

PROMOTION OF VENTURES BY THE ENTREPRENEURS IN THE MODERN ERA

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ABSTRACT

The concept of entrepreneurship has wide range of meanings. On one extreme end, the entrepreneur is a person with high aptitude to take changes and on the other hand, entrepreneur is a person who takes economic activities for himself. The concept of entrepreneur venture differs from the small scale business in this the amount of wealth created is more and the speed of wealth created is high. The risk associated with the venture is high and is designed by the innovative abilities of the entrepreneurs. The entrepreneur is a person with high aptitude for changes and he works for himself. The venture capital has significant benefits and the venture back companies generally grow at a faster and accelerated pace. With venture capital in place, customer, supplier's staff and even the banks have higher confidence. The basic aim of the paper is to analyse the potential opportunities to build the ventures by the entrepreneurs so to design the world of creativity by his innovative abilities.

Keywords: Venture, Creativity, Promotion, Opportunity Analysis.

Introduction:

The venture capital is key to unlock the future wealth. The venture backed entrepreneurs have considerable credibility in the business and the promotion of entrepreneur is geared to higher levels... The promotion of venture involves four elements, first is discovery, second is investigation, third is assembling and fourth is financing. The promotion is the process of creating specific business enterprises. The aggregate of activities contributed by all those who participate in building up the business constitute a promotion. The promotion may be defined as a discovery of business opportunities and the subsequent organization of funds properly into a business creation for the purpose of making profits. The promoter is the person who commits to build and operate the industries, in the context of given scheme and takes necessary steps to fulfil this objective. Venture is the lifeblood of any economy giving the employment, economic growth and the benefits of increased standards of living to the people. The basic shape of the society in terms of development of infrastructure and the other connecting facilities is also decided by the success of entrepreneurs. The promotion of ventures impacts the society in terms to build the base for the comfortable lives as there is convenience and connectivity developed due to the development of business. To start a new startup company or to bring a new product to the market, the venture may need to attract financial funding. There are several categories of financing possibilities. If it is a small venture, then perhaps the venture can rely on family funding, loans from friends, personal bank loans or crowd funding. The venture capital financing process can be distinguished into five stages;

1. The Seed stage
2. The Start-up stage
3. The Second stage
4. The Third stage
5. The Bridge/Pre-public stage

The stages can be extended by as many stages as the VC-firm thinks it should be needed, which is done in practice all the time. This is done when the venture did not perform as the VC-firm expected. This is generally caused by bad management or because the market collapsed or a bit of both.

Roadmap to start a New Business:

When a business is established on an idea, this idea would generate a kind of an enterprise which will be built on the basis of the determination of the ownership concept. The objective and goals that will decide the basic concept of the initial contracts. After determining this, the location, after getting the location done, do the financial planning and prepare a sound organizational structure and then complete the basic legal formalities. A good consultancy organization can assist you to build up a plan with an expertise help. After getting the expertise help, the entrepreneur can undergo for a training program also. The choosing a business structure, involves a lot of legal formalities, the structure is chosen according to the tax advantages, this can be the sole proprietorship, general partnership and joint ventures, corporations and limited liability company.

Literature Review:

Stinchcombe (1965) argues that new organizations face substantial liabilities of newness. These liabilities lead to higher failure rates of new firms compared to older ones. He suggests that new firms have to define new roles and tasks, which is associated with high costs in time, temporary inefficiency, worry, and conflict. They are also challenged to create exchange relationships, though they lack the reputation, legitimacy, and experience of established firms, and must rely on interactions between strangers.

