

ENTREPRENEURSP

Chapter 7: RESOURCE MOBILIZATION



RESOURCE MOBILIZATION

FACTS THAT MATTER -

- ❖ **Resources** are the life blood of any economic activity. “Anything or means (physical tangible/ non-physical-tangible) required or required to support the activities of organisation to achieve predetermined organizational goals are referred as Resources.
- ❖ **Planning** out effective “Resource Mobilization”.
 - Evaluate and judge the need for resource.
 - Identify the type of resource required.
 - Locate the availability of resource.
 - Effective communication with the suppliers of resources.
 - Evaluate the quality and quantity of resources required.
 - Identify problems pertaining to mobilization of resources.
 - Arrange funds for acquisition of resources.
 - Plan out inventory management for the procured resources.
- ❖ **Basic Resources** are:
 - Land
 - Labour
 - Capital
- ❖ **Other Resources** vary from enterprise to enterprise, but commonly comprise of:
 - Entrepreneurship
 - Energy
 - Expertise
 - Information
 - Management
 - Machines
 - Materials and Methods
- ❖ **The requirement of resources depends upon:**
 - Nature of activity

- Size of activity
- Product specification
- Type of business activity

❖ **Business resources can be grouped as:**

- Physical
- Material
- Human
- Intangible
- Financial

❖ **Physical Resources:** Meaning, examples and selection process

❖ **Material Resources:** Meaning, examples and important decisions regarding the arrangement of material resources. Points to be considered by an entrepreneur for financial resourcing:

- How much finance is needed?
- Terms for which finance is required-long term, short-term and medium term
- Sources of generating finance-Owners fund's and borrowed fund's
- Intangible resources

❖ **Financial Planning:** Financial planning is the process of determining objectives, policies, procedures, programmes and budgets to deal with financial activities of an organisation.

❖ **Objectives of Financial Planning:** Raising of funds, deployment of surplus funds.

❖ **Importance of Financial Planning:** Availability of funds at right time, cost effectiveness, Optimum use of funds, Coordination among different business functions, Avoidance of wastages of resources.

❖ **Types of Capital Requirement:** Fixed Capital requirement (invested in fixed assets). Working Capital requirement (invested in current assets for day-to-day operations). Factors affecting working capital requirements and its arrangements:

- Capitalization
- Capital Structure:

❖ **Types of sources of finances:**

- Equity Financing/Ownership financing
- Personal Financing
- Venture Capital
- Debt Financing: Meaning and sources of raising funds.

❖ Types of Mentoring:

- **On the basis of construction mode:**

- Formal Mentoring
- Informal mentoring

- **On the basis of delivering mode:**

- One to One mentoring
- Online Mentoring
- Group Mentoring
- Peer Mentoring

- **Information normally comes from:**

- Government Agencies
- The Private Sector

Information resources centre Primary, Secondary, Tertiary Methods of collecting data: Census method and Sample method.

Words That Matter -

- ❖ **Resources** are the life blood of any economic activity. “Anything or means (physical tangible/ non-physical-tangible) required or required to support the activities of organisation to achieve pre-determined organizational goals are referred as resources.”
- ❖ **A mentor** is a trusted guide, advisor, wise, intellect person who uses his mind creatively especially in occupational settings.
- ❖ **Mentorship** is a developmental partnership through which one person shares knowledge, skills, information and perspective to foster the personal and professional growth of someone else.
- ❖ **Business Mentor:** The person, well established, capable and willing to offer

invaluable advice, support and guidance to a new entrepreneur is referred as 'Business Mentor'. The term business cycle is also called as economic cycle or boom-bust cycle.

