

Entrepreneurship Development Institute of India
(Sponsored by IDBI, ICICI, IFCI & SBI)

From the Director's Desk

ENTREPRENEURIAL NEEDS OF EXISTING ENTERPRISES

Entrepreneurship movement, as we call the spread of EDPs in the country, has virtually focussed on first-generation, new entrepreneurs. Not much has been said or done about the far larger community of entrepreneurs who are already in industry. Since most small and medium scale industry are set-up by individuals, that key person's capabilities determine success and failure of the enterprise. In short, entrepreneurship of this person, whether it is called management skills, entrepreneurial competencies or business know-how, is as important as it is in a new entrepreneur to emerge. At the time when failures in small industry are growing, it is increasingly found that majority of these failures are not because of the project or finance but because of the person behind the project.

Performance Improvement of Existing Enterprises is therefore a major area of attention. More and More training and counselling organisations must move into it in a big way. EDI recently completed

10 such programmes at ten different locations, collaborating with as many local industry associations or entrepreneurship training organisations. This project was taken up with the assistance of an international donor agency. Some interesting lessons we have learnt in this process.

Firstly, despite the 50 hours programme with inputs decided in consultation with the entrepreneurs, scheduled at their own convenience, virtually free of charge, some of these programmes did not generate spontaneous response. The entrepreneurial community, particularly at a small scale, has yet to appreciate and recognise value of counselling, training, new knowledge and thinking ahead.

Secondly, once in the programme they realised the value of such interaction. There also, value of entrepreneurial competencies was realised only at the end.

Thirdly, for training institutions it is necessary to balance directly

beneficial inputs (finance, technology, etc.) with entrepreneurial competencies development which is really needed for survival and growth of the enterprise. Information and management based programmes, easy to carry out, are not going to be effective for the real problem lies in the entrepreneur. "Soft skills" are more important than knowledge. Even in a short time impact has to be made in changing attitudes, motives and (soft) skills of the persons behind the project. EDI's work in entrepreneurial competencies development with McBer & Company was appreciated by the entrepreneurs and this offers scope for many institutions to utilise for their Performance Improvement Programmes.

Fourthly, equally exciting inputs were the "Seven Crises Discussions" making the entrepreneurs realise the crises, the symptoms and remedial measures to anticipate, avoid, or solve seven key crises which any enterprise may face in its life span. These are :

Starting crisis, Cash crisis, Delegation crisis, Finance crisis, Leadership crisis, Prosperity crisis and Management Succession crisis.

EDI has prepared 2 Video Cassettes on Delegation Crisis and Cash Crisis, which are critical in the initial growth of small industry. These have been very well received by the entrepreneurs. Other training institutes may like to utilise them. We also intend to publish a book in English on these crises. It is ready in Hindi and Gujarati. It should provide useful material to guide not only new entrepreneurs but also counselling existing ones. In the coming year EDI plans to implement 20 more programmes of PIP's by selected institutions and associations of industry which have long term interest in internalising this experience and carry on this sort of activity. We expect our linkages with state institutions and industry organisations to become stronger through this work.

Dr. V. G. PATEL

Training Programme for Medium Scale Entrepreneurs of Mizoram

The Government of Mizoram has decided to promote medium scale enterprises in the state as a part of their industrial development strategy. The state government formed a selection committee in the process to identify and select at least ten entrepreneurs who could set up medium scale enterprises in the state. To achieve this objective, the selection committee in turn approached EDI-I for :

i) Identifying viable project opportunities based on local resources, demand in neighbouring states, local needs, purchases made by the government departments, military and police requirements and inputs required by large number of small, medium and large scale units in North-Eastern region, through extensive field work. During the study, export-oriented projects were also to be identified wherever possible and viable.

ii) Preparing detailed project profiles on about 15 projects and

evaluate their prima-facie viability in Mizoram.

iii) Identifying, selecting and training ten local entrepreneurs interested in setting up a medium scale project in Mizoram.

iv) Providing counselling support, industrial exposure, guidance and techno-commercial information on the selected projects, to the entrepreneurs, in order to facilitate faster implementation.



