



FINAL EXAMINATION

MODEL ANSWERS

PAPER – 20C

ENTREPRENEURSHIP AND STARTUP

SET - 1

TERM – JUNE 2025

SYLLABUS 2022

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1) Choose the correct option:

[15 × 2 = 30]

(a)

- i. _____ type of marketing strategy hits consumers' emotions.
 - a. Stealth Marketing
 - b. Guerrilla Marketing
 - c. Persuasive Marketing
 - d. Proximity Marketing
- ii. What is the maximum loan amount provided by Pradhan Mantri Mudra Yojana (MUDRA)?
 - a. ₹25 lakh
 - b. ₹10 lakh
 - c. ₹20 lakh
 - d. ₹30 lakh
- iii. _____ is the process of breaking a data set into groups of similar data, often broken into a customer demographic. This allows data analysts and other users of data analytics to further dive into the numbers relating to a specific subset of data.
 - a. Cohort Analysis
 - b. Time Series Analysis
 - c. Factor analysis
 - d. Regression analysis.
- iv. Which business model is illustrated by Dell selling its computers directly to customers, bypassing retailers?
 - a. Disintermediation model.
 - b. Marketplace model.
 - c. Subscription model.
 - d. Freemium model.
- v. In startup world, _____ is a powerful tool for honing in on a real consumer need and bypassing costly hours and resources hypothesizing and experimenting with different solutions.
 - a. Planned thinking
 - b. Startup thinking
 - c. Design planning



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d. Design thinking

vi. Which startup valuation method is based on comparing the target startup with already funded startups using various factors like market size, region, and quality of management?

- a. Market Multiple Method**
- b. Risk Factor Summation Method**
- c. Scorecard Valuation Method**
- d. Cost-to-Duplicate Method**

vii. An actuarial concept used in risk pooling does not include.

- a. The law of averages**
- b. The law of sampling**
- c. The law of large numbers**
- d. The laws of probability**

viii. In the process of goal setting, what does the SMART acronym stand for?

- a. Strong, Motivated, Achievable, Responsible, Tactical**
- b. Strategic, Measurable, Accountable, Realistic, Time-bound**
- c. Specific, Motivational, Analytical, Realistic, Targeted**
- d. Specific, Measurable, Attainable, Relevant, Time-bound;**

ix. Why is it important to have an environmental business objective?

- a. To reduce staff turnover**
- b. To keep customer base**
- c. To be competitive**
- d. To address government targets**

x. Which of the following scheme is not launched by the government for supporting women entrepreneurship?

- a. Pradhan Mantri Ujjawala Yojna (PMUY)**
- b. Pradhan Mantri Rojgar Yojna (PMRY)**
- c. Rashtriya Mahila Kosh (RMK)**
- d. Trade Related Entrepreneurship Assistance and Development (TREAD)**

(b) Based on the following case study, you are required to answer the questions no. (i) to (v)

Back in 2004, GE's top-management team was going through its annual strategic planning review when the management team came to a sudden realization: six of the company's core businesses were deeply involved in environmental and energy-related projects. What was particularly striking was that GE had initiated almost all of these projects in response to requests from its customers. They initiated a data-gathering effort. They made an effort to educate themselves on the science behind energy and

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environmental issues, including greenhouse gas emissions. At the same time, GE talked to government officials and regulators to try and get a sense for where public policy might be going. This external review led to the conclusion that energy prices would likely increase going forward, driven by rising energy consumption in developing nations and creating demand for energy-efficient products. The team also saw tighter environmental controls, including caps on greenhouse gas emissions, as all but inevitable. What emerged from these efforts was a realization that GE could build strong businesses by helping its customers to improve their energy efficiency and environmental performance. Thus was born GE's ecomagination strategy. First rolled out in 2005, the ecomagination strategy cut across businesses. The corporate goals were broken into sub goals and handed down to the relevant businesses. Performance against goals was reviewed on a regular basis, and the compensation of executives was tied to their ability to meet the goals. The effort soon started to bear fruit. These included a new generation of energy-efficient appliances, more-efficient fluorescent and LED lights, a new jet engine that burned 10% less fuel, a hybrid locomotive that burned 3% less fuel and put out 40% lower emissions than its immediate predecessor, lightweight plastics to replace the steel in cars, and technologies for turning coal into gas in order to drive electric turbines, while stripping most of the carbon dioxide (CO₂) from the turbine exhaust. By the end of its first 5-year plan, GE had met or exceeded most of its original goals, despite the global financial crisis that hit in 2008. Not only did GE sell more than \$20 billion worth eco-products in 2010, according to management, these products were also among the most profitable in GE's portfolio.

