

MODULE

02

# Mentor Handbook

## Understanding Entrepreneurship



**DAY-NRLM**  
Ministry of Rural Development  
Government of India



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



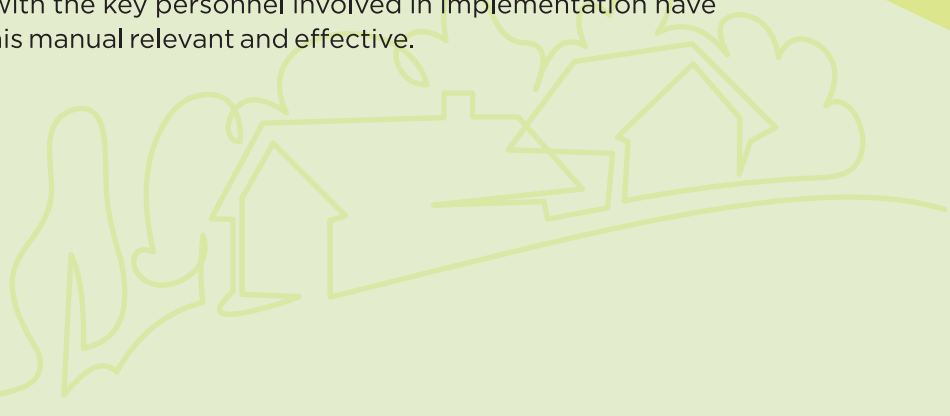
# Preface

---

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.

**Team  
EDII**





## CONTENTS

Chapter I	Triggering: A Critical Process.....	01
Chapter II	Assessment and Selection of Potential Entrepreneurs.....	09
Chapter III	Goal Setting and Risk-Taking.....	23
Chapter IV	Introduction to Business .....	40
Chapter V	Business Communication Skills .....	47
Chapter VI	Enterprise Management Exposure.....	61







# Chapter I

## Triggering: A Critical Process



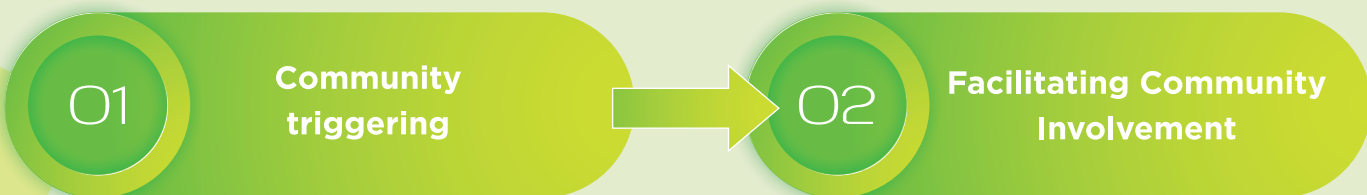
### Learning Objectives

- To understand the concept of triggering
- To be aware of the various tools and techniques of triggering
- To identify potential challenges faced during community triggering
- To recognize challenges involved in instilling an entrepreneurial spirit in the community
- To appreciate the importance of involving community leaders, working in teams and overall coordination

### Methodology

- a. Lecture
- b. Class Discussion
- c. Field Activity

### Session Plan



### Resources

Handouts | Blackboard and Chalk - Duster  
Whiteboard with Marker | Identified village for field activity

Entrepreneurship is not the chosen profession by a large proportion of the population. This is much more accentuated in the rural area. Most enterprises are formed out of compulsion of not finding employment opportunities. There have been many sustained efforts by development organisations, micro-finance companies and cooperative and other community-based organisation. Yet, most population would want a job or start a business and struggle to keep it afloat. Also, such enterprises do not generate enough income to become the sole source of meeting household expenses. Consequently, entrepreneurship is either a compulsion or a seasonal effort by most population. In such a scenario, it takes quite an effort to motivate people to adopt a route which is fraught with risks.

CRP-EPs under SVEP have the mission to motivate, choose and select entrepreneurs from such population in the villages. They need to meet and communicate convincingly. This process is called Triggering.

### **Process: A Human Chain of Communication**

Triggering is extremely vital for the success of SVEP. It is a process of conveying information to the general public through different personal and mass media as well as group communication. CRP-EP tend to use different tools such as charts, presentations, films, case studied, role models. They also meet people on a one-to-one and group basis for cajoling them to join the programme. In the process, triggering helps CRP-EPs build credibility and awareness about the programme. It facilitates potential entrepreneurs to enroll in SVEP.

Community members have to be made aware of the programme as well as motivated to join for becoming an entrepreneur under the scheme. To become effective, the communication must reach the right audience as well as cover almost all households in a village. Key Opinion Leaders (KOL) have a very important role to play in making people behave favourably. Hence a human chain of communication is created. The set of activities required to be carried out for this purpose is given below:

- a. Organise a State level Workshop for various stakeholders
- b. Organise Block level workshops for various stakeholders
- c. Place SVEP in the agenda of SHG meetings
- d. Use DPR to highlight opportunities in the block
- e. Suggest kind of enterprises that could be pursued
- f. Ask SHG members to invite application from self or their family members
- g. Meet interested individuals as a group in SHG meeting
- h. Call special SHG meeting for interested individuals
- i. Meet individuals personally, if required
- j. Participate and talk about the programme in Panchayat meeting
- k. Distribute pamphlets when needed
- l. Show videos during community meetings
- m. Organise visits of SRLM, NROs
- n. Meet convergence partners (banks, other Govt departments)

The promotional work ensures the smooth running of the training program by involving local support. The promotional work also helps in formulating project ideas based on information collected at the block resource center. It is desirable that local institution(s) be persuaded. This would give them a feeling that this is their own program.

### Strategy

The promotional strategy should be developed by factoring in the location and the target group. SVEP promotion is a flexible and personal approach. The trainer must have clarity about the fact that it is not necessary that all the inhabitants of the target area aspire to become entrepreneurs. Yet at the same time, all aspirants may not have the potential to succeed in an entrepreneurial career.

Promotional efforts must be targeted towards those who may be interested in pursuing an entrepreneurial career. However, at a time EDPs can train only a small group of potential entrepreneurs. Therefore, it will be judicious to utilize the resources for training those who have a high degree of interest, commitment and potential for a successful entrepreneurial career. Accordingly, the most suitable tools must be used to promote the program.

### Tools and Techniques

Several promotional methods are existing to generate widespread awareness and interest in the entrepreneurial activity among the target audience. These tools can be divided into (a) one-to-one, (b) one-to-many and (c) mass. A good mix of all three is required. However, since the process is to build a human chain of communication, one-to-many type of communication tools become primary followed by one-to-one and then mass media.

Some of the widely used promotional tools at the village level include:



The most important channel for triggering is SRLM and community organisations. DPMs and BPMs play a very critical role in motivating the SHGs and other federated organisations. They also help in garnering the support of village administration. NROs, its mentors and CRP-EPs need to work in coordination with the state machinery and SHGs, VOs and CLFs at their respective level to create confidence, perseverance and conviction to promote entrepreneurship among the community

- 
- 1. What is triggering and why is it needed?**
  - 2. List out various tools and techniques of triggering.**
  - 3. Elaborate on the process of creating a human chain of communication.**
- 

**Field Activity**

The act of effective triggering requires a hands-on learning approach. Participants have to be involved in a field activity as a part of the lesson. The activity requires them to facilitate programme involvement by Village Organisations (VOs) and SHGs:

**Stage 1:**

Organize a VO meeting with support from Community coordinator/ Coordinator at the Panchayat/ block level. During the meeting, VO members will be fully informed about the Programme, its objectives, implementation stages and role of VOs and SHGs. They can explain to the interested aspirants how an individual /group can get involved in entrepreneurship, rather than pursuing a traditional career. The main focus of the discussion would be on:

- Existing business in village and opportunity for new business/enterprises
- Scope of resource-based enterprise in village / collective approach
- Analysis of Trade IN and Trade OUT in village
- Support organisations in the village

**Stage 2:**

Ask the VO members to prepare a schedule for conducting village level awareness camps. The awareness should be focused on the SVEP program.

**Stage 3:**

Collect contact numbers of key SHG members (one per village) who can take the lead in the triggering session to facilitate follow up.

**Post-fieldwork activity**

1. List out various tools and techniques used in a field activity.

.....

.....

.....

.....

.....

.....

2. What are the major challenges you face during community triggering? How can you overcome those challenges?

.....

.....

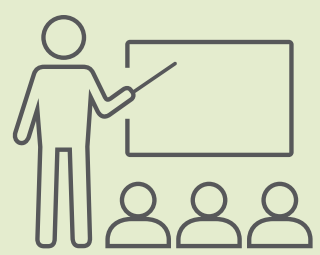
.....

.....

.....

.....

**Delivery**



**1. Class Discussion (1 hour)**

- 1.1. The session begins with the trainer/facilitator introducing the concept of triggering. They should then ask the class to come up with ideas on how the concept of entrepreneurship can be developed in the community and how to organize a gathering of members from the community.
- 1.2. Trainer/Facilitator writes all the responses on the whiteboard/chart (e.g. pamphlet distribution, roadshow, seeking help from government officials, etc.) and discusses the pros and cons of each method.
- 1.3. Trainer/Facilitator consolidates the methods and directs the class to think about the advantages of involving the concerned person, members of VO & SHGs in triggering.
- 1.4. Once the class agrees to leverage on the above factors, the trainer/facilitator explains the sequence of steps to be followed so as to convince and involve VO/SHGs in the project as per the content section in this chapter.
- 1.5. Trainer concludes the session by consolidating the learnings from this chapter.

**2. Field Activity (1 day)**

- 1.1. Ask the participants to form small groups according to village proximity, and go out to arrange the meetings.
- 2.2 The trainer should conduct a reflection on the experiences of the participants in conducting this field activity. What were some of the challenges in organizing a meeting? Were the participants able to communicate the message of SVEP effectively? What were the reactions and responses from the community like?

### **3. Role Play (Substitute for field visit)**

The participants are organised into groups of 8 with 6 participants taking on a role of a character. The other two members become observers and note down as to how the characters perform with their own agenda, work together to achieve a common goal for mutual benefit and how have the characters of the entrepreneur been able to network with the other three characters in order to grow their business.

#### **Role 1: Rohit (Block Mentor)**

- You are a Block Mentor. You visited Rampur village with CRP-EP Sambhulal. You inform VO members about SVEP project and how it helps them to generate new livelihood opportunities.
- You have to help Sambhulal for making a business plan for Ram's business.
- You have to explain the benefits of business appraisal plan to stubborn Ramesh and Suresh who want money but do not follow your appraisal plan.
- You have to explain to Ramesh and Suresh in such a way that they will improve their business plans.

#### **Role 2: Ramamma Devi (Active women/SHG member)**

- You are an SHG member associated with Laxmi SHG for the last 5 years. Your son is unemployed youth but having very high aspirations of becoming a successful entrepreneur.

#### **Role 3: Ram (Potential Entrepreneur)**

- You are a 21-year-old local boy named Ram. You had left your college in the middle to help your father in farming. But now as you are thinking about starting a new business because income from your father's 5 bigha land is not sufficient for you.
- As you are a young boy with no entrepreneurial exposure. You don't have sufficient idea about market demand, steps and processes required to start a business. Also you require capital to start a business.
- Your 42-year-old mother Ramamma Devi is a member of an SHG and you have hears about SVEP program from her.