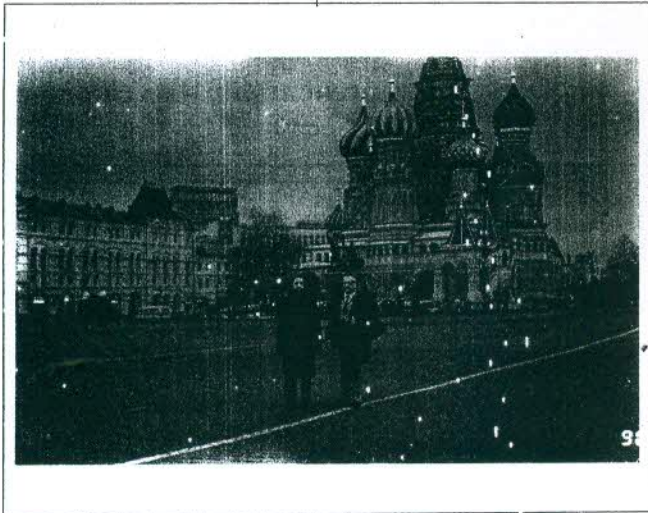
Participants from Mizoram are seen with EDI Faculty members.

In all, 16 participants were selected for the training organised by the Institute at its own campus during November 26 to December 5, 1991. A comprehensive training programme consisting of the process of setting up a medium scale enterprise, business plan formulation, various aspects of running a medium scale enterprise was designed to meet the needs of the trainees. Intensive field visits were also an integral part of the training. Counselling on their respective projects were provided by EDI-I faculty members besides some well-known experts. Detailed project profiles were also prepared on the identified products/opportunities viable in Mizoram.

The programme is considered as a land mark in the industrial development of Mizoram. This is likely to result into better utilization of natural resources, employment generation and active participation of local people of Mizoram in hastening the pace of economic development of the state.

TAKING ENTREPRENEURSHIP TO U.S.S.R.

I had an exciting opportunity to visit Soviet Union together with Dr. J.S. Juneja, Chairman, N.S.I.C., to explore possibilities of Small Industries development in Soviet Union by sharing Indian expertise and experience. This exploratory visit was a result of Government of India's initiative in developing co-operation and collaboration between the two countries while participating in the rapidly changing economic structure and policies towards market-based economy in the U.S.S.R.



Dr. Patel & Dr. Juneja Visiting the Kremlin Plaza in Moscow

linkages between the two and such other issues further complicate the flow of goods and commodities.

But the current situation though giving a feeling of uncertainty also offers a variety of opportunities for production of goods and services, joint ventures and partnerships with Soviet counter-parts for Indian entrepreneurs for trading and manufacturing. And their desire to learn from Indian SSI experience and creating a base of policies, incentives, institutions and programmes to support Small Industry sector offers opportunities for transfer of technology in terms of knowledge, know-how and equipments. Not surprisingly, throughout the discussions, the interpreters could not find a Russian word for 'Entrepreneur' and most of the time 'entrepreneurship training' was understood as 'management training'. At the same time, it was obvious that if small industries are to develop, individual entrepreneurs will have to be created since country and its people have no experience of owning a business and managing it in a market economy. A massive effort to change from employment orientation to ownership, from managing a government factory to owning and managing one's own, will be required making entrepreneurship development interventions extremely relevant.

At the end of the visit, we have concluded that :

1. This is the right time to initiate action rather than wait for the situation in U.S.S.R. to settle down and the suggested action should be quick and concrete to create a visible presence for India.

2. The policy-makers, the chief executives in key government departments and organisations, the educationalists, the small business association representatives, bankers, researchers and a whole lot must be brought to India for visits to see what small industries can produce with Indian technology and what kind of support system including policies is necessary for indigenous small industry growth. At a macrolevel therefore, this orientation and exposure would create an environment within which subsequent actions can be implemented.