1. In strategy making, what important factor did GE's management team focus on when formulating the ecomagination strategy?
 - a. Adapting to global energy regulations
 - b. Listening to and addressing customer demands for environmentally-friendly products
 - c. Expanding into new geographical markets
 - d. Focusing solely on internal business capabilities
2. When Jeff Immelt, GE's CEO, says "green is green," what does he mean?
 - a. Investing in environmentally friendly products is both profitable and beneficial for sustainability
 - b. Investing in green technologies is cost-ineffective for companies in the long run
 - c. The focus on green products limits opportunities for profitability
 - d. Eco-friendly products are only beneficial for environmental reasons, not financially.
3. What strategy did GE use to measure the success of the ecomagination initiative?
 - a. Increased market share in eco-friendly products only
 - b. Regular reviews of business performance against sustainability goals, with executive compensation tied to achieving these goals
 - c. Measuring energy savings across different business units without tying it to compensation.
 - d. Comparing the company's environmental performance with that of competitors.



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4. How did GE's ecomagination strategy incorporate the concept of corporate social responsibility (CSR) into its overall business model?
- By focusing on charity-driven initiatives without directly impacting its product offerings
 - By creating independent CSR projects that operated separately from the company's core business units
 - By reducing the company's dependency on eco-friendly product lines and focusing on improving traditional products
 - By aligning its business growth with environmental sustainability goals and engaging customers in eco-friendly solutions.
5. What strategic element was critical to GE's ecomagination strategy and helped it to align its business goals with its environmental initiatives?
- Hiring external consultants to oversee the environmental initiatives
 - Focusing solely on reducing energy costs without considering environmental impact
 - Tying executive compensation to the achievement of environmental performance goals
 - Expanding into completely new markets unrelated to its core business.

Answer:

(a)

i	ii	iii	iv	v	vi	vii	viii	ix	x
c	b	a	a	d	c	b	d	d	a

(b)

i	ii	iii	iv	v
b	a	b	d	c

SECTION – B

Answer any 5 questions out of 7 questions given. Each question carries 14 marks. [5 x 14 = 70]

2. (a) Evaluate the five key areas of the GAP model of service quality and assess how each contributes to improving customer satisfaction. [7]
- (b) Critically assess the different classifications of activities within aftersales services, and evaluate how each contributes to enhancing customer satisfaction and business performance. [7]

Answer:

- (a) The five areas the GAP model of service quality focuses on:
- The first gap measures the difference between what customers expect and what management thinks they expect. This gap can occur when management doesn't have enough information about their customers. For example, managers at a supermarket may think shoppers want a wider variety of brand-name items

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and more self-checkout stations, but shoppers may actually be more concerned with the cleanliness of the store and the friendliness of staff members.

Conducting thorough market research and listening to feedback from your customers before you make significant changes to the products or services you offer can help you understand your customers better. Consider hosting customer panels and interviews, implementing satisfaction surveys or conducting comprehensive studies to make sure your perception of what your customers want is correct.

- The gap between management perception and service quality specification:

The second gap examines the difference between what management perceives quality service is and how accurately management specifies the level of quality they expect from their team. In this situation, management may understand what their customers expect, but they haven't establish the necessary performance standards to ensure their team meet these expectations.

It's important for managers to define the level of service they want their customers to experience to diminish the potential for miscommunication. Develop standard operating procedures for your team and establish SMART goals that are specific, measurable, actionable, relevant and timely. Addressing each of these areas can help you create parameters that are easy to understand and empower your team to complete tasks successfully.

- The gap between service quality specification and service delivery :

The third gap assesses the difference between what level of service managers tell staff members to provide and what type of service the customer actually receives. Customers may receive lower-quality service than management anticipates if team members are unable to meet expectations. At this stage, it's critical for managers to audit the customer experience to identify areas for improvement. Often, in this type of situation, the team may benefit from receiving additional training. In some situations, management may need to review their hiring practices to ensure they select candidates who are both capable and willing to provide quality customer service. A few areas you can consider when analyzing this gap include team members' aptitude, health, attitude and cultural factors. For example, managers at a call center may have specific standards in place that explain how many calls they expect each customer service representative to complete every hour.