#### **Role 4: Sambhulal CRP-EP (Community Resource Person - Enterprise Promotion)**

- You are a CRP-EP named Sambhulal associated with SVEP program. Your major goal is to coordinate with CBOs and spread the information about SVEP program in your assigned area of operation with the various ICT tools and techniques. Your aim is that the information reaches the target audience and the interested entrepreneurs contact you.
- Then you help the entrepreneur to prepare his business plan.
- Ramamma Devi approaches you and tells you about her son's aspiration to start a Kirana shop. You have to meet Ramesh and help him to make a business plan.

**Role 5 and 6: Ramesh and Suresh (Entrepreneurs)**

- You are brothers and owner of a small bakery shop in Rampur village where you want to expand your business.
- Your wives are SHG members and you want SVEP loan for your business.
- You believe that nobody can teach you how to run a business but your growth plan has several flaws that need to be rectified.
- You want SVEP loan but not want to rectify business plan. You also threaten Sambhulal that if they won't get the loan they will not allow project activities in Rampur village.

**Reflection**

Role-play activity reflects the mental situation of various stakeholders. All the participants of group activity should reflect their leadership and influencing qualities by conveying their ideas to other candidates. The candidate who plays the role of block mentor must solve the problems of Ram (potential entrepreneur) by giving him business counseling. He also has to convince Ramesh and Suresh about their faulty business plan. Roleplay is useful for new mentors to understand the challenges of community triggering and social, cultural and economic dynamics of villages.



**Trainer's Tips**

In order to help the participants understand the tools and techniques of Triggering, the trainer can show them some examples. The trainer can also bring in brochures, handouts or any other relevant material to illustrate the different tools and techniques for delivering Triggering.

**EXERCISE**

1. Why triggering is important in the implementation of any project? Explain briefly

.....  
.....  
.....  
.....

2. You are a block mentor under SVEP project. What are the various triggering techniques you will use for the villages, where more than 90% of its population is illiterate?

.....  
.....  
.....  
.....

3. Gram Panchayat sarpanch is an influential person in the village who can help in triggering. List out other influential people who can be included during the triggering process.

.....  
.....  
.....  
.....

4. List out the target audience/Institutions in the triggering process of SVEP.

.....  
.....  
.....  
.....

5. What are your observations from the role-play activity?

.....  
.....  
.....  
.....



## Chapter II

# Assessment and Selection of Potential Entrepreneurs



### Learning Objectives

- To understand the process of identification and screening of potential entrepreneurs through Community based organizations
- To identify and assess potential candidates based on their entrepreneurial ability to make the SVEP program successful
- To help understand the motivation and developmental needs of applicants to transform them into a full-fledged successful entrepreneurs

### Methodology

- a. Class Discussion
- b. Individual Assignment
- c. Field Activity

### Session Plan

01

Assessing Potential Entrepreneurs

02

General Measure of Enterprising Tendency Test (GETT)

### Resources

Handouts | Classroom resources | List of Enterprise for field activity

## **Assessment and Selection of Potential Entrepreneurs**

Rural India is full of opportunities for entrepreneurship and a route to provide large scale employment. The villages are full of potential for creating employment through entrepreneurship. There is an urgency and concern to promote rural/village enterprises towards income generation. At the same time, it is also very challenging to provide sustainability and growth to enterprises. Earlier experiences and research in this area have proved that anybody can become an entrepreneur, but everybody cannot become successful. Various programs have been implemented over the decades to promote entrepreneurship and enterprises, but the results have been disappointing. For the success of the village enterprise program, it is imperative to develop tools and techniques to assess the entrepreneurial potential before we invest in their development.

Most attempts to ensure entrepreneurial activities have a primary emphasis on economic empowerment. The process of developing village enterprises needs to take due care of such attitudinal and behavioral profile/characteristics of potential entrepreneurs. Before transforming them into entrepreneurs; we need to assess their readiness/behaviour and attitude of becoming successful entrepreneurs.

Thus, assessment of potential entrepreneurs, who have a better probability of success, must precede all other developmental and supportive activities. Identification of individual with the right mental make-up is the key challenge. These assessment tools not only help to assess entrepreneurial attitudes and behavioral competencies but also indicate the gaps in individuals. This helps to bring them to the desired level of performance and rule out the casual and problematic candidates.

## **Entrepreneurship**

Entrepreneurship can be defined as the process of generating value by using resources in an innovative manner. The two most significant entrepreneurial aspects are risk and innovation. But, it is seen that most businesses continue to imitate existing forms instead of innovating new products or processes. However regardless whether the businesses are novel or routine the risk element is high for almost all.

Entrepreneurship, thus, is the art of detecting feasible business prospects and organizing the required resources to translate them into successful ventures using creativeness, imagination, innovation along with risk-taking abilities. It includes wealth creation by bringing together resources in a newer manner for starting and running the enterprise.

Entrepreneurship gives an opportunity to start different self-employment options. Entrepreneurs are their own masters which gives them a chance to get higher job satisfaction, flexibility and inspiration to process the local raw materials into finished goods for national and international consumption. It promotes new market expansion and adoption of current techniques and processes to increase output. Healthy competition among enterprises assures higher quality and availability of products and services in the market. There are several programmes that offer tax benefits too. Entrepreneurship is independent of external job offering with a very high possibility of great achievements.

There are three interactive mechanisms of Entrepreneurship, namely, opportunity structures, group features, and strategies. Opportunity structures refer to the geographical market conditions for products and services, identifying business opportunities, assessing competition and government policies. Group features refer to resource mobilization, migration, social network, cultural issues along with the government regulation that has an implication on resource planning.

## **Entrepreneur**

An entrepreneur can be described as any person who generates and develops a business idea, takes a risk of establishing a business to create a product or service to satisfy consumer needs. The term Entrepreneur refers to a person whereas entrepreneurship refers to the process. All entrepreneurs are businesspersons, but not all businesspersons are entrepreneurs. For instance, a person on the footpath sells the same food, cooked in the same utensil, served on the same table with no visible change in his standard of living. This person can be called a businessman but not an entrepreneur.

An entrepreneur is a business-oriented individual who would devise methods for his business expansion and perpetually examines the environment for opportunities for new businesses. Entrepreneurs bear a significant risk and result in their new business ideas. A successful entrepreneur exhibits creativity in business and sets an example for others.

### **Process of identifying a potential entrepreneur for SVEP project**

The process of assessment of applicants for becoming an entrepreneur under SVEP consists of two main dimensions. The first dimension is an evaluation by SHGs, VOs and CLF. The second is the assessment based on tools to judge the personal qualities of the individuals aspiring to become entrepreneurs.

#### **Dimension - 1: Assessment by Community Organisations**

The process begins with CRP-EP explaining about SVEP project in an SHG or special Gram Sabha meeting for triggering the individuals to become an entrepreneur. It is important to hold meetings with target beneficiaries to ensure their willingness to participate in the project activities. In the same meeting, the SVEP Expression of Interest (EOI) form is distributed to members of SHG/Gram Sabha. If required, SHG is encouraged to conduct a special meeting for the SVEP project. Interested candidates submit their "Expression of Interest" form to the members who put them up in SHG meetings. The members of SHG scrutinise the candidates on the parameters of (a) Outstanding SHG loan, (b) Repayment history, and (c) Potential of an individual. In many cases, the target individual is not a direct member of SHG but a family member of the SHG member. In such a case, the credential of the SHG member and the views of other members of SHG about the targeted individual are collated for decision. In a case where the SHG member or the applicant is new to the SHG, the concerned applicant is asked to demonstrate credible behaviour for some time before the application is processed. Once the SHGs finalises the applications, the names of potential candidates are recommended to the VO.

VO further scrutinises potential entrepreneurs on the basis of performance of SHG recommending them. VO primarily scrutinises SHG's performance. The major parameters of scrutinizing at VO level are (a) Repayment history of SHG, (b) Repayment history of the individual member and (c) Grading history of SHG (Defunct and D grade SHG not to be considered).

The applications are then submitted by VOs to CLF which in turn primarily examines VOs. In cases where VO is defunct or classified as D grade and SHG is active, then CLF also scrutinizes the SHG. Major points of scrutinizing at CLF level are (a) Grading the history of status (Active/Defunct) of VO and (b) Repayment history of SHG/VO. CLF then hands over these forms (EOI) to CRP-EP or BRC.

---

**1. What does SHG scrutinize in the process of selection of entrepreneur for SVEP project?**

**2. Why is VO scrutinized if it is already scrutinized by SHG?**

---

## Dimension – 2: Assessment of Individual entrepreneurs (Field Activity)

During a promotional meet, participants should record the qualities of a potential candidate as per Handout - Qualities of an Entrepreneur.

If participants are still unable to gauge whether an individual will make a good entrepreneur, then a village-level committee can be formed to assess the potential of the entrepreneur. The committee can consist of:

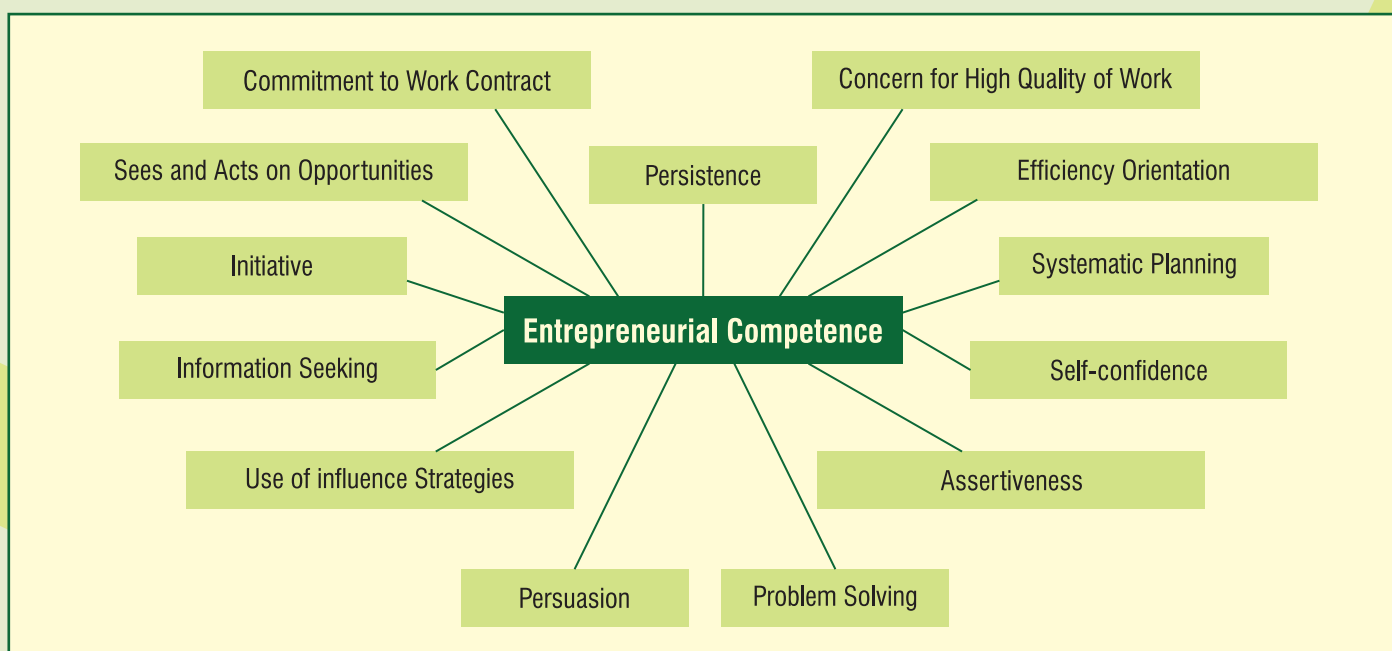
- Prominent people from the SHG/VO
- Bank manager/Retired representative
- SRLM/Block level representatives
- Successful local businessmen
- Mentor/CRP(as coordinator)

The committee will assess the potential of each candidate and arrive at a conclusion about available resources or the capacity to mobilize them. Given below are criteria which are used for judging the candidate's potential for entrepreneurship:

- Their willingness and capability to mobilize resources
- Their exposure and understanding of the business challenges and situations
- The commitment and willingness to become an entrepreneur by joining the program
- Prospects of getting support from different agencies/people
- To know whether they have defaulted in the past
- Personal background in terms of liabilities, habits, family background and credibility.

