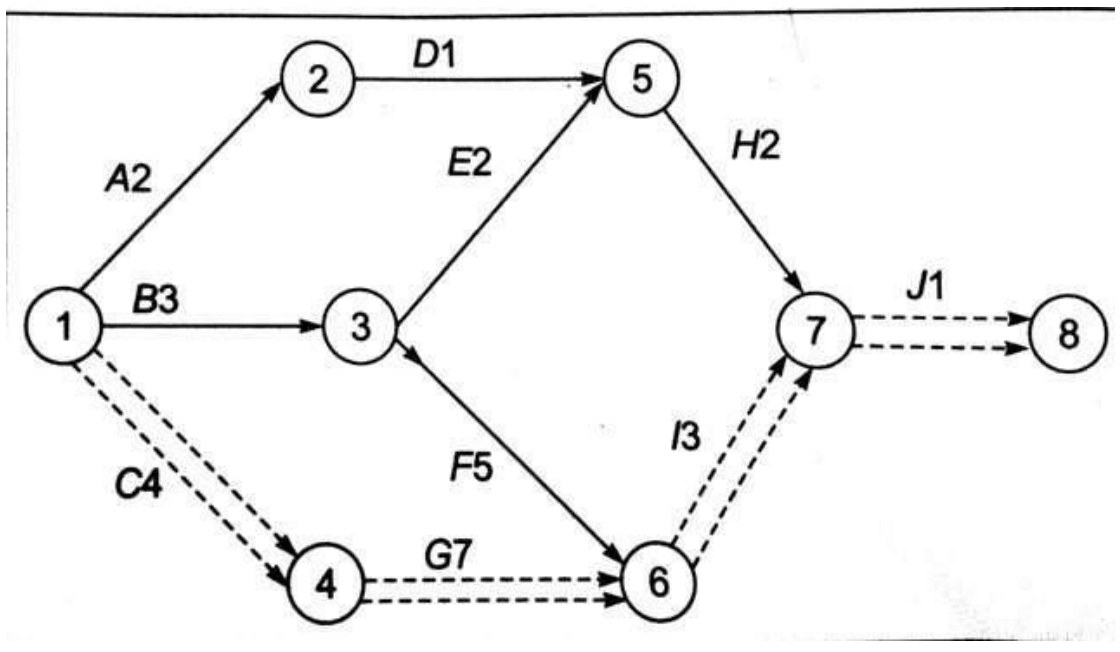
BASIS FOR COMPARISON	PERT	CPM
Meaning	PERT is a project management technique, used to manage uncertain activities of a project.	CPM is a statistical technique of project management that manages well defined activities of a project.
What is it?	A technique of planning and control of time.	A method to control cost and time.
Orientation	Event-oriented	Activity-oriented
Evolution	Evolved as Research & Development project	Evolved as Construction project
Model	Probabilistic Model	Deterministic Model
Focuses on	Time	Time-cost trade-off

04

Estimates	Three time estimates	One time estimate
Appropriate for	High precision time estimate	Reasonable time estimate
Management of	Unpredictable Activities	Predictable activities
Nature of jobs	Non-repetitive nature	Repetitive nature
Critical and Non-critical activities	No differentiation	Differentiated
Suitable for	Research and Development Project	Non-research projects like civil construction, ship building etc.
Crashing concept	Not Applicable	Applicable

Note: Students can write similar concepts also

CPM Technique to solve problem-



Path	Duration (in days)
1-2-5-7-8 (ADHJ)	$2 + 1 + 2 + 1 = 6$
1-3-5-7-8 (BEHJ)	$3 + 2 + 2 + 1 = 8$
1-3-6-7-8 (BFIJ)	$3 + 5 + 3 + 1 = 12$
1-4-6-7-8 (CGIJ)	$4 + 7 + 3 + 1 = 15$

CGIJ is the highest cost path called as CRITICAL PATH