

ENTREPRENEURSHIP

CHAPTER 2: ENTREPRENEURIAL PLANNING



Entrepreneurial Planning

Entrepreneurial Planning -

- ❖ **Entrepreneurial activities are of three major categories:** Manufacturing, trading and service providing.
- ❖ **Business** is 'A state of being busy or occupied'.
- ❖ **Activities** undertaken to earn monetary benefits are called economic activities.
- ❖ **Activities done out** of love and affection and not to earn monetary benefits are called non-economic activities.
- ❖ **There are three main forms of enterprises:** Public Sector, Private Sector, Joint Sector, etc.
- ❖ **Partnership:** Two heads being better than one.
- ❖ **The Business Plan** is a comprehensively written down document prepared by the entrepreneur.
- ❖ **Business plane** is sub-plans from diverse avenues of business, related to:
 - Marketing - Finance
 - Operations - Human - Legal
- ❖ **Business plan** is prepared by an entrepreneur with the assistance of experts & professionals from diversified fields.
- ❖ **Four C's of credit are:** Character, Cash Flow, Collateral and Contribution (equity)
- ❖ **Depending** upon the entrepreneur's experience, knowledge and purpose, following are the basic components/ parts of a Business Plan.
 - Executive summary — Industrial analysis
 - Description of venture — Production plan
 - Operation plan — Organizational plan
 - Financial plan — Marketing plan
 - Manpower plan
- ❖ **Executive summary** highlights in a concrete and convincing manner, the key provisions in the Business Plan, yet stimulating the potential investors that the entire plan is worth reading.

- ❖ **Objective of production plan** is to plan the work in a manner that each step to be taken in the right place, right degree, right time and efficiently.
- ❖ **Operations plan** is the soul of business plan.
- ❖ **Organizational plan** is that part of business plan which describes to proposed venture's form of ownership.
- ❖ **Financial plan** is a projection of the financial data about the potential investment commitment needed for the new venture and economic feasibility of the enterprise.
- ❖ **In order to build up** loyal, efficient and dedicated personal, entrepreneurs needs to pay adequate and proper attention to human resource planning.
- ❖ **Marketing plan** is a guideline regarding the marketing objectives, strategies and activities to be followed by any enterprise.
- ❖ **Formalities for starting a business:**
 - Obtain PAN Number from Income Tax Department — Open a Current Account
 - Register a Limited Liability Partnership (LLP)
 - Register Your Company (Pvt. Ltd/Public Limited Company)
 - Register For Service Tax — Register for VAT/ Sales Tax — Excise Duty (Check Applicability)
 - Shop & Establishment Act — Customs Duty
 - File Entrepreneurship Memorandum at DIC (Optional)
 - Apply for TAN
 - Find State Specific Guidelines & Procedures
 - Permissions Required at the Construction Stage Employee's Provident Fund — Employees State Insurance (ESI) Scheme.

Words That Matter -

- ❖ **Business:** Business is 'a state of being busy or occupied'.
- ❖ **Economic activities:** Activities undertaken to earn monetary benefits are called economic activities.
- ❖ **Non-economic activities:** Activities done out of love and affection and not to earn monetary benefits are called non-economic activities.
- ❖ **Organizational Plan:** Organizational plan is that part of business plan that describes to proposed venture's form of ownership.

- ❖ **Financial Plan:** Financial plan is a projection of the financial data about the potential investment.
- ❖ **Marketing plan:** Marketing plan is a guideline regarding the marketing objectives, strategies & activities to be followed by any enterprise.
- ❖ **Proforma income statement:** Proforma income statement is a projected net profit calculated from estimated revenue minus projected costs and expense.
- ❖ **Break even analysis:** The Break even analysis is a process of determining a point where firm neither makes profit nor a loss.
- ❖ **Target market:** Target market refers to the specific group of potential customers whose needs the enterprise aims to fulfil.
- ❖ **TAN:** TAN or Tax Deduction and Collection Account Number is a 10 digit alpha numeric number required to be obtained by all persons who are responsible for deducting or collecting tax.
- ❖ **Elevator pitch:** Elevator pitch is a three minute summary of the business plan's executive summary.
- ❖ **Production Plan:** Production plan is the planning of industrial operations involves four considerations, namely, what work shall be done, how the work shall be done and lastly, when and by whom the work shall be done.
- ❖ **PAN:** Permanent Account Number (PAN) is a ten-digit alphanumeric number, issued by the Income Tax Department.