The final selection may be made considering the factors assessed through these tools. The committee may finally decide based on the observations made by all members. A list of final candidates is prepared based on the above assessment. The candidates who have been finalized will then be provided the required training and counseling. CRP will know the profile and the requirements of individual candidates and the gaps needed to be filled. This will be done by developing their managerial and entrepreneurial capabilities, thus creating sustainable and growth-oriented enterprises.

### Entrepreneurial Competencies



## General measure of Enterprising Tendency test (GETT)

As an alternative method, the psychometric test GETT can be used for assessing the entrepreneurial qualities possessed by the participant. It is widely used by academicians, researchers and development consultancies in the areas of entrepreneurship and innovation. The GET test is used to determine the potential of a person to become an entrepreneur.

### Administering and Scoring the GETT

Instructions to participants

- It will only take about 10 minutes
- There are no right or wrong answers
- It will help you to gain a better understanding of yourself

It has statements which are to be responded in the form of Agree or Disagree. The scores would provide an idea of the participant's enterprising tendency. The answer should be in the form like (a) Tend to agree (b) Tend to disagree. 54 Questions are listed below.

For example, one statement might say:

I prefer swimming to running

Or

I often take on too many tasks

On the answer sheet provided you should:

- i) Circle the **A** in the box, which corresponds to the statement number. If you **agree** with the statement, OR
- ii) Circle the **D** if you **disagree** with the statement.

If, for any reason, you neither fully agree nor fully disagree with a particular statement, please try to decide whether you agree with it **more** or disagree with it **more** and circle the appropriate answer.

Please be honest when completing the answer sheet. The more accurate your answers are it will increase the precision of the test.

No.	Question in GETT (same as per mobile application)
1	I would not mind routine unchallenging work if the pay and pension prospects were good.
2	I like to test boundaries and get into areas where few have worked before.
3	I tend not to like to stand out or be unconventional.
4	Capable people who fail to become successful have not usually taken chances when they have occurred.
5	I rarely day dream.
6	I find it difficult to switch off from work completely.
7	You are either naturally good at something or you are not, effort makes no difference.

- 8 Sometimes people find my ideas unusual.
- 
- 9 I would rather buy a lottery ticket than enter a competition.
- 
- 10 I like challenges that stretch my abilities and get bored with things I can do quite easily.
- 
- 11 I would prefer to have a moderate income in a secure job rather than a high income in a job that depended on my performance.
- 
- 12 At work, I often take over projects and steer them my way without worrying about what other people think.
- 
- 13 Many of the bad times that people experience are due to bad luck.
- 
- 14 Sometimes I think about information almost obsessively until I come up with new ideas and solutions.
- 
- 15 If I am having problems with a task I leave it, forget it and move on to something else.
- 
- 16 When I make plans I nearly always achieve them.
- 
- 17 I do not like unexpected changes to my weekly routines.
- 
- 18 If I wanted to achieve something and the chances of success were 50/50 I would take the risk.
- 
- 19 I think more of the present and past than of the future.
- 
- 20 If I had a good idea for making some money, I would be willing to invest my time and borrow money to enable me to do it.
- 
- 21 I like a lot of guidance to be really clear about what to do in work.
- 
- 22 People generally get what they deserve.
- 
- 23 I am wary of new ideas, gadgets and technologies.
- 
- 24 It is more important to do a job well than to try to please people.
- 
- 25 I try to accept that things happen to me in life for a reason.
- 
- 26 Other people think that I'm always making changes and trying out new ideas.
- 
- 27 If there is a chance of failure I would rather not do it.
- 
- 28 I get annoyed if people are not on time for meetings.
- 
- 29 Before I make a decision I like to have all the facts no matter how long it takes.
- 
- 30 I rarely need or want any assistance and like to put my own stamp on work that I do.
- 
- 31 You are not likely to be successful unless you are in the right place at the right time.
- 
- 32 I prefer to be quite good at several things rather than very good at one thing.
- 
- 33 I would rather work with a person I liked who was not good at the job, rather than work with someone I did not like, even if they were good at the job.

- 34 Being successful is a result of working hard, luck has little to do with it.
- 
- 35 I prefer doing things in the usual way rather than trying out new methods.
- 
- 36 Before making an important decision I prefer to weigh up the pro's and con's fairly quickly rather than spending a long time thinking about it.
- 
- 37 I would rather work on a task as part of a team rather than take responsibility for it myself.
- 
- 38 I would rather take an opportunity that might lead to even better things than have an experience that I am sure to enjoy.
- 
- 39 I usually do what is expected of me and follow the instructions carefully.
- 
- 40 For me, getting what I want is a just reward for my efforts.
- 
- 41 I like to have my life organised so that it runs smoothly and to plan.
- 
- 42 When I am faced with a challenge I think more about the results of succeeding than the effects of failing.
- 
- 43 I believe that destiny determines what happens to me in life.
- 
- 44 I like to spend time with people who have different ways of thinking.
- 
- 45 I find it difficult to ask for favours from other people.
- 
- 46 I get up early, stay late or skip meals if I have a deadline for some work that needs to be done.
- 
- 47 What we are used to is usually better than what is unfamiliar.
- 
- 48 I get annoyed if superiors or colleagues take credit for my work.
- 
- 49 People's failures are rarely the result of their poor judgement.
- 
- 50 Sometimes I have so many ideas that I feel pressurised.
- 
- 51 I find it easy to relax on holiday and forget about work.
- 
- 52 I get what I want from life because I work hard to make it happen.
- 
- 53 It is harder for me to adapt to change than keep to a routine.
- 
- 54 I like to start interesting projects even if there is no guaranteed payback for the money or time I have to put in.
-

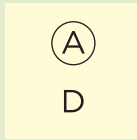
## Answer Sheet

46 A D	37 A D	28 A D	19 A D	10 A D	1 A D	Row 01 TOTAL .....
47 A D	38 A D	29 A D	20 A D	11 A D	2 A D	Row 02 TOTAL .....
48 A D	39 A D	30 A D	21 A D	12 A D	3 A D	Row 03 TOTAL .....
49 A D	40 A D	31 A D	22 A D	13 A D	4 A D	Row 04 TOTAL .....
50 A D	41 A D	32 A D	23 A D	14 A D	5 A D	Row 05 TOTAL .....
51 A D	42 A D	33 A D	24 A D	15 A D	6 A D	Row 06 TOTAL .....
52 A D	43 A D	34 A D	25 A D	16 A D	7 A D	Row 07 TOTAL .....
53 A D	44 A D	35 A D	26 A D	17 A D	8 A D	Row 08 TOTAL .....
54 A D	45 A D	36 A D	27 A D	18 A D	9 A D	Row 09 TOTAL .....

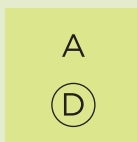


## SCORE CALCULATION

Starting with box 1 in the top right hand corner of the answer sheet and, working across the sheet to the left, give one point for every A that the applicant has circled in the shaded boxes on that line like this.



Similarly, give one point for every D that the applicant has circled in the un-shaded boxes on that line like this.



Now add up the total score in the top row and write it in the margin.

Do the same for the remaining eight rows scoring in the same manner as above.

When you have finished transfer the scores for each row to the boxed below:

Row 01		Row 02		Row 03	
Row 04		Row 05		Row 06	
Row 07		Row 08		Row 09	

Add the total for row 1 and row 6 together.

This will give a score for Section 1 .....

Row 3 alone will give a score for Section 2 .....

Add scores in rows 5 and 8 for Section 3 .....

Add scores in rows 2 and 9 for Section 4 .....

Add scores in rows 4 and 7 for Section 5 .....

---

Total Row Score:

---

## **INTERPRETING THE SCORE**

Each section assesses particular attributes. A high score in any category means that the applicant has many of the qualities, which that particular section has been measuring. The sections are as follows: -

### **SECTION 1: Need for achievement**

Maximum score - 12

Average score - 9

If the applicant has scored well in this section he has many if not all of the following qualities:

- Forward looking
- Self-sufficient
- Optimistic rather than pessimistic
- Task orientated
- Results orientated
- Restless and energetic
- Self-confident
- Persistent and determined
- Dedication to completing a task

### **SECTION 2: Need for autonomy/independence**

Maximum score - 6

Average score - 4

The person who scores high in this section:

- Likes doing unconventional things
- Prefers working alone
- Needs to do 'own thing'
- Needs to express what he/she thinks
- Dislikes taking orders
- Likes to make up own mind
- Does not bow to group pressure
- Is stubborn and determined

### **SECTION 3: Creative tendency**

Maximum score - 12

Average score - 8

A high score in this section means that the applicant:

- Is imaginative and innovative
- Has a tendency to daydream
- Is versatile and curious
- Has a lot of ideas
- Is intuitive and can guess well
- Enjoys new challenges
- Likes novelty and change

### **SECTION 4: Moderate/calculated risk-taking**

Maximum score - 12

Average score - 8

If the applicant has done well in this section, he tends to:

- Act on incomplete information

- Judge when incomplete data is sufficient
- Accurately assesses his/her own capabilities
- Be neither over nor under-ambitious
- Evaluate likely benefit against likely costs
- Set challenging but attainable goals

**SECTION 5: Drive and determination**

Maximum score - 12

Average score - 8

If the applicant has achieved a high score in this section, he/she tends to:

- Take advantage of opportunities
- Discount fate
- Make own luck
- Be self-confident
- Believe in controlling own destiny
- Equate results with effort
- Show considerable determination

**Post Field Activity**

1. List out the steps for entrepreneur's selection (Post CBO screening).

.....

.....

.....

.....

.....

.....

.....

2. What are the qualities that must be possessed by an entrepreneur?

.....

.....

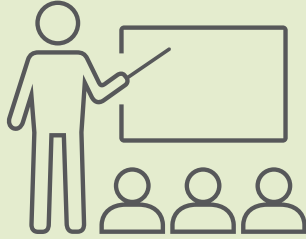
.....

.....

.....

.....