The literature on entrepreneurship offers various definitions of the term “new ventures” (see *Fallgatter* (2002)). This paper focuses on new ventures in a Schumpeterian sense, i.e., we look at independent. New firms that are based on some kind of “new combination” such as an innovative technology, process, business model, or product. However, many new firms are based on “traditional combinations” (e.g., architects). As they share some of the discussed challenges in marketing with the former type of firms (e.g., limited financial resources), our review of the literature will in parts be applicable to them as well. *Hannan/Freeman* (1984); *Romanelli* (1989); *Robertson/Gatignon* (1986). *Freeman/Carroll/Hannan* (1983). Also see research by *Brüderl/Schüssler* (1990) proposing a “liability of adolescence”. *Aldrich/Auster* (1986). resource scarcity, the majority of new firms have problems in raising capital Resource scarcity makes small firms vulnerable, as their ability to sustain economic downturns is limited. It is also likely that they encounter critical gaps in required skills due to lower skill diversity and disadvantages when competing with larger firms for employees. And there is less slack within a small organization that could be used for innovative purposes or training. Empirical findings in the area of small business show that smallness is negatively correlated with survival rates.

However, small firms also have some advantages over larger firms. In small firms processes are more flexible, communication is more direct, and red tape is rare. Thus, small firms tend to arrive at decisions faster than do their larger counterparts, and can act in a speedier, nimbler fashion when discovering opportunities in the marketplace.

Liabilities of newness and smallness are exacerbated by problems of uncertainty. Uncertainty is both an unavoidable aspect of entrepreneurship and of a valuable opportunity in that it serves as a basis for asymmetrical perceptions among actors. Profit comes when a new venture capitalizes on an opportunity that is not obvious to others or is inaccessible to others. When we look at them in this light, entrepreneurial projects can be thought of as real-life experiments in which hypotheses on the utility of an innovative combination of resources are tested vis-à-vis existing resource combinations and other innovative approaches. Ventures that create new combinations of resources might replace less efficient or less effective solutions, thereby changing the competitive structure of the industry and causing turbulence. Most notably, *Richard Cantillon* concluded in one of the earliest theories on entrepreneurship (1725) that merchants – i.e., entrepreneurs – are risk takers who commit to certain costs without knowing at what price they will be able to sell.

The early 20th century with the works of *Joseph Schumpeter*, who introduced innovation and newness to the concept of entrepreneurship, thereby raising several key issues in entrepreneurial marketing. For *Schumpeter*, the marketing of innovative products and their market success vis-à-vis competitive offerings constituted important parts of entrepreneurship. He defined the entrepreneur as an innovator who induces change in the marketplace by carrying out so-called “new combinations”, like selling innovative products to an existing market or opening completely new markets. Entrepreneurship is the act of being an entrepreneur, which can be defined as “one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods”. This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity. The most obvious form of entrepreneurship is that of starting new businesses (referred as Start-up Company); however, in recent years, the term has been extended to include social and political forms of entrepreneurial activity. When entrepreneurship is describing activities within a firm or large organization it is referred to as intra-premiership and may include corporate venturing, when large entities spin-off organizations. According to Paul Reynolds, entrepreneurship scholar and creator of the Global Entrepreneurship Monitor, “by the time they reach their retirement years, half of all working men in the United States probably have a period of self-employment of one or more years; one in four may have engaged in self-employment for six or more years. Participating in a new business creation is a common activity among U.S. workers over the course of their careers.” And in recent years has been documented

