LECTURE NOTES
ON

Entrepreneurship and Management & Smart Technology

For

5th sem, Electrical Engg. (Diploma)

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ENTREPRENEURSHIP

→ Studying entrepreneurship and innovation enhances one analytical and logical skills that enable one to solve any problems and eases pain points with the help of innovative products and services.

→ The study of management will provide you with the tools and skills needed to land leadership positions, head up your own company as well as manage teams, individual and organization effectively.

→ Smart → Self Monitoring

Smart Technology – Smart Home, Smart cities, Smart Transportation, smart Healtcare, smart Agriculture

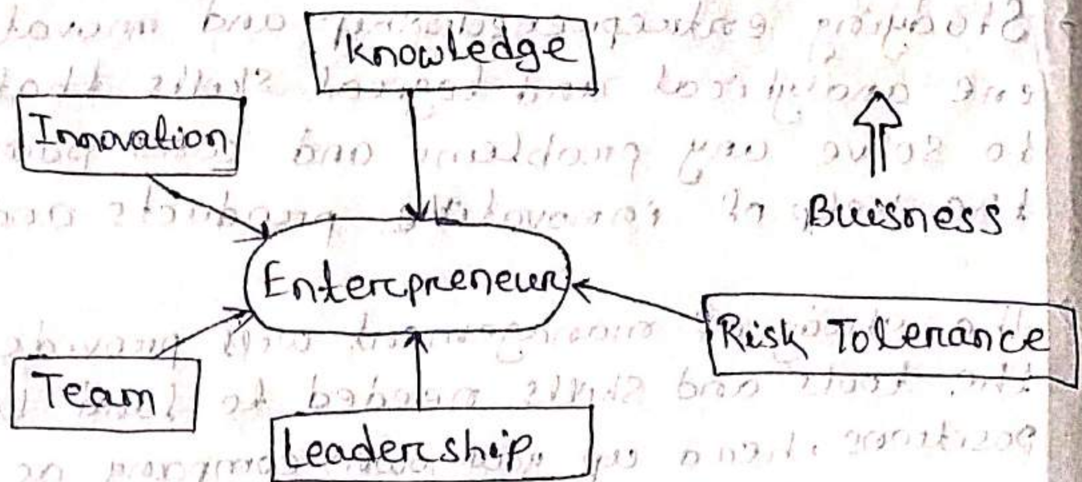
A smart city is a technologically modern urban area that uses different types of electronic methods and sensors to collect specific data.

BBSR → Top 5 companies → Infosys, Wipro, TCS, Tech mahindra, Mindtree.

Entrepreneurship:- The process of setting up a buisness taking it from an idea to realization.

Entrepreneur:- An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of rewards.

* The process of creating a new enterprise and bearing any of it's risks the view of making profit.



Need of Entrepreneurship:-

→ Life line of a nation
→ Provides innovation
→ change of growth/Inclusive growth
→ Increased profits
→ Employment oppertunities
→ Social benefits.

① Life line of a nation:-

No country can progress without the development of entrepreneurship. Every country is trying to promote its trade so that it is able to share the benefits of development. Therefore, entrepreneurship is the yarshick to measures the level of development of a country.
Ex-Barter system

② Provides innovation:-

Innovation is important in entrepreneurship
↓
Heart of entrepreneurship

Entrepreneurship provides new ideas, imagination and vision to the ~~entrep~~ enterprise. An entrepreneur is an innovation as the tries to find new technology, products and markets.

Ex:- Nokia

Concept of Entrepreneurship:-

Entrepreneur	Entrepreneurship	Enterprise
Person	Process of Action	Object

③ Change of Growth:-

An enterprise operates in a changing environment

Ex:- Business Account (Automation)

An order to meet the challenge of Automation and complexity of enhanced technology, there is a need for development of entrepreneurship.

④ Increased profits:-

(i) Sales ↑ses

(ii) Cost ↓ses

⑤ Employment opportunities:-

Entrepreneurship and its activities provide the max^m employment potential. Large nos. of persons are employed in entrepreneurial activities in the country.

⑥ Social benefits:-

By every innovation, the standard of living is also increasing. (by providing good quality product and services at the lowest possible cost.)

Types of Entrepreneur

(I) Innovative Entrepreneur

(II) Imitating

(III) Fabian

(IV) Drone

(I) Inovative Entrepreneur.
These are the ones who invent the new ideas, new products, new production method, discover potential market & reorganise the company structure.

→ These are the industry leaders who contribute significantly towards economical development.

(ii) Imitating Entrepreneur:
These are the one who immediately copy the new invention made by the inovative entrepreneur.

→ These do not make any inovation by themselves, they just imitate the technology processes, methods pionured by others.

(iii) Fabian Entrepreneur:-
These type of entrepreneur are skeptical about the changes made in the organisation.

→ They do not initiate any inventions but follow only after their satisfied with it's success rate.

(iv) Drone Entrepreneur:-
These are the entrepreneurs that are reluctant to change since they are vary conservative & do not want to make any changes in the organisation.

→ They are happy with their present mode of business & do not want to change even if they are suffering losses.

IMP **Barriers in Entrepreneurship:-**

① Financial Barrier

② Personal Barrier

→ Lack of motivation & Management

→ Inability to depend on or trust others

→ Lack of patience

→ Lack of confidence

→ Lack of vision

→ Sense of pride

3- **Environmental Barrier:-**

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→ Raw materials

→ Machinary

→ Land & building

→ Infrastructure support

→ Labour

4- **Political Barrier:-**

→ It provides the legal frame work within which buisness is to function.

→ This environment is influenced by political organisation, stability, govt. intervention in buisness, constitutional provisions.

5- **Social Barrier:-**

→ Cast and relegious affiliations often act as opstacles in the way of buisness

→ Financial stability & family back grounds also have to kept in mind. These can impact the operations & development of an entreprise.

→ Sociocultural norms & values of ~~an~~ act as barriers for modern day entrepreneur.

→ Degree of ~~the~~ disapproval & approval of entrepreneur behaviour.

Entrepreneur	Manager
→ Entrepreneur is a visionary and bears all financial risks.	→ Manager works for salary and does not bear any risk.
→ Focuses on starting and expanding the business ideas.	→ Focuses on daily smooth functioning of business.
→ Key motivation for an entrepreneur is achievements.	→ ~~For~~ Key motivation for a manager comes from the power that comes ~~with its~~ from his position.
→ Rewards for all the efforts is profit, he earns from the ~~enter-~~ enterprise.	→ Remunaration (money paid for work or service) is the salary he draws from the company.
→ Entrepreneur can be informal & casual.	→ Manager approach to every problem is formal.

Forms of Business:-

1- Sole - proprietorship
2- Partnership
3- Joint stock company
4- Cooprative society

1. Sole - Proprietorship:-

The word sole means single or one & proprietor means owner. This is the oldest form of business.

→ A sole proprietorship is a business owned by one person. Most soleproprietorship are small business operations is owned by an individual.

Important features of sole proprietor ship:-

→ Sole ownership
→ Oneman control
→ Unlimited risk
→ Undivided risk
→ No govt. regulation

Advantages of sole proprietorship:-

1. Quick Decisions:-
→ All the decission are taken by the proprietor for himselves & he is not supposed to concerned anyone & ~~waste~~ waste time.

2. Confidentiality:-
→ Sole-proprietor is not expected to share his secrets with other.
→ There is no legal compulsion for a sole-proprietor to publish his accounts.

3. Direct incentive:-

→ There is a direct relation betⁿ efforts & awards.

→ Extra efforts may lead to more profits & which will motivate the sole-owner.

4. Sense of accomplishment:-

Personal satisfaction is involved in working for one self.

5. Easy to form and dissolve:-

→ Easy to form as no legal formalities are involve in setting of your business.

→ The owner can close the business whenever he desires without any legal formality.