3. While there are variety of opportunities, techno-economic viability of manufacturing opportunities need to be assessed, given the complications arising out of unrealistic exchange rates between Rouble and Rupee and relationship with hard currency. In addition, what is feasible with local raw material, what can be exported to earn foreign exchange, what can compete against products of developed world and what technical skills are available or required - all need to be carefully assessed, both for the benefit of Indian entrepreneurs to join with the local people or for local entrepreneurs to take up venture. With a target of some 200 project ideas and 100 profiles, an Indian Expert Team must therefore take up a techno-economic review by field-research immediately.

4. Entrepreneurship Development Programmes (EDPs) will have to be conducted based on such opportunities and the target groups will be educated but unemployed youth, business school graduates, managers and employ-

ees with technical and long work experience in public sector units, small traders and artisans. Entrepreneurial competencies and motivation, business plan and viability assessment, managerial concepts (particularly managing finance and market) and the whole lot of EDP inputs will have to be imparted. Indian assistance can be offered by taking up initially 5 to 10 programmes in different Republics backed up by technical assistance and consultancy of NSIC for supply of equipment, technical training and trouble-shooting.

5. It is also necessary to bring the identified entrepreneurs to India for inplant visits and technical training for projects selected by them. If this happens, it may be even advisable to conduct EDP training itself in India.

6. The Moscow University, the Georgia Technical Institute, the Associations of Small Businesses etc. will have to be developed as local focal points. Training of trainers for entrepreneurship therefore is a priority task to develop local capabilities and exclusive programmes in Russian language can be organised in India. Local response to this suggestion has been excellent.

7. In the long run, an Institute for Entrepreneurship will have to be created after the Entrepreneurship and Small Industry Cells are developed in each Republic in pre-identified organisations. Creation of an E.D.I. in U.S.S.R. is not a wild dream. Similarly, assistance will have to be provided in developing the banking sector, an NSIC kind of agency combining the role of TCO and IDC.

A variety of other steps would include an exhibition of Indian technologies in Soviet Union, steps to encourage exports of Indian equipments and technologies, visits of Indian entrepreneurs and export organisations for partnerships and trade etc.

In short, India can make a mark for its own benefit while helping out "a friend in need." A fund therefore will have to be created to support these actions. I am sure the government is bound to seize initiative in this matter.

Dr. V.G. PATEL

The reasonable man adapts himself to the world, the unreasonable man attempts to adapt the world to himself. Therefore all progress depends upon the unreasonable man.

-George Bernard Shaw

Participation in UNIDO Modular Project Phase I

To accelerate the growth of economies, increase employment and achieve the goal of income redistribution in developing countries, UNIDO has planned to launch a project to strengthen selected institutions which are actively engaged in the field of entrepreneurship development. It was aimed that the ultimate benefit will reach to potential entrepreneurs through training and motivation programmes, to be organised by these institutions.

The project consists of four phases. Phase-I of the project was to provide training on the 'Modular Approaches in Managerial and Entrepreneurial Skill Development' to the faculty members/managers of these selected training institutions. In Phase-II, these selected training institutions have to implement the training programmes as per the modules assigned to them. In Phase III, directors of the respective training institutions will get together and discuss the areas of mutual interest and co-operation for networking. In Phase-IV a selected training institution will provide information on new products, process and technology relevant particularly to the operations of small and medium enterprises in the selected developing countries, and facilitate entrepreneurs in responding to technological changes that affect their business prospects.

The UNIDO project was taken up to significantly increase the supply of competent men and

women entrepreneurs from all strata of society in six countries, viz, Bangladesh, India, Indonesia, Malaysia, Pakistan and Thailand by strengthening a few identified training institutions in these countries which could in turn take up the task of grooming new entrepreneurs.