- ❖ **Owner's Fund:** This is that part of capital that belongs entirely to the entrepreneur.
- ❖ **Borrowed Funds:** Entrepreneur can if required raise capital from outsider.
- ❖ **Material:** All those inputs which are used through a process and output is produced.
- ❖ **Goodwill:** The difference between the value of the tangible assets of the business and the actual value of the business (some one who is ready to pay for it.)
- ❖ **Trade credit:** It refers to the credit extended by the supplier (seller) to the buyer. Under this arrangement, credit is not granted in cash. The goods are sold on credit.
- ❖ **Gestation Period:** The period between the time of initial investment and commercial production.
- ❖ **Reputation:** It is how your business is perceived through the eyes of your customers, suppliers, employees and other interested parties, such as your bank manager or a potential investor.
- ❖ **Finance:** It may be defined as the provision of money at the time it's wanted.
- ❖ **Business Finance:** It refers to the acquisition and utilization of capital funds in meeting the financial needs.
- ❖ **Financial Planning:** Financial planning is the process of determining objectives, policies, procedures, programmes and budgets to deal with financial activities of an organisation.
- ❖ **Fixed Capital:** It is the funds required for the acquisition of those assets that are to be used over and over for a long period.
- ❖ **Working Capital:** It refers to that part of the capital which is needed for meeting out day- to-day operational expenses.
- ❖ **Capitalization:** It is the long-term funding that allows a business firm to operate
Capital Structure: "The makeup of a firm's capitalization" is capital structure. (OPM) OTHER PEOPLE'S MONEY-sources of finances from other sources.
- ❖ **Equity:** It refers to the capital invested in an enterprise by its owners.
- ❖ **Retained Profits:** It is undistributed profits of the business or retained with the

business.

- ❖ **Preference Shares:** Those shares which are entitled to a priority in the payment of dividend and repayment of capital.
- ❖ **Seed Capital:** It is initial capital of the enterprise provided to an entrepreneur to prove the feasibility of a project.
- ❖ **Start Up:** Product development and initial marketing, but with no commercial sales yet funding to actually get company operations started.
- ❖ **Personal Financing:** The initial investment made by an entrepreneur through his personal cash or converts his assets into cash for investment.
- ❖ **Venture Capitalist:** These are investors and investment companies whose specialty is financing new, high-technology oriented entrepreneurial ventures.
- ❖ **Debt-financing:** It is a financing method involving an interest-bearing instruments or it is a loan, the entrepreneur is to pay back the amount of funds borrowed and interest amount within the term period.
- ❖ **Debentures:** A debenture is a written instrument acknowledging a debt containing fixed rate of interest and repayment of debt after specific period.
- ❖ **Public Deposits:** When an entrepreneur invests the general public to deposit their savings with his company, for a period not exceeding 36 months with some rate of interest.
- ❖ **Overdraft:** A temporary arrangement in the form of a permission granted to the customers to withdraw more than the amount standing to his account.
- ❖ **Discounting of bills:** It is an arrangement, where the bank encashes the customer's bills before maturity date.
- ❖ **Loans and Advances:** A loan is a lump sum advance made for a specified period by bank or other financial institutions with certain rate of interest.
- ❖ **Grants:** When government makes financial assistance available to an entrepreneur encourage enterprise, (tax revenue through payers).
- ❖ **Small-Scale (SSI):** It means that industrial unit whose investment in plant and machinery does not exceed Rs. 5 crores.
- ❖ **Tiny sector:** Whose investment in plant and machinery is up to Rs. 25 lakhs.

- ❖ **Auxiliary:** A small-scale industry unit when it supplies not less than 50% of its production to another unit.
- ❖ **Sources of information:** An information source is where you got your information from which can be useful for the operational process of an organisation.
- ❖ **Primary collection:** The data is collected by the investigator himself/herself, for the first time.
- ❖ **Secondary collection:** Already collected information through or original information, which can be modified, according to requirement or purpose.
- ❖ **Census method:** When all the units associated with a particular problem are studied.
- ❖ **Sample method:** Technique of data collected from the sample or group of items taken from the population.
- ❖ **Business** is an economic activity which involves production or processing and sale or exchange of goods and services at regular basis with an aim of earning profit.
- ❖ **Industry:** Refers to all economic activities involved in converting raw materials into finished products which are ultimately consumed by consumers.
- ❖ **Types of Industry:** Primary industry, Secondary industry and Tertiary industry.
- ❖ **Producer's Goods:** The goods produced by one enterprise and used by other enterprises as raw material for further production.
- ❖ **Consumer Goods:** The goods used by final consumers for deriving personal satisfaction.
- ❖ **Secondary industries** are the industries which are concerned with the changing forms or transformation of the materials provided by primary industries.
- ❖ **Commerce** refers to all those activities which facilitates exchange of goods/services or relates to the transfer of goods from place of production to ultimate consumers.
- ❖ **Components of Commerce are:** Trade and Auxiliaries.
- ❖ **Trade** can be Home or Foreign trade.
- ❖ **Auxiliaries to trade** are transportation, banking, insurance, warehousing, advertisement and salesmanship.