Disadvantages:-

1. Limited Resources:-

→ Finance is supplied by the properiortor himselves from his wealth and from borrowings.

→ There is a limit to the credit raising capacity of a single person.

2. Limited life of business:-

→ If the proprietor fall ill, or becomes insolvent the business comes to an end.

3. Unlimited Liability:-

→ Sole proprietor is personally liable for all the debts.

→ Incase of heavy losses the owner will not only loose his business assets but he may have to sell his personal property to pay his debts.

4. Limited Managerial skills:-

→ A single individual can not be expert in all the fields.

→ Sole proprietor generally can not efford to appoint specialise & expert employees.

→ Sole proprietor is over burdened with too many tasks.

2. Partnership :- 30/09/22

A partnership is a business is owned by two or more persons.

→ Partners are co-owners agree voluntarily to operate the business for profit.

→ when a partnership is formed the partners sign a special legal agriment.

Features of partnership:-

- Two or more persons
- Profit & loss sharing
- Unlimited liability
- contractual relationship
- Utmost good faith & trust
- Restriction on transfer of mony

Advantages of partnership:-

→ **Easy to form**

It is easy to form as no legal formalities are required to be completed.

→ Even resistration of partnership form is not compulsory according to partnership act 1932.

→ **Balanced decission making:-**

Partners can devide their work according to their skill and knowledge.

→ Division of works leads to specialisation and efficiency in management.

→ **Larger financial resources:-**

All the partners contribute some amount of capital due to which the financial resources of partnership becomes larger than sole propejriortor.

→ **Risk sharing:-**

All the partners share the risk in the same ratio as they share the profit.

→ Sharing of risk motivates partners to undertake risky project and earn more profite.

→ **Secrecy:-**

→ It is not required for the partners to publish their accounts.

→ All the activities of partnership are carriedout by the partners and they take all the decision hence their is no chances of leakage of business secretes.

Disadvantages of Partnership :-

1- **Unlimited liability:-**
Incase of losses the partners will not only loose their business property but creditors can claim over their personal property to clear all the debts.

2. **Conflicts:-**
Partners may form different attitude towards different situations. If
→ If partners adopt a rigid attitude then it may lead to conflicts among the partners.

3- **Limited Resources:-**
Partnership face problems of expansion as their is restriction on the no. of partners. and hence contribution in terms of capital investment is not sufficient for large entrepreneurs.

4. **Lack of continuity:-**
Existance of partnership gets affected by death, insolvency or incapacity of anyone partner.
→ A partner can demand dissolution of the firm if he or she desires.

5. **Lack of public confidence:-**
→ Public has less faith/trust on partnership firm becau.

3. Joint Stock Company :-

Joint stock company is a voluntary association of individuals for profit having a capital divided into transforcable shares the ownership of which is the condition of membership.

Joint stock company is a large scale organisation.

Features of JSC :-

1. Separate legal entity :-

Company can carry on business in it's own name, it can buy or sale assets in it's own name, it can enter into a contract in it's own name and the company & it's members are sheparate individuals.

2. Artificial person :-

→ Company is an artificial person created by law.

→ It's operations are performed by the elected representatives of member called as director, although business is run in the name of the company.

3. Registration :-

It is legally compoulsory for the company to get it self registered according to the companies Act 2013. Without registration no company can come into existance.

4. Perpetual succession :-

Company has continuous existance independent of it's members.

→ Company is created by law & only law can bring an end to it's existence.

→ Death, insolvency or incapacity of any member does not effect the existance of company.

→ Life of the company can come to an end through legal procedure of winding up.

5- Common seal :-

→ Being an artificial person company can not sign.

→ Activities of the company are carried out through a group of people.

→ Any one acting on the behalf of the company can use common seal in place of signature of the company to bind the company.

6- Transferability of shares :-

→ Capital of the company is divided into shares.

→ The shares of the company can be freely transferable by it's members.

→ Share-holder is free to withdraw his membership from by shelling his share.

7- Separation of ownership and control :-

→ Company form of business is owned by the share holders.

→ Directors manage & controll the activities of the company by apointing professional experts.

8- Limited liability:-
Liability of the members is limited to the extend of their share capital contribution in the company.

Advantages of joint stock company:-

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4. Growth & Expansion :-

→ More scope for growth & expansion as the company has large financial resources & their profit is also high.

→ Company can easily use large amount of retained profit for expansion & growth.

5. Efficient management :-

Company form of business has huge funds so it can afford to higher professional experts to perform managerial & other activities which improve efficiency.

6. Huge amount of capital :-

→ Company can collect large amount of capital by issuing shares to the general public.

→ Apart from the share capital the company can collect funds by raising loans from the financial institution or by issuing debentures and other securities.

Disadvantages of JSC :-

1- Complexity in formation

→ Formation involves a lengthy & complicated procedure

→ Many legal formalities has to be completed many documents has to be prepared & submitted & various permission has to be obtain.

→ Experts are hired for performing all these activities.

2. Lack of secrecy:-
Company is required to provide a lot of information to the office of registrade. registrade of company as per companies act.

3- Impersonal work environment:-
Company is not manage by owners but it is managed by professional manager.
→ These manager get salary for their services so their is no direct relation betⁿ efforts & rewards.

4- Numerous Regulation:-
Company has to complyee with various legal formalities at different stages & their is penalty if the company fails to meet the legal formalities.

5- Delay in decisions:-
→ All the important decission are taken in the board meeting or after consoulting various persons.
→ Decission which are taken in the board meeting are need to be communicated to every person which is again a lengthy process.

6. Oligarchic Management:-
→ Company is in the ends and control of few people called director.

→ Directors take all the decission keeping in mind their personal interest & benefite ignoring the interest of share holders &

and the company.

7. Conflicts of interest:-

→ Various group of people are involved in the company. They include owner, directors, managers, share holders employees etc.

→ Each have ~~bean~~ their own interest so there is chances of conflicts among the people.

4. Cooperative Society:-

Cooperative society is a voluntary association of persons who join together for mutual help.

→ The minimum no. of persons required for a cooperative society is 10.

→ In this form of organisation, the main motive is not to earn proffit ~~&~~ but mutual help of it's member.

→ According to the Indian cooperative societys ~~act~~ Act 1912: cooperative organisation is a society which has it's objective for the promotion of economic interest of it's member in accordance with the cooperative principles.

Features of cooperative society:-

1. Voluntary association:-

Any person can join the cooperative society if he/she has common interest.

→ Members can leave whenever they desire to by giving a notice.

→ No restriction on entry or exit of it's members.

2- Legal Status:-
It is compoulsory for a cooperative society to get itself registered under the cooperative society act.

→ After resistration the cooperative organization Get a separate legal which means the cooperative society is sprade from it's members.

3- Limited Liability:-
Liability of it's member is limited to the entend of amount contributed by them.

→ Power to take decission

4- Controlled:-
The power to take decissions lies in the hands of elected managing commity.

→ The commity is elected by voting through it's member.

5- Service motive:-
The main motive is to provide service to it's members & not to earn proffite.

→ Earning proffite is the secondary motive.

6- Equal voting rights:-
"One person one vote" implies all the member get only one voting right irrespective of capital contributed by them.

→ Rich members by taking more shares can not dictate their terms.

Advantage

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2. Limited Liability:-

→ Liability of it's member is limited to the extent of amount contributed by them.

→ Power to take decission.

3. Stable existance:-

Death, insolvency or in capacity of any member will not effect the existance of cooperative society.

4- Economical functioning:-

Most of the activities are performed by it's members themselves & ~~by~~ puwhole purchas. goods & raw material, the middle man are eliminated so they can get the goods & raw material at low cost.

CHEPT- 2

BUSINESS PLANNING

1- Get inspired
2- Do your research
3- Make a plan
4- plan your finances
5- Decide your business structure
6- Pick & register your business name.
7- Permits & licenses from Govt.
8- Decide the location of business
9- Choose your accounting system
10- Promote your business.