## Delivery



### Class Discussion

- Ask the participants that when seeds of a plant are sown, do all seeds grow? Explain to them that becoming an entrepreneur is also like sowing seeds. It is important to select good seeds and cultivate them so that success is achieved.
- Explain to the participants the rationale and need for assessment, emphasising how important it is to get the right candidates for SVEP - candidates having motivation and competency. We need to assess and select those who show potential and the willingness to start their own business and are likely to survive and become successful.
- One's education and experience can never be an obstruction to his/her becoming an entrepreneur. Therefore, the assessment focuses on gauging their capacity and willingness to start a business. Explain to them that we must employ different tools/techniques to assess the individual villagers who have responded in our promotional meetings (by showing interest and identifying some business opportunities for themselves).

### Individual Assignment

- Ask the participants to complete Handout - Qualities of an Entrepreneur to understand the initial stages of assessment. Discuss their responses in a group setting.
- Support Material
- Trainer can share rural success stories available through this link <https://grabhouse.com/urbancocktail/7-stories-of-rural-indian-women-achieving-the-impossible/>
- Engage a successful entrepreneur /business person from the block and ask to share their success story with the participants (preferably female entrepreneur)
- Movies like Manthan, Satyakam and Manzil can be shown to demonstrate how a person evolves as an entrepreneur despite the many hurdles they face in daily proceedings.



### Trainer's Tips

- Become well versed with the need, use and applicability of assessment tools.
- Acquire skills of how to assess various dimensions of entrepreneurial potential using different tools.
- Plan for where and when you plan to assess the candidates. Inform the candidates well in advance

**Handout - Qualities of an Entrepreneur**

1. Identify a model entrepreneur in your locality. What business are they involved in? How long have they been operating it?

.....  
.....  
.....  
.....  
.....  
.....  
.....

2. Ask the entrepreneur what motivates them to run their business. Are they doing it because it is a family activity or they have no other means of working or because they enjoy business?

.....  
.....  
.....  
.....  
.....  
.....  
.....

3. Indicate the qualities you have observed in him/her that makes him/her a successful entrepreneur. Record your observations.

a. ....  
.....  
.....  
.....

b. ....  
.....  
.....  
.....

c. ....  
.....  
.....  
.....

d. ....  
.....  
.....  
.....

e. ....  
.....  
.....  
.....

f. ....  
.....  
.....  
.....

**Exercise**

1. Explain in detail the process of screening of potential entrepreneur in various CBOs?

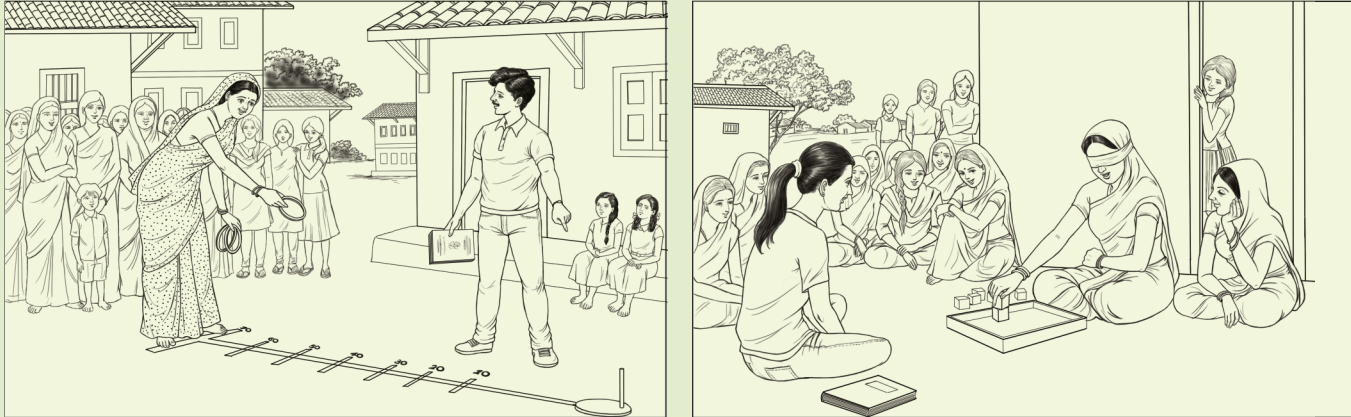
.....  
.....  
.....  
.....  
.....

2. What are the factors useful in assessing the candidate's potential for entrepreneurship?

.....  
.....  
.....  
.....  
.....

# Chapter III

## Goal Setting and Risk-Taking



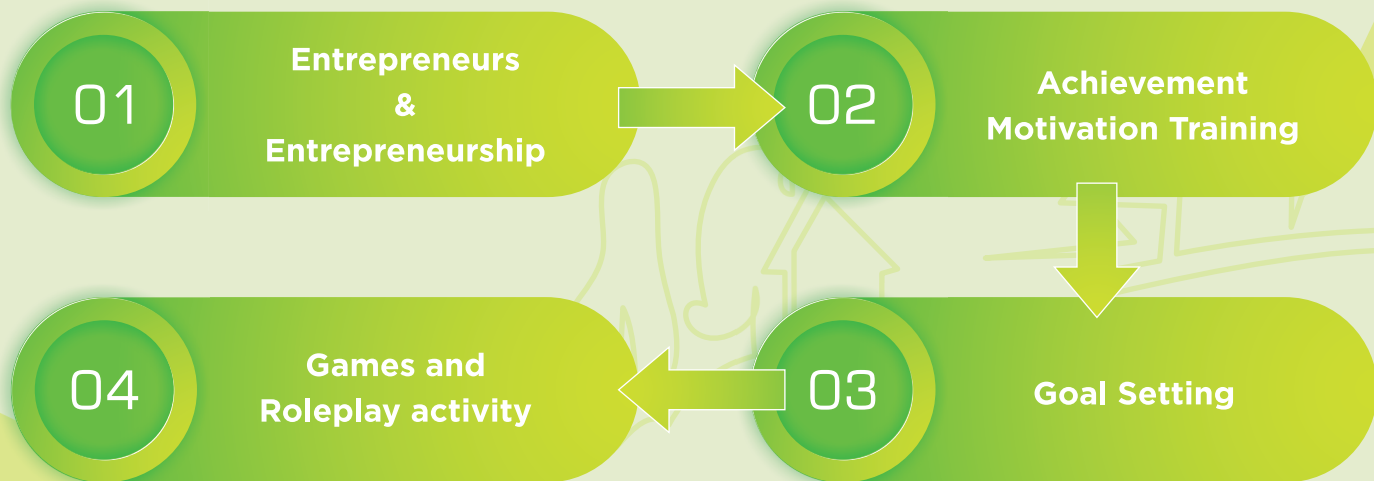
### Learning Objectives

- To bring out the phenomenon of risk and risk-taking abilities
- To understand the importance and process of setting goals
- Becoming a team player

### Methodology

- a. Lectures
- b. Activities
- c. Individual Assignments

### Session Plan



### Resource:

Blackboard, Chalk, Duster  
Flip Chart, Marker  
Classroom Training Material

## Goal Setting and Risk-Taking

Entrepreneurs are inclined to set their own objectives with calculated risk. They complete their job well, are unfearful of public opinion and assume responsibility for their own actions. They take up assignments which are based on opportunities that have not yet been tapped by others. In that, they set up their businesses to fill a gap in the marketplace. Some entrepreneurs try to address the opportunities created by market failure. In such businesses they try to take up challenges of correcting the failures of others by bringing new thoughts into their enterprises. The third set of entrepreneurs look at latent demands and aim at creating opportunities for their products or services. This context has the highest risk as the entrepreneurs are voyaging into uncharted territories.

Whichever the case, the core of planning is the goals that businesses would like to achieve. Goals are a combined result of the opportunities and the risk that the entrepreneur would like to take or avoid.

### Risk-taking

Risk is an integral part of entrepreneurship. Entrepreneurs take risks in venturing into a business. Any venture is subject to risk as many variables are not in control of the entrepreneur. The partners across the value chain are other business entities which are not owned by the entrepreneurs. Consumers are anyway outside the control of the business. In addition, several environmental factors create uncertainties.

It is good to recognise the capacity to take a risk by an entrepreneur. Risk-taking is a trait of individuals. Most people tend to avoid risks when possible. On the other hand most successful people are willing to take risks. Still, taking risks is intimidating, especially for new entrepreneurs. Entrepreneurship is fundamentally linked to risk-taking. Every decision carries some risk. Accepting risk as a part of the business and being ready is the character of an entrepreneur.

There are three types of risks (a) calculable risks, which involve a series of known that allows to reasonably predict the odds of success, (b) ambiguous risks, which involve some known and some unknown, which complicate your decision making process and (c) unknown risks, which arrive when an entrepreneur is aiming to bring something unique to the market. Knowing the difference between these risks helps in understanding the extent of risk of the decisions.

The optimistic risk-takers see opportunities as half-full, a 50-percent rate of success is "pretty good" and a 75 percent rate of success is a "sure thing." This is compounded as risk-taking is generally considered a rewarding strategy. However, not all risks are good risks or and taking the risky option does not always pay off. On the other hand, some risks, even carefully calculated ones, do not fetch rewards. Therefore, entrepreneurs ignore this to overcome the apprehension toward risk and embrace it.

Risk is actually a differentiator. The inherent biases in human mind tend to exaggerate the perception of risk and the probability of failure. This makes people pessimist and risk-averse. Entrepreneurs overcome these apprehensions and take the risk. They choose to fail in style, to stand out and break away from the norm.

Risk-taking can build self-confidence and a feeling of leadership. It also shows strong motivation to complete a job well. An entrepreneur would consider some issues before undertaking risk, such as:



- a. Is the aim fixed realistically?
- a. What is the amount of the potential reward for the risk undertaken?
- b. What is the quantum of this likely possible loss?
- c. What is the probability of failure associated with this particular risk?
- d. How can negative effects of risk be minimized?
- e. What kind of resources or support do I require for undertaking my business activities and risk?
- f. What additional information do I require before undertaking this risk?
- g. What past experiences do I require to evaluate to make future plans for undertaking this risk?

### Goal Setting

A goal is a long-term objective that one wants to accomplish which may not be measurable, having a vast scope and often not time-bound. People try to achieve it through fulfilling specific objectives, which in turn might ultimately help them in achieving the goal. The objective is specific and measurable. They can be in the form of output, attitudinal or behavioural objectives. Most importantly, they can be measured. They are concise. They are specific. Think of the word object. You can touch it, it's there, it's actual, and it's finite.

Goal-setting theory of motivation states that it is essentially linked to task performance. It states that specific and challenging goals along with appropriate feedback contribute to higher and better task performance. Goals indicate and give direction to an entrepreneur about what needs to be done and how much effort is required to be put in.

The willingness to work towards the attainment of the goal is a big motivator for the entrepreneur. Clear, particular and difficult goals are better than easy, general and vague goals. Specific and clear goals garner greater output and better performance. Unambiguous, measurable and clear goals accompanied by a deadline for completion avoid misunderstanding. A challenging goal creates a feeling of pride and achieving it motivates the entrepreneur for the attainment of the next goal. The more challenging the goal, the greater is the reward expected. It also creates more passion for achieving it.

