

USN

--	--	--	--	--	--	--	--	--	--



Answer Key -Internal Assessment Test 2 – October 2018

Sub:	Management & Entrepreneurship for IT Industry	Sub Code:	15CS51	Branch:	CSE
Date:	15-10-2018	Duration:	90 min's	Max Marks:	50
		Sem/Sec:	5 th /A,B,C		OBE
<u>Answer any FIVE FULL Questions</u>					
					MARKS
					[05]
					CO
					RBT
					CO
					L2
					1
					C
					O1
					L2

1 Discuss the characteristics of Entrepreneur.

(a) **Answer:**

Entrepreneurship

The spirit of enterprise makes a person is entrepreneur. Entrepreneur thus is an innovator who carries out new combinations in ever changing environment to initiate & accelerate the process of economics social & technological development. He who uses searches for changes responds to it & exploits the opportunity. The person having a dynamic activity to prime changes in the process of production, innovations in business, new ideas & usages of resources, establishing new markets.

Characteristics of Entrepreneur

1. A good entrepreneur should be action oriented enthusiastic & energetic & ready to take risk at all levels to achieve the goal.
2. Should have determination & commitment.
3. Creativeness & result oriented, hard working
4. Accepts responsibilities
5. Self confident deactivating & self disciplined
6. Both thinker & doer planner & worker,
7. Future vision intelligent, imaginative & self directed

Describe the role of Entrepreneurs in economic development.

(b) **Answer:**

Role of Entrepreneurs in economic development

- Creating opportunities
- Bearing the risk of failing in business.
- Mobilizing the revenue of the organization properly.
- Utilizing human resources in a cost-efficient manner.
- Providing channels of further economic growth in the organization.
- Adapting improved technology to business environment
- New business venturing

- Innovations
- Self-renewal

2 Define Entrepreneurship.

(a) **Answer:**

Entrepreneurship

The spirit of enterprise makes a person is entrepreneur. Entrepreneur thus is an innovator who carries out new combinations in ever changing environment to initiate & accelerate the process of economics social & technological development. He who uses searches for changes responds to it & exploits the opportunity. The person having a dynamic activity to prime changes in the process of production, innovations in business, new ideas & usages of resources, establishing new markets.

[02]

C O1	L1

Explain the various stages of Entrepreneurial process

(b) **Answer:**

Entrepreneurial Process

The **entrepreneurial process** involves finding, evaluating, and developing an opportunity by overcoming the strong forces that resist the creation of something new.

Phase 1: Identifying and Evaluating the Opportunity

Most good business opportunities result from an entrepreneur being alert to possibilities. Some sources are often fruitful, including consumers and business associates. Channel members of the distribution system retailers, wholesalers or manufacturer's reps-are also helpful. Technically oriented individuals often identify business opportunities when working on other projects. Each opportunity must be carefully screened and evaluated-this is the most critical element of the entrepreneurial process.

- The evaluation process involves looking at
- The creation and length of the opportunity
- Its real and perceived value
- Its risks and return.
- It's fit with the skills and goals of the entrepreneur
- Its differential advantage in its competitive environment

Phase 2: Develop a Business Plan

A good **business plan** must be developed in order to exploit the opportunity defined. A good business plan is important in developing the opportunity and in determining the resources required, obtaining those resources and successfully managing the venture.

Phase 3: Determine the Resources Required.

[08]

C O1	L4
---------	----

Assessing the resources needed starts with an appraisal of the entrepreneur's present resources. Any resources that are critical must be distinguished from those that are just helpful. Care must be taken not to underestimate the amount and variety of resources needed. Acquiring needed resources, while giving up as little control as possible, is difficult. The entrepreneur should try to maintain as large an ownership position as possible, particularly in the start-up stage. As the business develops, more funds will probably be needed, requiring more ownership be relinquished. Alternative resource suppliers should be identified, along with their needs and desires, in order to structure a deal with the lowest cost and loss of control.

Phase 4: Manage the Enterprise.

The entrepreneur must employ these resources through implementation of the business plan. This involves implementing a management structure, as well as identifying a control system.

3 Summarize various barriers to the Entrepreneurship.

(a) **Answer:** Barriers To The Entrepreneurship

1. Lack of capital
2. Lack of technical knowledge
3. Economic business cycle
4. Non availability of raw materials & resources
5. Enfold regulations
6. Obsolescence of technology or idea
7. Unstable & unpredictable markers
8. Globalization & entry of foreign goods
9. Risk

[05]

C	L2
O2	

(b) Discuss the concept of market feasibility study.

Answer:

Market feasibility study

Feasibility study is a detailed work of collection of data analysis and concludes the feasibility of that operation. Market feasibility study involves the study and analysis of the following aspects. Market feasibility study will assess whether the product has good market. This needs to study the following.