IMP Business Planning:-

A business plan is a road map that provides direction so a business can plan it's future and helps it to avoid bumps in the road.

→ A business plan is a written document that describes the business it's objectives, it's strategies, market it is in and it's financial forecast.

Purpose of business plan:-

The business plan generally serves to main functions.

→ It provides you with the detail set of guidelines setting out how to start your business? what it will cost to setup?, what resources are required to ensure the success of busine what net income you expect? how long it will take to reach break even operating level?

→ The business plan may be used to convince banks or investor that your prospective busine is ~~vabal~~ Viable and can be used to find financial support for the business.

Components of Business planning:-

(1) Title and Table of contents:-

The title page should include the name of the partnership, the period of time the plans covers. The date that the plan was prepared as well as a contact person, phone number and address. The title page should look professional. The table of contents list the topics covered in the plan.

(2) Executive Summary:-

→ The executive summary provides an overview of the business plan as a whole & highlights what the business plan will cover.

→ It is usually completed at the last so that you have a complete understanding of your plan and can summarised effectively.

→ It is basically one or two pages long.

(3) Business Description:-

This is the main body of the business plan dealing with the goals & objective of the business as well as the customer ~~to~~ you will serve.

→ It provides what goods and services you will offer to the customer & how these goods will address customers needs & wants.

(4) Marketing Plan:-

This provides details of everything about getting your products & services to customer including identifying your targed customer where they leave or other demography.

→ It also describes how you will promote your brand & products & services and the distribution channel you plan to use to get your products to your customers.

(5) Organization & Management:-

The section defined how your company is structured and how it will run. It should describe the legal structure of your business.

→ It includes an organizational ~~chat~~ chart that ~~dappings~~ depicts the hierarchy of the company: separate departments & to manages them. It breafly describe the rules & responsibility of member & how they contribute to company's success.

(6) Financial Plan:-

The financial plan is the key component of the business plan.

→ The financial plan is also a valuable tool for creditors or govt. agencies when evaluating the partnership needs & the use of funds.

→ The financial plan consist of an incom statment balance sheet, a capital sales & purchases and a financing schedule.

* Cash flow Summary:-

cash flow is a major of how much case a business brought on spend in total over a period of time. cash flow is typically brokendown into cash flow from operating activities, investing activities & financing activities.

Balance sheet:-

It is also called as the statement of financial position. It serves as a ~~snap~~ ~~short~~ snapshot of the most comprehensive picture of an organization. It reports on organizations financial situation. It reports on organizations assets & liabilities.
(what is owned) (what is owed)

3- Financial Schedule:-

Financial Schedule is also called as loan summary. It provides the ~~b~~reader with a snap ~~short~~ view of existing & new loans that will be held in a business.

Small Scale Industries (SSIs)

- Labour intensive
- Machine Intensive
- This industries constitute a crucial part in industrial sectors for developing countries like India.
- A small scale industry are both industry in which manufacturing, production and rendering (generating) of services are drawn on small or micro scale.

→ These industries make one time investment in machinary, plants and equipments which should not exceeds 10 crore, and the annual income should not exceed 50 crore.

Objective of SSIs :-

→ It create more employment opertunities.
→ To help develop the rural and underveloped regions of economy.
→ Proper utilization of unexploited resources.
→ It ~~increases~~ improves the standard of living.
→ To ensure equal distribution of income & wealth.
→ To adop the latest technology which aimed at producing quality goods at lower cost.

→ Types of SSIs :-

1- Manufacturing Industries
2- Ancillary Industries
3- Service Industries
4- Export Industries
5- Cottage Industries
6- Village Industries

1- Manufacturing Industries :-

The manufacturing industry manufacture furnished boast for conjuction or further used it in processing. Some of the example for manufacturing industries are food processing industries, power looms, engineering industries etc.

2- Ancillary Industries:-

Ancillary industries manufacture components for other manufacturers. These manufacturers than assemble the final product.

→ Big companies manufactured furnished goods but they do not make all the parts by themselves. The vendors of big companies are called as ancillary industries.

→ The investment in fixed accets in plants and machinary does not exceeds 75 lakhs.

3- Service Industries:-

Service based industries are not involve in any kind of manufacturing products they only provide services like repair, maintenance and upkeep of the products after sale.

4- Export Industries:-

An small scale industry is consider as an export unit when exporting his 50% of production.

5- Cottage Industries:-

The cottage units are considened as small scale ~~co~~ industries when they do not involve a dedicated facilities and are carried out on the living space or houses of the owners.

6- Village Industries:-

A SSIs is considered as village industries when they are establish in rural areas and are not a part of organised sector. There industries typically depend on human labour for production.

* Tiny Industries:-
A unit is treated as tiny industry where the investment in plant and machinary should not exceed 25 lakhs. Ex- Pools, Parlors, shops etc.

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Time Schedule Plan:-

→ This is one of the most important element in the development plan.

→ Scheduling includs all the key work elements as well as the stages by which the product must pass before reaching to customers.

→ When producing the schedule provide a column for his procedural task, how long it takes start date & end date.

* 7 management strategies for busy entrepreneurs

1- Breakdown your activities into simple problem
2- Create a prioritising system.
3- Start with a simple task
4- Reality check
5- Create a long term road map
6- Take regular brakes for brain storming.
7- Improve your strategy.

Assesment of Demand & supply in potential areas of growth:-

Demand:-
Demand refers to how much of that product item or services consumers are willing and able to purchase at a perticular prise.

Supply:-

supply means how much the producers of a product or service are willing to produce & can provide to the market with limited amount of resources available.

* when the supply of a product goes up the price of the product goes down & the demand for the product will rise.

→ At some point too much of demand for a product will cause the supply to diminished & hence the price will increase.

→ Supply and demand should always be in equilibrium.

Growth potential:-

It is an organisations future ability to generate larger profits expand it's workforce & increase production.

→ In the business sense an organisation growth potential depends upon it's leadership expectation for success & quantitative & qualitative measures to determine expansion readiness.

Identifying Business Opportunities:-

→ Business Opportunity is defined as an attractive idea which can be adjusted to suit different situation to make business earn proffit and ensure future growth.

→ Success of an enterprise depends on the right selection of business opportunity.

→ It is highly important that the entrepreneur should be capable of implementing the idea into proffitable ventures.

* 4 ways for identifying Business Opportunity -

1- Listen to potential clients & past leads:-

> When you are targeting potential customer listen to their needs, wants, challenges & frustration with your industry. Have they used similar products & services before? what they like & dislike?, why did they come to you?, what are there objections to your product & services?

> This will help you to find opertunities to develop smart products & services, sharpen your target market & identify & overcome common objections.

2- Listen to your customers:-

When you are talking to your customer listen to what they are saying about your industry, product & services. Do what are their FAQ(Frequently asked question) experiences feed back & complains? ~~This valuable~~

> This valuable customer information will help you identify key business opportunities to expand & develop your current product & services.

3. Look at your competitors:-

Do a little competetative analyses to see what other startups are doing & more important not doing.

where are they falling ? what are they doing right ? what makes customers to go to them over you ?

→ Analysing your competitors will help you identify business opportunity & expand your market reach to develop products & services.

4. Look at industry trends & insights:-

Subscribe to industry publication, join association, sent google alerts for key industry news & follow other market experts on social media.

→ Absorb yourself in your industry & continually educate yourself on the latest technology techniques & trends.

Final Product selection process:-

Step-1
Understanding broad industry groups:-

(a) Types of industry:-
→ Primary industry (Agriculture mining)
→ Secondary industry (Manufacturing)
→ Tertiary industry (services)

(b) Present environment & industrial climate.

(c) Potential for future diversification

(d) Technical capabilities of entrepreneur and possibilities of support by others.

