

Mentor Handbook

Handholding & Upscaling of Micro Enterprises

MODULE

04



DAY-NRLM
Ministry of Rural Development
Government of India



**Entrepreneurship
Development Institute of India,**
Ahmedabad.

Preface

Start-up Village Entrepreneurship Programme (SVEP), the sub-scheme under the Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) of the Ministry of Rural Development, Government of India. The Scheme is being implemented across India by various State Rural Livelihoods Missions with support from National Resource organisations (NROs) which have been instrumental in conceptualizing this program. SVEP focus is to create a complete enterprise ecosystem for village level enterprises to enhance their viability, market linkages and credit -worthiness. This program has great emphasis on Training and capacity building of stakeholders at the local level. SVEP Mentors and Community Resource Persons (CRP-EP) are key human Resource which drive this program at the identified geographical Location.

Presented here is a Manual developed to be used primarily by SVEP Mentors & Block Program Managers (BPMs). This is a practitioner's guide and tool to instil entrepreneurial skills to first generation rural entrepreneurs as well as to those who are keen to scale up their enterprises. It provides Mentors/trainers with detailed guidelines on how to conduct entrepreneurial skills training workshop. It is also a reference guide for conducting entrepreneurship Development Programs and skill training workshop wherein the participants acquire skills to start, manage and upscale their enterprises.

This manual has been developed specifically keeping in mind the rural context. The content is the outcome of EDIIs rich experience and learning's in the domain of Microenterprise promotion administered across varied geographies and target audience. Learning acquired as part of the SVEP implementation have also be integrated so as to make it more relevant and suited for the practitioners engaged in Rural Micro Enterprise Promotion. Review of extant scheme guidelines and circulars issued by MoRD and ideas emerging out of the discussions with the key personnel involved in implementation have also been incorporated to make this manual relevant and effective.



Acknowledgement

The Start-Up Village Entrepreneurship Program (SVEP), a program under DAY- National Rural Livelihoods Mission of Ministry of Rural Development has been under implementation since its launch in 2016 and is currently being implemented 153 blocks in 23 states with support from National Resource Organizations (NROs) & Project Implementing Agencies (PIAs) in association with various State Rural Livelihoods Missions. EDII as one of the NRO has been instrumental in conceptualizing this program and engaged in implementing SVEP with support of respective SRLMs since inception.

Harnessing upon the learning gathered during the implementing of the SVEP, we have constantly tried to attempt integrate the learning into the implementation to make the program more effective and successful. Training Manual development has been undertaken as part of our endeavour to improve implementation more effective. Presented here is a Manual developed to be used primarily by SVEP Mentors & Block Program Managers (BPMs). This is a practitioner's guide and tool to instil entrepreneurial skills to first generation rural entrepreneurs as well as to those who are keen to scale up their enterprises.

All associated with this program, the team at NMMU & EDII SVEP secretariat and the Field teams have contributed in their own special way. We take this opportunity to express our immense pride and heartfelt thanks to the Ministry of Rural Development; Govt. of India for providing us this opportunity to be part of this program which has immense potential to positively impact the lives of rural economically disadvantaged.

We express our earnest gratitude to Shri Charanjit Singh, Joint Secretary (RL-I), NRLM for his invaluable and meticulous counsel, persistent encouragement and unflinching determination which has motivated us to give our best. We are also extremely thankful to NMMU team have been our guiding force.



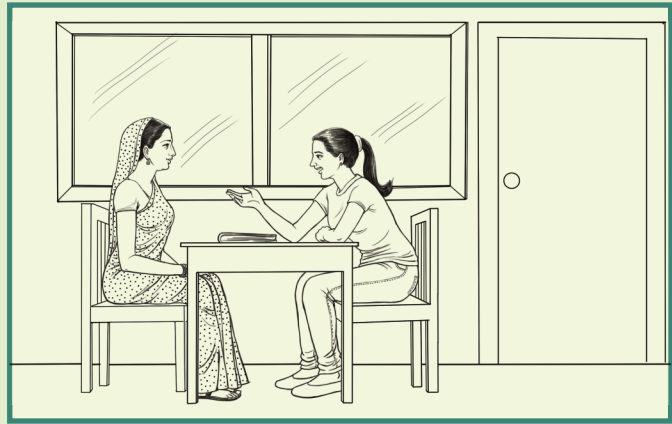
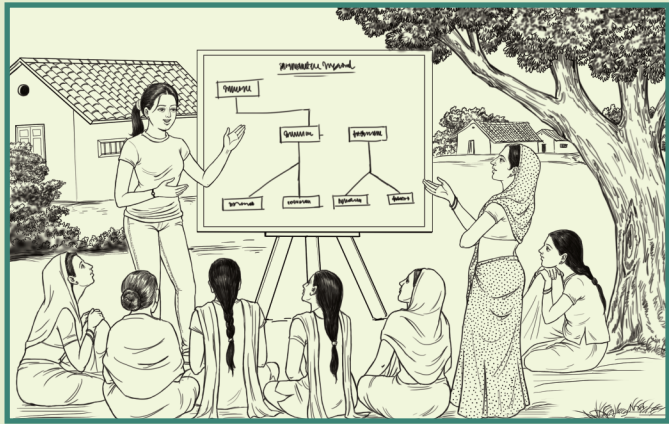
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Chapter I

Business Appraisal Techniques



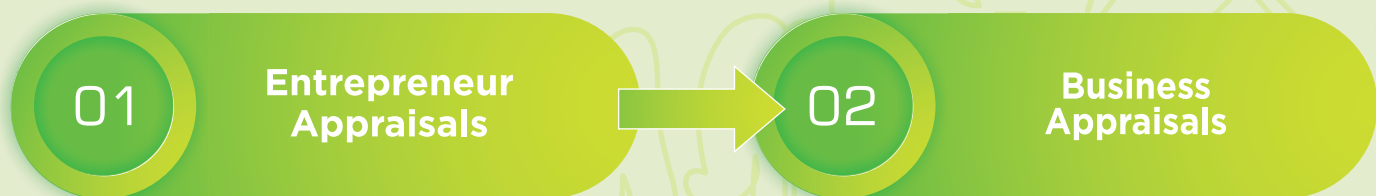
Learning Objectives

- How to conduct a business appraisal using the given techniques
- To appropriately scrutinise bankable business proposals

Methodology

- a. Lectures
- b. Individual Assignments
- c. Film Viewing

Session Plan



Resource:

Chart Paper, Black Board, Chalk & Duster

Business Appraisal Techniques

Every business plan should go through an appraisal in order to understand and check its formulation. This is important for both the entrepreneur and the business process before the plan gets finalised and implemented. Appraisal ensures soundness of the plan in advance. In addition, it helps the financial institution to know the business and the entrepreneur better in order to support the business effectively. This module is designed to facilitate the appraisal process as well as to understand the banker's requirements in order to help in sound business plan preparation.

The Process of Business Appraisals

Business appraisal is a process of evaluating the business functions, performance credibility, sustainability and value creation for the investor or promoter in the long run. The objective of the business appraisal, on one hand, is to assess the rationale behind the business idea and on the other hand, the ability to be successful and profitable before its implementation. The appraisal is equally important for the purpose of valuation of the existing business to get better market value or to obtain financial support from the service providers.

The process assists entrepreneurs with evaluating the business to understand its performance ability, seeking bank financial support and understanding the business value for an existing business to present it before investors, promoters and other stakeholders.

The salient features of business appraisals are (a) Assessment of the promoters, (b) Constraints on resources viz. technology, equipment and funds, and (c) Awareness towards business risk and vulnerability issues.

Project Appraisals

A thorough appraisal of any project or business idea helps in many ways. Some of them are:

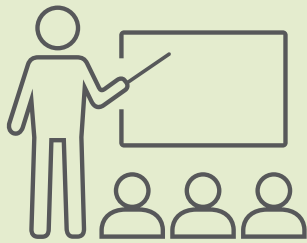
1. Assessment of promoters in terms of their capabilities, commitment and expertise
2. Evaluation of business objectives in proper perspective
3. Understanding constraints on resources such as equipment, manpower, funds, technology and its successful adaptation. and how promoters plan to overcome them
4. Knowing critical determinants for the success of the project
5. SWOT analysis of the businesses and promoters.
6. Providing advance "Warning" or "Advisories"
7. Assessing the ability and willingness of the promoters to pay back the loans
8. Evaluating the soundness of security or collateral offered by the promoters

These objectives can be achieved by undertaking the following tasks:

- a. Assessment of promoters
- b. Assessment of Technical Feasibility
- c. Market Prospects Assessment
- d. Assessment of Financial Viability

- I. Mentor, a local businessman, preferably a Banker or other resource person (wherever possible) will interview each entrepreneur to assess the viability of the chosen business.
- II. Suggestions and observation made by the committee regarding the entrepreneur's capability and project formulation should be noted and communicated to the entrepreneur. The business plan should be revised accordingly before submitting the loan application to BRC/Bank.

Delivery



1. Entrepreneur Appraisals

- 1.1. Ask the participants to complete the Entrepreneur's Appraisal provided in the Handout - Entrepreneur's Appraisal and fill its components one after another.
- 1.2. Prepare a table to show the outcomes of Entrepreneur's Appraisal.
- 1.3. Discuss the points in Handout - Entrepreneur's Appraisal which needs to be understood while appraising the entrepreneurs. Here, CRP-EP or Mentor needs to ask various questions under each component of the internal appraisal process.
- 1.4. The participants should learn how to assess the personal and financial credibility of the candidates/entrepreneurs.

2. Project Appraisals

- 2.1. Ask the participants to complete the Handout - Business Appraisals
- 2.2. Share the film Nayi Manjil Naya Awsar, which explores the concept of entrepreneurship

3. Class Discussion

Invite discussion on the following questions

- a. Five key points on which the entrepreneur will be able to avail the loan.
 - a. What are the reasons bankers reject business plan?
 - b. How will you convince you banker in such situation?



Trainer's Tips

- i. Business planning exercise must be completed before going for the appraisal process
- ii. The Content section should be narrated to the CRPs-EPs and questions be asked based on the information provided to them
- iii. Every concept to be repeated at least twice
- iv. All CRPs-EPs to remain present during appraisal exercise so that they also learn from mistakes committed commonly by other participants

Handout - Entrepreneur's Appraisal

This handout will assist participants in the appraising potential entrepreneurs for SVEP. The following questions are to be asked to the entrepreneur.

Section 1: Personal Credibility

1. Knowledge & Skills

Question	Yes	No
Do you have information/knowledge about this business?	<input type="checkbox"/>	<input type="checkbox"/>
Can you manage this business without any support?	<input type="checkbox"/>	<input type="checkbox"/>
Did you undergo any training on critical activities (Production, Accounts, Marketing, etc.) for this business?	<input type="checkbox"/>	<input type="checkbox"/>

2. Work Experience

Question	Yes	No
Do you have any previous experience in this domain	<input type="checkbox"/>	<input type="checkbox"/>

If yes, how many years of experience you have?

