

1. Characteristics of successful Entrepreneur (Each point carries 1 M)

- Creativity
- Innovation
- Dynamism
- Leadership
- Teambuilding
- Achievement motivation
- Problem solving
- Goal orientation
- Risk taking and decision making ability
- Commitment

2. 5 marks for the developmental models

Entrepreneurial developmental models

a) Psychological models

1. Achievement motives
2. Child rearing
3. Creative Personality and status withdrawal as the determinant of the creative personality

b) Sociological models

- Creation of supporting institutions in society

c) Integrated models

1. Need for motive
2. Long-term involvement
3. Personal, material and social resources

Entrepreneurial development cycle (5 marks)

1. **Stimulatory activities**

- These activities ensure emergence of entrepreneurs in the society.
- They generate initial motivation and offer opportunity to acquire skill.

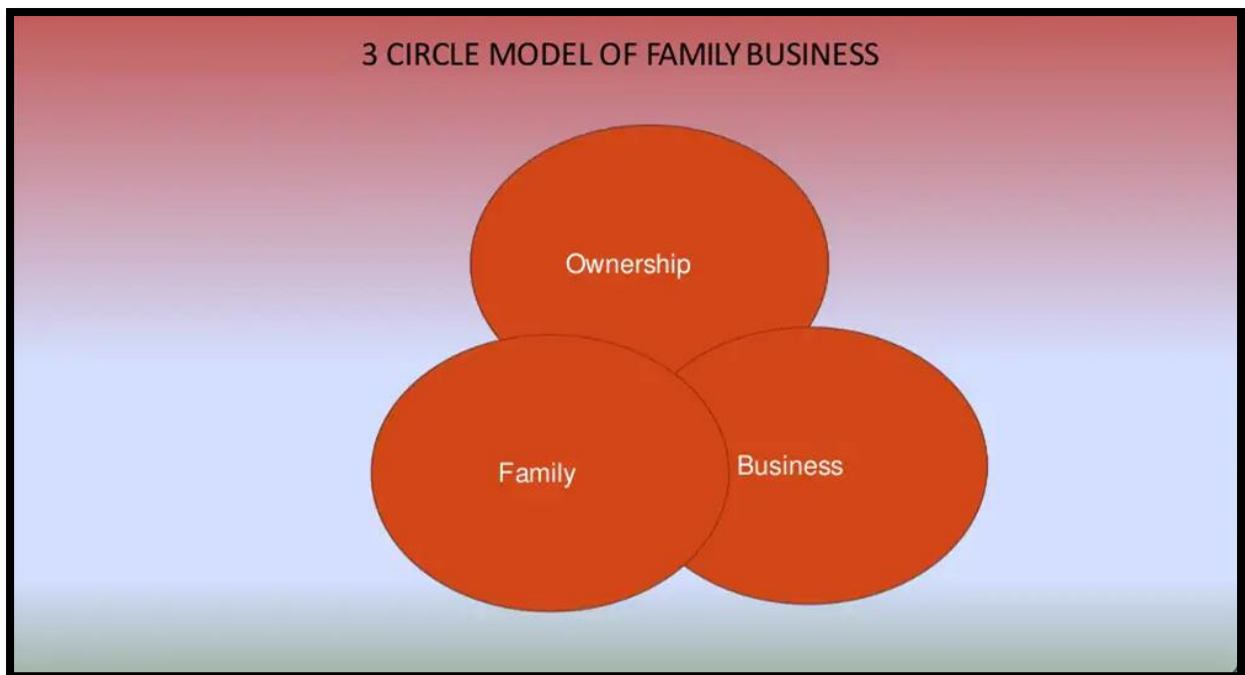
2. **Support activities**

- These activities help a person to develop into an entrepreneur.
- They nurture and help entrepreneurship to grow.