Step-2

Selection of specific project:-

(a) Size of the project

It can be decided based on the investment capability of the entrepreneur & possibilities of getting financial loans.

(b) Govt. Policy:-

The special permissions & lisences needed & possibility of getting them easily. The entrepreneur must be aware about the ~~band list~~ banned list of the govt.

(c) Strength & limitation of the entrepreneur:-

The entrepreneur has to continuously access his strength & limitations to undertake the specific project.

(d) Comparison of relative advantage & disadvantage

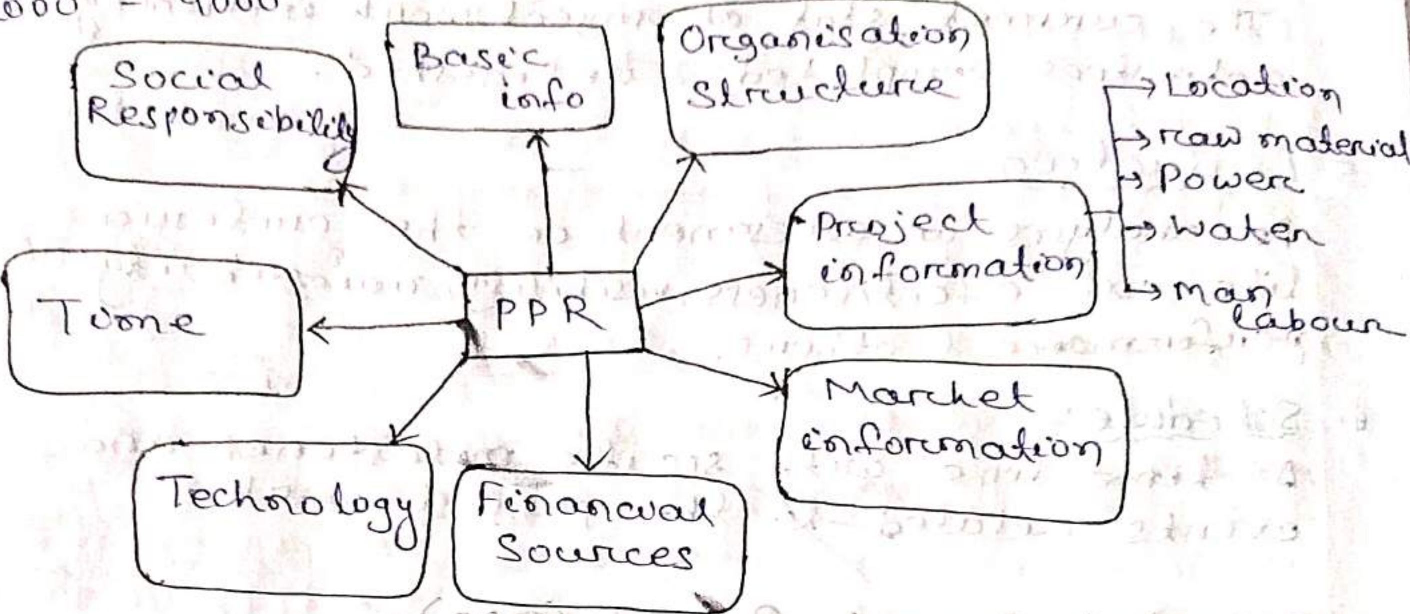
Step-3

Final selection of project:-

The final selection is based on the assesment of technical, financial marketing & commercial viability of the project.

Preliminary Project Report (PPR):-

- It is a formal type of document which includes the events & activities of the project.
- Mostly it should have words limit in between 2000 - 4000.



- It describes your progress so far.
- It should form the basis for detail project report.
- The elements that should be highlighted in a preliminary project report are.

① **Problem:-**

A clear description of the problem or the need the project ~~ends~~ cames to handle.

2- **Proposed Solution:-**

A brief description of how to address the problem & to find the alternative solution for the problem.

3- Work effort:-

An analyses summary of the work ~~relavalent~~ relavent to the project.

4- Status:-

The current stat of project work including activities completed & unfinished.

5. Evaluation:-

An analyses an assessment on the criteria like cost effectiveness, visibility, managability, performance & others.

6- Schedule:-

A time line with specific milestones and events related to the project work.

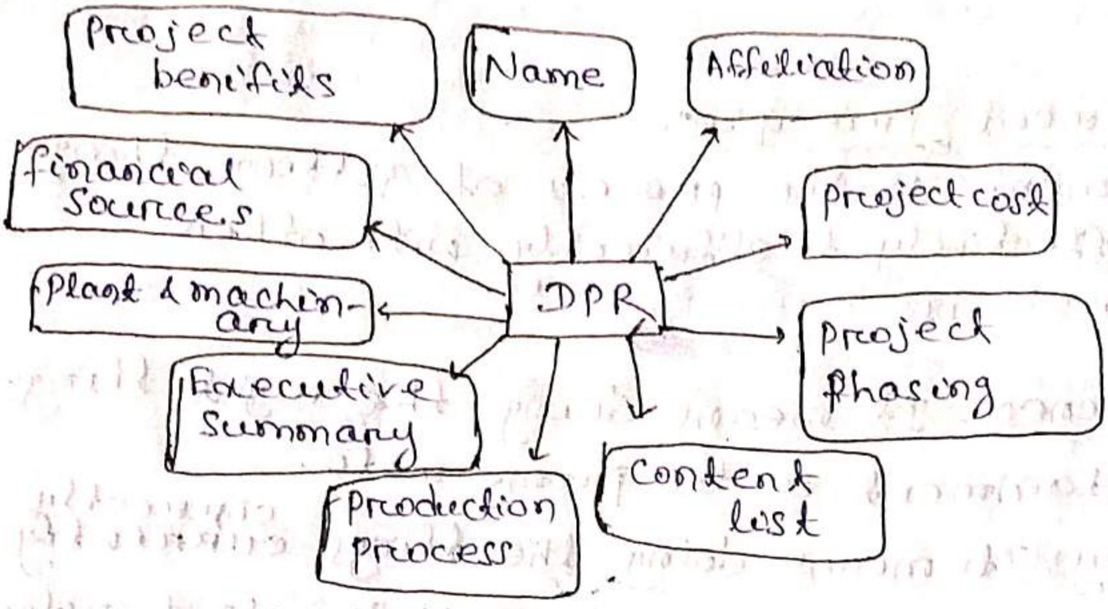
Detailed Project Report (DPR):-

→ It is a complete document of total investment planning, making approval & decission making.

→ A detail project report is the essential component of the project.

→ A DPR is created when planning & designing pages of a project are completed.

→ A thorough project report is a very detailed & elaborating summary of a project that includes critical information such as the resources & the task must be completed to be successfull.



Elements that must be included in DPR:-

1. A brief description of the project
2. Experience & abilities of those participating in the project promotion.
3. Details & actual outcomes of the project supporters.
4. Project financing & funding sources.
5. Approval from government.
6. Demand for raw materials
7. Details on the securities that must be provided to various banking institution.

Chap-4

Management Principles:-

Management is the process of getting things done effectively & efficiently with other people.

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* Effectiveness- It means doing the right things.

→ Goal attainment is the prime moto.

* Efficiency:- It means doing the things ~~currently~~ correctly.

→ It provides the relationship betⁿ inputs & outputs.

Defination of Management:-

→ According to Koontz management is the process of designing & maintaining of an environment in which individuals working together in groups efficiently to accomplies selected aims.

→ According to Taylor management is the art of knowing what do you want to do & then seeing that it is done in the best & cheapest way.