3. Education Level

What is your highest level of education?

- a. Primary (1-5)
- b. Secondary (6-10)
- c. Higher Secondary
- d. Graduation and Above
- e. No Education

Assessment	Tick
Highly Educated	<input type="checkbox"/>
Literate	<input type="checkbox"/>
Illiterate	<input type="checkbox"/>

4. Communication

Assessment	Good	Average	Poor
The entrepreneur's ability to explain his business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The entrepreneur's ability to speak and present the case in front of the bankers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Character - Answer Yes/No

- Are there any criminal cases against you now or in the past?
- Do you have any financial irregularity with bank or SHG?
- Will you run away if your business comes into a problem in the first year itself?
- Are you a leader/member of any formal/informal organisation in your village?

Reliable	Not reliable	Can't Say
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 2: Financial Credibility

1. Credit-Worthiness

Question	Yes	No
Have you taken any loan so far?	<input type="checkbox"/>	<input type="checkbox"/>
How much loan have you taken?	<input type="checkbox"/>	<input type="checkbox"/>
What is the repayment status?	<input type="checkbox"/>	<input type="checkbox"/>
Income of the family/HH from present livelihoods (in INR)	<input type="checkbox"/>	<input type="checkbox"/>
Expenditure of the family/HH at present (in INR): _____		

2. Savings

Question	Yes	No
Do you have Savings?	<input type="checkbox"/>	<input type="checkbox"/>
How much do you save per month?		
Where have you invested your savings?		

3. Bank Account

Question	Yes	No
Do you have any bank account?	<input type="checkbox"/>	<input type="checkbox"/>
Do you operate it regularly?	<input type="checkbox"/>	<input type="checkbox"/>

4. Assets

Question	Yes	No
Do you have any assets?	<input type="checkbox"/>	<input type="checkbox"/>

If yes, what would be the approximate value (in INR)?

Result :

Components	Responses : Yes/No/Can't say
Education	
Knowledge and Skill	
Experience	
Communication Skill	
Character	
Financial Credibility	

In the end, Mentor/CRP-EP provides own assessment about the entrepreneurial capabilities of each applicant on a scale of 1 to 5.

Handout -Business Appraisal

Follow the steps and instructions while filling in the formats.

1. Finance

Components	Response of Entrepreneur/ Information from Business Proposal	Remarks
Promotion Cost of the project		
Means of financing		
Entrepreneur's contribution		
Loan Expected		
Working Capital		
Requirements		
Net Profit from the business		

2. Market

Components	Response of Entrepreneur/ Information from business proposal	Remarks
Total turnover expected from the business in a month		
Yearly growth expected		
Prices per unit		
Cost per unit		
How many similar enterprises exist to cater to the same market		
Have you felt the need of advertisement for your business		
Have you done any promotional activity		
Have you done the market survey? Is the report attached?		
Mentor/CRP-EP should discuss the above-stated aspects in detail with each entrepreneur and provide observations in the last column.		

3. Technical viability

Components	Response of Entrepreneur/ Information from business proposal	Remarks
Can you organise the infrastructure support required for the Business in time ?		
Have you identified the suppliers for various inputs like machinery and raw materials?		
Are you confident of getting skilled manpower on time and at a competitive rate?		
Is adequate and uninterrupted power supply available for the business?		
Are water supply facilities available for the business?		
Mentor/CRP-EP should discuss the above-stated aspects in detail with each entrepreneur and provide observations in the last column.		

4. Commercial viability

Components	Response of Entrepreneur/ Information from business proposal	Remarks
Have you taken all measures to address legal aspects?		
Are there any social issues which may have an impact on your business?		
Will your business create pollution in any form?		
What are the measures and strategy you have with you to face external and environmental challenges?		
Mentor/CRP-EP should discuss the above-stated aspects in detail with each entrepreneur and provide observations in the last column.		

Format - SVEP Application Form for Entrepreneurs

Application Number:

(For official use only)

1. Personal Information

Name of Entrepreneur	
Father or Husband Name	
Date of Birth	
Gender	
Religion	
Physically Disabled (Yes/No)	
Caste (SC, ST, OBC, Minority, General)	
BPL Card Holder (Yes/No)	
Registered under SECC (Yes/No), If Regd. SECC No.)	
MNERGA Job Card Number	
Aadhar Card Number	
Artisan Card Number	
Udyog Aadhar	

Mobile Number

Full Communication Address

Name of SHG Member to
whom entrepreneur is related

Relationship with SHG Member
(Self/Husband/Son/Others – Specify)

Member of SHG since (date):

Name of SHG

Name of Village Organization

Name of CLF

Office bearer at SHG
(if yes, at what position)

Office bearer at VO
(if yes, at what position)

Office bearer at CLF
(if yes, at what position)

Bank Account Details

Name of Account Holder:

Account Number :

Bank Name:

Branch Name:

IFSC Code:

CIF Availd earlier (if yes, amount)

Loan Outstanding from SHG/VO/CLF
(If yes, amount Rs.)

Loan Outstanding from Bank
(if yes, amount Rs.)

Loan outstanding from
other sources
(if yes, Amount Rs.)



2. Enterprise Information :

Enterprise Support Category - Existing/New

If New, Interested Business activity

If existing type of Business Activity

Off-Farm / Non-Farm Sector

Type of Enterprise

(Kirana/Vegetable trading etc.)

Target Customers

Market

Local Within Block/Outside Block/Both

Sourcing of Raw Material

(For Manufacturing)

Local Sourcing Within Block/

Outside Block

Start-Up Date

Start-Up Investment

Source of Investment: Own Amount

Source of Investment: Loan Amount

Monthly Turnover

Monthly Profits

Maintained Books of Account

Yes / No

Person engaged in Maintaining

Book of Accounts

Enterprise Operation Challenges

Enterprise Scale-Up Plan

Intervention Scope

(New & Existing Enterprises)

Capital Investment - Plant & Machinery

(Please Specify Expected Amount):

Working Capital

(Please Specify Expected Amount):

Skill Training

Market Promotion

Convergence

Advisory (Social & Business) / Counselling

Support (Entrepreneur / Family Members)

Other Linkages / Support [To Specify]

Place :

Date :

Signature of Applicant

FOR OFFICIAL USE ONLY

Remarks:

.....

.....

.....

.....

.....

Application to be processed further	<input type="checkbox"/>
Application Rejected	<input type="checkbox"/>

(Tick the appropriate Column)

Signature of CRP-EP

Signature of SHG Functionary

Signature of Block Mentor

Signature of BPM

Format - Profile of Existing Entrepreneur

Application Number

- A. Basic Information
- 1. Name of Entrepreneur:
 - 2. Type of Enterprise:
 - 3. Name of SHG Member:
 - 4. Relation with SHG Member:
 - 5. Name of SHG:

B. Family Details :

No.	Name	Occupation (Mention all the types if a person is engaged in multiple occupations)	Gender Age (In Years)	Education/ Skills	Schemes/ Training/ support to start a business availed- Specify/ experience
1					
2					
3					
4					
5					
6					

3. Credit Details :

Source of Loan	Date on which loan was Availed	Amount taken as loan	Rate of Interest	Current Outstanding	Expected date of full repayment
Revolving Fund					
CIF					
Other loans from SHG/VO/CLF					
Banks					
Money Lenders					
Cooperative					
Society					
Others					

4. Income Details :

No.	Name of the Family Members	Source of Income	Number of days/months of cash flow	Annual Income

4. Income Details :

No.	Item	Monthly Expenditure Rs.	Annual Expenditure Rs.
1.	Food		
2.	Education		
3.	Health		
4.	Clothes		
5.	Festivals		
6.	Transportation		
Total Expenditure			

Place :

Date :

Signature of Entrepreneur

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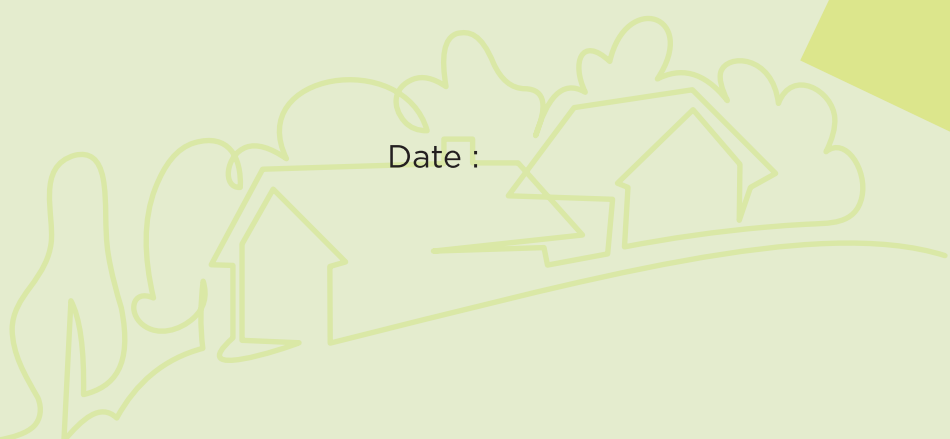
- 1. Total Annual Income :
- 2. Total Annual Expenditure :
- 3. Excess of Annual Income over Annual Expenditure :
- 4. Total Loan Outstanding :
- 5. Expected payback period for existing Loans :

Remarks:

Signature of CRP-EP

Signature of Block Mentor

Date :



Chapter II

Enterprise Support and Performance Improvement



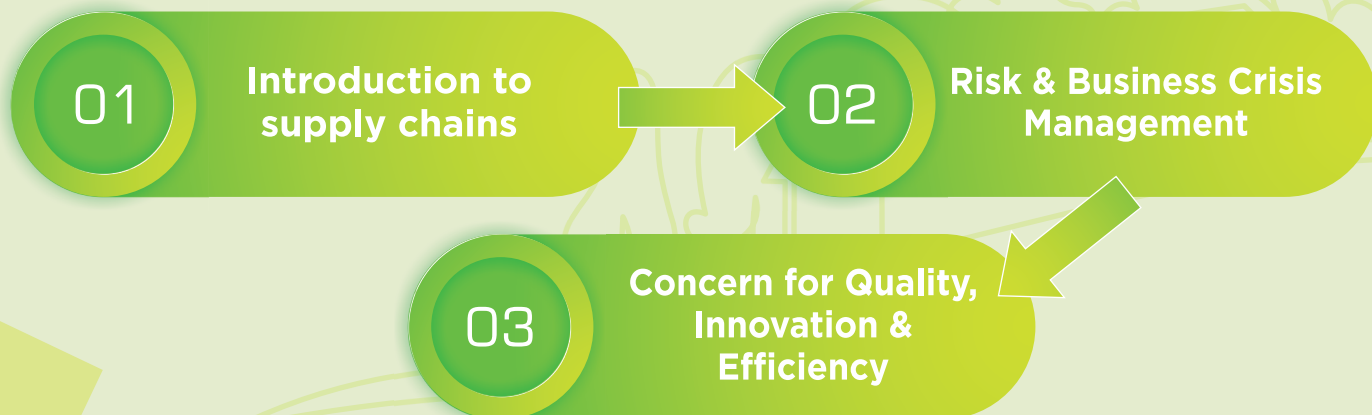
Learning Objectives

- To understand the problems encountered by business establishments and the measures to overcome them
- How to provide entrepreneurs the opportunity to think of ways to improve the product and services quality and enhance their ability to strive for improved quality, innovation and efficiency