- The gap between service delivery and external communication:

The fourth gap analyzes the difference between the service a company tells customers they provide and the service the customers actually receive. It measures whether the company advertises and communicates information about its services accurately instead of exaggerating its claims. Advertisements and company statements have a significant impact on customer expectation so it's important for managers to ensure the claims they make are honest.

For example, a hotel's website and brochures might feature clean and modern-looking rooms, but if the staff doesn't properly maintain the rooms between guests, there may be a gap between what customers expect and what they receive.

- The gap between expected service and experienced service :

The fifth gap addresses the difference between the level of service customers expect to receive and the level of service they perceive. While advertisements and direct communication from a company certainly impact customer expectations, interactions they have with other customers and their previous experiences

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with a company may also influence the type of experience they expect to have. This gap can occur when the claims a company makes are honest but misinterpreted by the customer.

(b) Aftersales services are a critical component of business operations, directly influencing customer satisfaction and contributing to overall business performance. These services are commonly classified into several categories, such as customer care, field technical assistance, and spare parts distribution. Each classification plays a significant role in enhancing the customer experience, building long-term relationships, and ensuring a competitive advantage in the market.

1. **Customer care:** This is usually described as an activity which provides technical and commercial information and services; typically, warranty extension and complaint management to customers. There are different types of customer care and it is distributed on different levels; it can be distributed through a national centralized call center, through the manufacturer's website and through the local repair centers that provide technical information to customers. There are also differences in the variety of personalization when offering the service (ibid). The customer care activity has shifted from being primarily providing simple tasks, such as providing information and handling orders, to now, being more complex and handling tasks, such as giving advice in financial affairs or strengthening and managing the relation-ship with key accounts. A strong customer care service not only helps in resolving issues but also in fostering trust and long-term engagement with the brand.
2. **Field Technical Assistance:** Field technical assistance is the assistance provided from seller to buyer where the buyer can receive encompassing installation, warranty work as well as out-of-warranty repairs, product disposal and check-ups. The main purpose of warranty is to provide an after-sale remedy for customer when a product fails to meet its intended achievement during the warranty period (ibid). Warranty has also been defined as a contractual obligation made by a manufacturer, in connection with the sale of a product, where the manufacturer is obligated to ensure orderly functioning of the product. It builds customer confidence in the brand by offering reliable post-purchase support and ensures that any product-related issues are addressed promptly. This service not only resolves issues but also enhances the product's lifecycle, contributing to greater customer satisfaction.
3. **Spare Parts Distribution:** Spare parts distribution is responsible for inventory management, customer order management and delivery of spare parts. Spare parts distribution provides crucial functions for the customers throughout consumption of the product. The role of spare parts distribution is vital because it ensures that customers can maintain their products throughout the product's lifecycle. Properly managed spare parts distribution reduces downtime, preventing customers from being inconvenienced by broken or malfunctioning products. It also ensures that customers receive the necessary components to maintain optimal product performance. Furthermore, a well-organized spare parts distribution system can improve operational efficiency and reduce costs associated with inventory management. This service helps businesses maintain a strong relationship with customers, as timely and efficient delivery of spare parts reflects the company's commitment to quality service.

3. (a) Suggest ways to streamline the invoice verification process and reduce the occurrence of locked invoices.

[7]

(b) Review the motives for holding cash and discuss how they affect financial planning

[7]



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Answer:

- (a) Invoice Verification: Every organization acquires goods or services to complete its business needs. Once goods are procured from a vendor and placed in company's premises through goods receipt, we need to pay to the vendor for the acquired goods and services. The amount to be paid along with the details of the material is provided by the vendor in the form of a document that is known as the invoice. Before paying to the vendor, we need to verify the invoice. This process of verifying the invoice before making a payment is known as invoice verification. The key points to note about invoice verification are as follows –

- Invoice verification marks the end of procurement, after purchase order and goods receipt.
- Invoice posting updates all the related documents in financials and accounting.
- Blocked invoice that varies from actual invoice can be processed through invoice verification.