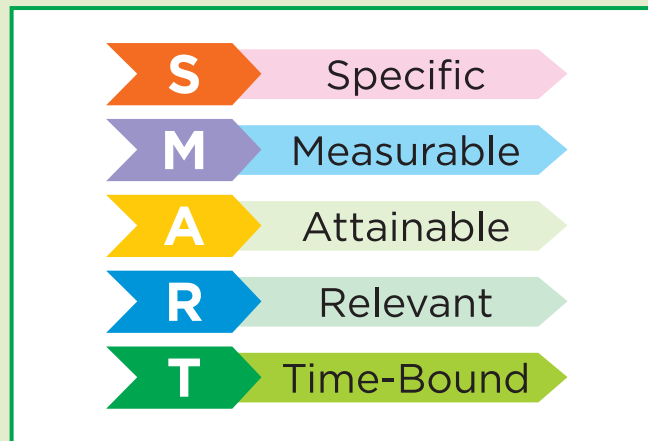
In order to retain the direction or for a mid-course correction, appropriate feedback is necessary. It enhances involvement and leads to greater job satisfactions. The type and quality of goals set affect how well entrepreneurs will work. Effective goal-setting tends to follow the 5C principle:

1. **Clarity:** A clear, measurable goal is more achievable than one that is poorly defined. Goals need to be specific. Most effective goals also have a defined timeline.
2. **Commitment:** Deliberate and conscious efforts have to be put into achieving the goals set. It is also a good practice to share the goals with someone else in order to increase the accountability to achieve them.
3. **Challenge:** The goal must have a decent level of difficulty in order to motivate to strive toward the goal.
4. **Complexity:** If a goal is especially complex, the learning curve is involved. Enough time should be allocated to overcome the complexity of completing the task. If a goal is

really tough, entrepreneurs must give some cushion to get the best chance at succeeding.

5. **Communication:** Entrepreneurs should set up a method to receive information on the progress toward the goal. Results and feedback direct the entrepreneur behaviour and contribute to higher performance than the absence of feedback. It is also a means of gaining reputation, making clarifications and regulating goal difficulties.

An entrepreneur must start with goals which are specific, measurable, attainable, relevant and time-bound. This forms the acronym S.M.A.R.T.



**Specific:** Goals are well-defined and focused. For instance, I want to start my enterprise in a small restaurant. Focused goal acts like a magnet and helps in drawing resources toward it.

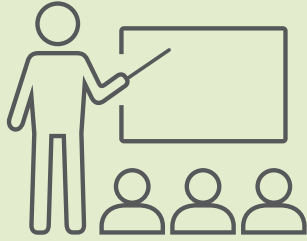
**Measurable:** My restaurant will have food for office goers. A goal should have a measurable outcome as a scoreboard or scorekeeper in a sports competition. It has to be quantified in numbers to know if I am on track.

**Attainable:** Most often, entrepreneurs set unrealistic business goals, beyond their reach. Always remember to have big dreams but firmly grounded in reality and aim for the sky but keep feet on the ground. I can do this as I have made a proper business plan for this.

**Relevant:** Realistic business goals are based on present business conditions. I desire to increase my business income by 50 percent. But if there is a natural disaster like floods and four new competitors have just entered your market, then your goals are unrealistic. Many office goers in my area ( which is a growing commercial hub) are looking for lunch in the afternoon at a reasonable price. Hence there is an increasing demand for my restaurant.

**Time-Based:** Business goals and objectives should have a time-frame to accomplish irrespective of what the type of goal it is (profit-oriented or customer acquisition oriented). My time frame to start my enterprise is 6 months and I aim to increase my clientele every 3 months by 30%. Hence goals cannot be achieved unless there is a time frame attached to the goal-setting process.

## Delivery



### 1. Lecture

The trainer reiterates the concepts of Entrepreneurs & Entrepreneurship, Achievement Motivation Theory and Risk-Taking as well as S.M.A.R.T. Goal setting through a lecture manner.

### 2. Activity - Ring Toss Game

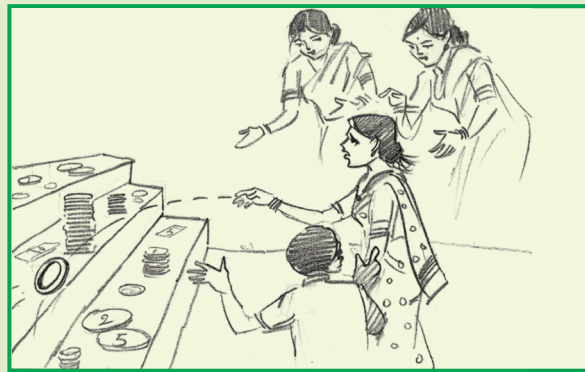
To illustrate the concept of taking a risk, the participants will take part in a game called Ring Toss. Detailed instructions for the Ring Toss Game are provided in Activity - Ring Toss Game .

### 3. Activity - Tower Building Game

To highlight the importance of group-work and goal setting, the participants will take part in a game called Tower Building. Detailed instructions for the Tower Building Game are provided in Activity - Tower Building Game.

## Activity

### Ring Toss Game



- a. For a group of 15-20 participants, this game could take about 90 minutes.
- b. Objectives of the game
  - To help the participant observe his risk-taking behavior
  - To help the player examine the inclination to get and use feedback
  - To assist the player to scrutinize his/her propensity to assume his/her own responsibility for completing the job
  - Enable the examining of one's attitude towards success or failure

a. Materials required

- A wooden peg of approximately 18 inches mounted on a stable base.
- Four, 8 inch diameter light-weight rings
- Chalk to mark the distance (from 1 to 10) for positioning for throwing the rings
- Paper and pen for writing down the scores

b. Game Setting

The game is to be played in an open space. It should be separated from the classroom. There should be no tables or chairs, which can obstruct movement. The peg should be kept at one end, and from there the distance should be marked at intervals of one foot.

c. Process and steps for implementation

- The game is normally played in three rounds. However, the trainer will have the discretion to decide the number of rounds, based on the predefined objectives. Rules formed for specific behavioural aspects are modified for each round.
- The participant individually plays the first round. But following second and third rounds are played in the presence of all participants.
- The game is initiated by the facilitator instructing, "Let us do something interesting", or "Let us break the monotony".
- The game commands are, "Now we are going to participate in a 'Ring-toss' game. In this game, you are required to go out one by one, play the game and return to your seat. Detailed instructions will be given when you play the game. Please do not talk or communicate about what you did."

### Game Instructions

1. The first round

- 1.1. One at a time the participant names are summoned and instructed in the adjoining room/outside: "You can see the peg there, and here are four rings with you. The distance has been marked for you. All you have to do is to choose any one of the marked distances where you would like to stand and throw the rings on to the 'peg.' Once you choose the distance you cannot change. All four rings have to be thrown from the same distance. No trial is allowed. Before throwing the rings, please tell me the distance from where you would like to throw."
- 1.2. After completing the first round, the player is instructed to return to the class with a request to not to talk anything with others. The trainer records the number of successful throws and the distance.

2. The second round

- 2.1. All participants are summoned again and instructed to stand as observers on the opposite side of the line leaving someplace for the player's to move freely. The instructions remain the same as that in the first round. The only exception being that distance can be altered by the participants.

- 2.2. The number of successful throws and distance participant wise are noted by the trainer.
3. The Third round
  - 3.1. Before the third round, the participants are told, "How did you like this game? Would you like to play once again? Fine, if you agree, let's start the game. This time you have to pay an entry fee of Re. 1/- (amount can vary). Those who do not wish to participate, are free not to. This time the success of pay-off will be given if two rings go around the peg."
  - 3.2. The trainer has the flexibility to determine the payoff for different distances. The trainer selects one person to be the cashier from the participants. He is responsible for collecting the money and giving to those who get the pay-off.
  - 3.3 The trainer once more puts on record the number of successful throws and the distance. He then transfers the observations of each participant of all the rounds (three) on the blackboard or flip-chart whichever is available.

### **Post-Game Reflection**

The critical aspect of this exercise is the data discussion. Before this, the participants possibly be unaware of the importance of the information they have generated during the game. The data discussion can start with the question: "How did you feel", "What did you feel while doing the exercise". The responses would differ. The participant may indicate 'boring', 'not enjoyed', 'liked', etc. The respondents could be asked to explain their answers to the trainer. The trainers could ask, "What did you feel as I made the simple task difficult." For which the response could be "to have more fun," or "make it more challenging."

The trainer must be cautious in treating the information collected through the game and the behavior exhibited by the players as only suggestions and not conclusions. The trainer should not at any point of time impose any of his views on the participants. But at the same time help them to question themselves. When a player responded as to the task being difficult, he might be asked to give details. The trainer can ask him "what does challenge mean to you". In the end, the trainer can pick up some typical and unique observations from the recorded data.

The participants should be requested to describe their experience of playing the game. The following questions could be asked to generate the discussions:

- Which was the most enjoyable round? Give a reason?
- What feeling did you have when you were being watched by others?
- What was your reason for choosing the particular distance for throwing the rings in the second round?
- What was your reason for playing? What was your aim? Was the aim related to the distance or related to throwing the rings on to the peg?
- How did you set your aim?
- What was your reason for throwing together all the rings?
- What was the reason that when the first three were lost, why didn't you throw the other one?
- What were your thoughts after the first throw?
- What were your thoughts after all the four throws?

The participant responses maybe reveal the following: failure avoidance, taking low risk, taking high risk, a planned way of approaching the task, planned goal-setting, interest in taking the challenge, etc.

Below are some of the hypothetical answers that might come up when the questions are put to them:

- (1) I felt I can throw all the rings from there.
- (2) I am a sportsperson and therefore I felt I should be able to do so.
- (3) I preferred to throw from position 10 as I wanted to throw from the maximum.
- (4) I wanted to throw all the rings and therefore I chose 2.
- (5) No reason, I just chose the distance.
- (6) The position from 6 seemed to be optimum and therefore I chose to stand there.
- (7) I estimated the best possible distance and tried to throw all the rings.
- (8) Four was the position which was moderate, not very far and not very near.
- (9) I would always stand at 10, no matter how many trials I get.
- (10) No specific reason as I thought I will succeed from there.

#### **Analysis of responses:**

- Responses (1), (5) and (10) are to some extent similar. There is a possibility that these participants select their goals at random. They even perform the test blindly. They need to explore whether in real-life they have been doing the same thing by ignoring their surroundings when setting their goals.
- Responses (2) and (6) indicate that they have utilized the information and their capability in setting their goal. This indicates careful planning on the part of the participants.

- Responses (7) and (8) opted for challenges without much planning. There seems to be a lot of chance for further exploration.
- Responses (3) and (9) did not make a realistic estimate and forgetting their own capability they wanted to prove themselves as heroes, despite knowing that they could not win.
- Response (4) indicates that the individual wants to avoid a sense of failure. He makes sure that he does not fail in front of others. As a consequence, goal-setting is done by understanding one's own capability.

### **General Learnings**

The issues and the concept underlying this game have to be brought into focus through a process in which the participants internalize them. They have to find a meaning to it and should be able to relate this to their day-to-day behavior.