EDI has been selected as one of the prime institutions engaged in the field of Entrepreneurship Development by UNIDO and Government of India to play an important role in achieving the UNIDO's objective. Two faculty members of EDI, viz Dr. G. R. Jain and Shri S. B. Sareen, were nominated to participate in Phase I training programme.

The Programme (Phase-I)

As planned by UNIDO, the programme on 'Modular Approaches to Managerial and Entrepreneurial Skill Development' was held at RVB Netherlands between November 19 to December 7, 1990. The programme was of three weeks duration and was participated by 14 delegates representing five countries, viz. Bangladesh, India, Malaysia, Pakistan and Thailand. The programme objectives were to:

1. Upgrade the participants' knowledge on the theories and practices of managerial and entrepreneurial skill development.
2. Introduce to participants the basic concept of modular approaches to managerial and

entrepreneurial skill development programmes.

3. Provide the participants individual and team guidance and consultation on modular programme development to be implemented in their work institutions during Phase-II of the project.

Training Inputs

The major emphasis of the programme was on the recent developments and trends in various facets of entrepreneurship and management related skill development. The major contribution of the programme has been in adaptation of modular approach. The following seven modules were proposed by UNIDO to be implemented by a few identified institutions/organisations.

Module-I

"Advance General Management for Entrepreneurs/Managers" to be implemented by Malaysian Institute of Management.

Module-II

"Essential Management for Entrepreneurs/Managers" by the Indian Institute of Management, Calcutta.

Module-III

"Entrepreneurship Development for Business Entrants" by the National Institute of Entrepreneurship and Small Business Development, New Delhi.

Module-IV

"Project Promotion Services for

Entrepreneurs" by the Malaysian Entrepreneurial Development Centre, Shgaiam, Malaysia.

Module-V

"Training of Entrepreneur Trainer-Motivators" by the Entrepreneurship Development Institute of India, Ahmedabad.

Module-VI

"Training Managers Course on Entrepreneurship and Management Development" by the Asian Institute of Technology, Bangkok.

Module-VII

"Financial Management for Entrepreneurs" by Thai Management Development and Productivity Centre, Bangkok.

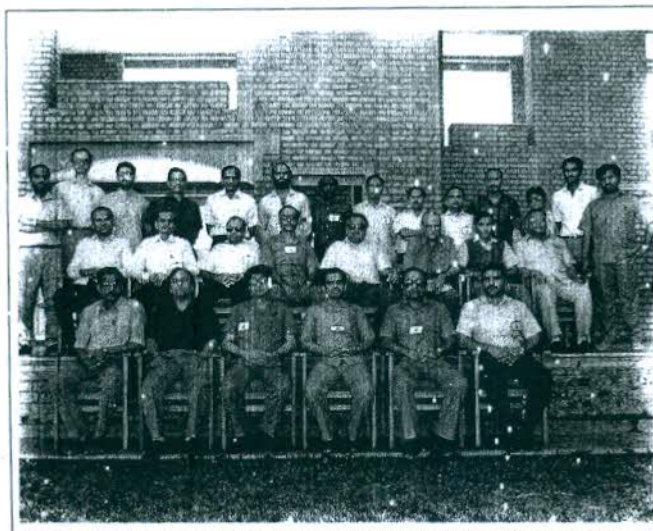
All the above mentioned modular programmes are being implemented by all the five participating countries, viz. Bangladesh, Pakistan, Thailand, Malaysia and India. EDI has been assigned the critical programme of developing Senior Trainers/Resource Persons, of training programme entitled 'Training of Trainers of ETMs' which will be of 8 weeks duration. On completion of this programme, the participants are expected to train and turn out entrepreneur-trainer-motivators in their respective countries. This would be a significant contribution of the Institute in increasing the supply of well trained personnel who would ultimately assume the responsibility of training and developing men and women entrepreneurs in all the six countries.

'FBEI Technique is a useful Additional Tool...' Say Bankers

A national level programme on 'Assessing the Entrepreneurs' was conducted at EDI-I between 12-17 November, 1990 for Senior Branch Managers/Senior Credit Managers of public sector banks.