One normally comes across the following terms in invoice verification –

- **Posting of Invoice:** Posting of invoice is done after having received the goods from the vendor and after having completed the goods receipt. The invoice received from a vendor is verified against cost, quantity, and quality by the ordering party, and then the invoice is posted against that purchase order. This is the phase where the vendor (seller) is paid from the company and reconciliation of the invoice and purchase order is accomplished. Follow the steps given below to post an invoice.
- **Blocked Invoice:** Sometimes the accounting department may not be able to pay a vendor as per the invoice raised. This may happen in the following scenario. You try to post an invoice; however, the system expects certain default value against the purchase order or the goods receipt and the posted invoice differs from the default value. This may lead to invoice blocking. Invoice blocking is caused due to –
 - Variance in amount at item level
 - Variance in quantity at item level

It is difficult to analyze small variances in invoice. So, tolerance limits are set up in the system and if the variance in the invoice is within the tolerance limit, then the system accepts the invoice. If the variance exceeds the tolerance limit, then it may lead to invoice blocking. In such cases, we need to manually unblock or release the blocked invoice if it has processed.

- **Evaluated Receipt Settlement (ERS):** Evaluated Receipt Settlement (ERS) is an easy method of settling goods receipt automatically. If the ordering party has agreed with the vendor on all financial terms and condition, then it need not verify the invoice. Invoice will be posted automatically from the information present in the purchase order and the goods receipt. Given below are the advantages of having an ERS__
 - Purchase orders can be settled and closed quickly.
 - It reduces human efforts, as there is no need to verify the invoice.
 - Amount and quantity variances in invoice can be avoided with the help of ERS.

- (b) Motives or desires for holding cash refer to various purposes. A System Approach, stated three motives for holding cash such as (i) Transaction motives; (ii) Precautionary motives and (iii) Speculative motives. These are discussed below:

- (i) Transaction motives: A firm needs cash for making transactions in the day-to-day operations. The cash is needed to make payments for purchases, wages, salaries, other expenses, taxes, dividend, etc. The need to hold cash would not arise if there were perfect synchronization between cash receipts and cash payments. When cash payments exceed cash receipts, the firm would maintain some cash balance to be able to make required payments. For transactions purpose, a firm may invest its cash in marketable securities. Generally, the firm will purchase securities whose maturity corresponds with some anticipated payments whose timing is not perfectly matched with cash receipts.



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- (ii) **Precautionary motives:** Precautionary motive refers to hold cash as a safety margin to act as a financial reserve. In addition to the non-synchronization of anticipated cash inflows and outflows in the ordinary course of business, a firm may have to pay cash for purposes which cannot be predicted or anticipated. A firm may have to face emergencies such as strikes and lock-up from employees, increase in cost of raw materials, funds and labor, fall in market demand and so on. But how much cash is held against these emergencies depends on the degree of predictability associated with future cash flows. If there is high degree of predictability, less cash balance is sufficient. Some firms may have strong borrowing capacity at a very short notice, so that they can borrow at the time when emergencies occur. Such a firm may hold very minimum amount of cash for this motive.
- (iii) **Speculative motives:** It refers to the need to hold cash in order to be able to take advantage of negotiating purchases that might happen, appealing interest rates and positive exchange rate fluctuations. Some firms hold cash in excess than transaction and precautionary needs to involve in speculation.
- (a) An opportunity to purchase raw materials a reduced price on payment of immediate cash;
 - (b) Delay purchases of raw materials on the anticipation of a decline in price;
 - (c) A chance to speculate on interest rate movements by buying securities when interest rates are expected to decline; and
 - (d) Make a purchase at a favorable price. =
- (iv) **Compensating motives:** Banks provide a variety of services to business firms such as clearance of cheque, credit information, transfer of funds and so on. Bank either charge commission, fees for these services or seek indirect compensation. Usually, clients are required to maintain a minimum balance of cash to the bank. This balance is called compensating balance. Firms cannot utilize this balance for transaction purposes, rather banks can use this amount to earn a return.

4. (a) **Recommend the Disadvantages of Crowdfunding.** [7]
(b) **Evaluate the applications of Data Analytics?** [7]

Answer:

- (a) **Some disadvantages of the Crowdfunding are –**

2. **Inflexible:** One downside to Crowdfunding is the inability to make alterations to a campaign once it's launched. This means the description, terms and conditions, and allotted completion time cannot be changed. So, these are static in that sense. If entrepreneurs are forced to make changes to the campaign, they could find the project null and void and be required to give investors a refund.
3. **False and Negative Results:** Another common disadvantage of crowd funded campaigns is conclusions based on false-negative results. This is particularly true when looking at idea validation. For example, entrepreneurs could falsely conclude that the project failed because the product didn't meet a market need. However, in truth, its failure was largely down to poor marketing and a lack of understanding of what the product did. It does meet a market need – but just needs to be 'marketed' a little better.
4. **Time Consuming:** Many entrepreneurs fail to appreciate the time, effort, and planning a successful Crowdfunding campaign requires. Regular communication with investors, detailed financial reports, forecasts, POA (plan of action) for the invested funds, etc.
5. **Administration and Accounting:** This is more of a warning than a negative, but entrepreneurs need to consider the administrative and accounting challenges they will face.