3. **Sustaining activities**

- These activities help in the continuous and efficient functioning of entrepreneurship

3. Stages of Development of a Family Business (5 Marks)



The Business System: Comprises of start up, expansion/formalization and maturity of business.
The Family System: Young business family, entering the family business, working together, passing the baton. The Ownership System: Controlling owner, sibling partnership, cousin consortium

Characteristics of a Family-Owned Businesses in India (5 Marks)

Family businesses are ideal in nature as they are loyal to the principles of the founder and thus ensure uniformity in their operations.

Succession is one important decision which determines future effectiveness in terms of company operation.

Family business comprises of family members in business operations ensuring effective utilization of in-house talent in the family.

Single minded dedication of family members ensures survival of family business through toughest times.

4. As the name implies, a feasibility analysis is used to determine the viability of an idea, such as ensuring a project is legally and technically feasible as well as economically justifiable.

Each factor carries 2 marks

Market analysis is concerned primarily with two questions –

What would be aggregate demand of the proposed product/service in the future?

What would be the market share of the project under appraisal?

Following **financial** aspects have to be looked into are:

Investment outlay and cost of project

Means of financing

Projected profitability

Break-even point

Cash flows of the project

Investment worthiness judged in terms of various criteria of merit

Projected financial position

Level of risk

Economic Feasibility

Also known as social cost-benefit analysis.

Following questions need to be answered:

- ✓ What are the different economic benefits and costs of the project measured in terms of shadow prices and not in terms of market prices?
- ✓ What would be the impact of the project on the level of savings and investment in the society?
- ✓ What would be the contribution of the project towards the fulfilment of certain criteria like self-sufficiency, employment and social order?

In this impact of the project on the ecological implications such as power plants and irrigation schemes, and for environment-polluting industries.

The important question to be answered are:

What is the likely damage caused by the project to the environment?

What is the cost of the restoration measures required to ensure that the damage to the environment is contained within the acceptable limits?

Following questions are considered to be important in the technical analysis:

- ✓ Have the preliminary tests and studies been done or provided for?
- ✓ Has the availability of raw materials, power, and other inputs been established?
- ✓ Is the selected scale of operation optimal?

- ✓ Is the production process chosen suitable?
- ✓ Are the equipment and machines chosen appropriate?
- ✓ Have the auxiliary equipment and supplementary engineering works been provided for?
- ✓ Is the proposed layout of the site, buildings, and plan sound?

5. **Idea generation (4 Marks)**

An idea must be good for market, good for project and good for entrepreneurs.

An idea must be manageable without much dependence on others.

Select one dominant idea from five or ten ideas.

To adopt one idea at a time has several disadvantages.

Choosing an idea is quite difficult and the entrepreneur has to weigh objectively his intrinsic capabilities in finalising an idea.

In the idea stage, suggestions for new products are obtained from: customers, competitors, R & D, distributors and company employees.

Creativity (3 Marks)

The terms creativity and innovation are often used to mean the same thing, but each has a unique connotation.

Creativity is “the ability to bring something new into existence”.

The definition emphasises the “ability”, not the “activity”, of bringing something new into existence.

Innovation (3 Marks)

Innovation is the process of doing new things, but creativity is a prerequisite to innovation.

Ideas usually evolve through a creative process whereby imaginative people bring them into existence, nurture them, and develop them successfully.

6. **Table of contents of Business Plan**

Title page (1 Mark)

Executive summary (1 Mark)

- Vision and Mission statement
- Fact sheet

Company plan (2 Marks)

- Company description
- Merchandising plan
- Operating plan
- Organisational plan

Marketing plan (3 Marks)

- Market description and target market
- Competition analysis
- Methods of distribution
- Advertising
- Pricing
- Product/service design
- Timing of market entry
- Industry trends

Financial plan (3 Marks)

- Summary of financial needs
- Sources and uses of funds
- Cash flow statement

- Three year income projection
- Break even analysis
- Balance sheet
- Income statement
- Risk assessment
- Business financial history