### **Some of the issues which have to be highlighted in this exercise are:**

1. Hope of success vs. fear of failure - Explain that if one is afraid of failure, s/he will definitely fail
2. Goal-setting to be done by keeping in mind the external environment - Explain that if the business is started without a proper market survey, it is likely to fail.
3. Moderate risk-taking behavior
4. Goal-setting and the concern for excellence - Explain that the way they decided on the place to throw the ring from, in a real-life scenario, they would have to make decisions regarding which business to select, and also foresee its result. To achieve success, one should not only be confident but should also be able to assess his/her success quotient.

### **Learning from feedback and experiences**

1. Tell them that they were learning from their past mistakes, every time they played the game, and similarly, in a business, one learns from his/her performance.
2. Explain to them the element of incentives and its effect on the result/goals. Tell them that investing a large amount of money does not guarantee success for the business. It is, in fact, risky as there are chances of the business failing.
3. Talk to them about taking personal responsibility for success or failure. Tell them that though it was a game, it was they who were responsible for its success or failure. The desire to succeed and the efforts made towards this decide the success or failure for any business. One must take up the responsibility to strive and succeed, rather than blaming others.

Whilst reflecting, the participants must observe their own behavior and subsequently modify it in their future decisions. Some of the questions they can ask themselves are:

- What does success mean to me? Are all successes equally satisfying? The successes which are easily attained do not give satisfaction and therefore do not motivate to improve.
- What does failure mean to me? Do I learn anything out of my failure in

accomplishing a task which is beyond my capability? Does it generate a sense of disappointment or dissatisfaction, or not?

- Do I feel satisfied with attaining a goal which does not involve exerting my capabilities? My capabilities remain in the dark.
- When the consideration of one's status and image decides the goal, it tends to keep a person away from taking up personal responsibilities.
- Efforts motivated by a feeling of success than the fear of failure, remain open to risk-taking. Herein, one tries to test his/her capabilities more.
- Am I taking feedback from my own actions and learning from it?



### **Trainer's Tips**

Processing the data requires skill, time and patience. A trainer has to choose how to use the variations, based on the availability of time and the size and attitude of the group. While reflecting, the following points should be kept in mind:

- Ability to listen to the participant's statements and encourage them to express their feelings and actions.
- Remember the words stated by the participants and use the same while processing.
- Ability to probe (ask relevant questions) while processing, so as to enable the participants in finding meaning in their act/behavior.
- To break this monotony, the trainer can attempt to be humorous and dramatize whenever necessary. Do not criticize or give negative remarks.
- Use communication/language which is easily understood by all.

### **Activity - Tower Building Game**

- a. Time required - 1 hour
- b. Objectives of the game
  - To understand the goal-setting behavior in group task performance
  - To internalise the process of helping and encouraging behavior and its consequences on performance
  - To understand value orientation and its relation to entrepreneurial performance
- c. Materials needed
  - Approximately 25 wooden blocks which are in the shape of a cube, with a plain surface of 5 sq. cm. each.
  - Blind-folded or clean handkerchief
  - Observation sheet



d. Process and steps for implementation

1. Invite the participants by generating interest to join the game without disclosing the underlying purpose.
2. Composition of the group: The exercise requires three people to perform the activities. Three or four sub-groups, comprising three persons each, are delineated from the main group, depending on the participants' reaction and interests. The other members remain as observers.
3. Role division and role briefing: The exercise requires three participants to assume three different roles and function according to the instructions given by the trainer. The three different roles may be: father, mother and adolescent child; manager, assistant manager and entrepreneur, or manager, assistant manager and worker, etc. The participants are asked to volunteer for these roles and form three to four sub-groups. This is followed by role-briefing, where the trainer gives them the liberty to visualize their role according to their own perception about the character. The remaining participants are made observers and may be divided depending on the number of sub-groups involved in the exercise. (Hereafter, the person engaged in tower-building will be referred to as the 'subject' and the other two persons with him as 'associate members').

4. Conditions

The trainer now imposes the following restrictions:

- 4.1. The subject will be blind-folded and will perform the task with their non-dominant hand
- 4.2. The associate members will not be permitted to touch the subject or the wooden blocks

5. Time allotted: Five minutes only

6. Additional Information: The performances of other subjects who have previously participated in the game are also mentioned. It is also mentioned that on an average, a person is able to pile up ten blocks.

### **Game Instructions**

A typical model, which is useful in following the various stages of the game, in the form of instructions, is as follows:

1. Let us involve ourselves in an interesting game. All of us are going to participate in it. We may form three or four groups comprising three persons in each group. One person will play the role of father/ manager; another person will be mother/ assistant manager, and the third person will play the role of a child/entrepreneur/ worker. The remaining participants will act as observers. The child/ worker/ entrepreneur will build a single column, vertical tower with his wrong hand, and will be blind-folded. The father/mother or manager/assistant manager can extend any help except touching the block and body of the subject. The group performance will be recorded based on the number of standing blocks in the form of a tower. If the tower falls and the time is over, then the number of standing blocks will be counted up to the one at which the tower topples. For instance, if the tower falls while putting the tenth block, the height will be considered as nine blocks only. Accordingly, the group will score nine points.

2. I wish to provide you information about the performance of others on similar tower building. It has been found that a person with average ability can build up a tower up to ten blocks with the same restrictions as indicated earlier.
3. You may also remember that no practice is allowed and you will start only when I ask you to start. However, you may discuss anything in your group. Meanwhile, you can decide the role in your sub-group.

### **The role of the Observer**

- All observers may be asked to assemble temporarily in another room. The trainer may divide the total number of observers according to the number of sub-groups of role players.
- Instructions to the observer - You have assumed an important role as a silent observer. Please do not interact with the participants in any other way. You may record your observation in relation to all the three players. Later on, you will get an opportunity to share your observations in the group.
- What is to be observed - The trainer briefly outlines the process and the mechanism of recording the observation, which is narrowed down to the following five aspects:
  - a. Group Goal Setting & Decision-making: This issue can be observed when the role players will be involved in arriving at a consensus about their target in terms of the number of blocks to be piled up by the subject. The following points may help to observe the decision-making:
    - Who tries maximum to influence the group decision?
    - Who is the most active?
    - How is the group taking the decision? (That is through a democratic process or someone takes the lead and it becomes a group decision, etc.)
    - Agreement/disagreement in taking a decision by the members during the discussion.
  - b. Help encouragement: When the subject is involved in tower-building, the associate members will possibly try to assist the subject to achieve the target. Help or encouragement comes very clearly with expressions like: "very good", "doing well", "everything is fine", "the tower looks good and is gaining its height", "you are nearing your target", "already you have put up the blocks", etc.  
On the contrary, they may also discourage the worker or put the worker under strain with statements, like "it is difficult", "tower may fall any time", "you are not getting me", "do it as I say," etc. Such statements may also be recorded to indicate whether the worker was helped or not.
  - c. Confidence of worker: This may be observed by his behaviour and postures like the steadiness of his fingers and the hand, the case of his bodily posture, the calmness with which he receives the instructions, etc.
  - d. Confidence of direction: Generally, the associate members are guided through instructions like "towards your side", "little towards me", "move your hand to the right"

- a. It is important to observe:
- What sort of guidance is given by whom?
  - Who gives the maximum guidance?
  - What is the emotional reaction of the subject receiving guidance?
  - Level of anxiety in giving guidance, etc.
- e. Planning and searching environment: This may be observed at a point when the three players arrive at a consensus about their target and the trainer asks them to be ready for the activity. They may discuss the plan as to how to build the tower, how the movement of the workers' hand will be guided, in which side the blocks should be arranged to facilitate the lifting of blocks by the subject, etc., so as to collect relevant data to reflect on the planning and awareness about the prevailing environment.



### Setting the stage: Before starting the game

1. All the participants collect in the classroom.
2. The trainer directs the participants assuming the role of associate members to record independently on a piece of paper, their own estimate about the likely performance of their subjects - that is, according to them what would be the height of the tower in terms of the number of blocks they expect their respective subjects to build up. Similarly, the subject of different groups is also asked to estimate his/her own expectation in terms of the number of blocks they think they would be able to pile up. The estimate made by the participants is collected and arranged group-wise.
5. One sub-group, comprising two associate members and one subject, is called to occupy a place already set up by the trainer. Generally, a table and three chairs are kept in such a way that the others can see them clearly.
  - The trainer indicates on the board the estimates of all the role players of a sub-group.
  - In case of differences in the estimates among the three role players, which is common, the trainer asks them to arrive at a consensus regarding the estimate.
  - The sub-group discusses and decides upon the agreed estimate, which becomes their target.

### Conducting the game

The stage is set for the game. The trainer instructs other participants to maintain silence while the game is on. He asks the players whether they require any time to start the game.

If the players need time to discuss among themselves, the trainer may allow some time for

subject by the associate members, or the subject's over/underestimation of himself against the average figure given by the trainer. The trainer may ask questions like:

- a. How did you choose a particular estimate?
- b. Did you consider the average figure given by me to decide your estimate?
- c. How could you under/overestimate your subject?
- d. What prompts you to say that you are above average?
- e. What prompted you to rate your subjects as being above average?
- f. What may happen if we under/overestimate a person?

4.2. The trainer may receive varied responses on the basis of which the implication of these expectations in relation to the performance is discussed. He may also emphasize the role of expectations in heightening the level of achievement motivation.

4.3. Decision-making - Importance is given to the process of arriving at a decision. The trainer may remind the participants in a particular stage of the exercise that the sub-group was asked to give a common figure about the estimate. The following questions may help the trainer to elicit relevant information to drive them towards meaningful learning, and may be asked group-wise:

- a. Are you fully satisfied with the consensus about the estimate?
- b. What happened in making the final decision?
- c. Do you think that the group's resources were fully made use of in making the decision?
- d. What happens when someone dominates in the group?

It may be highlighted on the basis of a discussion that when the decision is not made about the goal by the subject performing the activity, he does not feel fully involved in achieving the goal. However, there are possibilities to help the subject to set a realistic goal, where he accepts a goal of his own.

3. **Help and Encouragement** - This is one of the important issues emerging during this exercise. Generally, help and encouragement are considered in the form of instruction and directions by the participants. While the subject is performing the task, the two associate members think that they are helping the subject perform the task by saying "towards me", "towards you", "more towards the right", etc. It may be emphasised here that the directions are normally given to people when we do not trust their ability to do things. However, directions become positive when the task is complicated and specific directions are required. In this exercise, the subject building the tower may not need much guidance initially, but as he approaches the target, he may like to know how much he is to move to place the block correctly.

4. **Confidence** - In most of the cases, it has been found that the participants are unable to articulate what confidence means to them. In an answer to a question as to why you chose a particular target, the answer is that he felt confident of achieving it. In such a

the same. When they are ready, the subject is blind-folded and the trainer ensures that nothing is visible to him. The trainer sets his watch and gives them the "go-ahead" signal.

Now the game is on, and the subject starts building the tower. The trainer announces the time at regular intervals. After five minutes, the players are asked to "stop". The blindfold is removed and the performance, in terms of the number of blocks piled up by the subject, is recorded. The same set of exercise is repeated for the other sub-groups one by one.

### **Post-Game Reflection**

The main purpose of post-game reflection is to enable the participants to observe their experiences and analyse them for some important learning. It becomes more meaningful when they find a practical implication of certain experiences generated during the exercise. These experiences bring forward some attributes which they may find desirable to look at and acquire.