Methodology

- a. Lectures
- b. Class discussions
- c. Group Activity
- d. Presentations

Session Plan



Resource:

Presentation Slides, Chart Papers, Blackboard, Chalk and Duster

Introduction

Every business has a unique enterprise support concept. However, the underlying objective to enable a positive change remains consistent in all the concepts. A business may opt to include the concept of enterprise support into its business model for the following reasons:

- a. Resource utilization towards positive change,
- b. Boosting economic activity,
- c. Encouraging sustainability,
- d. Developing employee skills for improving business's performance,
- e. Investing in domain skill training within a community so as to foster a skilled workforce of the future,
- f. Fostering a supply chain through start-up investment, and
- g. Promoting brand values

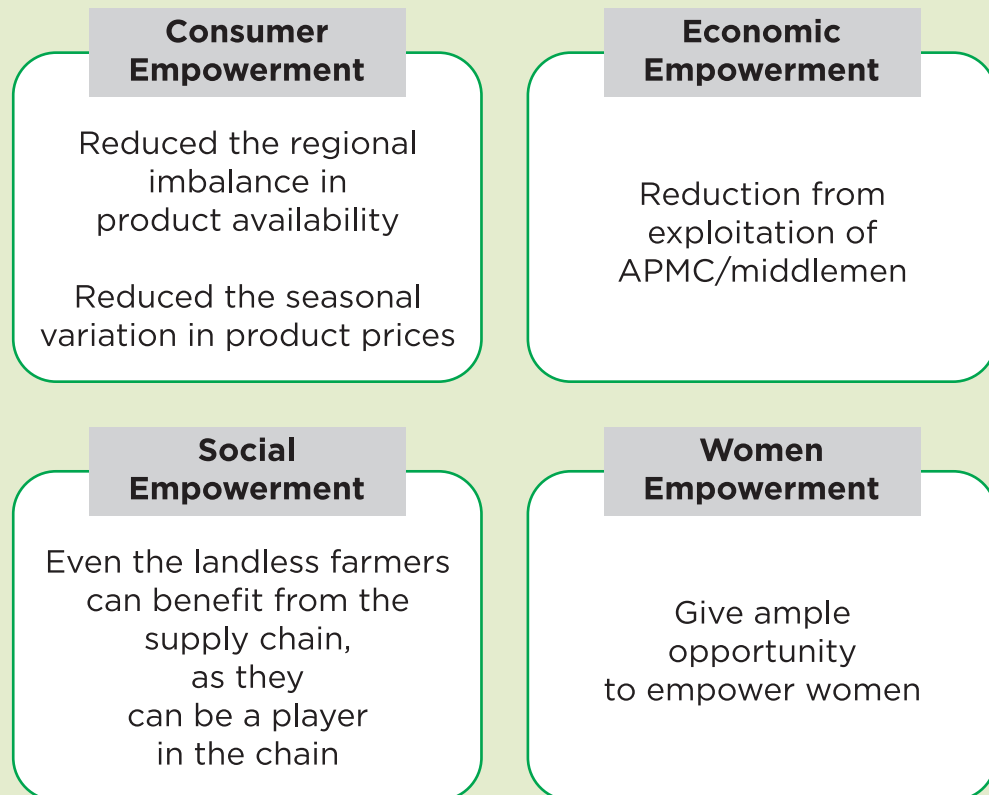
Supporting enterprise is vital as it is an enabler of positive change and prosperity within communities. It helps to bring in a cycle of growth, prosperity and change. In other words, start, growth and prosperity of businesses can influence future change.

The Supply Chains Concept

Supply chains are complex organisations with many functions. They help to link manufacturers, processors, marketers and distributors. They facilitate buyers and sellers separated by time or geographically to increasingly add value as products pass through the members in the value chain. The importance of supply chains are:

- a. Supply chain participants (individual manufacturers, suppliers, and marketers) have the advantage to coordinate their value-creating activities amongst themselves.
- b. It promotes collaboration motive between supply chain members
- c. Market expansion beyond traditional limits results in sales growth for members
- d. Targeting specific market segments with precise products
- e. Promoting a conducive economic environment with consumer empowerment and positive social impact.

Supply chain process can lead to various forms of empowerment of consumer's, economic, social and women. Consumer Empowerment by reducing the imbalance in availability of products and seasonal variation in product prices; Economic Empowerment by minimizing the exploitation of middlemen; Social Empowerment by empowering even the landless farmer as they can be a member in the supply chain, and Women Empowerment by providing several opportunities to the women



How supply chains can lead to various forms of empowerment

Business benefits of supply chains

It brings together communities and the business environment they operate within. Such business benefits are:

- I. Risk reduction - Continuity and sustainability in business are important for any business. Sustainability of your business suppliers directly impacts the business prospects, costs, and market value. Therefore, maintaining high sustainability benchmarks while developing the supply-chain ensures reduced risk for business.
- II. Proactiveness - Building a proactive supply-chain would help in driving value, fostering innovation, bringing a positive change.
- III. Business practice transparency - Businesses promoting and adhering to sustainable practices in transparency. They practice sharing information. It helps to develop their own understanding of businesses impact social and environmental as well as promoting accountability within their supply chain.
- IV. Compliance - Businesses develop a sustainable supply-chain which safeguards business compliance to government rules, regulations and industry practices, etc.



Hindustan Unilever Limited

Case Study

Hindustan Unilever's Shakti Entrepreneur Program

Hindustan Unilever's (HUL) devised a Shakti Entrepreneur Program to reach remote Indian rural areas disadvantaged by poor road connectivity and poor media penetration. The program entailed recruiting and training village women as sales persons (called Shakti Ammas') to sell HUL products in remote villages. Apart from training, HUL provided the Shakti Ammas' microcredit to start their own businesses of selling HUL products. On an average, a Shakti Amma sold Rs 10,000-15,000 worth of HUL products, earning up to Rs 700 - 1,000 regularly every month.

The pilot project was first started in 2000 in Andhra Pradesh. By 2002 it had reached two states, by the end of 2004 expanded to 12 states with over 13,000 Shakti women entrepreneurs. Today the program has about 45,000 Shakti Ammas across 15 states in India. The Shakti distributors form 15 percent of the company's sales in rural India.

Risk and Business Crisis Management

Micro-enterprises have some distinguishing features as compared to the small and medium-size enterprises (SMEs). SMEs have been characterized by size, featuring low on degree of diversification, capital investment, limited market reach, higher risk, higher flexibility and closer contact with customers. Micro-enterprises have the following features:

- a. Majority are family-owned with family members working in own business,
- b. Single person driven,
- c. Located predominantly in rural areas,
- d. Trading and manufacturing activities,
- e. Characterised by many start-up and failure rates,
- f. Founder primarily by women, and
- g. Small scale operations with low-income earnings

The smaller size of the micro-enterprises escalates the importance of certain business risks for this group of entrepreneurs.

- a. Entrepreneurial risk consists of a number of interconnected partial risks. Such as strategic risk, operational risk, financial risk, socio-political risk and reputation risk.
- b. Market risk: Weak demand is the greatest threat to the small businesses caused by economic conditions(stagnation/inflation), operating cost challenge, insufficient cash reserves, poor financial accessibility and poor cash flow management.
- c. Financial risk: It consists of risks related to funding, credit, liquidity, interest rate changes, inflation risk, etc.

Risk Management Process

The risk management process includes the following activities:

1. Policies which are clearly formulated
2. Objectives and strategies of risk management
3. Defined framework
4. Defined structure
5. Clearly established processes
6. Established methods and tools
7. Clearly spelt responsibilities and powers with regards to risk management.
8. Continuous processes monitoring, evaluation, documentation and improvement

The rationale of a risk management system is to learn how to survive in the business considering that risk is a part of the business at all levels.

Crisis management in business

Micro businesses and entrepreneurs have to operate, survive and grow in an unpredictable and fluctuating business environment. Entrepreneurs have to constantly modify and update their business strategy as per the changing business environment. Entrepreneurs need to be constantly vigilant to avoid a business crisis. They must keep an eye for important developments affecting their business. Otherwise the seemingly insignificant issues can assume gigantic proportions and result in business problems. Therefore it is necessary to be acquainted with the reasons for sickness of a business enterprise for a better perspective. Causes of 'sickness' of businesses can be many as described below:

Area of Concern	Reasons
Project Formulation	Faulty product selection Wrong assessment of technical aspects/features Sub-optimal plant capacity Faulty location Absence of market analysis Excessive dependence on outsiders Incorrect or false capital investment decisions Low equity base
Project Implementation	Defective machinery installation Loopholes in the project implementation schedule
Project Operations	Mistakes in marketing strategies Sub-optimal marketing development efforts Errors/Defects in production planning and other arrangements Insufficient working capital Poor systems for accounting, costing and record-keeping
Environmental Reasons	Excessive production capacity in the industry resulting in unhealthy competition Grave shortages Government rules and policies
Management Specific	Entrepreneurial incompetence Dubious integrity Ambiguous commitment Confused Partnership/Board

Signs of Sickness

Signals emerging from the books of account or stock statements

- Working funds used for acquisition of fixed assets or financing capital expenditure
- Persistent cross-over of limits & drawing power
- Heavy self or cash withdrawals
- Frequent bouncing of cheques issued to suppliers & other creditors
- Bills drawn on customers being dishonoured frequently or big retired late
- Old items appearing repeatedly in stock statements
- Inventory level increasing with constant or falling sales volume
- Persistent defaults in payment of interest or instalment of terms

Symptoms which can be observed from analysis of operations of the business

- Decreasing production; and the number of orders also going down over a period of time
- A large outstanding amount from a single or few customers
- Unpaid statutory liabilities like taxes, provident fund etc.
- Increase in sales rejections
- Irregularity in payments to employees and workers
- Increase in the rate of labour and staff turnover
- Frequent machinery breakdowns and stoppages in production

Financial and other indicators

- Higher or increasing average debt collection period and/or debt: equity ratio
- Lower or falling profitability ratio and rate of return on capital employed
- Low capacity utilization and continuous decrease in sales
- Reduction in yield or input/output ratio
- Increase in deposits and creditors without a corresponding increase in activities/operations
- Non recovery of the outstanding from major customers for long period of time
- Prestige /goodwill in the market falling down, quality of the product deteriorating and inability to execute the orders as per schedule
- Frequent delays in submission of statements / necessary information to the bank

Assessment	Tick
Highly Educated	<input type="checkbox"/>
Literate	<input type="checkbox"/>
Illiterate	<input type="checkbox"/>

4. Communication

Assessment	Good	Average	Poor
The entrepreneur's ability to explain his business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The entrepreneur's ability to speak and present the case in front of the bankers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Character - Answer Yes/No

- Are there any criminal cases against you now or in the past?
- Do you have any financial irregularity with bank or SHG?
- Will you run away if your business comes into a problem in the first year itself?
- Are you a leader/member of any formal/informal organisation in your village?