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6. **Idea Theft:** Arguably the biggest drawback of publicly crowd funded campaigns is idea theft. This is very common picture in the periphery of startup business. Entrepreneurs are incredibly vulnerable to copycats swooping in, stealing their ideas, and taking them to other investors or corporations.
7. **Difficult for Non-Consumer Projects:** Currently, Crowdfunding campaigns are largely successful in the B2C (business-to-consumer) marketplace. It's not common to see the same success for B2B (business-to-business) ventures. This is largely down to the investment community. When they see a product that has a clear, tangible impact on consumers they can immediately identify with it. Its purpose is clear and they're more willing to invest. Services and other forms of non-consumer ventures are more difficult to interpret, and their value unclear.
8. **Lack of Transparency:** Not everybody is keen on opening up financial and other sensitive information to the public. However, if an entrepreneur is looking to raise funding through one of these platforms, investors are going to need access to this material to make informed decisions. This is not for everybody, so think carefully before committing to a campaign.
9. **Access to Funds:** One of the drawbacks to Crowdfunding campaigns is that you have to wait until the allotted time is up before receiving the funds. Depending on the duration of the campaign this could be anywhere between 60-90 days, so definitely worth taking into consideration.

(b) The applications of data analytics are:

- **Transportation:** Data analytics can be applied to help in improving Transportation System and the intelligence around them. The predictive method of the analysis helps find transport problems like Traffic or network congestion.
- **Logistics and Delivery:** There are different logistic companies like DHL, FedEx, etc. that use data analytics to manage their overall operations. Using the applications of data analytics, they can figure out the best shipping routes, and approximate delivery times, and also can track the real-time status of goods that are dispatched using GPS trackers.
- **Manufacturing:** Data analytics helps the manufacturing industries maintain their overall work through certain tools like prediction analysis, regression analysis, budgeting, etc. The unit can figure out the number of products needed to be manufactured according to the data collected and analyzed from the demand samples and likewise in many other operations increasing the operating capacity as well as the profitability.
- **Education:** Data analytics applications in education are the most needed data analyst in the current scenario. It is mostly used in adaptive learning, new innovations, adaptive content, estimation, assortment, investigation, and detailing of information about students and their specific circumstances, for reasons for comprehension and streamlining learning and conditions in which it happens.
- **Healthcare:** Applications of data analytics in healthcare can be utilized to channel enormous measures of information in seconds to discover treatment choices or answers for various illnesses. This is not just given precise arrangements dependent on recorded data yet may likewise give accurate answers for exceptional worries for specific patients.

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- **Energy and Utility:** Many firms involved in energy management use data analysis applications in areas such as smart-grid management, energy distribution, energy optimization, and automation building for other utility-based firms.
- **Communication, Media, and Entertainment:** When it comes to creating content for different target audiences, recommending content, and measuring content performance, organizations in this industry analyse customer data and behavioural data simultaneously. Data analytics is applied to collect and utilize customer insights and understand their pattern of social-media usage.
- **Fraud and Risk Detection:** Detecting fraud may have been the first application of data analytics. They applied data analytics because they already had a large amount of customer data at their disposal.
- **Communication, Media, and Entertainment:** When it comes to creating content for different target audiences, recommending content, and measuring content performance, organizations in this industry analyze customer data and behavioural data simultaneously. Data analytics is applied to collect and utilize customer insights and understand their pattern of social-media usage.
- **Digital Advertisement :** Digital advertising has also been transformed as a result of the application of data science. Data analytics and data algorithms are used in a wide range of advertising mediums, including digital billboards in cities and banners on websites.

5. (a) **Demonstrate how design thinking can be applied in entrepreneurship to address customer needs and challenges.** [7]
- (b) **Justify the need for a structured positioning process in building a successful marketing strategy.** [7]

Answer:

- (a) The process of redefining problems, understanding the challenges faced by users, and coming up with an innovative solution is known as design thinking. Leading global brands have implemented design thinking into their processes, and that has helped them in achieving greater success. It is a solution-based approach and can be looked at as ‘thinking out of the box’. As an entrepreneur, it is crucial to understand the market and learn whether your product or service will be helpful to the customers or not. As someone who is starting a new business venture, you must consider the customer’s needs and design your brand accordingly. Innovation is the driving force of entrepreneurship.