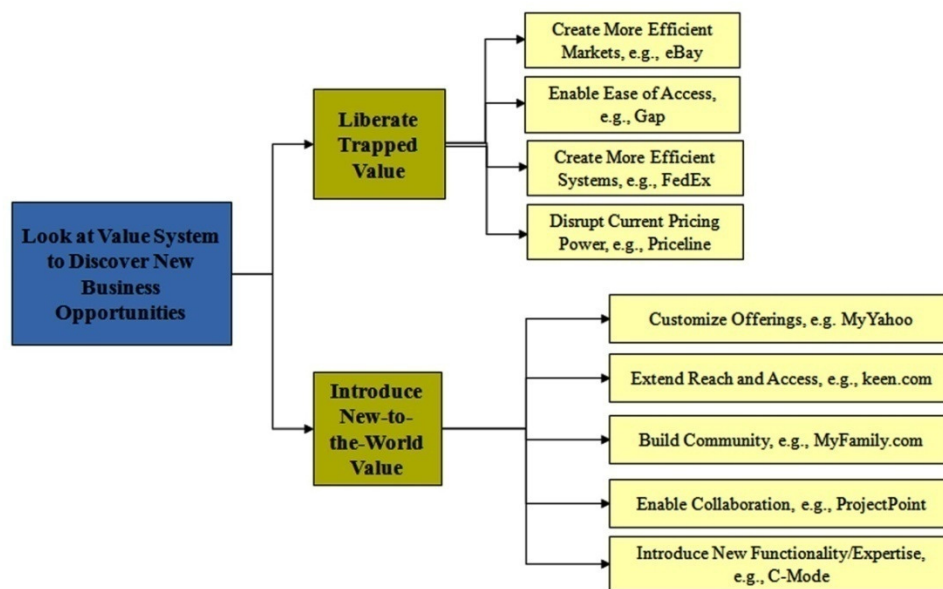
by scholars such as David Audretsch to be a major driver of economic growth in both the United States and Western Europe.

Entrepreneurial activities are substantially different depending on the type of organization that is being started. Entrepreneurship ranges in scale from solo projects (even involving the entrepreneur only part-time) to major undertakings creating many job opportunities. Many "high value" entrepreneurial ventures seek venture capital or angel funding (seed money) in order to raise capital to build the business. Angel investors generally seek annualized returns of 20-30% and more, as well as extensive involvement in the business.^[3] Many kinds of organizations now exist to support would-be entrepreneurs, including specialized government agencies, business incubators, science parks, and some NGOs. In more recent times, the term entrepreneurship has been extended to include elements not related necessarily to business formation activity such as conceptualizations of entrepreneurship as a specific mindset (see also entrepreneurial mindset) resulting in entrepreneurial initiatives e.g. in the form of social entrepreneurship, political entrepreneurship, or knowledge entrepreneurship have emerged.

The market and Opportunity Analysis for the promotion of venture:

The opportunity analysis involves the detail analysis of the processes in which the business happens. An entrepreneur is a person who foresees the opportunity and tries to explore it by introducing a new product, a new method of production, a new market, new source of raw material and a new combination of factors of production. The market opportunity analysis is a tool to identify and access the attractiveness of the business opportunity, in this unique ecommerce business; they try to reconfigure the value chains and the value systems. Now the market opportunity analysis involves a kind of a value chain. Value chain is a system of creating activities within the firms which can add value to the customers. A value system is a set of value creating activities connecting the firm with the other firms in customers.

Market opportunity analysis



First is the trapped value. Now trap value would relate to the efficiency, accessibility and the customer empowerment. The new value would be added by the personalization, extension, community building and collaborations. The horizontal value creation can be done by improving the functional aspects; the vertical value creation can be improved by the industry specific business activities.