Nature of market: The nature of market in terms of monopolistic or perfect competition is to be studied.

Cost of production: It is essential to study and control cost of

[05]

C	L2
O2	

production. Cost of production decides the selling price.

Selling price and profit: Selling price plays a vital role in profit. In price sensitive goods like cosmetics, one should be careful in fixing the price.

Demand: Present demand and demand forecast are prepared and studied. This will decide the facility planning.

Market share: Estimated market share is to be made. Comparison is made with share of similar products.

Target market: Study is made with regard to the target market and market segmentation

4 Classify the types of Entrepreneurs with examples

[10]

C
O2

L3

Answer:

Classification of Entrepreneurs according to the type of Business

According to the type of business, entrepreneurs shall be classified as Business Entrepreneurs, Trading Entrepreneurs, Industrial Entrepreneurs, Corporate Entrepreneurs, Agricultural Entrepreneurs, Retail Entrepreneurs, Service Entrepreneurs and Social Entrepreneurs.

1. Business Entrepreneurs

Business entrepreneurs are those who conceive an idea to for a new product or service and then create a business to convert their ideas into reality. These entrepreneurs may be found in small business units or big enterprises. They concentrate both on production and marketing activities. Example: A Printing Press, bakery or a textile unit.

2. Trading Entrepreneurs

Trading Entrepreneurs are those who undertake trading activities. These entrepreneurs do not concentrate on manufacturing activities. They give more emphasis on distribution and marketing of goods. They identify potential markets, create demand for the product and influence people to buy the product. Example: Agents and Wholesalers.

3. Industrial Entrepreneurs

Industrial Entrepreneurs are those who concentrate in industrial and production activities. They identify the needs of the customers and manufacture a product according to their needs. They are generally a product-Oriented entrepreneur. Example: A manufacturer of Automobile spare parts, computer accessories.

4. Corporate Entrepreneur

Corporate entrepreneurs are those who exhibit innovative skills in organizing and managing corporate undertaking. Example: A Trust registered under the Trust Act.

5. Agricultural Entrepreneur

An agricultural entrepreneur is one who concentrates on agricultural activities. These entrepreneurs concentrate on activities like raising agricultural production, marketing of fertilizers etc.

6. Retail Entrepreneurs

Retail entrepreneurs are those who undertake trading activities. They have direct contact with customers and hence they are customer oriented. Example: An entrepreneur running a departmental store

7. Service Entrepreneur

A service entrepreneur is one who provides services to customers. They make profit by rendering services. Example: An entrepreneur running a hotel or dry cleaning unit.

8. Social Entrepreneur

A social entrepreneur is one who provides importance to the society by serving them. He concentrates on social issues and does not aim to make profit. Example: A person running an orphanage.

Classification of Entrepreneur according to the Stages of Development

According to the Stages of development, entrepreneurs shall be classified as First Generation Entrepreneurs, Modern or Innovative Entrepreneurs, Classical Entrepreneurs and Inherited Entrepreneurs

1. First Generation Entrepreneur

A first generation entrepreneur is one who sets up an enterprise by his innovative skill. He combines various factors of production and provides marketable product or services by adopting innovative ideas. He is the first person to start an enterprise on his own. Though such a person may have the family background of some business, such entrepreneurs may also establish a certain business which may be unrelated to their family business.

2. Modern Entrepreneurs or Innovative Entrepreneurs

A modern entrepreneur is a dynamic entrepreneur. He always looks for changes and responds to the changing demand of the market. His business ventures suits the current marketing needs.

3. Classical Entrepreneur

Classical entrepreneur is a stereo type entrepreneur. He aims at maximizing profits at a consistent level. There may or may not be an element of growth. Survival of the firm is given more importance by these entrepreneurs.

4. Inherited Entrepreneurs

These entrepreneurs have inherited family business or possess experience from their family business. These entrepreneurs may like to diversify a little from their family business.

Classification of Entrepreneurs according to Motivational Aspects

According to motivational aspects, entrepreneurs shall be classified as Pure Entrepreneurs, Induced Entrepreneurs, Motivated Entrepreneurs and Spontaneous Entrepreneurs.

1. Pure Entrepreneur

A pure entrepreneur is a person who is motivated by psychological and economic factors. Entrepreneurial task is undertaken by them due to certain reasons. Ability to handle risk, desire to enjoy better status, desire to get recognition in the society, thirst for making money motivates a person to take up entrepreneurial activities.

2. Induced Entrepreneur

Induced entrepreneur are those who takes up entrepreneurial task due to the incentives and subsidies granted by the government. Financial and technical assistance provided by the government motivates a person to start new ventures.