Companies such as Apple, Adidas, Airbnb, and PepsiCo have outperformed all thanks to design thinking. Through the design thinking process, we first work on breaking down the business problem into smaller aspects and then start thinking from the base level to come up with various solutions. Solutions are compared with each other, and depending on the situation, the most suitable solution is selected. Design thinking thus involves understanding the target users in an empathetic manner.

The five primary steps that an entrepreneur must remember are :

- Empathizing with the customers
- Defining the challenges, needs, and wants
- Forming Ideas different approaches are taken to come up with solutions for the problem.
- Prototyping products are made based on the different approaches
- Testing here the prototypes are tested and the faults plus benefits of the products are carefully studied.

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Thus, Design thinking drives innovation in entrepreneurship by focusing on customer needs, creativity, and iterative development. In the early stages of a startup, it provides a clear framework for identifying opportunities, testing ideas, and refining solutions, which is crucial for the long-term success and sustainability of the business.

(b) The basic positioning process steps are as given below :

- **Competition Identification:** The first step in the positioning process is understanding the competition and its products. Every company, brand, product, or service has its unique position in the market. For creating a unique positioning, it is critical to understand the competition prevalent in the market in that particular sector. Perceptual mapping or brand mapping is often used for competitor positioning process.
- **Product Characteristics Identification:** The second step in the positioning process is to evaluate all the qualitative characteristics, traits and uses of a product or service. The various characteristics of a product can be in terms of its usage, sturdiness, benefit, problem-solving, emotional connect etc.
- **Analyzing Customers:** The third step in the positioning process is to understand the needs, psychology, personality etc. of the customer. Unless a company understands a customer, it not creates a proper positioning statement. Customer surveys, feedback forms etc. can help understand the customer better.
- **Comparative Qualitative Analysis:** The fourth step in the positioning process is to compare & analyses the data of competitors, qualitative customer inputs, external factors etc. On comparison, the gaps in the market can be understood.
- **Identify Unique Positioning:** The fifth step in the positioning process is to identify a unique problem area or a gap which the product or service is fulfilling. This enables a company to have a strong and unique positioning vis-à-vis its competition.
- **Execute Marketing Plan:** The sixth step in the positioning process is to create a strong marketing plan which would help in communicating the value proposition offered by the brand.
- **Measure & Evaluate:** The last step in the positioning process is to measure, evaluate and constantly monitor the performance of the positioning of the brand in the mind of the customer. This is very important as a customer perception might completely differ from the message which the company is trying to portray. Sometimes, to rebrand or innovate or improve, companies do a repositioning of its products and services.

6. (a) What strategies would you advise we implement to overcome the current roadblocks in the negotiation process? [7]

(b) Suggest the requirements for audit of a startup. [7]

Answer:

(a) The following seven negotiation strategies can help you overcome these roadblocks to closing a business deal.

- **Negotiate the process:** We often have difficulty closing the deal in negotiations because we failed to negotiate an explicit process at the beginning of talks. Before discussing the specific issues at stakes or the parameters of your talks discuss how the negotiation should proceed. What ground rules are needed? Who will facilitate meetings? What issues will you discuss, and when? According to Bordone, mapping



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out the negotiation process can help you avoid making false assumptions during your talks, in addition to enabling more efficient and streamlined negotiations.