Market opportunity analysis

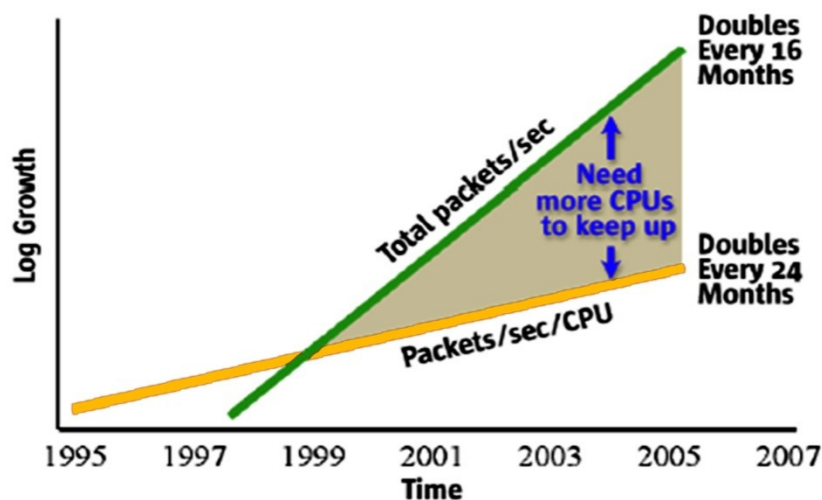


The opportunity analysis involves the customer, the competition, the company and the technology. The identification of the customer has to be done to meet the specific needs and requirements of the .Competition is try to access the relative advantage of competition, company is to basically has to estimate its resources, technology is try to identify that technology which has got a deeper penetration into the market. There are basically stages for customer identification needs. First is problem recognition, second is information gathering, third is evaluation, fourth is purchase decision, then fifth is satisfaction and sixth is loyalty. When you do problem recognition... May be he wants to give the product or he is interested in a subject need or basically, this is a kind of an activity which arouses his interest. Then he tries to gather information through search engines or through books or journals. The product evaluation is done on the basis of price, quality and availability. Purchase decision can be online or offline. Satisfaction is if the customer is arriving you again or if he is buying on time, then the customer is satisfied. Loyalty is the repeat purchases that mean the customer is loyal to you. Now when you identify the customer needs, basically you have to segment the customer needs also. The segmentation can be done on the basis of geographical aspects; the variables of geographical aspects are the country, region or the city. On the basis of demographics, the variables could be age, gender and income. On the basis of demographic, the variables could be the number of employees, company and size of the basic operations. Behavioural, behavioural variables could be the loyalty, priority of purchases etc. Occasion, the occasion variables could be the routine purchases and the special occasion purchases. Physiographic, the physiographic variables would be personality, traits, life style etc. Then is the benefits, benefits could be like convenient buying, economy, quality, price whatever it is. The customer needs have to identify by the actionable segmentation. The customers have to be defined in terms of their growth, size and profile and attractiveness. The meaningful segmentation can help you to develop a strategy which is genuinely possible to relocate the customers in a particular area .the insights of their motivations can be built up the customers currently to buy and use their products and could bring about the changes which they want. The

competitive advantages, competitive advantages could be access by starting the direct competitors, what they are doing, what are their prices and what would be their close substitutes. In direct competition comes from the substitute products or the adjacent competitors. Now who are the adjacent competitors? The adjacent competitors are firms that have the potential to provide products and services which are closed to the substitutes. The competitive mapping would involve identifying the undeserved and the most competitive areas. Identify the current competitive strength and try to go for collaborations if there are strong participants and then, overcome these competitive hurdles. This is central to deliver the new benefits to the customer or it could enhance your trapped value, hold the promises for winning against the current and the perspective competitors. Then upstream, upstream would involve improving your relationships with the suppliers. Then come to the technological aspects. Now accessing technology is a difficult function, a high level of judgment is based on technologically vulnerability. The technological adoption is important because the customers have to be trained and the price of the technology is also important because the adaptability depends upon the paying capacity of the customers. The technological impacts are like what could be the radical changes which can come when you deliver the technology or what could be the target population. Accessing technology market readiness involves two laws. First is Moore’s law, second is Gilders law. In Moore’s law, the processing power of successive generations of microchips will double every 1.5 years. Gilders law says that the total bandwidth of the communication systems will triple every 12 months.

Assess technology’s market readiness

Gilder's Versus Moore's Law



Source: The Net Effect

Here the Gilders vs. Moore’s law is shown, we have two axes, the X axis and the Y axis. On the Y axis, we have plotted the Log growth and on X axis, we have plotted time from 95 to 2007. We have two lines that are green and yellow. On green line, the total packets per second are shown and on yellow line packets, per second per CPU are shown. The gap between these two lines shows that the need to increase the CPU’s for the next generation. Now craft and opportunity story, how can you craft and opportunity story, first is describe the target segment, articulate high value proposition, spell out the benefits which you want to give out the customers, then try to give reasons to believe it, then try to build the capabilities and give values to the customers. Now value attractiveness or the market opportunity attractiveness is

shown by this equation. I will show you this equation, attractiveness is the function of long term profitability and relative competitiveness. Now the magnitude and the character of the opportunity depends of the level of the unmet needs, level of interaction between the major customers segments, likely rate of growth, the volume of the market and the level of profitability. Now the opportunity analysis also involves the scanning of the business environment, short listing of the opportunities and finalizing the opportunities.