Reliable	Not reliable	Can't Say
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 2: Financial Credibility

1. Credit-Worthiness

Question	Yes	No
Have you taken any loan so far?	<input type="checkbox"/>	<input type="checkbox"/>
How much loan have you taken?	<input type="checkbox"/>	<input type="checkbox"/>
What is the repayment status?	<input type="checkbox"/>	<input type="checkbox"/>
Income of the family/HH from present livelihoods in INR	<input type="checkbox"/>	<input type="checkbox"/>
Expenditure of the family/Household at present (in INR): _____		

2. Savings

Question	Yes	No
Do you have Savings?	<input type="checkbox"/>	<input type="checkbox"/>
How much you save per month?	<input type="checkbox"/>	<input type="checkbox"/>
Where have you invested your savings?	<input type="checkbox"/>	<input type="checkbox"/>

3. Bank Account

Question	Yes	No
Do you have any bank account?	<input type="checkbox"/>	<input type="checkbox"/>
Do you operate it regularly?	<input type="checkbox"/>	<input type="checkbox"/>

4. Assets

Question	Yes	No
Do you have any assets?	<input type="checkbox"/>	<input type="checkbox"/>

If yes, what would be the approximate value in INR?

Result :

Components	Responses : Yes/No/Value/Can't say
Education	
Knowledge and Skill	
Experience	
Communication Skill	
Character	
Financial Credibility	

In the end, Mentor/CRP-EP provides own assessment about the entrepreneurial capabilities of each applicant on a scale of 1 to 5.

Handout -Business Appraisal

Follow the steps and instructions while filling in the formats.

1. Finance

Components	Response of Entrepreneur/ Information from Business Proposal	Remarks
Total Cost of the project		
Means of financing		
Your contribution		
Loan Expected		
Working Capital		
Requirements		
Net Profit from the business		

2. Market

Components	Response of Entrepreneur/ Information from business proposal	Remarks
Total turnover expected from the business in a month		
Yearly growth expected		
Prices per unit & Cost per unit		
How many similar businesses exist to cater to the same market		
Have you felt the need of advertisement for your business		
Have you done any promotional activity		
Have you done the market survey? Is the report attached?		
Mentor/CRP-EP should discuss the above-stated aspects in detail with each entrepreneur and provide observations in the last column.		

3. Technical viability

Components	Response of Entrepreneur/ Information from business proposal	Remarks
Can you organise the infrastructure support required for the Business in time ?		
Have you identified the suppliers for various inputs like machinery, raw materials?		
Are you confident of getting skilled manpower on time and at a competitive rate?		
Is adequate and uninterrupted power supply available for the business?		
Are water supply facilities available for the business?		
Mentor/CRP-EP should discuss the above-stated aspects in detail with each entrepreneur and provide observations in the last column.		

4. Commercial viability

Components	Response of Entrepreneur/ Information from business proposal	Remarks
Have you taken all measures to address legal aspects?		
Are there any social issues which may have an impact on your business?		
Will your business create pollution in any form?		
What are the measures and strategy you have with you to face external and environmental challenges?		
Mentor/CRP-EP should discuss the above-stated aspects in detail with each entrepreneur and provide observations in the last column.		

Format - SVEP Application Form for Entrepreneurs

Application Number:

(For official use only)

1. Personal Information

Name of Entrepreneur

Father or Husband Name

Date of Birth

Gender

Religion

Physically Disabled (Yes/No)

Caste (SC, ST, OBC, Minority, General)

BPL Card Holder (Yes/No)

Registered under SECC (Yes/No), If Regd. SECC No.)

MNERGA Job Card Number

Aadhar Card Number

Artisan Card Number

Name of Entrepreneur

Father or Husband Name

Date of Birth

Gender

Religion

Physically Disabled (Yes/No)

Caste (SC, ST, OBC, Minority, General)

BPL Card Holder (Yes/No)

Registered under SECC (Yes/No), If Regd. SECC No.)

MNERGA Job Card Number

Aadhar Card Number

Artisan Card Number

Mobile Number

Full Communication Address

Name of SHG Member to
whom entrepreneur is related

Relationship with SHG Member
(Self/Husband/Son/Others - Specify)

Member of SHG since (date):

Name of SHG

Name of Village Organization

2. Enterprise Information :

Enterprise Support Category - Existing/New

If New, Interested Business activity

If existing type of Business Activity

Off-Farm / Non-Farm Sector

Type of Enterprise

(Kirana/Vegetable trading etc.)

Target Customers

Market

Local Within Block/Outside Block/Both

Sourcing of Raw Material

(For Manufacturing)

Local Sourcing Within Block/

Outside Block

Start-Up Date

Start-Up Investment

Source of Investment: Own Amount

Source of Investment: Loan Amount

Monthly Turnover

Monthly Profits

Maintained Books of Account

Yes / No

Person engaged in Maintaining

Book of Accounts

Enterprise Operation Challenges

Enterprise Scale-Up Plan

Intervention Scope

(New & Existing Enterprises)

Capital Investment - Plant & Machinery

(Please Specify Expected Amount):

Working Capital

(Please Specify Expected Amount):

Skill Training

Market Promotion

Convergence

Advisory (Social & Business) / Counselling

Support (Entrepreneur / Family Members)

Other Linkages / Support [To Specify]

Place :

Date :

Signature of Applicant

FOR OFFICIAL USE ONLY

Remarks:

.....

.....

.....

.....

.....

Application to be processed further	<input type="checkbox"/>
Application Rejected	<input type="checkbox"/>

(Tick the appropriate Column)

Signature of CRP-EP

Signature of SHG Functionary

Signature of Block Mentor

Signature of BPM

Format - Profile of Existing Entrepreneur

Application Number

- A. Basic Information
- 1. Name of Entrepreneur:
 - 2. Type of Enterprise:
 - 3. Name of SHG Member:
 - 4. Relation with SHG Member:
 - 5. Name of SHG:

B. Family Details :

No.	Name	Occupation (Mention all the types if a person is engaged in multiple occupations)	Gender Age (In Years)	Education/ Skills	Schemes/ Training/ support to start a business availed- Specify/ experience
1					
2					
3					
4					
5					
6					

3. Credit Details :

Source of Loan	Date on which loan was Availed	Amount taken as loan	Rate of Interest	Current Outstanding	Expected date of full repayment
Revolving Fund					
CIF					
Other loans from SHG/VO/CLF					
Banks					
Money Lenders					
Cooperative					
Society					

4. Income Details :

No.	Name of the Family Members	Source of Income	Number of days/months of cash flow	Annual Income

4. Income Details :

No.	Item	Monthly Expenditure Rs.	Annual Expenditure Rs.
1.	Food		
2.	Education		
3.	Health		
4.	Clothes		
5.	Festivals		
6.	Transportation		
Total Expenditure			

Place :

Date :

Signature of Entrepreneur

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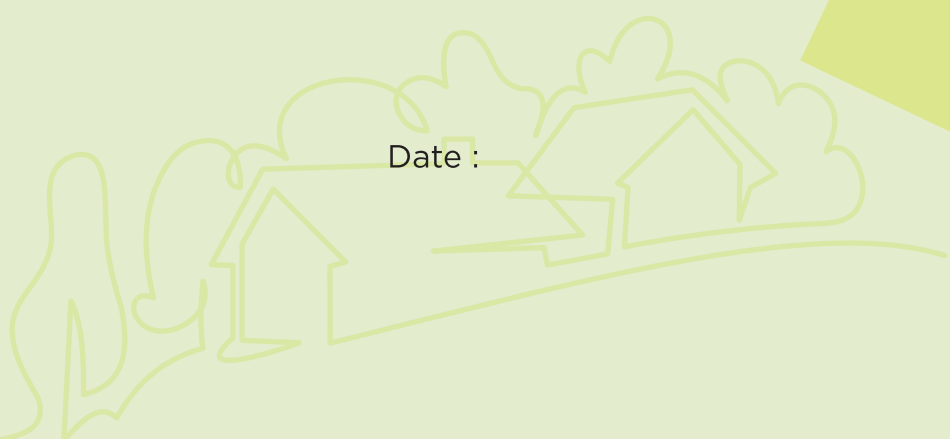
- 1. Total Annual Income :
- 2. Total Annual Expenditure :
- 3. Excess of Annual Income over Annual Expenditure :
- 4. Total Loan Outstanding :
- 5. Expected payback period for existing Loans :

Remarks:

Signature of CRP-EP

Signature of Block Mentor

Date :



Chapter III

Handholding



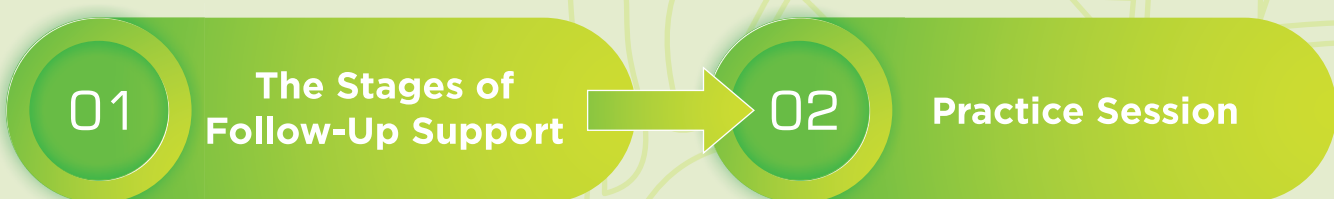
Learning Objectives

- To keep track of individual progress of entrepreneurs with regards to enterprise creation and performance
- To help potential entrepreneurs initiate and establish various contacts/linkages for their market, finance, technology, infrastructure and other procedural needs
- To counsel and help entrepreneurs in diagnosing their problems and help solve the same

Methodology

- a. Lectures
- b. Field Activity
- c. Group Presentations

Session Plan



Resource:

Presentation Slides, Chart Papers, Blackboard, Chalk and Duster

Handholding

The purpose of village enterprise development is not only to train and counsel entrepreneurs on how to start an enterprise but to gain tangible results theoretically in terms of our trained/counseled entrepreneurs setting up their own enterprises and running them successfully. Past experiences suggest that conducting a programme in isolation without the support of local and state-level agencies, has yielded very poor results. Therefore, post classroom and field-based training inputs, rural entrepreneurs will need support and guidance until they start their enterprises and cover the initial operational stages to reach to profitable operations. During this period, entrepreneurs need to be monitored and helped to achieve their own goals.