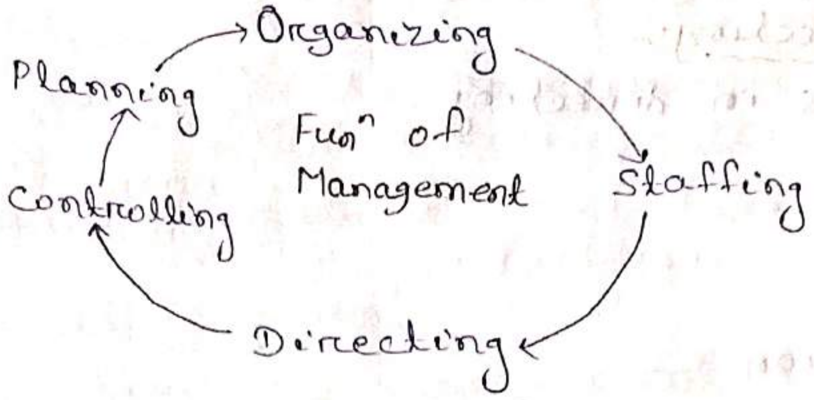
→ Marry parker define management is an art of getting things done through people.

Significance of Management:-

→ Attainment of group goals
→ Effective functioning of business
→ Resource development
→ Management controls the organisation
→ Sound organisation structure
→ Integrates individuals efforts

→ Management is needed at all levels.

Function of Management:-



Planning:-

Planning means to decide in advance what is to be done. It is setting objectives and targets and formulating an action plan to achieve them efficiently and effectively.

Step in planning:-

→ Establishing objective.
→ Developing the planning outline
→ Development of alternative
→ Formulating derivative plan.
→ Selection of best course of action

Organizing:-

Organizing is the management function of asigning duties grouping tasks establishing authroity & allocating resources required to carryout a specific plans.

Staffing:-

Staffing may be defined as an managerial function which deals with requirement selection and appointment of suitable person in an organisation.

→ Finding the right peoble for right job is called as Staffing.

Directing:-

Directing is conserned with instructing guiding and inspiring people in the organisation to achieve objectives.

Step in directing:-

4 elements in directing

- Supervision
- Motivation
- Leadership
- Communication

Controlling:-

Controlling means ensuring the activities in an organising which are performed as per plan and the resources are being used effectively and efficiently for achieving the goal.

Levels of Management:-

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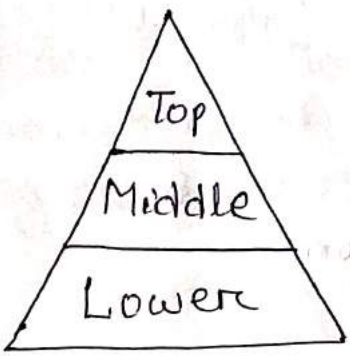


Top level Managers:-

→ The senior most executive of the organisation are found at the top level of management.

→ It consist of board of director, managing director, chairman, Chief executive officer, vice president, president, general manager & other senior executives.

Lower level Management:-
The last level of management is lower level management & is also known as supervisory or operational management.

→ It consist of supervisers, section, officers, superintendents & other managers who have direct control over the operative emploees of the organisation.

Function:-
→ Issuing of order or instruction.
→ Preparation of plan for activities.
→ Assigning & assisting in work.
→ Representing workers complains.
→ Ensuring a ~~shape~~ safe & proper work environment.
→ Helping the middle level manager.
→ Encouraging the initiative of emploees.

FUNCTIONAL AREAS OF MANAGEMENT

The sum total of all the activities taking place in an organisation.

There are 5 functional of management, they are

1. Production Management
2. ~~S~~Inventory Management
3. Financial management
4. Marketing Management
5. Human Resource Management

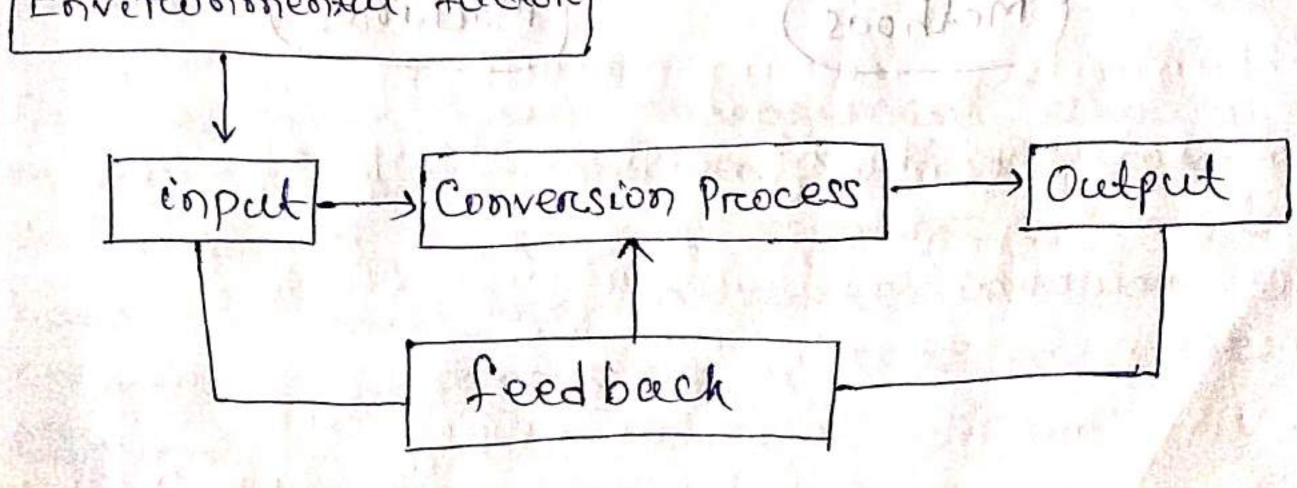
Production Management:-

Production Management refers to planning, organisation direction, coordination and controll of the production in such a way that desired goods and services could be produces at right time, right quantity and right cost.

Production Management involves the following function:-

- Product planning and development
- Plant location layout and maintenance
- Production system and machine.
- Management of purchase & storage of materials
- Ansuring the effective production control.

Operations Management Process:-

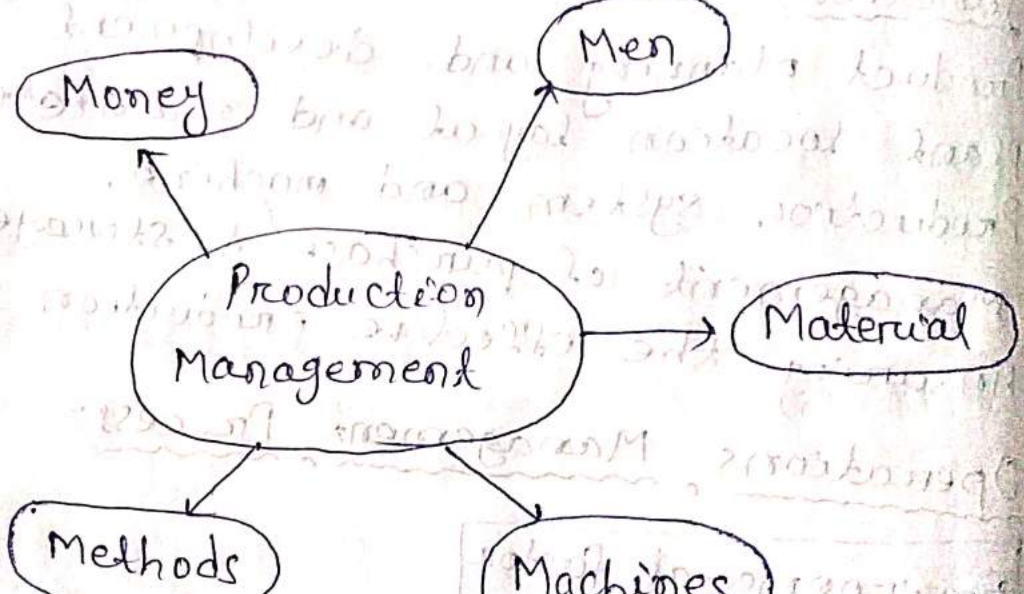


Input:-
Main material equipment technical knowledge.