External Environment Analysis to boost the market potential:

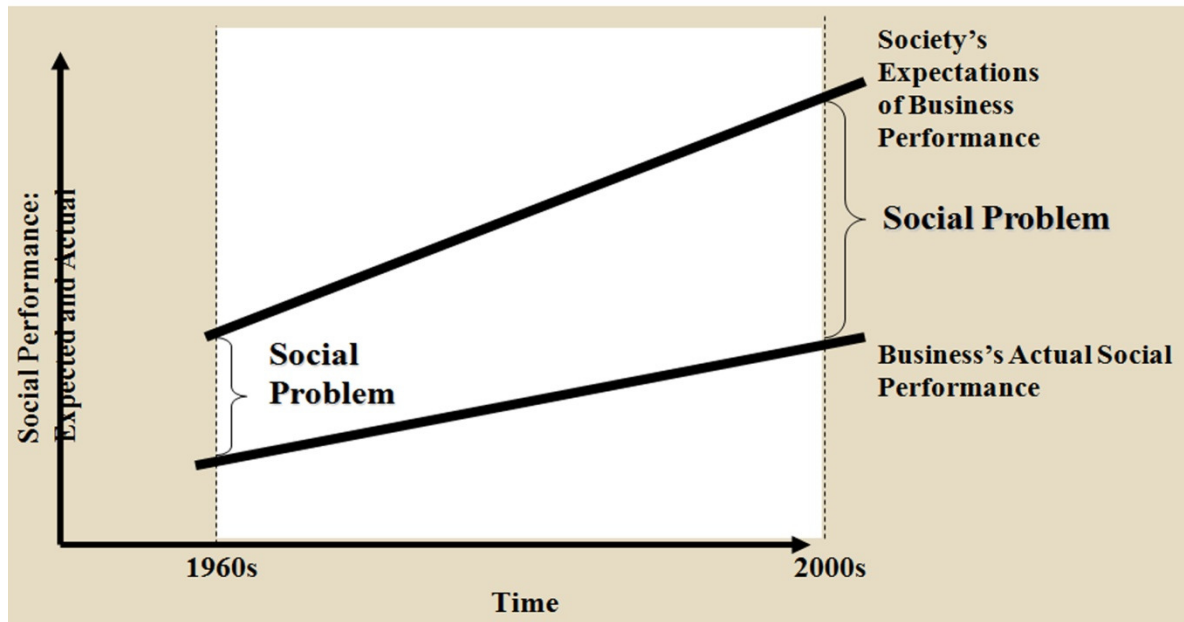
The external environment analysis is a continuous process which involves scanning, monitoring, forecasting and accessing. In scanning, the identification of the early signals of changes happening in form of trends is important. Monitoring involves a kind of deducting the meaning through ongoing observations. Forecasting involves developing projections of anticipated outcomes. Accessing involves determining the timing and importance of environmental changes. Now the three component relationship of the firm to the business environment are, first is deterministic, that is you need to have an understanding of the regulatory, legal and market structures. Second is probabilistic, these are the areas where the firm has the abilities to increase the odds or successes. Random, there are uncontrollable and uncertain elements from which the firm cannot attempt to protect itself. The analysis on the basis of macro and general environment is important to study the task environment, third is the analysis of the competitive environment, these three analysis give the strategic intent which helps to formulate the strategic mission. The assets and the skills are those assets and skills required to meet that strategy. Then the strategy implementation is to select a strategy action linked with the specific implementation of the chosen strategy. Superior returns, superior returns are higher earning, higher benefits and above average returns. Now when the external environment analysis, in this, the strategy is dedicated or directed by the external environmental variables, related to economic, socio cultural, global, technological, political and demographic. The firm develops the internal skills required by the environment in order to overcome these issues. The study of the general and economic environment is important, which involve the study of woman in the workforce, workforce diversity, attitudes and the quality of the work life; it is concern about the environment, shifts and the career preferences of the people. When you study the political segments, they would involve the antitrust laws, the taxation laws, the deregulation philosophy and the labour training laws. When you study the economic segments, it would involve the inflation rates, the interest rates, the trade deficits, budget classification or budget deficits, personal saving rate or business saving rates. Technological segment would involve the product innovations, applications of knowledge; Focus of private and government support are in the expenditures and new communication technologies. The global impact is also there, the global segment would involve the important political events, the critical global markets and the newly industrialized economies. When you study the demographic segments, it would involve the kind of population size, age, structure, geographical distribution, ethnic mix and income distribution. Now this is all about the external environment or the model which suggest you that the firm has to have a better strength in reaction to the environment.