- **Set benchmarks and deadlines:** When designing the negotiation process, set short - term benchmarks as well as a realistic but ambitious final deadline, recommend Bordone. What happens if you fail to meet a benchmark or deadline? Explicitly discuss whether you need to set a new schedule and how you can improve going forward. Negotiators often worry that they will concede too much as the clock runs. But remember that the other side is equally affected by the deadline.
- **Try a shut-down move:** If you anticipate that a more attractive offer from a competitor may be an obstacle to closing the deal, you might attempt a shut-down move. For example, you might ask the other side for a limited, exclusive negotiating period (such as one week) during which time they would agree not to entertain offers from your competitors. To persuade the other party to this type of shut-down move (described as such because it cuts off competition on your side of the table), elaborate on the unique, non-monetary advantages you can bring them, such as access to valued networks or a stellar PR team.
- **Take a break :** It may sound counterintuitive, but adjourning negotiations until the following day, week, or even longer may assist you in closing a negotiation faster. Taking a break gives you time and space to unwind from the often tense and stressful atmosphere of business negotiations. It also allows you to recap with your team (and perhaps your superiors) what you've accomplished and how far you have to go. This type of review can help you identify whether or not it's wise to keep moving toward closing a business deal.
- **Bring in a trusted third party:** Sometimes negotiations get stalled because one or both parties are reluctant to put their best offer on the table. If so, you might suggest enlisting a trusted, neutral third party. In private meetings with the third party, each side could disclose its bottom line; the third part could then tell you if a zone of possible agreement, or ZOPA, exists. If not, it is probably time to move on. If so, you should be able to quickly identify a deal, with or without the adviser's help.
- **Change the line-up :** If you or your team is having difficult closing a business deal, consider bringing in replacements. A new team on one or both sides may be able to look at the negotiation with fresh eyes, free of any emotional baggage or personality clashes that could be holding you back.
- **Set up a contingent contract:** Finally, when closing negotiations, you might explore the possibility of a contingent contract in essence, a bet on which party's vision of the future will come true. For example, if you believe a remodeler will do a great job on your house but that his timeline is too ambitious, suggest putting in place a penalty for late completion or, alternatively, a bonus for early or on-time completion. If he really thinks he can meet his deadline, he should be happy to accept the contingency. Such deal terms allow parties to "agree to disagree" on key issues.

- (b) Requirement of Audit for Startups: Every business does not necessarily require an Audit. There are some parameters which necessitate a financial audit for an organization, which are different depending on the nature of the business and type of company. For a Startup, an Audit may be required in several situations, some of which are listed below:

- **Lenders/Investors:** In respect to Lenders and Investors, there can be two main circumstances when a financial audit may be required, which are explained as follows:

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- For Existing Lenders and Investors: A financial audit provides a comprehensive view of company's business and current state of affairs. Entities investing in a business may call for its Audit to receive an overview of company's financial records. An audit provides additional assurance to management's assertions regarding the financial situation of the business.
- For interested Lenders and Investors: When an organization is properly audited, Lenders and Investors who are interested in investing in the business get an overview. Additionally, they may call for an Audit to know the company's pre-revenue circumstances and to accumulate possibilities of Gains and losses.
- Pre IPO (Initial Public Offering): When an organization desires to list its small business as a public company to sell company's shares to the public in general, in such situation an Audit may be required. As before public offering it is important to List Company's financial state with verified records.
- Selling-off: There may be circumstances in which an organization may want to sell of their business. In such situation, having properly audited records will help the buyers in analysing the risk factors, is any, in acquiring the business.
- Compulsory Audit: In case of a Limited Liability Partnership, if the turnover exceeds ₹40, 00,000/- or the contribution exceeds ₹25, 00,000/- in any year, an Audit is compulsory. While on the other hand, for a Private Company, the accounts have to be compulsorily audited every financial year. A Private Limited Company has to appoint an Auditor within 30 days of its incorporation. The shareholders need to be informed if an Auditor is not appointed within 30 days of its incorporation. They require to appoint Auditor within 90 days of its incorporation.

7. (a) Enumerate the effective ways to motivate a team. [7]
(b) Demonstrate the key challenges faced by agri-entrepreneurs and recommend strategies to overcome them. [7]

Answers:

- (a) There are various ways a team can be motivated. Some of the ways to motivate a team are given below:
- Providing a pleasant work culture:** A positive workplace culture is created by positive attitudes and positive deeds. Encourage cooperation and communication to foster a healthy atmosphere at work, leadership and management must model collaboration and promote honest, open communication. It's critical to realise that workplace culture encompasses both employee behaviour and the values held by the firm. It is the way employees behave and engage with one another at a workplace when no one is looking.
 - Making them feel valued :** People are frequently happier, more productive, and less prone to search for other job possibilities when they feel appreciated at work. There are various methods to demonstrate employees how much you respect them, from cash rewards and recognition schemes to little acts like paying attention to their comments and acting on it. A good business culture may be developed by understanding the worth of valued personnel and how to express appreciation.
 - Offering a good salary package:** Greater job satisfaction, or workers who are pleased in their positions and are less inclined to change occupations, can be the result of fair salary and benefits. This not only lowers the incidence of employee turnover, but it may also give some jobs in the office a better reputation among workers. greater compensation for better performance Companies that reward well performing employees with increases will encourage those individuals to keep working at a high

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level and offer others something to aspire to. A well-paid employee is often a highly motivated employee.