It is during the development stage that motivation levels are raised. This motivation needs to be sustained by providing direction and other support to facilitate the process of setting up new businesses by entrepreneurs.

The support is needed to enable entrepreneurs to apply the knowledge and skills gained during training, to become successful entrepreneurs. They may face some problems and hurdles in implementing their plans to start the business. So, follow-up support is to actively encourage our entrepreneurs in finalising and implementing their plans. It may take the form of handholding and/or counseling them at different stages of enterprise building.

The need for follow-up support

There are two levels at which the need for follow-up support arises. At the individual level of potential entrepreneurs, who need the motivation to work and also need help to resolve the problems they may face. At the institutional level, to solve problems in complying with formalities, getting necessary registrations/sanctions or getting needed resources for the enterprise. Some of the recommended follow-up methods are:

- a. Individual contacts – personal, telephonic/WhatsApp group, e-mails
- b. Group workshops or small group meetings location wise
- c. Refresher training
- d. Individual counseling
- e. Handholding entrepreneurs to visit market/banks/other agencies
- f. Alumni get-togethers/business fellow groups/social meets
- g. Creating a local committee of mentors to help /guide potential entrepreneurs

This handholding support would be required to be delivered in three stages of enterprise building.

Stage 1: Pre Start-Up

This is the initial stage of support before the entrepreneur begins setting up the enterprise. It requires:

- a. Help in product selection: Counsel Entrepreneurs by referring to experts, ready project profiles, escorting them to market, providing basic market data (based on the study scope carried out and profiles of existing businesses prepared).
- b. Final product selection: Provide counseling in carrying out market survey and

provide relevant market contacts. Counsel them to make the final choice based on the investment capabilities and his/her skills. Guide them on the pros and cons of the project selected and the likely risks/peculiarities of the business (connect them to experts).

- c. Counsel, motivate, and provide the required information, for a personal problem or for problems revolving around the decisions to be made.

Stage 2: Start-Up

This stage involves assisting entrepreneurs with actually setting up their enterprise. It involves:

- (a) Guide in assessing resource needs,
- (b) Help them know the sources of supply, their availability and quality,
- (c) Provide counseling in business plan preparation and documentation,
- (d) Support with calculations on how to get the needed documents,
- (e) Assessing the investment needs as per one's capacity,
- (f) Direct in applying for loans, including filling up the loan formalities and complying with other requirements as well as escort them to banks and other institutions, and
- (g) Assist them in getting the loan sanctioned and disbursed, by supporting them during their visits to the bank and completing the legal documents.

Stage 3: Operations and Growth

This stage is to help in profitable operations and growth after the enterprise has started. It requires:

- i. Help in maintaining and updating the records of finance and performance,
- ii. Assisting with the preparation of the market plan and strategies, in consultation with experts/traders/retailers/businessmen,
- iii. Contacting technical experts, advisors, etc., to help in product development and quality improvement,
- iv. Thorough training to help them improve performance,
- v. Counsel them in SWOT analysis, and
- vi. Building soft skills and management skills of entrepreneurs through training and by connecting them to experts.

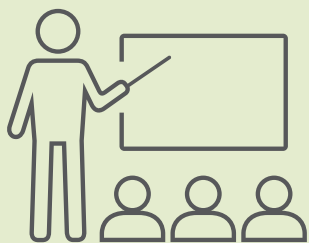
Counselling and mentoring for individual problems and the suggested action should be noted separately. A discussion of the summary record of the entrepreneurs' progress has to be carried out with the mentor or block-level officers.



Trainer's Tips

- Visit the institutions where entrepreneurs have made applications for loans, registrations, licenses, marketing tie-up, etc. These visits may be at the village level, block-level or district level.
- Visits may also have to be undertaken to Microcredit organisations, Government agencies, traders, manufacturers, electricity department, Panchayat offices, VOs, and tax office
- Review the progress of each trainee and make a summary of the follow-up made to ascertain how many have started enterprises and how many have improved the performance
- Organise meetings with Mentors/VOs to share the progress
- Report to them in case problems are being faced to get their guidance and support
- Directed efforts and commitment towards having more number of startups, and improving the performance of enterprises.
- Keep a track of these and for every meeting, observe the progress based on the last meeting.
- Establish a good rapport with individuals and institutions to create long-term relationships
- Organise special meetings or social gatherings to get the required community support based on the review of the progress and problems encountered
- Organise special follow-up meetings to resolve specific problems of entrepreneurs like managing working capital, finding new clients/developing marketing strategy, and managing finance. This could be a one-day meeting, wherein outside experts may be invited to provide guidance to the entrepreneurs.

Delivery



I. The stages of follow-up support

i. Lecture

Explain to the participants the different stages of support

II. Field Activity

This is a continuous activity to help entrepreneurs progress towards their goal of setting up a new business or expanding their enterprise. Depending on the individual's progress and stage, follow-up and counseling should be conducted.

In order to know the status of entrepreneurs' progress, basic details such as information on their plan of action can be prepared in close consultation with the entrepreneur. This will help in knowing how far they have progressed and what he/she should do further. Keep this ready and update it regularly. Using Format - Performance Improvement Plan & Growth Projections prepare PIPs for entrepreneurs. The trainer can act as a Resource Person to help the groups in preparing realistic plans.

Now plan as to when and how you would want to meet them. Time plans for a follow-up meeting, arrangements for meetings, prior advance intimation for meetings, venue and time should be decided by CRP-EP. The Format - Performance Improvement Plan & Growth Projections will assist to arrange meetings with entrepreneurs.

III. Group Presentations and Reflection

An action plan may be presented by the leader of the group as per the given format. Presentations are to be made in the presence of the trainer. After the presentations, the trainer may present observations on the plan as also on the entrepreneur.

In the end, participants should be guided to modify their plans based on the trainer's observations. To carry out a systematic follow-up later, the trainer should obtain copies of the action plans prepared by the groups.

Format - Performance Improvement Plan and Growth Projections

Performance Improvement Plan

Based on the diagnosis from the enterprise audit sheet, prepare an improvement plan

Performance Improvement Planning			
Improvement Plans	Support Required	Timeline	Responsibilities

Estimation of Fixed Capital required

Give details of one-time capital expenditures that will be incurred as part of the performance improvement plan. Existing fixed assets are not to be included as that would not be funded by the project.

Item	Amount

Estimation of Working Capital required

Estimate the working capital requirements based on inventory, credit sales and purchases on credit. Estimate the additional working capital over and above the current working capital levels on account of the performance improvement plan.

Item	Amount

Details of Financing

Item	Amount
Fixed Investment required	
Working Capital required	
Total Investment required	
Amount taken as loan	
Own Capital	

Growth Projections - Profit and Loss Statement

Estimate the growth in sales and/or profits on account of performance improvement plan.
Prepare the projections for a month.

Item	ESTIMATE FOR ONE MONTH			ESTIMATE FOR ONE YEAR		
	Current Value	Increment of account of performance improvement	Total	Current Value	Increment of account of performance improvement	Total
Cash Sales						
Credit Sales						
Total Sales						
Cost of Goods Sold						
Gross Margin						
Wages						
Rent						
Electricity						
Transportation Costs						
Interest Costs						
Wastage						
Repairs and Maintenance						
Other Costs						
Total Costs						
Net Profit						

Growth Projections - Cash Flow

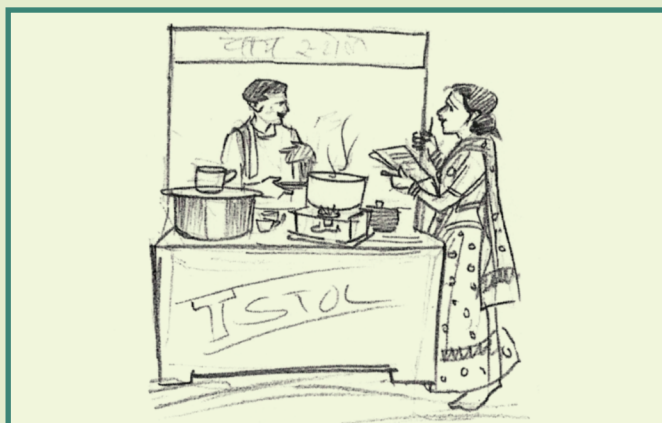
Item		Month 01	Month 02	Month 03	Month 04
Opening Cash balance					
Cash Out Flows	Purchase of fixed assets				
	Cash payment to suppliers				
	Other cash expenses (all expenses including interest)				
	Interest paid				
	Loan principal paid				
	Cash withdrawal				
	Total cash out flows				
Cash in Flows	Cash Sales				
	Cash paid by debtors				
	Total cash in flows				
Net Cash Flow (Total Cash Inflow - Total Cash Outflow)					
Closing Cash Balance					

Signature of CRP-EP

Signature of Entrepreneur

Chapter IV

Enterprise Tracking and Monitoring



Learning Objectives

- To provide hand-holding assistance to entrepreneurs in the disbursement of loans/subsidies
- To ensure the proper and timely establishment of the proposed business activities by entrepreneurs
- To monitor the actual performance of each enterprise as per the plan
- To act as trouble-shooters to overcome teething problems

Methodology

- a. Lectures
- b. Field Activity
- c. Individual Assignment

Session Plan



Resource:

Classroom training material
Presentation Slides
Chart Papers
Blackboard, Chalk and Duster

Enterprise Tracking and Monitoring

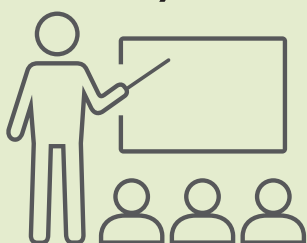
The training and developmental inputs can be considered to be complete and fruitful only when they result in a concrete plan of action by setting specific goals required to implement them. This training programme focuses on developing and motivating groups of mentors in accomplishing various tasks for mobilisation of interested people, ensuring proper selection of prospective entrepreneurs, helping them to select appropriate village-level businesses, arranging for various resources, the actual setting up of these ventures and finally providing each one of them the hand-holding support. It is a result-oriented activity which involves the establishment of businesses, and therefore, support and follow-up are essential after the training.

At this stage, it would be necessary to draw a plan of action to transform the learning gained from the training into concrete activities for setting up income-generating enterprises in their respective areas of operations. This action plan has to be formulated by each Mentor. The aim is to provide them clarity about the activities to be undertaken post-training for the establishment of the village-level enterprises and faster project implementation.