The processing depends on the trainer's style, experience and human-relation skills. However, the trainer should always remember the objectives of the exercise and the data generated during the exercise, to highlight the learning experiences. The various stages of processing this exercise are:

1. **Projecting the data of all subgroups** - The trainer collects all the data and writes it on the blackboard in a tabular form. In fact, the data provides a statement of comparative performance by the groups. The basic idea behind recording the data on the board is to bring the participants into a "here and now" situation, that is, what we have done now.
2. **Beginning of the process** - The processing may begin with questions such as:
  - What do you feel now?
  - To what extent were you involved during the exercises?
  - How do you find this exercise?
3. **Step-wise processing** - The exercises mainly indicate five different points of experiential sharing and data generation:
  - Initial estimate made by all the three persons playing the game for different sub-groups
  - Arriving at a consensus about their estimates
  - Planning to achieve the target just before the game starts
  - While the exercise is in progress
  - Participants' reaction after the experience
4. **Emerging issues in processing** - Some of the following issues may be found emerging in almost all cases:
  - 4.1. **Goal-setting** - Major issues related to this are the under or overestimation of the

situation, the participants may be helped to articulate as to what made them confident about achieving the target. It is desirable to indicate here, based on certain observations and experiences of the participants, that building a tower mainly requires the feel of touch. Those who could see only the negative aspects, like, working blindfolded with the "wrong" hand, may lose faith in himself, while others, who could plan the activities properly, depended on "touch and go" to build up the tower, and sought help in terms of number of blocks to be put up, time left, etc., were really able to lay the foundation of confidence.

5. **Using observers** - The observations made by the observers on different issues help the trainer in probing the participants and generating meaningful experiences at various stages of processing. The observers of each group can be asked to reflect their own observation either in the beginning or at different stages, depending on the suitability of making use of their observations by the trainer. They may also be encouraged to indicate their own views based on the observations.

### **General Learning:**

Learning is further reinforced by providing opportunities to the participants who are willing to build up the tower alone, or with associate members. Even the trainer may select one or two participants, whose expectations were low, and ask them to build the tower again. Most of the time, it is astonishing to see that such persons perform better than their own expectations. They are amazed at their performance, and may comment: "I underestimated myself", "it is meaningful learning to me", "I can do something more than what I think about myself", etc.

Ask the participants as to how can they use this experience in their own business.

- How will it be useful?
- What will motivate them at different stages of enterprise building?

Participants should be asked to discuss amongst themselves in similar situations they will face in business.

The key learning of the game is:

### **"Do Not Lose Hope, Try & Try and You will succeed?"**

While doing business one would come across people, who might misguide hence identify such people and avoid them.

Identify the person who can be guiding force

Form different groups and let them discuss how they will motivate and help in setting the goals in the following situations:

- Situation 1: Meeting with clients & suppliers
- Situation 2: Meeting with own staff/workers
- Situation 3: Meeting with community & banks

Conclusions are drawn from the above exercise on motivation:

- Everyone has some level of motivation to work towards achieving what they want.
- One must understand motivation, a driving force to get things done. Everyone cannot be motivated by the same approach and talk, and so entrepreneurs need to develop the skills of taking work and getting the work done from others.

**Exercise**

1. What are the issues needed to be considered before taking a risk?

.....  
.....  
.....  
.....  
.....

2. What are the key learning from the tower building game? Connect the learning with real-life challenges.

.....  
.....  
.....  
.....  
.....







# Chapter IV

## Introduction to Business



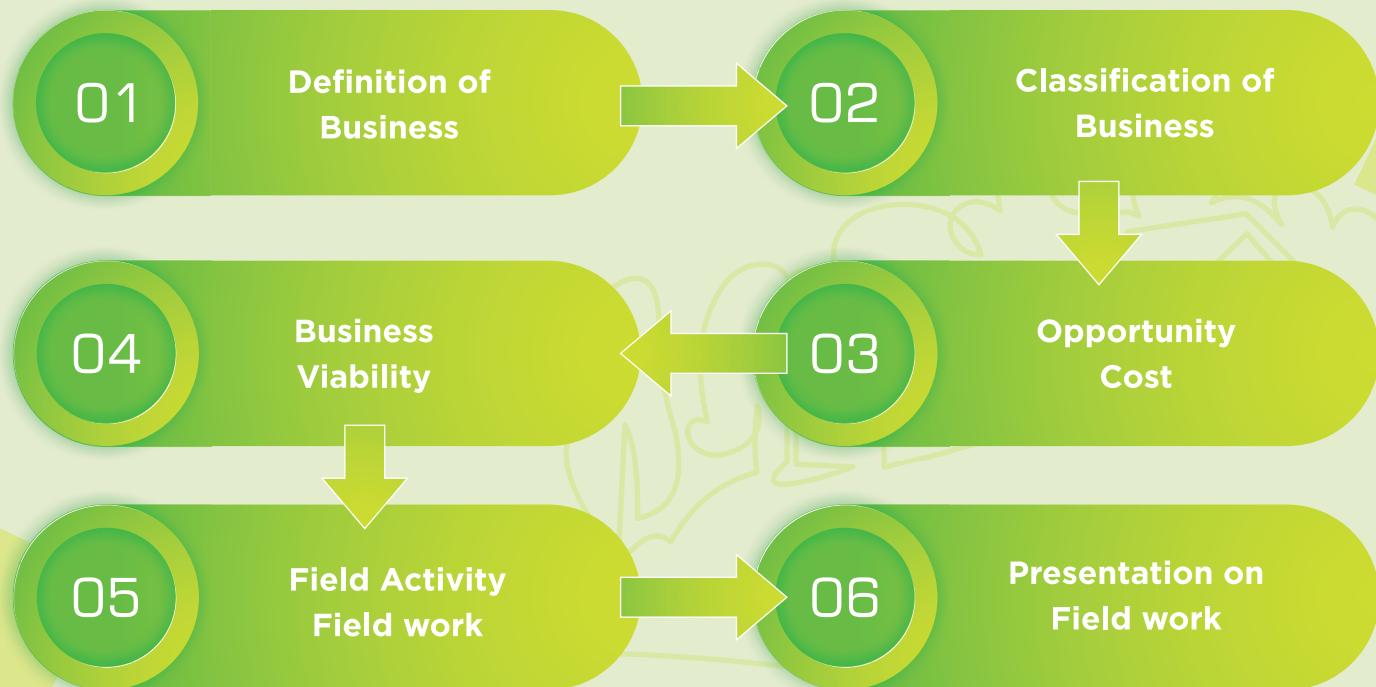
### Learning Objectives

- The concept of business and its key characteristics
- How to assess the resources employed in a business in terms of opportunity cost
- The concept of business viability

### Methodology

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

### Session Plan



### Resource:

Handout, Classroom material, Chart paper

## What is Business

Business can be defined “as an activity or set of activities involving production or purchase of goods and services for selling with the object of earning a profit. Business is any one or more of the activities undertaken by an entrepreneur, i.e. production, trading or providing services for earning Profit.” Key elements of business include:

- Manufacturing or purchase of goods and services : A business involves either production or purchase of goods and services. Manufacturing of goods of tangible items such as pickle, incense sticks, and clay utensils. Services are activities rendered by people such as hairdresser, tailor, agricultural labourer, etc.
- Selling of goods and services : Business involves the selling of goods and services. The goods/services are sold for a price and not provided free of cost. These include businesses like repair shops, Kirana stores, photo studio.
- Earning Profit : The objective of a business is to earn a profit. Profit is the difference between the amount earned by the business and the amount spent by the business. A business will be sustainable only when it is able to earn a profit.
- Investment: Business involves investment in cash or kind. The investment is made either by the owner or the owner borrows from someone else.
- Risk: Business involves an element of uncertainty.

## Classification of businesses

All businesses are classified into three categories based on what they offer to the customer.

- Manufacturing - It is the business involved in the production of tangible goods. Such as a pickle manufacturing unit.
- Service - It is the business that provides a service to the customer. e.g. Mobile repair shop. It is also a link between the manufacturer and the trader
- Trading - It is the business involved in buying and selling of goods. e.g. a grocery store. Trading is a part of the distribution channel and the product changes hands and place to reach the customer.

Businesses can also be broadly classified based on their dependency on inputs. Such as farm, off-farm and non-farm based businesses. Businesses can also be classified based on the initial investment. Such as large, medium, small, micro and nano enterprises. The details of this classification are given in Table 1.

Classification		Micro	Small	Medium
Existing (Criteria: Investment in Plant & Machinery/ Equipment)	Manufacturing Enterprises	Investment < Rs. 25 L	Investment < Rs. 5 crore	Investment < Rs. 10 crore
	Service Enterprises	Investment < Rs. 10 L	Investment < Rs. 2 crore	Investment < Rs. 5 crore
Revised* (Criteria: Investment and Annual Turnover)	Manufacturing Services	Investment < 1 crore & Turnover < Rs. 5 crore	Investment < 10 crore & Turnover < Rs. 50 crore	Investment < 20 crore & Turnover < Rs. 100 crore

The enterprises which go beyond the size of medium enterprises are classified as large enterprises. Nano enterprises are much below the scale of micro-enterprises in terms of investment. The investment in nano enterprises will range from a few thousand to 1-2 lakhs rupees. Mudra Yojana is specifically meant for financing such initiatives.

---

**1. If 20 lakh is invested in plant and machinery of an enterprise?  
What type of enterprise is it?**

---

**What is business development?**

Business development covers both strategic as well as operational aspects. It includes product development, quality control, organizational development, marketing, training in business management and sector-specific skills.

**Case Study – To show how business development services can help enterprises**

**Case study : 1 Papad making**



**Problem:** Jaya is involved in the business of producing and selling Papad. She does not have a problem with marketing her product. She can sell her papad to people who come from other regions to buy her papad. However, she sells only in small quantities as she is unable to have sufficient stock of ingredients like lentils and flour.

**Solution:** Availability of credit for sufficient stock of ingredients would immediately raise her production as well as her turnover. The credit would make her enterprise more profitable. In this case, the business development service supports credit demand. With continued profits, she would be able to buy machines for packaging as well as higher production levels.

**Action:** Jaya should document her credit requirement by tracking her client orders and assessing her future demand for stocks. The business development service facilitator will help in formulating a business plan to facilitate her credit demand.

---

**2. What are the major problems faced by Jaya in Papad making case study?**

**3. What are the characteristics of business?**

---

**Opportunity Cost**

Opportunity cost is the cost of missed opportunity. In the context of a business, an opportunity cost is the cost of resources that are needed for starting a business. There are alternative uses to the resources, and benefits can be accrued from the alternative uses. The net value of benefits from using the resources for alternative uses is an opportunity cost.

Assume that Rs. 50,000 needs to be invested in starting a business. Instead of using the money to start a business, it can be deposited in a bank. If the bank gives an interest of Rs. 4,500 per year, the opportunity cost of the investment of Rs. 50,000 is Rs. 4,500.

A resource should be employed in a business only if the returns generated from the

business is equal to or greater than the opportunity cost of that resource. Rs. 50,000 should not be invested in a business if the business is able to return only Rs. 2000 per year, while a bank can give Rs. 4,500 as interest. Similarly, the agricultural labourer should not start a small enterprise if he is not able to make at least what he earns from his regular wage labour.