Output:-
Goods and services produces through conversion process. It also includes by product of goods whether in the form of polluted or waste.

Feedback:-
It helps to know effectiveness of the conversion process and weather or not it required change in it's components.

Five M's in production Management:-



Inventory Management:-

Inventory management refers to the process of ordering, storing using & selling the company inventory.

- This includes the management of raw materials components & furnished goods as well as warehousing and processing of such items.
- Inventory management is essential for earning proffits keeping the customers happy & satisfied.

Need of Inventory Management:-

- Mantain company stock to meet customers demand.
- To minimize inventory cost (Ordering cost, carrying cost, shortage cost)
- To ensure continuity of production & distribution.

Objectives of inventory Management:-

Through the efficient management of inventory the wealth of the owners can be maximized.

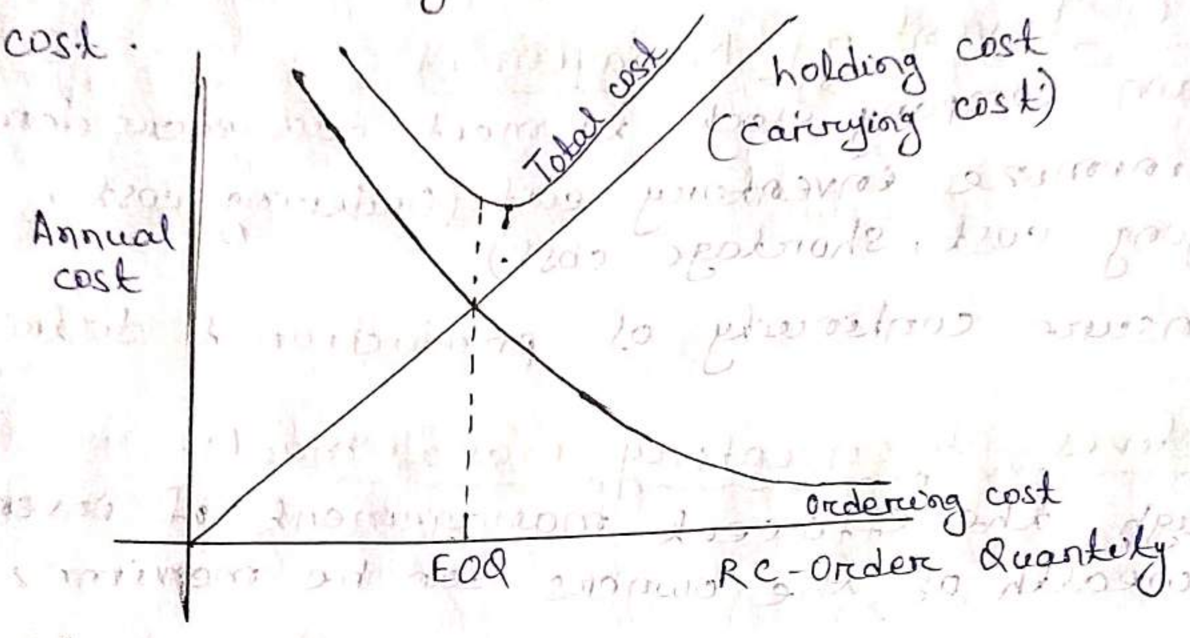
- To reduce the requirement of cash in business inventory turn over should be maximize & management should save it self from the loss of production & sells arising from being out of stock.
- On the other hand management should maximize stop turn over so that investment in inventory could be minimize & on the other hand it should keep adequate inventory to operate the production & sells activities efficiently.

Models of Inventory Management:

1. Economic Ordering Quantity (EOQ) Model
2. ABC Analysis
3. Inventory turnover ratio

EOQ Model:-

EOQ is the order quantity that minimizes total inventory holding costs and ordering cost.



Ordering Cost:-

These are costs that are associated with the purchasing or ordering of materials. These costs includs

1- Inspection costs of incoming materials
2- Cost of stationary, typing, postage, telephone charges etc.
3- Express incurred on transportation of goods purchased.
4- These costs are also known as buying costs, and will arise only when some purchases are made.

Carrying Costs:-
These are costs for holding the inventories. These costs will not be incurred if inventories are not carried.

These cost includes:
1- The cost of capital invested in inventories
2- Cost of storage
3- Insurance cost
4- Cost of spoilage in handling of materials.

Formula of EOQ:-

$$\underset{(Q)}{EOQ} = \sqrt{\frac{2 \times D \times S}{H}}$$

D = Annual demand (Units) {quantity purchases in a year or month}
S = Cost per Order
H = Holding cost

ABC Analyses:-
(Always Better Control)
→ Also called proportional part value method.
→ The item with highest value are classified as "A items". The items with relatively low value as "B items" and the item of least value are classified as "C items".

ABC Method:-
Group A:-
Constitutes costly items which are 10 to 20% of the total items and many account for about 50% of the total value of stores.

→ Very strict control.

Group. B:-
Constitutes 20% to 30% of the stores items and represents 30% of the total value of stores.
→ Moderate control

Group-C:-
Constitutes to 70 - 80% of the items are covered costing about 20% of the total value.
→ Least control

Inventory turnover Ratio:-

$$\text{Inventory turnover ratio} = \frac{\text{cost of goods consumed \& sold in a year}}{\text{Average inventory during year}}$$

3. Financial Management:-

→ It refers to the efficient and effective management of money (funds) in such a manner to accomplish the objectives of the organisation.

→ It is mainly concerned with the proper management of funds.

Functions of financial Management:-

Financial Management is a managerial activity concerning the finances of the business.
It deals with planning. Control and management of financial resources of the enterprise. The functions of financial management are as follows:

1. Estimating financial Requirements:-

Financial Management provides the tools and tech. of estimating fixed capital and working capital requirement of a small scale business.

2. Identefying the sources of finances:-
The enterpreneur should identify the sources from which finances can be obtains there are many sources open to small industry unit such as personal funds, funds from friends bank and public deposite.

3. Raising of finances:-
In this regards the entrepreneurs should look into four aspects. The right sources of finances, time schedule, cost of capital, educy.
→ This help in smooth functioning of business.

4. Proper use of finances:-
Finances rest for the activity of business should be carefully money should not be used for other perpose than purely business activity many unit becomes sick because of lack of finances.

5. Control of finances:-
Control relate to establisheing processor and system to check the financial activity of the business.
→ Incomes and expenditure should be kept under control.

Working Capital:-
Working capital in current assests of the enterprise validity is not more than 1 year.

Fixed capital:-
Investing capital in long term assets of the enterprise

|

Management of working capital:-

- Working capital is the amount of funds necessary for the cost of operating the enterprise.
- Working capital is ongoing.
- It is a revolving funds.
- Working capital management involves deciding upon the amount and composition of current assets and how to finance these assets progress, cash on hand, finished goods, work-in sunday. (raw material)
- Effective working capital management leads to small portion of available finance invested in working capital and a given activity level, effective management of cash and reduction in cost of production as a result of lower investment of finance in working capital.