- iv. **Providing opportunities for self-development:** Most businesses enable staff members to determine professional objectives and then work toward achieving those goals. However, workers should be self-driven to make their own personal objectives. These objectives may also be discussed at the time of the performance evaluation. By demonstrating to your staff that their management cares about them as autonomous individuals, not simply as employees to the firm, it will inspire them and make them feel appreciated.
- v. **Providing constructive feedback:** Constructive feedback is supportive feedback given to individuals to help identify solutions to areas of weakness they may have. Therefore, it comes with positive intentions and is used as a supportive communication tool to address specific issues or concerns.
- vi. **Provide clear goals:** Employees want to see how their work contributes to larger corporate objectives, and setting the right targets makes this connection explicit for them, and for you, as their manager. Goal-setting is particularly important as a mechanism for providing on-going and year-end feedback. By establishing and monitoring targets, you can give your employees real-time input on their performance while motivating them to achieve more.
- vii. **Fostering the team spirit :** Team spirit is when a group of people really feel invested in reaching a goal together and are there to support each other. Embodying a sense of team spirit at work helps employees to bond with their colleagues and impress their managers. Team spirit isn't just limited to interacting with other employees. It also extends to dealing with customers, partners and vendors.

(b) Agri entrepreneurship development is necessary for improving the production and productivity. Despite of the fact, the rate of attainment is extremely low in India due to following reasons:

- Agriculture is largely a means of livelihood for most of the farmers. It is difficult for the uneducated small owner to turn their farming into an enterprise due to lack of adequate information, capital, technology and connectivity with the market.
- There is a need to create consciousness among the farmers about the benefits of these services as they are unaware about it. The free service provided by the Government organizations for promotion of services should be discontinued. As lots of farmers, especially the politically associated leaders feel that the government is liable for providing extension and technical advisory services to the farmers. In addition, the services of these organizations do not reach to small farmers, particularly those living in distant areas. This concept of free service makes the farmers reluctant to avail compensated services offered by the local self-employed technicians.
- There is need of regular back up services for self-employed technicians, contact with the marketing agencies, suppliers and research stations who are involved in the development of modern technologies.
- They have to face several legal restrictions and obstacles and private traders involved in such business generally ignore these rules and disturb the fair trade environment.
- Lastly, Organizations feels risk in making heavy investments and implementing modern technologies which affect the profitability. Thus, resultant farmer members lose interest in their own enterprises as well as in that of their leaders.

8. **PQR Ltd. is a leading start-up operating in healthcare segment. It has a healthy revenue stream and its revenue and profits are growing at a CAGR of 10% p.a. The company regularly procures medical equipment from USA on credit and buys other supplies from domestic suppliers. The operations of the company are well integrated through modern technology and a sophisticated information system. The company is heavily dependent on some key managerial personnel for smooth functioning. The company is a highly leveraged firm. It invests its surplus funds in both**



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debt and equity securities. The company is expecting certain new regulations to come in place in near future. PQR Ltd. wants to introduce an Enterprise Risk Management system to monitor the risks it is subject to and to come up with some effective solutions to the same. The company has hired your consultancy firm.

Required: Prepare a detail report by highlighting the risk exposures and possible responses for each type of risk that should be taken care by the company for introduction of ERM system in the Company. [14]

Answer:

Report to the management of PQR Ltd in respect of introducing an Enterprise Risk Management System to monitor the risks. The company should take into account the following risk exposures and possible responses against each such exposures.

Risk Exposure	Possible Responses
Foreign exchange risk due to its buying medical equipment from USA on credit	A forward or a future contract to lock the exchange rate may be helpful. Additionally, an option contract to profit out of favourable movement in exchange rate may also be explored
Purchasing power risk due to high volatility in the price of other supplies sourced domestically	Buying from multiple suppliers and hedging the price risk through some synthetic derivatives may help.
Operational risk due to high dependence on technology and key managerial personnel.	Regular maintenance of the system, cyber security measures will take care of systems risk while better package for employees will retain the workforce.
Equity risk due to investment of surplus fund in equity shares.	Regular monitoring of the equity portfolio and use of derivatives to cover losses will be advisable.
Interest rate risk due to investment of surplus fund in debt securities.	Regular monitoring of the debt portfolio and use of derivatives to cover losses will be advisable. Use of passive or index debt funds may be explored
Regulatory risk due to possible change in the regulation	Put more emphasis on compliance to reduce penalties.

A proposed Enterprise Risk Management System to monitor the risks in its organisation should take care of the issues as stated supra.