Based on the findings of a research study done by the Institute, it was decided to strengthen the skill and knowledge of the branch/credit managers, in assessing entrepreneurial competencies. The training programme was also intended to develop capabilities of the managers in assessing the project in terms of potentiality of the entrepreneurs, risk taking ability, achievement motivation, resourcefulness, initiative, persistence and commitment to work besides the financial viability and technical feasibility of the project.

Stress was given on a new technique for identifying entrepreneurial competencies, called 'Focused Behavioural Event Inter-



Senior Branch Managers/Senior Credit Managers of Public Sector Banks who have attended the training programme on 'Assessing the Entrepreneurs' are seen with EDI faculty members.

view' (FBEI) which is likely to facilitate them in assessing the potentials/competencies of an ex-

isting entrepreneur.

In order to supplement the FBEI technique, two sessions were

organised on counselling skill. Subsequently a few sessions were allotted to project appraisals giving an overview of current approach of financial and commercial appraisal. This was further supplemented by project appraisal technique, diagnostic skills, ratio analysis of a balance sheet, etc.

Participants found the FBEI technique as an useful additional tool in the armoury to spot a good and competent entrepreneur out of the group of prospective borrowers. They were of the opinion that the training programme has strengthened their skill in assessing potential and existing entrepreneurs, who approach banks for financial assistance, more effectively with the knowledge of the FBEI technique.

The programme was attended by bank officers representing the leading banks drawn from various states.

Performance Improvement Programmes for Existing Entrepreneurs of Various Industries

Success of a business venture depends upon many factors like inherent viability of the project, sound project planning, careful implementation of the project and management of the project efficiently. An owner-manager of small scale venture plays major role in performing these activities except for inherent viability of the project. Thus, for effective working of an enterprise, an entrepreneur should possess soft skills like influencing strategy, seeing and acting on opportunities, systematic planning, problem solving and decision making besides knowledge of finance and accounts, marketing, technology, product innovation, expansion and diversification, etc.

To provide scope for developing skills for effective performance and to facilitate understanding of the intricacies involved in managing a small scale venture, EDI-I organised a series of Performance Improvement Programmes (PIPs) for existing entrepreneurs at different locations. The programmes were sponsored by Friedrich Naumann Foundation, Germany.

Some of the highlights of the PIPs conducted by the Institute in the last quarter, i.e. October to December, 1990, are presented below :

PIP at Bangalore

A special Performance Improvement Programme for existing entrepreneurs in the field of electronic industry was organised during September 22 to October 5, 1990 in collaboration with Technical Consultancy Services Organisation of Karnataka and in association with Consortium of Electronic Industries of Karnataka. The programme was attended by 19 participants. Major highlight of the Bangalore PIP was the exposure of Surface Mounting Technology (SMT), which is recently adopted by many electronic industries in the developed countries. Other training inputs like marketing, finance and entrepreneurial competencies were also imparted by the experts in the areas.

PIP at Cochin

In collaboration with Kerala Industrial Technical Consultancy Organisation Ltd. (KITCO), Kerala, EDI-I organised a PIP at Ernakulam (Cochin) during December 3 to 8, 1990 in which 20 existing entrepreneurs participated

actively. Apart from the key areas of small scale industry management, e.g. finance, marketing, technology, etc. specialised inputs like value engineering and entrepreneurial competencies were special attractions of the programme.

PIP at Bhopal

To equip the existing entrepreneurs with a set of soft as well as hard skills for effective implementation of the project and various functional areas of management for better performance, a PIP was organised at Bhopal during November 22 to December 2, 1990 in association with Centre for Entrepreneurship Development, Madhya Pradesh. In all, 18 entrepreneurs participated in the programme. Mr. Kailash Joshi, Minister for Commerce & Industry, Government of Madhya Pradesh was the chief-guest during the valedictory function.