Trainer's Preparation

- To familiarise with the business plans and the conditions stipulated in the sanction letters for each enterprise.
- To closely monitor the performance of each enterprise after understanding the peculiarities of each business.
- To internalise information to be compiled from each enterprise, its importance, and how to interpret the information collected during each visit.

Delivery



The process of enterprise tracking and monitoring

Step 1

- a. Focus on the fact that all enterprises in general and micro enterprises in particular face teething troubles.
- b. Explain to them that considering the background of the entrepreneurs and the size of their businesses, they are vulnerable, especially during the first 6-8 months.
- c. Explain the various formats devised for the compilation of information from each enterprise, with the objectives behind such compilation.
- d. Explain the Format - Performance Tracking Guideline and guide them on how to fill up this information.

Step 2

- a. Explain how to interpret the compiled information and arrive at conclusions.

Step 3

- a. The conclusions could be in the form of diversion of working capital to fixed assets, increasing credit sales, lack of control over certain costs, withdrawal of money for personal/family purposes, drawbacks in marketing strategy, financial indiscipline, lack of commitment, diversion of funds, etc.
- b. Take such entrepreneurs in confidence, explain to them the irregularities, and suggest remedial measures.
- c. Provide guidance on how the general assessment for tracking can be done by collecting information and identifying problems at each stage. Use the Format - Performance Tracking Guideline during the site visit.

Step 4

- a. There could be some positive findings as well, like continuous increase in sales accompanied by an increase in the number of customers, judicious use of funds, cost within control, timely recoveries of dues, etc.
- b. Motivate such entrepreneurs to do better.

Step 5

- a. Share some of the major trouble areas/indicators of poor performance in an enterprise:
 - Lack of demand for products/sale
 - Catering to a limited number of clients
 - Inappropriate marketing management
 - General recession in the business/sector
 - Non-availability of raw materials
 - Increase in the price of raw materials
 - Shortage or mismanagement of working capital
 - Delayed payments
 - Non-payment by others
 - Labour/human problems
 - Domestic/personal problems
 - Breakdown of machinery/equipment
 - Natural calamities
 - Others reasons

Mentors may take further steps to ensure effective enterprise tracking and monitoring, such as:

- a. Compile such negatives or positives for each enterprise and prepare a report in the prescribed format.
- b. Discuss each case with the higher officials and take a joint decision about the future course of action. Entrepreneurs not doing well could be facing genuine difficulties. Make a list of the enterprises not performing as envisaged in the respective

business plans and brief the lending institutions for underperformance and the reasons thereof.

- c. Organise meetings of all village-level entrepreneurs to share broad findings, without mentioning the name, so that others can learn from actual experiences.

Business Situation Exercise

The participants would be asked to complete Business Exercise using the following tools:

- a. Handout - Business Situation Exercise
- b. Handout - Business Situation Exercise (Scoring Sheet)
- c. Handout - Business Situation Exercise (Competency Scores)
- d. Handout - Business Situation Exercise (Profile)

The instructions for this exercise have are provided in Handout - Business Situation Exercise.

General Learning

Performance monitoring is a skillful job. Correct and genuine information may not always be available. Hence entrepreneurs, especially those who do not maintain proper records or purposely try to misguide, need to be tackled smartly. Extracting requisite information is an art and ways to do this, like verifying electricity bills, other bills for purchases, levels of stocks, etc. This expertise can be imbibed with experience.

Interpretation of data and arriving at conclusions is very crucial. Proper analysis and interpretation provide various signals/indicators about what is actually happening in an enterprise. The mentor must learn how to analyse this and interpret and train CRPs-EPs in this process.

Handout – Performance Tracking (Guideline Questions for Site Visit)

Enterprise Assessment by CRP-EP

Name of Entrepreneur

Name of Business

Name of CRP-EP/Mentor

Date

First stage: General Assessment

1. Has the entrepreneur completed a comprehensive business plan?
 - a. Yes or No?
 - b. If no, why not?

2. Is the entrepreneur currently selling a product/service?
 - a. Describe the product

- b. Describe the service

3. Does the entrepreneur have a bank account?
 - a. Yes or No?
 - b. If yes, with which bank?

- c. If no, why not?

4. Does the entrepreneur have the necessary equipment to effectively manufacture the product or service?

a. Yes or No?

b. If yes, list equipment

c. If no, what is needed?

5. Does the entrepreneur have sufficient suppliers?

a. Yes or No?

b. If yes, list their details

No.	Name	Item Supplied
1.		
2.		
3.		
4.		
5.		

c. If no, why not?

6. Does the entrepreneur purchase supplies at wholesale price?

a. Yes or No?

b. If no, why not?

7. Is the entrepreneur liable to pay any taxes?

a. Yes or No?

b. If yes, what are the gross sales?

c. If no, why not?

8. Does the entrepreneur have workers?

a. Yes or No?

b. If yes, how many are:

- Family?
- Others?
- Part-Time?
- Full-Time?

c. What is their hourly rate of pay?

9. Does the entrepreneur have a sales tax/VAT number? Or GST number?

a. Yes or No?

b. If yes, what is the number?

c. If no, why not?

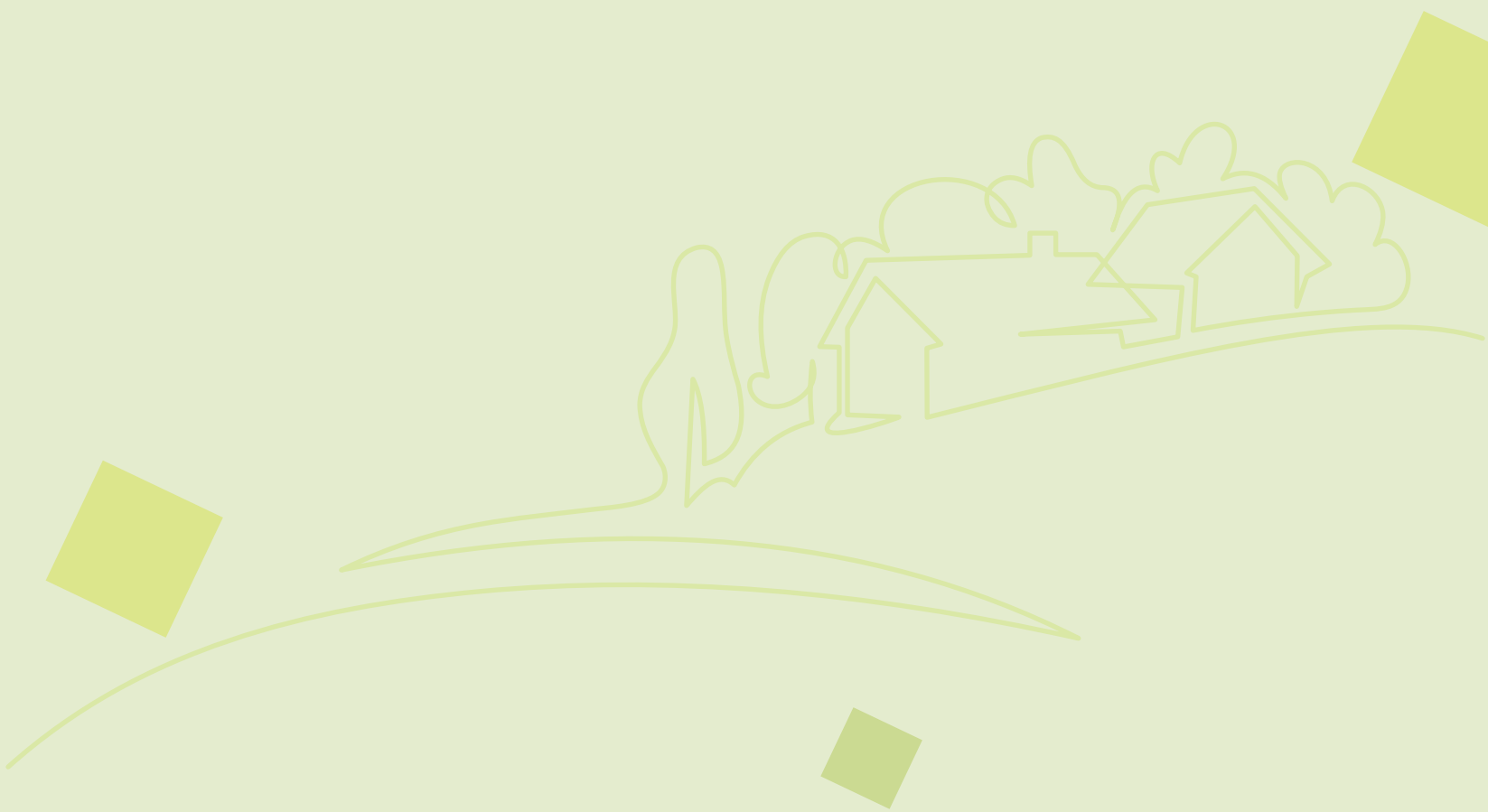
10. Is the entrepreneur registered with income/other groups?

a. Yes or No?

b. If yes, what is the registration number?

c. If no, why not?

11. General assessment comments



Second stage: Financial Assessment

1. Does the entrepreneur maintain receipts?

a. Yes or No?

b. If yes, where?

c. If no, why not?

2. Does the entrepreneur have an adequate booking system?

a. Yes or No?

b. If yes, what system?

c. If no, why not?

3. Is the book keeping current?

4. Does the entrepreneur have current financial statements?

5. Does the entrepreneur have adequate inventory?

a. Yes or No?

b. If yes, list the inventory.

c. If no, why not?

6. Does the entrepreneur have a current price list?

- a. Yes or No?
- b. If yes, attach a copy of the list.
- c. If no, why not?

7. Does the entrepreneur have a simple system to allocate/save the required amount towards repayment of the loan

- a. Is there any overdue towards loan repayment?
- b. Are there any personal financial liabilities?
- c. If yes, attach.
- d. If no, explain.

