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Entrepreneurship Process and Principles-MGT 432

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Answer to the question no-1

The 12 myths of E-commerce and how to avoid falling victim to them there are given below:- Although many entrepreneurs have made their fortunes through e-commerce, ~~setting~~ up shop on the web is no guarantee of success. Scores of entrepreneurs have plunged unprepared into the world of e-commerce only to discover that there is more to it than merely setting up a web site and waiting for the orders to start pouring in. Make sure that you do not fall victim to one of the following e-commerce myths.

Myth 1. Setting up a Business on the web is easy and inexpensive:- A common misconception is that setting up an effective web site for an online business is easy and inexpensive. Although practically anyone with the right software can post a static page in just a few minutes, creating an effective, professional, and polished web site can be an expensive, time consuming project.

Myth 2. If I launch a site, customers will flock to it:- Some entrepreneurs think that once they set up their web sites, their expenses end there. Not true without promotional support, an web site draw enough traffic to support a business.

Myth 3. making money on the web is easy :-
Promoters who hawk get-rich-quick schemes on the web lure many entrepreneurs with the promise that making money on the web is easy. It isn't. A study of e-commerce by the small business Administration reports that 35 percent of small businesses are losing money on their web sites.

Myth 4. Privacy is not an important issue on the web :- The web allows companies to gain access to almost unbelievable of information about their customers. many sites offer visitors freebies in exchange for information about them selves.

Myth 5. The most important part of any E-commerce effort :- Although understanding to the technology of e-commerce is an important part of the formula for success, it is not the most crucial ingredient.

Myth 6. Strategy? I Don't need a strategy to sell on the web! Just Give me a web site, and the rest will take care of itself :- Building a successful e-business is no different than building a successful brick-and-mortar business and that requires a well-thought out strategy.

Myth 7. on the web, customer service is not as important as it is in a traditional Retail store.

many web sites treat customer service as an afterthought, and it shows, sites that are difficult to navigate, slow to load, or confusing will turn customers away quickly, never to return.

Myth 8. Flash makes a web site better :- many web sites treat Businesses that fall into this trap pour most of their e-commerce budgets into designing flashy web sites with all of the bells and whistles, The logic is that to stand out on the web a site really has to sparkle.

Myth 9. It's what's up front that counts :- Designing an attractive web site is important to building a successful e-business. However, designing the back office, the systems that take over once a customer places an order on a web site, is just as important as desing the site itself.

Myth 10. E-commerce will cause Brick and - mortar Retail stores :- The rapid growth of e-commerce does pose a serious threat to traditional retailers, especially those who fail to find ways to capetalize on the oppor-tunities the web offers them. However, it is unlikely that web based shopping will replace customers need and desire to visite real stores selling real merchandise that they can see, touch, and try on. Some Products simply lend them-selves to selling in real stores more naturally than in online shops.

Myth 11. The greatest opportunities for e-commerce lie in the retail sector :- As impressive as the growth rate and total volume for online retail sales are, they are dwarfed by those in the online business-to-business. sectors where businesses sell to one another rather than to retail customers. The global business to-business e-commerce sales now total nearly $2 trillion. That volume of sales is the nearly seven times the amount of business to-consumer e-commerce. Entrepreneurs who are looking to sell goods to other business on the web will find plenty of the opportunities available in a multitude of industries.

Myth 12. It's too late to get on the web :- A common myth, especially among small companies is that those businesses that have not yet moved onto the web have missed a golden opportunity. E-commerce is still in it's the infancy. Companies are still figuring out how to succeed on the web, learning which techniques work and which ones don't. For every e-commerce site that exists a trio of other has failed. An the abundance of them and clever enough to capitalize on them.

Answer to the question no-2

The elements of a solid business plan those are given below:- Smart entrepreneurs recognize that every business plan is unique and must be tailor-made. They avoid the off-the-shelf, cookie-cutter approach that produces look-alike plans. The elements of a solid business plan may be standard, but the way an entrepreneur tells her story should be unique and reflect her personal excitement about the new venture.

Initially, the prospect of writing a business plan may appear to be overwhelming. many entrepreneurs would rather launch their companies. Every business plan is unique. An entrepreneur should view the following the elements as starting point for building a plan and should modify them as needed to better new venture.

(i) The executive summary:- To summarize the presentation to each potential financial institution or investor, the entrepreneur should write an executive summery. It should be concise - a maximum of two pages - and the should summarize all of the relevant points of the business venture. The executive summary is a synopsis of the entire plan. The executive summary must capture the reader's attention. If it misses the mark

The chances of the remainder of the plan being read are minimal. Although the executive summary is the first part of the business plan, it should be the last section written.

(ii) Mission Statement :- As you learned a mission statement expresses in words an entrepreneur vision for what her company is and what it is to become. It is the broadest expression of a company's purpose and defines the direction in which it will move. it anchors a company in reality and serves as the thesis statement for the entire business plan.

(iii) Company History :- The owner of an existing small business should prepare a brief history of the operation, high-lighting the significant financial and operational events in the company's life. The section should describe whom and why the company was formed, how it has evolved over time, and what the owner envisions for the future. This section also should convey the firm's image in the marketplace.