3. Motivated Entrepreneur

They are motivated by the desire for their self-fulfillment. They emerge because of the possibility of producing and, selling new products. They are also motivated by economic factors.

4. Spontaneous Entrepreneur

A person, turns out to be an entrepreneur, because of the natural talent vested in him. These entrepreneurs have self confidence and emerge as challengers. They take up entrepreneurial activity in order to tap their talents. They have great self confidence in their talent and are highly resourceful.

Classification of Entrepreneurs according to Technological Aspects

According to Technical Aspects, Entrepreneurs shall be classified as Technical Entrepreneurs, Non-Technical Entrepreneurs and Professional Entrepreneurs.

1. Technical Entrepreneur

A technical entrepreneur is one who concentrates more on production activities. He has got sound technical knowledge. He utilizes his technical knowledge and demonstrates his innovative capabilities. He is also known as technocrat.

2. Non-Technical Entrepreneur

A non-technical entrepreneur concentrates more on marketing activities. He tries to find out new strategies for marketing goods. He also promotes his business by employing various marketing methods.

3. Professional Entrepreneur

Professional entrepreneur is a person who applies innovative ideas in setting up of a business. He is interested in establishing the enterprises rather than managing it. Once the business is established. the entrepreneur will sell the business to some one else.

Growth and Entrepreneurs

Growth Entrepreneur: Growth entrepreneurs are those who necessarily take up high growth industry which has substantial growth prospects.

Super Growth Entrepreneurs: Super growth entrepreneurs are those who have shown enormous growth of performance in their venture. The growth performance is identified by the liquidity of funds, profitability and gearing

Classification of Entrepreneurs According to Clarence Danhof

Clarence Danhof had classified entrepreneurs based on his study on American agriculture. He classified entrepreneurs into four categories.

1. Innovative Entrepreneur

An innovative entrepreneur is one who introduces new product, new service or new market. An innovative entrepreneur is also known as modern entrepreneur. An innovative entrepreneur can work only when a certain level of development is reached. These entrepreneurs introduce new changes and develop the business after a certain level of development is reached. They invent new products. Such

kind of entrepreneurs can be seen in developed countries, as large sum of money can be diverted towards research and development purposes.

2. Adaptive Entrepreneur

Adaptive entrepreneur is one who adopts the successful innovations of innovative entrepreneur. These entrepreneurs imitate the techniques and technologies innovated by others. These entrepreneurs can be seen both in underdeveloped and developing countries. They also make small changes in relevance to their market environment.

3. Fabian Entrepreneur

A fabian entrepreneur is one who responds to changes only when he is very clear that failure to respond to changes would result in losses. Such entrepreneurs do not introduce new changes. They also do not desire to adopt new methods. They are very shy and stick to old customs. They are very cautious.

4. Drone Entrepreneurs

These entrepreneurs do not make any changes. They refuse to utilize the opportunities and may also suffer losses. They are very conventional. They refuse to introduce changes. They even make losses but avoid changes. Sometimes they may be pushed out of the market.

5 Define ERP and discuss the importance of ERP.

[01+04]

(a) **Answer:**

Enterprise Resource Planning (ERP)

There are various ways in defining an Enterprise Resource Planning System. This is how it has been defined by American Inventory and Production Control System (APICS) dictionary:

“Enterprise Resource Planning: **An accounting oriented information system for identifying and planning the enterprise-wide resources to make, ship and account for customer orders.**”

Again in Internet encyclopedia, it has defined as “An enterprise planning system is an integrated computer-based application used to manage internal and external resources, including tangible assets, financial resources, material and human resources”.

Basically, an ERP combines several traditional management functions into a logically integrated system and facilitate the flow of information across these functions. It is designed to model and automate basic processes across the organization over a centralized database and eliminates the need of disparate systems maintained by various units of the organization.

Importance Of ERP

- **Business Integration and Improved Data Accuracy:** ERP system is composed of various modules/ submodules where a module represents a particular business component. If data is entered in one module such as receiving, it automatically updates other related modules such as accounts payable and inventory. This updating occurs at real time i.e. at the time a transaction occurs. Since, data needs to be entered only once at the origin of the transaction, the need for multiple entries of the same data is

	C	L1,
	O1	l2

eliminated. Likelihood of duplicate/ erroneous data is, therefore, minimized. The centralized structure of the database also enables better administration and security provisions, which minimizes loss of sensitive data.