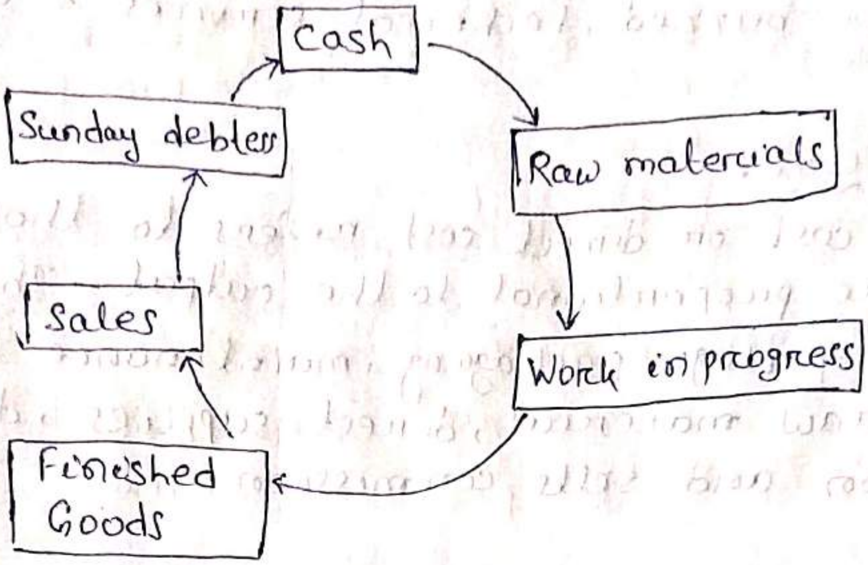
Objectives of working capital:-

The success of a small scale industry depends on the availability of adequate working capital, which ensures the purchase of raw materials at competitive prices and payment for labour.
The main purpose ~~of~~ for which working capital is required are

- To meet the cost of inventories, raw materials purchases, work-in process, finished goods etc.
- To pay wages and salaries.
- To meet overhead cost, factory cost, office and administration cost, taxes etc.
- To meet selling and distribution expenses; advertising, packaging etc.

Working Capital Cycle :-

The working capital cycle or operating cycle is the length of time betⁿ a company's paying for materials entering into stock and receiving the inflow of cash.



Breakeven analyses :-

→ Breakeven analyses is also known as profit contribution analyses. It is used to study the relationship betⁿ the total cost, total revenue and total profits and losses over the whole range of stipulated o/p.

→ Break even analyses focuses on cost-volume-profit relations that hold only over a short run.

→ Breakeven analyses is basically concerned with finding the point at which revenues and costs are equal.

→ The breakeven point is that level of sales volume at which their is neither profit nor loss.

→ In break even analyses costs and revenues are expressed as a funⁿ of production rates. The selling price per unit of o/p comparises profit, variable costs & fixed costs.

→ In break even analyses variable cost & fixed cost are the major categories of cost.

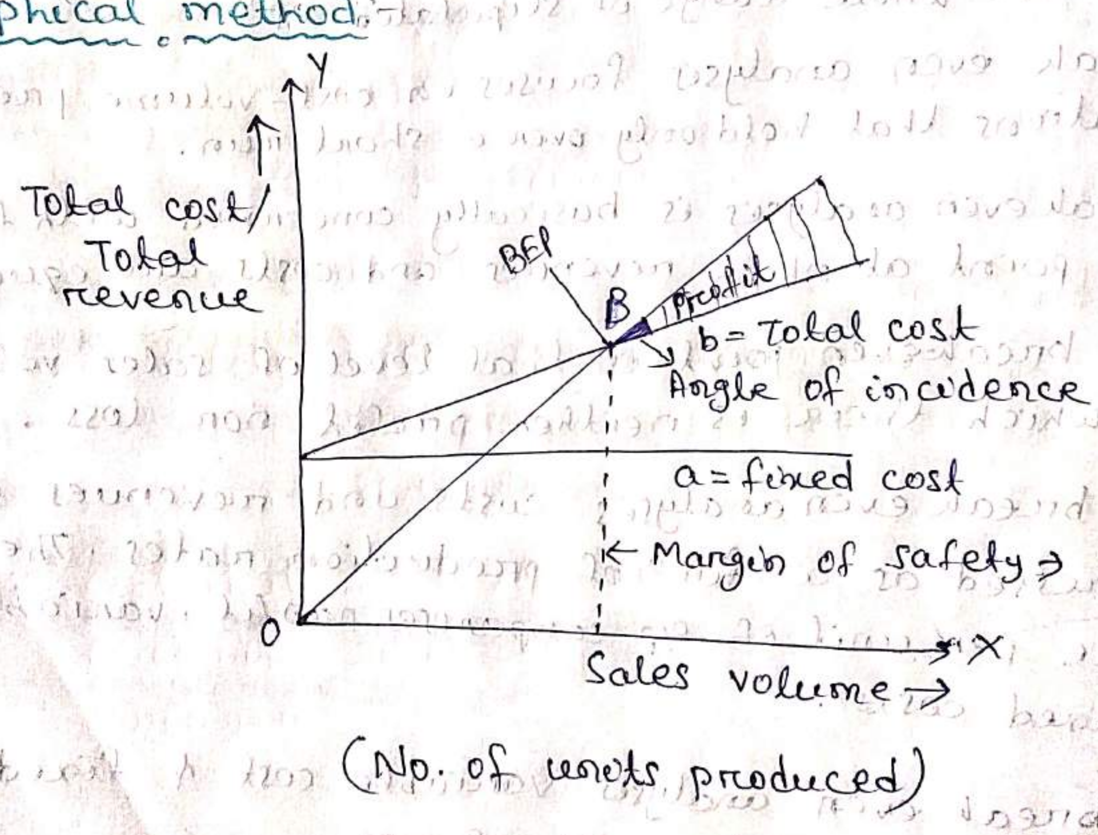
Fixed cost:-
Fixed cost or indirect cost refers to those cost which do not change with change in level of activity. The source of fixed cost are rent, interest, research, insurance, property taxes advertising buzzed, technical services & executive salary.

Variable cost:-
Variable cost or direct cost refers to those cost which are proportional to the output. This cost includes spoilage packaging, maintenance direct labour, raw material, direct supplies, direct supervision and sells commission.

Proffit:-
It is the difference betn revenue and total cost

→ The break-even analysis may be either done by graphical or by algebrical method.

Graphical method:-



→ BEP is that level of activity at which the firm neither earn profit nor suffer losses.

→ It is that point at which the contribution by a product just covers the fixed cost.

→ The vertical distance betⁿ the revenue line and the total cost line indicates profit to the right of B and losses to the left of B.

→ The angle of incidence is the angle betⁿ sales and total cost line. This angle is formed at the point of intersection betⁿ sales line and total cost line. The wider the angle, the greater is the profit and vice versa.

Algebraic method:-

$C = F + Vx$ ——— (I)

$R = PX$ ——— (II)

where,

C is the total cost function

F = fixed cost

V = Variable cost per unit

x = Volume of o/p produced or sale.

R = Total revenue

P = Selling price.

Equating eqⁿ (1) & (2) to get the BEP

$C = R$

$F + VX = PX$

$\Rightarrow F = (P - V)X$

$\Rightarrow \boxed{X = \frac{F}{P - V}}$ Break even quantity.

Q A company has the following details.
Fixed cost = ₹ 20,00,000
Variable cost per unit = ₹ 100
Selling price = ₹ 200 per unit.
Find the break even quantity & break even sales, contribution & margin of safety if the actual production quantities is 60,000 units.

Solⁿ Given that: $F = Rs\ 20,00,000$

$V = Rs\ 100/unit$

$P = Rs.\ 200/unit$

$Q = \text{Actual sales} = 60,000$ units

(a) Break even quantity $= \dfrac{F}{P-V} = \dfrac{20,00,000}{200-100} = 20,000$ unit.

(b) Break-even sales $= \dfrac{F}{1-\dfrac{V}{P}} = \dfrac{20,00,000}{1-\dfrac{100}{200}} = 40,00,000$

(c) Contribution = Sales − Variable cost

$= P.Q - V.Q$

$= (P-V)Q$

$= (200-100)\times 60,000$

$= 60,00,000$

(d) Margin of safety = Sales − Break-even sales

$= 200\times 60,000 - 40,00,000$

$= 80,00,000$

(e) Profit = Contribution − fixed cost

$= 60,00,000 - 20,00,000$

$= 40,00,000$

Marketing Management:-

Concept of Marketing:-

Market:-
The word market is derived from the Latin word Marcatus which means a trade or a place where business is conducted.