(iv) Business and industry Profile :- This section should provide the reader with overview of the industry or market segment in which the new venture will operate.

(v) Business strategy :- This segment of the business plan should outline the methods the company can use to meet the key success factors cited earlier.

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(vi) Description of firm's Product/Service :- An entrepreneur should describe the company's overall product line. giving an overview of how customers use its goods or services. Finally it is helpful provide an honest of comparison of the company's products or services with those of competitors.

(vii) Marketing Strategy :- one crucial crucial concern of entrepreneurs and the potential lenders and investors who finance their own companies is whather or not there is a real market for the proposed good or service.

(viii) Showing customer interest :- An entrepreneur must be able to prove that her target customer need or want her good or service and are willing to pay for it.

(ix) Documenting market claims :- Entrepreneurs must supports claims market size and growth rates with facts, and that requiers market research.

(x) Competitor Analysis :- An entrepeneur should discuss the new venture's competition. Failing to asses competitor realistically makes to entrepeneur appear to be poorly prepard, naive or dishonest, especially to potential lenders and investor.

(xi) Description of the management team :- The most important factor in the success of a business venture is the quality of its management and financial officers and investors waith heavily in their financing decisions.

(xii) Plan of operation :- To complete the description of the business, the owner should construct porsonal occupying them.

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Answer to the question no - 3

Short note:-

Accounts Receivable

Accounts receivable refer to the money a company's customers owe for goods or services they have received but not yet paid for. An accounts receivable is an asset recorded on the balance sheet as a result of an unpaid sales transaction, Explains BDC for, Advisory services senior Business Advisor Nicolas Fontaine. more specifically, it is a monetary asset that will realize its to value once it is paid and converts into the cash. For example, when customers purchase products on credit, the amount owed gets added to the accounts receivable. it's an obligation created through a business transaction. The faster the accounts receivable are paid. the better, since you can use your receivable to pay off liabilities such as accounts payable. An account receivable is recorded as a debit in the assets section of a balance sheet.

Corporate venture capital

Short note:- Corporate venturing - also known as corporate venture capital is the practice of directly investing corporate

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funds into external startup companies. This
is usually done by large companies who to
wish invest small, but innovative, startup
firms. They do so through joint venture for
agreements and the acquisition of equity
stakes. The investing company may also the
Provide the startup with management and
marketing expertise, strategic direction, and
a line of credit. As a subset of venture
Capital, corporate venture capital was startup
due to the vast emergence of startup
companies in the technology field. The main
goal of cvc is to gain a competitive to
the advantage and access to new, innovative
companies that may become potential to the
competitors in the future.
cvc does not use third-party investment
firms and does not own the startup in the
Companies it is investing in - as compared
to pure venture capital investments.

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Answer to the question no-4

The stages in location decision there are given below:-

① Choosing the region :- The first step the selecting the best location is to focus at the regional level. Above all, the entrepreneur must always place the customer first in her mind when deciding on a location. At the broadest level of the location decision, entrepreneurs usually determine which regions of the country are experiencing substantial growth. The small business administration's small development center program also offers location analysis assistance to entrepreneurs. An entrepreneur has identified the best region of the country. The next step is to evaluate the individual states in that region.

② Choosing the state :- Every state has an economic development office to recruit new businesses to that state. Even though the publications produced by these offices will be biased in favor of locating in that state they still are an excellent source of facts and can help entrepreneurs assess to the business climate in each state. Some of the key issues to explore include the laws, regulations, and taxes that govern business and any incentives or investment credits the state may offer to business locating there. Other factors to consider include

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Proximity to markets. Proximity to raw materials, wage rates, quantity and quality of the labor supply, general business climate. Tax rates and internet access.

(3) Choosing the city :- Entrepreneurs should know more about the cities in which their business are located than do the people who live there. By analyzing population for decision becomes more then a shot in the dark. Studying the characteristics of a city's residents, including population size and density, growth trends, family size age breakdowns, education. income levels, job categories, gender, religion decision. In fact using only basic census data entrepreneur can determine the value of the homes in an area, how many rooms they contain and how mach residents' monthly rental or mortgage payments are. Imagine how useful such information would be to someone about to the launch a bed and bath shop. As a result the city, where the median age of the inhabitants is 30. has seen an explosion of new businesses aimed at young people with rising incomes and hearty appetites for consumption.

(4) Choosing the site :- The final step in the location selection process is

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Choosing the actual site for the business Again, facts will guide an entrepreneur to the best location decision. Each type of the business has different evaluation criteria for what makes an ideal location. The manufacturer's prime consideration may be access to customers but can generally survive in lower-rent properties. A retailer's prime consideration is sufficient customer traffic. The one element common to all three is the need to locate where customers want to do business.

The site location decision draws on the most precise information available on the makeup of the area. Through the use of the published statistics mentioned earlier in this chapter, an entrepreneur can develop valuable insights regarding the characteristics of people and businesses in the immediate community.

The market research is available to the entrepreneurs through some 1,300 state data centers across the country. The data are available both on CD-ROM and on the world wide web at the Census Bureau's web site. Any entrepreneur with a PC can access this incredible wealth of data with just a few clicks of a mouse.