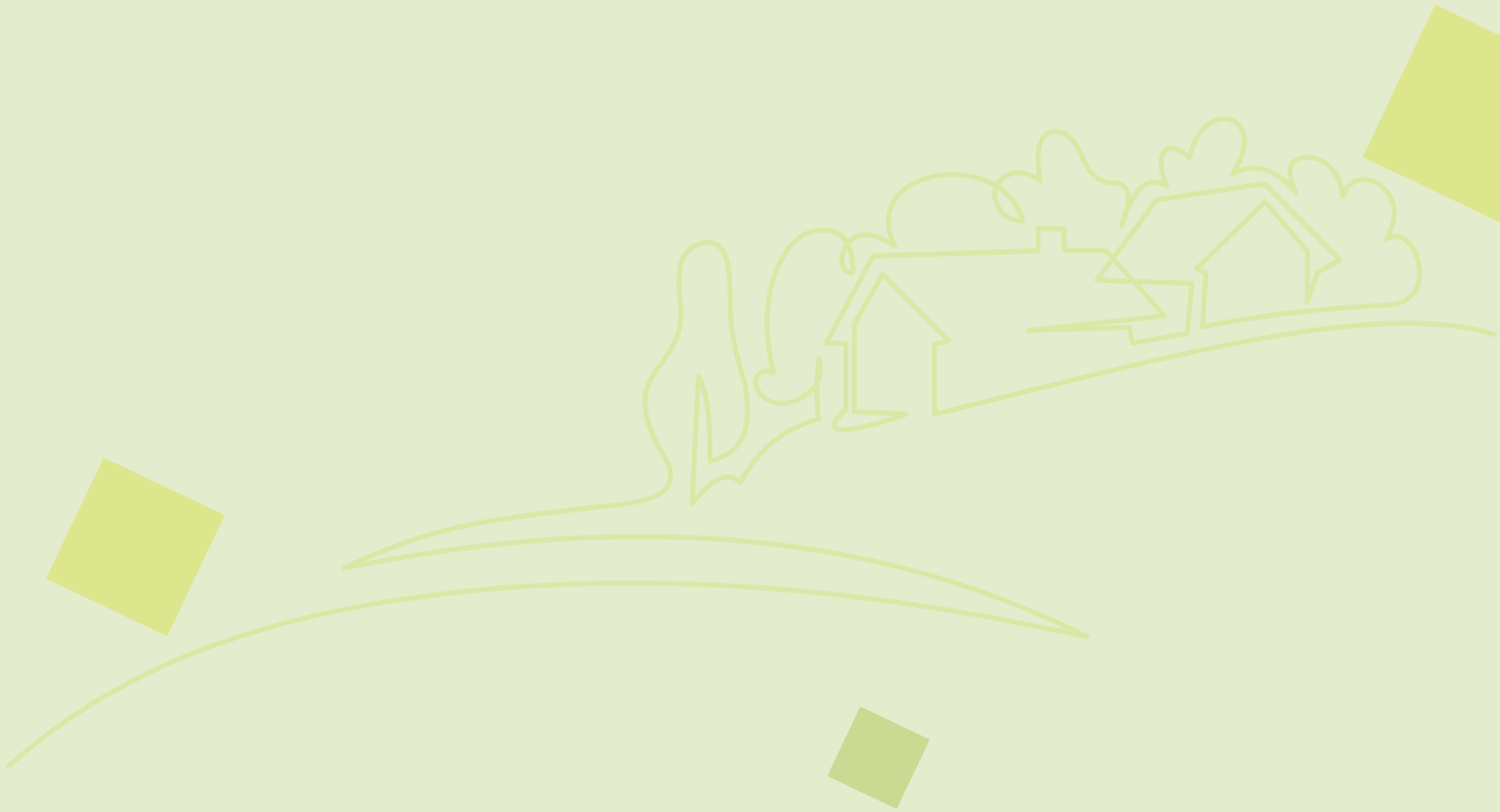
8. Does the client have a marketing agent?

- a. Yes or No?
- b. If yes, what are their details?

c. If no, why not?

9. What is the estimated net worth of the business?

10. Financial assessment comments



Third stage: Marketing Assessment

1. Has the entrepreneur identified their market segments?

a. Yes or No?

b. If yes, what are they?

c. If no, why not?

2. Has the entrepreneur identified a target market(s)?

a. Yes or No?

b. If yes, what are they?

c. Who are they and where are they located?

d. If no, why not?

3. Can the market(s) adequately support the business?

a. Yes or No?

b. If yes, explain.

c. If no, why not?

4. Does the entrepreneur have a one-year marketing strategy?

a. Yes or No?

b. If yes, list the components.

c. If no, why not?

5. Does the entrepreneur have adequate marketing tools?

a. Yes or No?

b. If yes, list the tools they have, e.g. brochures

6. Marketing assessment comments

Review

The Mentor should complete the review by:

Listing out the areas that they have assessed as deficient

Giving recommendations

Preparing a follow-up plan

1. Problem Areas

2. Recommendations by Mentor/CRP-EP to improve enterprise performance and loan repayment.

3. Follow-up Plan

Date of Review:

Handout - Business Situation Exercise

Name

Institute

Department

Age

Place

Education

Date

Instructions :

Described below are a series of business situations similar to those you might already have encountered or that you might encounter in the future. After every situation are several questions, each of which proposes two ways of dealing with the situation. To select the choice that best represents what you have done or would do in that situation, circle the appropriate letter for each question. If both choices are things you would either do or not do, then select the choice that comes closest to what you would do.

Here is an example:

1. Your business has a good year, and you make a large profit. Which would you do?
 - a. Save half of the profit to invest in your business.

OR

- b. Spend the profit on things you need for yourself and your family.

The person who answered this question circled alternative "a," indicating that he or she would save half of the profit to invest in the business.

In the situations listed below, circle the appropriate letter for each question - either a or b.

Situation A

You have visited a potential customer to see if he has a need for the services you offer. The potential customer tells you very bluntly that he doesn't think you can provide what he wants.

1. What would you do?
 - a. Tell the person that your service can precisely meet his needs and show him how this is so.

OR

- b. Thank the person for his time and indicate you hope to be of service in the future.

2. In the same situation, what would you do?

- a. Tell the person you can understand his doubts and mention that he can call a well-known businessman who had the same doubts but is now using your services.

OR

- b. Tell the person that he should at least have the courtesy to hear what you have to say.

3. In the same situation, what would you do?

- a. Tell the person about all the services your company offers.

OR

- b. Ask a series of questions to learn exactly what the potential customer wants.

Situation B

You have 14 employees working for you. You discover problems with the products they are making.

4. What would you do?

- a. Talk with your employees and emphasise on the need for significant improvement in the quality of the product.

OR

- b. Realise that problems with products frequently occur and feel certain that they will straighten themselves out.

5. In the same situation, what would you do?

- a. Tell your employees the problems their work is creating and tell them specifically what they must do to improve the quality of the products.

OR

- b. Tell your employees you know they have been working hard and that you would appreciate it if they could reduce the problems with the products in question.

Situation C

You own your own business and are entering a time of the year when you anticipate a strong increase in the demand for your product. To produce the anticipated increase, you need to obtain financing from a bank to buy additional supplies.

6. What would you do?

- a. Assume the banker will give you a loan because you have had no trouble receiving loans from the bank in the past.

OR

- b. Show the banker a detailed plan that describes your financing needs, the use to which the money will be put, the effect of the increased supplies on product sales, and the payback schedule to the bank.

7. In the same situation, what would you do?

- a. Spend a great deal of time being precise in filling out the loan application.

OR

- b. Talk to the banker and indicate the reasons why you feel your sales will increase.

Situation D

You have had your own business for three years. You recently received a complaint from a customer because your products were of poor quality.

8. What would you do?

- a. Tell the customer that you see his problem with the product as your problem, and let him know the steps you are taking to fix the problem.

OR

- b. Tell the customer that his complaint is the first you have had and that you stand by the quality of your products.

9. In the same situation, what would you do?

- a. Tell your employees you will give specific rewards if they improve the quality of the products.

OR

- b. Tell the employees responsible for the products that they aren't doing their jobs well, and make clear what you expect.

Situation E

You are conducting a periodic review of the customers to whom you have provided services over the past eight months. You realised that you haven't heard from several of your principal customers in a long time.

10. What would you do?

- a. Call the customers and find out how you can be of continued service to them.

OR

- b. Wait until the customers contact you, figuring they will call when they need your service.

11. In the same situation, what would you do?

- a. Decide it is more important to focus on customers who have recently used your services than to spend time on former customers who do not seem interested in doing more business with you.

OR

- b. Think through a way to approach customers based on their past needs and their reactions to your services.

Situation F

You have been in business for six years. Over that time, there has been growth in sales and profits, although it has been slower than you would have liked.

12. What would you do?

- a. Look for an additional area in which to extend your business.

OR

- b. Concentrate on existing products and maintain the current rate of growth.

13. In the same situation, what would you do?

- a. Try to identify ways in which the product can be produced at a lower cost.

OR

- b. Decide that it takes time to build a reputation and that it could take another 2 to 3 years before growth increases significantly.

14. In the same situation, what would you do?

- a. Realise that your customers probably do not have the money to buy as much as they would like but will buy more when economic conditions improve.

OR

- b. Talk to your customers to get a clearer idea of their needs.

15. In the same situation, what would you do?

- a. Develop a logical and detailed plan to double the rate of growth in sales and profits within one year.

OR

- b. Trust your ability to respond quickly to any increase in the demand for your products.

Situation G

You have decided to start your own business. You have applied for financing from a bank and have just received the word that they have turned down your request.

16. What would you do?

- a. Apply for financing at another bank.

OR

- b. Get the support of an important local businessman and make an appropriate time for both of you to see the loan officer at another bank.

17. In the same situation, what would you do?

- a. Write an addition to your business plan and set up an appointment to discuss your application with the loan officer.

OR

- b. Decide that the bank knows more about your chances of success than you do and that the timing may not be right yet to start a business.

18. In the same situation, what would you do?

- a. Submit applications for financing to two other banks.

OR

- b. Try thinking of another type of business to start - one that would not require bank financing.

19. In the same situation, what would you do?

- a. Try to save until you have enough money to start the business.

OR

- b. Look for a partner who might provide financing.

Situation H

You have the main supplier who provides the raw materials for your product. You have increased your orders for material from the supplier over the past three months, and have noted recent problems with the quality of the material received.

20. What would you think?

- a. The supplier is not accustomed to producing such a high volume and probably needs another month or so to get things back to normal.

OR

- b. The problems with the materials will affect how good your product is, and you will not tolerate anything less than an excellent product.

21. In the same situation, what would you do?

- a. Cancel all future orders for materials beginning two months from now, figuring you will find new suppliers by then.

OR

- b. Tell the supplier that you are counting on him and that you know he will deliver the quality and quantity of materials needed. At the same time, do not tell the supplier you are looking for other suppliers.

Situation I

Your company has been doing business using the same processes and procedures for the last four years. Although the demands on the business have been growing, you have been able to meet these demands.

22. What would you do?

- a. Figure out what benefits can be gained if you change the process and procedures for doing business.

OR

- b. Make no changes, since the business is working fine with the current procedures.

23. In the same situation, what would you do?

- a. Figure out in a detailed way the problems that will occur if you make specific changes in the business system.

OR

- b. Make changes quickly to keep people from getting too set in their ways of doing things.

24. In the same situation, what would you do?

- a. Try to develop new products or services.

OR

- b. Work to maintain the systems that have been working well up to this point.

25. In the same situation, what would you do?

- a. Wait to hire new managers until the demands on your business are more than the current managers can deal with.