→ A market is defined as an area in which buyers & sellers exchange a well defined commodity.

Marketing:-
Marketing can be broadly defined as the study of performance of sales, distribution, advertising and sales promotion, planning of product sales, and conducting research for demand.

→ In short those fun^n in a business that directly involve contact with the consumers and assessment of their needs is called as marketing.

→ According to kotler marketing can be defined as a social and managerial process by which individuals and groups obtain what they need and want by offering creating & exchanging products of value with others.

→ Marketing involves planning and execution of all aspects and activities of a product so as to exert optimum influence on the consumer to resulting max^m consumption at the optimum prise there by producing long term proffit.

Objectives of Marketing:-

- Intencyfying once feeling of participation in marketing.
- Creating and open minded hopefull attitude towards the effort of those colours in marketing who are trying to develop into science.
- Indicating the sources from which further informations can be obtained concerning marketing problems and situations.
- Helping one selves to decide whether his carrier shall be marketing.
- To satisfy the needs and wants of customers.
- To determine marking mix that aim to ~~study~~ satisfy the needs of customers.
- To create adequate profit for the growth of business.
- To raise the standard of living of people.

Human Resource Management:-

→ Human resource management (HRM) may be defined as a set of policies programme and practices designed to maximize both personal and organisational goals.

→ It is the process of binding people & organisation together so that objectives of each of them are achieved.

→ According to Flippo human resource management or personal management is the planning, organising, directing and controlling of the procurement development compansation, integration, maintenance & reproduction of human resource to the end that individual organisational and social objectives are accomplished.

IMP Functions of Human Resource Management/ Personal Management:-

. It is two type.

(a) Managerial function (planning, organising, Directing, controlling)

(b) Operational function

~~Pla~~

(b) Operational Function:-

① Procurement Function:-

It is concerned with securing and employing the right time and proper no. of people required to accomplished the organisational objectives.

→ It includes job analysis, human resource planning, recruitment, selection, placement and orientation.

2. Development Function:-

→ Human resource development is the process of improving knowledge, skills, attitudes & values of emploies so that they can perform the present and future jobs more effectively.

→ It includes training, ~~exect~~ executive development, carrier planning & development.

3- Compensation function:-

→ It refers to providing fair remuneration (salary) to emploies for their contribution to the attainment of organisational objectives.

4. Integration function:-

It is the process of friendly relation of the goals of the organisation with those of it's members.

5. Maintenance Function:-

→ It is concern with protecting and promoting the mental and physical health of it's emploies.

→ For this purpose several types of benefits such as housing medical facilities, educational facilies, transportational facilities etc are provided to the emploies.

CHE-6 # LEADERSHIP AND MOTIVATION:

→ Leadership is the process of influencing the behaviour of people at work towards achievement of specific goal.

→ A leader is a person who leads or commands a group, organisation or country.

* Qualities of a good leader:-

→ Ability to listen.

→ Physical features (height, weight, appearance)

→ Knowledge

→ Integraty, Honesty

→ Good communication skills

→ Initiative

→ Motivational skills

→ Self confidance

→ Decision taking capacity.

→ Social skills.

* Manager Vs Leader:-

Manager	Leader
→ A manager is always a leader because he has to influence the behaviour of subordinates working under him.	→ A leader may not be a manager because the people who are leading ~~him~~ in formal groups are not manager always.
→ The manager have formal authority to influence the behaviour	→ Leaders have informal authority only that is the authority of trust and faith shown by group members.
→ The managers influence the behaviour towards achievement of organisational goal.	→ Leader influence the behaviour towards the satisfaction of every member of the group & realization of group goal.

Manager	Leader
→ A manager exist only in formal organization.	→ A leader may exist in formal as well as informal organization.
→ A manager performs all functions such as planning organizing, staffing, directing and controlling.	→ A leader performs only one function i.e directing.

Management Principle:-

company → Wholesaler-1 → Retailor → Consumer
company → W_1 → W_2 → Retailor → Consumer

Concept of Management:-

Management is an activity which is necessary whenever there is a group of people working in an organisation.

→ Management may be defined as the art of getting things done to others.

→ Management may be defined as to manage is to forcast & to plan to organise to command, to coordinate & to control.

→ Management aims at guiding their efforts towards achiving the common goal or objective.

Importance of management:-

Management helps in achiving group goals. It increases efficiency. It creates a dynamic organisation management helps in achiving personal objectives.

→ It helps in the development of society.

→ Ensure optimum utilization of resources.

Functions of Management:-

Planning:-

It means to decide in advance what is to be done.

→ It is setting objectives & targets & formulating an action plan to achieve them efficiently & effectively.

Following are the steps in planning

→ Establishing objective
→ Developing the planning premises
→ Development of alternative formulating derivative plans.
→ Selection of the best course of action.

Organising:-

It is the management function of assigning duties, grouping plan, establishing Authority & allocating resources required to carry out a specific plan.

→ Organising involves bringing together the main power & material resources & so achieve the goals said by the entreprise.

Staffing:-

→ It may be defined as the managemal function which deals with the requirement, selection & appointment of suitable persons to the organisation. Finding the right people for the right job is known as staffing.

Directing:-

→ Directing is concerned with directing & inspiring people in the organisation to achieve it's objectives.

→ It involves leading, influencing & motivating employees to perform the task assign to them.

There are 4 elements to directing
1- Super vision
2- Motivation
3- Leadership
4- Communication

Controlling:-
Ensuring the activities in an organisation which are performed as per the plans & the resources are being used effectively & efficiently for the achievement of predetermines goals.

Controlling has the following steps:-
→ Establishment of standard performance
→ Measurement of actual performance
→ Comparison of actual performance & standard deviation of if any
→ Taking corrective action.

Necessity of Management:-
Management is one of the major reasons ~~for~~ of failures in small or large industries.
→ Bad management will leads under conforming the manageral function of planing organising coding & controling the activity.
→ Management by crysis means of last minute decission & actions.
→ Good management is managing the activity from entrepreneurs view points & also internalising the system in the organisation.

→ Management may be specified into financial management marketing management production manage & personnel management.

Symptoms of bad management:-

1- Haphazard and unplaned activities

2- ~~Disadvantages~~ Dissatisfaction & lack of motivation on the part of employer.

→ Abscence of clearcut line of action with expected result.

→ Tension & pressure on entrepreneurs mind. becomes of not respons.

→ Frequent breakdown & problems & absence of smooth running of an enterprise.

→ Unrealistic & optimistic view of own performance.

Operational aspect of production:-

In a small scale industry, it is not possible for an entrepreneur to specialise in any one area.

→ He will have to ~~coord~~ coordinate all these functions to achieve profits.

→ Production management deals with producing goods & production planning.

Functions of production management:-

→ Product modification and design.

→ Equipment needed for production.

→ Facilitates available and utilization of available facilities.

→ Maintaining and controlling the required level of product quality.

- Storage, handling and use of raw materials.
- Inventory needs and control.
- Production and delivery schedules.
- Costs of tooling for production.
- Product service and maintenance.
- Product control and increasing productivity.
- Product and process modifification or innovation.

Activities of Production Management:-

- Forecasting technical manpower and financial requirements.
- Design of production facility.
- Planning and setting the production targets.
- planning and maintaining desired inventory levels.
- Monitoring and controlling work inputs and outputs.
- Evaluation or feedback of performance.
- Modification and replanning as and when required.

Design of production facility:-

1- Production Technology selection:-

- The selection of production technology will depend on:-
- Available technologies.
- Product mix and type of products.
- Output, cost and other market parameters of plant and machinary required.
- Chances of new technologies entering the market.
- Yield of different technologies.

Plant and Machinery Selection:-

The selection of plant and machinery will depends on:-

- Capacity, availability and cost parameters.
- Compatibility of machine and product
- Capacity utilization
- Anticipated changes in product specification.
- Product mix.