- **Planning and MIS:** The various decision support tools like planning engines and simulations functions, form an integral part of an ERP system that helps in proper utilization of resources like materials, human resources, and tools. Constrained based planning help in drawing appropriate production schedules, thereby improving the operation of plant and equipment. As a part of MIS, an ERP system, contains many inbuilt standard reports and also a report writer that produce ad hoc reports, as and when needed.
- **Improved Efficiency and Productivity:** In addition to provision of improved planning, ERP system provides a tremendous boost to the efficiency of day to day and routine transactions such as order fulfillment, on time shipment, vendor performance, quality management, invoice reconciliation, sales realization, and cash management. Cycle time is reduced for sales to cash and procurement to pay sequences.
- **Establishment of Standardized Procedures:** ERP system is based on processes of international best practices, which are adopted by the organizations during implementation. Department silos are purged, and maverick practices are done away with. Because of top-down view available to management, chances of theft, fraud and obsolescence are minimized.
- **Flexibility and technology:** Due to the globalized environment, where production units, distribution centers, and corporate offices reside in different countries, organizations need multi-currency, multi-language and multi-accounting modes, in an integrated manner. These provisions are available in most of the ERP systems, particularly in products offered by tier 1 and tier 2 vendors. ERP vendors are also quick to adopt latest technologies, from mainframe to client server to the internet. Unlike a bespoke system, Upgrading to latest technology for a running ERP system is uncomplicated, involving mostly adoption of service packs and patches.

Explain the significance of project report.

[05]

(b) **Answer:**

Significance of project report

1. Tracking

Our first project reporting gem is [tracking](#). Reporting allows you, your team, and stakeholders to track the current progress of the project against the original plan. Some items to track include Tasks, Issues, Risks, budget, schedule, and overall project health.

2. Identifies risks

Identifying risks is a key step to better projects. With the right reports, you can spot a risk early on and take action, or ask your project stakeholder for help. Reporting on risks also makes it easier for the team to work on the problem.

C O2	L4

3. Cost management

Cost management is tricky. But with regular reporting, it's easy to view your expenditure clearly and manage your budget with full visibility.

4. Visibility

One aspect of project management we are often asked about is [visibility](#). Reporting increases the amount of visibility into your projects and will give you full insight into how your project is performing, be it good or bad.

5. Control

Reporting puts you in control of your project. It allows you to see the progress, stagnation, or regress of certain elements, how team members are performing, and the quality of work completed.

6. Learning

Information provided by project reporting on completed tasks can inform future actions. For example, you may figure out that project communication was an issue and make changes to the communication plan for your next project.

7. Drives project success

If there's an element of your project that requires reporting, people report on it. If there's an element that doesn't, people obviously don't. The knock-on effect? That neglected part of your project falls by the wayside and you and your team are not working as efficiently as you could be.

- 6(a) Discuss the guidelines by planning commission for project report.
a) **Answer:**

[10]

C
O2 L2

GUIDELINES BY PLANNING COMMISSION FOR PROJECT REPORT

Planning commission of India issued some guide lines for preparing/ formulating realistic project reports. The project formulation stage involves the identification of investment options by the enterprise and in consultation with the Administrative ministry the planning commission and other concerned authorities. The summery of the guidelines by planning commission are presented here.

General information:

The feasibility report must include the analysis of the industry to which it belongs. The report should deal with description of type of industry, its priority, past performance, increase in production, role of public sector, technology, allocation of funds and information about the enterprise.

Preliminary Analysis of alternatives

The details like gap between demand and supply of proposed products,

availability of capacity, list of all existing plants in industry, indicating their capacity, level of production attained, list of present projects and list of proposed projects. All technically feasible options are considered here. Location of plant/ project, requirement of any foreign exchange, profitability, return on Investment, alternative cost calculations etc., are to be presented.

Project Description

The feasibility report should provide a brief description of the technology/process selected for the project, information pertaining to the selection of optimal location, population, water. Land, environment, pollution and other environmental problems etc., are to be provided.

The report should contain details of operational requirements of the plant, requirement of water, power, personnel, land, transport, construction details for plant and offices etc.

Marketing plan:

The details like marketing plan, demand, target price of product, distribution methods etc., are to be presented.

Capital requirements and costs

Information with regard to capital requirement and costs with breakup are to be provided. The estimates should be realistic and based on logical information.

Financial Analysis

Financial analysis is essential to assess the financial viability of the project. A proforma balance-sheet, details of depreciation, clearance for foreign exchange, details of any income tax rebate, incentives for back work areas are to be included.

Economic Analysis

Social profitability analysis is to be made. Impact of the operations on foreign trade, direct costs and benefits are to be included in the report.

Miscellaneous aspect

Depending upon the nature and size of operation of a particular project, any other relevant information may be included in the project report.

--	--

PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9	PO10
						5a		1a1b 2a
						3b		3a

Cognitive level	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.