OR

- b. Begin looking for new managers you will need if the business continues to grow.

Situation J

You are discussing with a supplier of materials for your business. The supplier asks you for a higher price for his products than you think they are worth.

26. What would you do?

- a. Feel sure that you will be able to change the supplier's mind and get the price you feel is fair.

OR

- b. Assume the supplier deals with a lot of people and knows what he can get for his materials. You, therefore, decide you will pay the price, even though you don't like it.

27. In the same situation, what would you do?
- a. Tell the supplier you feel the prices are too high and that he will not be able to do business with you unless he is willing to reduce the asking price.
- OR
- b. Thank the supplier for his time and find another supplier.

Situation K

You have a small financial business that has been using the same bank for over one year. You have recently discovered that the bank is not providing the services that you, and others you know, want.

28. What would you do?
- a. Think about how you might provide the very services the bank is not providing.
- OR
- b. Realize that if the bank is not providing the services, there is probably no market for them.
29. In the same situation, what would you do?
- a. Find ways to do without the services you would like.
- OR
- b. Discuss your needs with the bank president and show him why it is in the bank's interest to offer the services.

Situation L

You have produced your line of goods at a steady rate for the past year. A week ago a customer placed a much larger order for goods than you have ever provided in the past. Furthermore, the customer wants the goods delivered within two weeks, while you have always had one month to produce and deliver orders in the past. You will be unable to meet the customer's requirements while operating with your normal production schedule.

30. What would you do?
- a. Tell the customer that you cannot guarantee delivering the goods on time but that you will do your best to produce them as quickly as possible.
- OR
- b. Tell the customer you will deliver the order on time and work with your staff seven days a week and at night to deliver the goods on time.
31. In the same situation, what would you do?
- a. Start overseeing production immediately.
- OR
- b. Spend two hours trying to think of ways to speed up the production of goods.
32. In the same situation, what would you do?
- a. Try to subcontract part of the work to another businessman, to meet the delivery time.
- OR

- b. Try to produce all the goods yourself, even though you may not meet the delivery time.
- 33. In the same situation, what would you do?
 - a. Prepare a detailed plan specifying the supplies and the people needed to produce the goods.
 - OR
 - b. Put your workers on this job immediately.

Situation M

You are facing the possibility of significantly expanding the types of goods that you provide. If you do this, you need to place an order with your supplier now. You need financing to pay the supplier, and you had a loan application turned down only two months ago.

- 34. What would you do?
 - a. Decide not to place an order with the supplier because - it being so soon after the previous rejection, you will probably get turned down again.
 - OR
 - b. Decide that you are still right in thinking you can get a loan and therefore place your order with the supplier.
- 35. In the same situation, what would you do?
 - a. Offer the supplier a share of any profits if he will help finance the expansion.
 - OR
 - b. Wait for a year or two before expanding and hope that the conditions improve.

Situation N

You have owned business for six months. You are attending a meeting of businessmen who are from different areas. One of the individuals at the meeting is particularly well-respected and knows many important people in business and the government.

- 36. What would you do?
 - a. Increase your chances of having a conversation with him by standing with the same group of people. In this way, you won't appear too eager or intrusive.
 - OR
 - b. Introduce yourself and ask questions about his business.
- 37. In the same situation, what would you do?
 - a. Tell the individual you hope you will get to talk with him again sometime soon.
 - OR
 - b. Take a chance on getting turned down and ask for a private meeting for the following week.

Situation O

You have learned through discussions with other business people that there is a need for a service similar to the one you are already providing.

38. What would you do?
- a. Get information through books and talk with experts on what would you be required to do to offer the new service.
OR
 - b. Trust your own business knowledge and judgment and decide whether the new service is worth your attention.
39. In the same situation, what would you do?
- a. See the new service as a good opportunity to build and expand your business.
OR
 - b. Focus your efforts on maintaining the service you are now providing, and which has been profitable so far.

Situation P

You have observed a business competitor doing very well. You conclude that he is more successful than you are because he knows the business better.

40. What would you do?
- a. Read more about your business but accept the fact that your competitor will probably always know more than you. After all, you will always find someone ahead of you.
OR
 - b. Although your competitor seems to hold an advantage, try several ways to increase your knowledge of the business.
41. In the same situation, what would you do?
- a. Do not worry since you are still making a good profit.
OR
 - b. Spend as much spare time as you can on learning more about the business so that you can satisfy your customers in a better manner.
42. In the same situation, what would you do?
- a. Decide to do whatever is necessary to make sure your services are better than your competitor's.
OR
 - b. Decide that there is no need to have the best services as long as your services are selling well.

Situation Q

You have run into a problem in the production process of a product - a small but annoying defect appears occasionally. You have tried several times to fix the problem using the approach suggested in the manual that came with the machinery, but you have been unsuccessful.

43. What would you do?
- a. Try again to solve the problem and be willing to try several more times if necessary, to solve it.

OR

- b. Leave the problem as it is - as long as it does not occur very often.

44. In the same situation, what would you do?

- a. Call several people who are familiar with the machinery you are using and ask for advice.

OR

- b. Read and re-read the manuals that came with the machinery, because the answer clearly has to be in them.

45. In the same situation, what would you do?

- a. Get one of your employees to try to fix the problem using the approach suggested in the manual.

OR

- b. Try to think of a completely new approach to solve the problem.

Situation R

Business has been good, but you realize that there are many things that need to be done to improve the existing methods, to expand the business so it will grow, and to maintain control over finances. There does not seem to be enough time to do everything.

46. What would you do?

- a. Focus more on quantity than quality so that the business expands faster.

OR

- b. Tell your workers the importance of maintaining high quality so that your company's products remain better than any of the competitors.

47. In the same situation, what would you do?

- a. Do one thing at a time and use the methods that you know best and that have worked for you in the past.

OR

- b. Use the latest business tools available to you to shorten the time needed to perform your tasks.

48. In the same situation, what would you do?

- a. Keep all your tasks but make sure that you spend part of each week on each important task.

OR

- b. Hire an assistant who can take over some of the tasks you usually do.

Situation S

Your business involves selling goods to retail stores. Twice in the past six months, you have called on a huge retailer who lives in a city some distance from where you live. Both times he has shown very little interest in buying the goods you have shown him.

49. What would you do?

- a. Feel confident that you can eventually get this retailer to buy your goods.

OR

- b. Think it is unlikely that you will be able to sell to someone who has shown little interest in your goods.

50. In the same situation, what would you do?

- a. Forget about this retailer and call on others who have shown more interest in your products.

OR

- b. Make another trip to call on this retailer.

Situation T

Four of your workers come to you as a group to tell that they are prepared to go on strike if you do not give them a large increase in wages. You have promised a new customer that you will complete an important job. It is only three days to the date that you promised, and the job is only half done.

51. What would you do?

- a. Try to find a way to give the workers enough of a wage increase so that they will not go on strike.

OR

- b. Tell the workers that you will fire them if they do not keep working.

52. In the same situation, what would you do?

- a. Tell the customer that, if necessary, you will do the work yourself day and night, to complete the job on time.

OR

- b. Explain to the customer that you cannot complete the job if your workers go on strike.

Handout - Business Situation Exercise (Scoring Sheet)

Transfer for circled letters on the test booklet pages to the appropriate spaces below. Circle the number of each answer that matches the "Correct" answer, which is in the parenthesis.

1 (a)	11 (b)	21 (b)	31 (b)	41 (b)
2 (a)	12 (a)	22 (a)	32 (a)	42 (a)
3 (a)	13 (a)	23 (a)	33 (a)	43 (a)
4 (a)	14 (b)	24 (a)	34 (b)	44 (a)
5 (a)	15 (a)	25 (b)	35 (a)	45 (b)
6 (b)	16 (b)	26 (a)	36 (b)	46 (b)
7 (b)	17 (a)	27 (b)	37 (b)	47 (b)
8 (a)	18 (a)	28 (a)	38 (a)	48 (b)
9 (b)	19 (b)	29 (b)	39 (a)	49 (a)
10 (a)	20 (b)	30 (b)	40 (b)	50 (b)
				51 (b)
				52 (a)

Handout - Business Situation Exercise (Competency Scores)

1. Count the number of items you have circled for each of the competencies listed below. Enter this number in the space provided.

Competency	Items	Score (No. of circled items)
Initiative	10, 12, 25, 36	
Sees / Acts on opportunities	24, 28, 35, 39	
Persistence	18, 40, 43, 50	
Information Seeking	3, 14, 38, 44	
Concern for High Quality of work	4, 20, 42, 46	
Commitment to work contract	8, 30, 41, 52,	
Efficiency orientation	13, 22, 31, 47	
Systematic Planning	6, 15, 23, 33	
Problem Solving	19, 32, 45, 48	
Self-Confidence	26, 34, 37, 49	
\Assertiveness	5, 9, 27, 51	
Persuasion	1, 7, 17, 29	
Use of Influence Strategies	2, 11, 16, 21	

2. Plot the competency scores using the Handout - Business Situation Exercise Profile to obtain a graphic representation of the relative strength of each competency.

Handout - Business Situation Exercise (Profile)

Assessing Competency

Initiative

0 1 2 3 4

Sees / Acts on opportunities

Persistence

Information Seeking

Concern for High Quality of work Commitment to work contract Efficiency orientation

Systematic Planning

Problem Solving Self - Confidence Assertiveness Persuasion

Us of Influence Strategies

Competency Scores

The Institute

The Entrepreneurship Development Institute of India (EDII), Ahmedabad was set up in 1983 as an autonomous and not-for-profit Institute with support of apex financial institutions - the IDBI Bank Ltd., IFCI Ltd., ICICI Bank Ltd. and State Bank of India (SBI). The Government of Gujarat pledged twenty-three acres of land on which stands the majestic and sprawling EDII Campus. EDII began by conceptualising Entrepreneurship Development Programmes (EDPs), and subsequently launched a fine tuned and a tested training model for New Enterprise Creation, popularly known today as EDII-EDP model. EDII moved on to adopt the role of a National Resource Institute in the field, and today, together with three other exclusive national institutions, it is successfully backing about 12 state level entrepreneurship organizations by human resource development and by sharing research findings, new teaching techniques & learning material. Today this effort has also been broad-based internationally with Entrepreneurship Development Centres in Cambodia, Laos, Myanmar, Vietnam and Uzbekistan, in addition to efforts in the process, in select African countries.

To enhance the impact of EDPs, the Institute, over the years, introduced the several development models. While the informal sector was majorly brought into the ambit of activities, rural and urban poverty alleviation also became a priority with the models getting widely replicated. EDII designed integrated programme for start-ups (Village Entrepreneurship) is being replicated nationally. EDII conducts a variety of programmes and projects under the Departments of Entrepreneurship Education; Policy Advocacy, Knowledge and Research; Projects; Business Development Services & National Outreach and Developing Economy Engagement.



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