PIP at Bhubaneswar

A PIP was conducted at Bhubaneswar from December 7 to 13, 1990 for successful entrepreneurs of electronic industries, in association with Orissa State Electronics Development Corporation Ltd., Cuttack; Management Association; Utkal Chamber of Commerce and Industries; and Institute of Entrepreneurship Development, Orissa. The programme was specially designed keeping in mind the needs of the owner-managers of the electronic units, such as :

- * Software export opportunities.
- * Opportunities for new projects in electronics and allied sectors.
- * Financial management aspects.

* Marketing of electronic products.

* Entrepreneurial competencies: How to grow into an even better entrepreneur.

PIP at Cuttack

During December 17-23, 1990 a PIP was conducted for successful entrepreneurs of a heterogeneous group of industries, in association with Cuttack Management Association; Utkal Chamber of Commerce and Industries and Institute of Entrepreneurship Development, Orissa. The programme was organised for two major industry groups, viz. plastic processing and pharmaceuticals.



Dr. P.N. Mishra, Executive Director, CED, Bhopal delivering his speech in the inaugural function of PIP at Bhopal. Sitting on dies from left to right : Shri B. P. Murali, Associate Sr. Faculty EDI, Shri K.S. Sharma, Secretary, Industries Department, Govt. of Madhya Pradesh, Shri S.K. Handa and Shri P. Shyam. Faculty Member, EDI.

'Motivation Programme for Students'

With a view to spread the message of entrepreneurship among school students, EDI organised a one-day awareness programme (Shibir) on 4th January, 1991 on its campus. 75 students of commerce and home science streams of Sharda Vidya Mandir, Kapadwanj, Gujarat State, actively participated in the Shibir. The objective was to create awareness among the students and to motivate them to pursue entrepreneurship as a career. Dr. V.G.

Patel, Director, EDI inaugurated the Shibir and explained the concept of entrepreneurship. Shri Anil Trivedi, an expert in the field of entrepreneurship development, in his presentation discussed the profile of an entrepreneur and the competencies exhibited by a person with 'entrepreneurial attitude'. EDI has received similar requests from various educational institutions of Gujarat to organise such camps for school and college students.

EDI PUBLICATIONS & AUDIO VISUALS

Publications

1. Entrepreneurship Development Programme in India, Its Relevance to Developing Countries -Dr. V. G. Patel Pg. No.97 Rs.130.00 US \$ 25
2. Developing New Entrepreneurs Pg. No.226 Rs. 200.00 US \$ 40
3. Self-made Impact Making Entrepreneurs Gautam R. Jain & M. Akbar Ansari (Research team) Pg. No.220 Rs.250.00 US \$ 45
4. National Directory of Entrepreneurs Trainer-Motivators (1989) Rs. 80.00
5. Entrepreneurship Bibliography Rs.55.00 US \$ 11
6. Strategy of Success in Business and Industry (Hindi) Dr. V.G.Patel, Pg. 153 Price : 50.00

Papers

1. Potentials of Ex-Serviceman for Entrepreneurship : A study - Gautam R. Jain Pg. 53 Rs. 48.00
2. Course for Entrepreneurial Succession in Family Business : A Feasibility Study-Gautam R.Jain Pg. 46 Price : 43.00
3. The Missionaries -A Study of Entrepreneur Trainer-Motivators in India-Dinesh Awasthi Pg. 85 Price : Rs. 72.00
4. Proceeding of National Workshop on Developing Research Agenda on Entrepreneurship-Gautam R. Jain & Dinesh Awasthi Pg. 97 Price : 81.00

Video Cassettes

1. Five Success Stories of First Generation Entrepreneurs Rs. 1000/- US \$ 100
2. Assessing Entrepreneurial Competencies Rs. 1000/- US \$ 100
3. Business Opportunity Selection and Guidance Rs. 750/- US \$ 75
4. Cash Crisis Rs. 750/-
5. Delegation Crisis Rs. 750/-
6. Problem Solving Rs. 750/-