Social Environment:

Business and society is important. The business in relation to society is e important. First are the business scandals, business issues and broad societal concepts. Business is the collection of private commercially oriented organizations. Society is a broad group of people, organization, interest groups and community. The segments at a macro level, the social variables would involve demographics, lifestyles and social values. When you study the strength of the society in a context of the business, a modernized society is which prevent concentration of power of business, which maximizes the freedom of expression and action. It disperses the individual alliances, it creates a diversify set of loyalties, it provide checks and

balances on the businesses. The special interest society or the special interest groups make life more complex for the business and the government. The number of people involved is high and there is more active intense and the focus group involvement high for the following purposes that are there is a need to achieve the goals and to achieve the issues they have to be believed in... The factors of the social environment are the affluence at the educational level of the people, the awareness through television and internet, revolution of rising expectations, entitlement, mentality, rights movement and victimization philosophy.

Society's Expectations Versus Business's Actual Social Performance



Which shows the societies expectations vs. the business actual and social performance? We have two axes, the X axis and the Y axis, on Y axis, we have plotted the social performance that is the expected and the actual and on the X axis, we have plotted the time, you can see the time period from 1960's to 2000. There are two lines, the lower line shows the business actual social performance and the second line shows the societies expectations of the business performance, now when there is a gap between these two lines, then there will be a social problem because the business has to perform in accordance with the societal needs and if the business is not able to perform it, there will be problems in the society. Now the business power is the ability and the capacity to produce an impact and effect on the society. R N law for responsibility, what is this? This law says that in long run, those who do not use the power in the manner, society considers responsible will tend to lose it. Elements of the social contract involve both, business and society; it is a two ways or shared concept in which understanding of each party is important.

The ethics is a science of right, wrong, fairness and justice. Business ethics focuses on ethical issues that arise in the commercial realm. Stakeholders are people or individuals which have interest in the business. They could be external and internal, this is all about social environment, the social environment is important for the business because the society is related to the business and both have to work in a harmonious and a kind of a sustainable relation.

Competitive Environment:

Now let's study the competitive environment. Here the competition is important because the business is running in a kind of a competitive field. The basic model involve over here is the porters five force field analysis. The five forces are environmental forces that impact the company's ability to compete in a given market. The purpose of five force analysis is to diagnosis the principle competitive pressures in the market and access how strong and important each force is.

Conclusion:

The entrepreneur venture is the promotion of business supported by lager funds involving the support from the financial and outside instate to build the empires. These ventures crystallise in to big business organisations putting an impact on the society and relate to the social, ethical and economic variables. The society is governed by the forces of competition and globalisation and these dictate the ethics of big business. The venture based entrepreneurship has big future supporting the values of development and employment in the country.

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