---

**1. If 3,60,000 is your annual salary, what is the monthly opportunity cost of if you leave the job and start a business?**

---

**Business Viability**

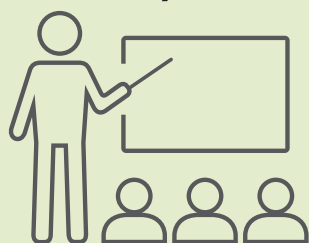
Viability of a business is its ability to survive in the long run. A business is viable if it is able to consistently provide sufficient returns to the owner after meeting the operational expenses and financial liabilities (e.g. interest on loan taken). If the business is not creating sufficient returns or is suffering losses, either the performance needs to be improved or the business should be shut down.

**Business Terms**

Term used in production, processing, trading and services of Bread

<b>Activity</b>	<b>Term</b>
Farmer produces wheat	Agriculture Production
Labour harvests and process wheat and makes it ready to be sold	Service
Selling wheat in the market	Trading
Wheat is sold to the flour mill	Service
Flour mill converts wheat into flour	Processing
Flour is sold to Bakery	Trading
Bakery makes bread	Processing
Bread is sold in stores	Trading
You purchase and eat	Consumption

## Delivery



1. Lecture (30 minutes)  
Start the session by questioning the participants what they understand by the term 'business'. Note down the responses on the chart paper. Classify them into the three defining characteristics of business and introduce the definition of business and the additional characteristics – risk and investment.
2. Lecture (30 minutes)  
Start the session by questioning the participants to tell the different types of businesses that they are aware of. Classify the businesses into production, trade and service and introduce the participants to the definition of each type. Also, introduce the classification based on the investment.
3. Group Activity (30 minutes)  
Give Handout - Classification of Business to the participants after grouping them into teams of three. The instructions for the activity are given in the handout. Give 20 minutes to complete the activity. Ask the teams to make short presentations on the result.
4. Lecture (30 minutes)  
Introduce the concept of opportunity cost. Ask the participants to assess the opportunity cost of the time that they are spending on the CRP-EP training. Do they think that the returns from investing the time in CRP-EP trainings will be more than their opportunity cost? If yes how?  
Explain the importance of opportunity cost in the business context. Ask the participants if they think non-tangibles like 'status in the society' should be considered while comparing the benefits of starting a business with the opportunity cost of resources employed.
5. Lecture (15 minutes)  
Explain the concept of business viability.
6. Field Work (0.5 day)  
The participants can be classified into groups of two and asked to visit an actual enterprise in the field. They should answer the following questions after the fieldwork.
  - a. Does the enterprise have the defining characteristics of a business? If yes, explain.
  - b. Classify the business into Manufacturing/service/trade and farm/non-farm/off-farm.
  - c. What is the opportunity cost of key resources (person, money, land, building) employed in the business? Is it reasonable to put the resources into the business? If yes, why?
  - d. Is the business viable? If yes, why?

**Reflections:** Following are the expected outcome from field visit:

1. List of business visited and their classification based on Manufacturing/Service/Trade and Farm/Non-Farm/Off-Farm in a matrix
2. Group presentation based on field experience (Matrix must be included in the matrix)
3. Opportunity cost of each entrepreneur you visited

**Handout** - Classification of Businesses

**Activity 1:** Each trainee has to list the names of enterprises under appropriate categories and explain why.

<b>Farm Based</b>	<b>Off-Farm Based</b>	<b>Non-Farm Based</b>
e.g. Plant Nursery	e.g. Jaggery Making	e.g. Welding

**Activity 2:** Each trainee has to list names of (5) non-farm enterprises under appropriate categories and explain why.

<b>Service</b>	<b>Manufacturing</b>	<b>Trading</b>
e.g. Barber Shop	e.g. Tiffin Snacks	e.g. Beauty Articles



**Trainer's Tips**

It would be good to share the poster of service, production & trading activities. Develop posters.

As this chapter involves both theory and field trip the trained always try to connect field experiences with the theory part of the chapter.

**Exercise**

**Time : 1 hr | 5 marks each question**

1. List out 10 items of each manufacturing, service and trade?

.....  
.....  
.....  
.....  
.....

2. If your total investment in a business is Rs. 5,000,000 including Rs. 300,000 on land and building your enterprise is

(A) Small (B) Miceo (C) Large (D) Medium

3. If you are producing Jaggery from sugarcane produced in your farm? Your enterprise is

(A) Farm-based activity (B) Off-based activity  
(C) Non-farm based activity (D) None of the above

4. What do you understand from business viability?

.....  
.....  
.....  
.....  
.....  
.....

5. Describe business development in your words?

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

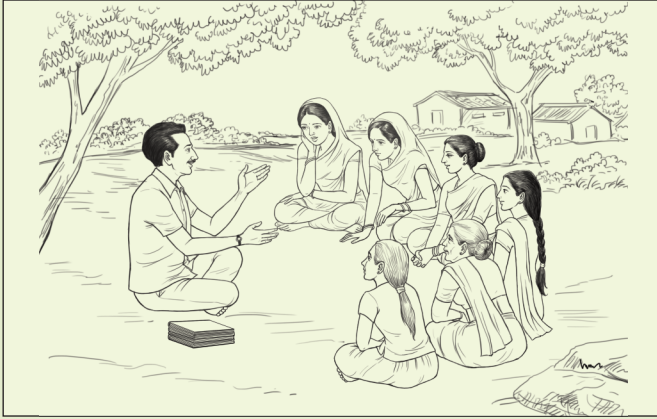






# Chapter V

## Business Communication Skills



### Learning Objectives

- To understand the basic principles of effective communication
- To appreciate the relevance and importance of effective communication in business
- To develop effective communication skills that can be used in day-to-day business interactions

### Methodology

- a. Class Discussion
- b. Individual and Group Assignments
- c. Role Play

### Session Plan



### Resource :

Classroom training material, Videos on communication, Product brochures

## **Business Communication Skills**

Good performance of small businesses depends on effective communication. This, in turn, depends on how and what you communicate and how effectively it is received by others (people with whom you deal). As an entrepreneur, you must have good communication skills. Any business activity such as marketing, obtaining a loan, recovering your dues, procuring your supplies or dealing with clients, requires strong communication skills. What you communicate (message), how you communicate (verbal, non-verbal, written) and in what form you communicate (telephone, posters, advertisement, email) is very important in doing good business.

Successful entrepreneurs are strong communicators. It is an important skill to achieve higher profits, connect better with clients, maintain good customer relationships and develop a successful image in the market. Thus, understanding how to communicate effectively and develop good communication skills is a must for entrepreneurs. We all communicate/talk but all communication is not effective. The consequences are problems with people, worry and tension. The same holds true in business. Now you are an entrepreneur. Therefore, you need to develop your own communication skill/style regularly improved upon throughout life.

## **Persuasion and Networking**

Persuasion means winning over someone, either through reasoning or own forcefulness to lead to believe. Networking refers to an extended group of people who intermingle or informally keep in touch with similar interests or issues for mutual help or support. Factors affecting persuasion and networking include (a) socio-cultural background, (b) perceptions, (c) verbal and non-verbal communication skills and (d) negotiation skills.

Self-confidence is essential for persuasion and networking. Self-confidence is the state of being certain that a chosen course of action is the best or most effective given the circumstances. Confidence means a subjective, emotional state of mind. Overconfidence is the state of unjustified confidence. It means believing a state of something or someone being capable when they are actually not. A self-confident entrepreneur portrays the following characteristics:

- a. Risk Taking : Willing to undertake risks and go beyond one's capability to achieve better things. Entrepreneurs are independent and wish to be their own masters taking the onus of the decisions taken by themselves.
- b. Dedication : Ability to tolerate and endure setbacks and continue to build confidence in business.
- c. Able to learn to live with failure : Entrepreneurs are human hence bound to make mistakes. The only difference is that they learn from these mistakes and go forward.
- d. Ability to find pleasure and satisfaction in work.
- e. Believing that what you are doing is correct, even if others ridicule or disapprove of you.
- f. Acknowledging and learning from your mistakes
- g. Listening to others : An entrepreneur is open to listening to others who matter to him, consider their opinions and makes a learned decision.
- h. Demonstrating leadership : An entrepreneur not only does things oneself but also has

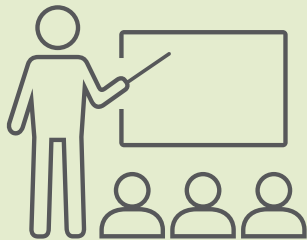
the ability to get things done from others. Entrepreneurs inspire, encourage and lead others to perform their tasks timely.

### Channels of communication

An entrepreneur would make use of many channels of communication. Technology has opened different channels like:

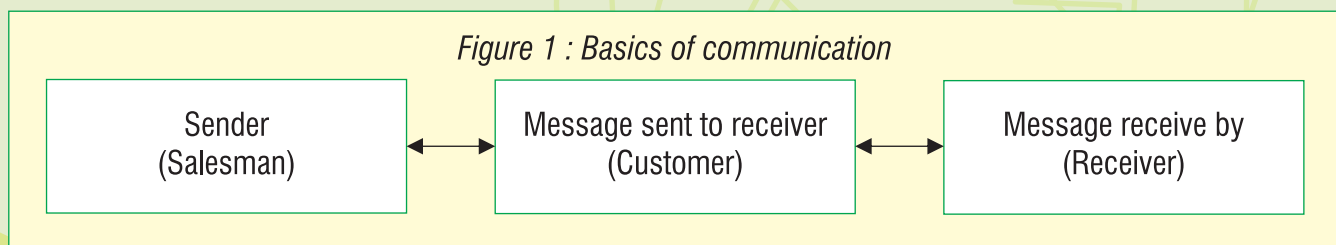
- Telephone
- Computer, emails, internet, social media, etc.
- Industry-specific newspapers and magazines
- Written brochure and business visiting cards, product brochures, leaflets to announce discounts or sale promotion schemes, etc.
- TV and videos: To watch the latest business news and other developments in the country, video and films of related products and services.

### Delivery



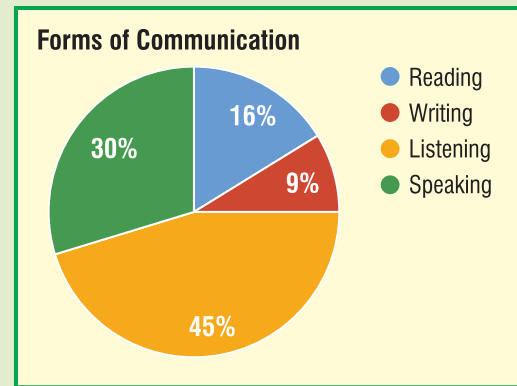
#### 1. Class Discussion (1 hour 30 minutes)

- 1.1. Ask participants to share their experience on how the salespeople talk/communicate with them in their local market. After obtaining their response, ask them what they did/did not like about the communication used by the salespeople.
- 1.2. List the likes and dislikes separately on a flip chart. Explain that this is the communication between the salesperson and the client.
- 1.3. Now explain the basics of communication with a chart showing the following picture.



- 1.4. Ask participants what can go wrong during this process? Elicit answers
- 1.5. Explain that if communication is not proper or if the message is unclear, the receiver will be unhappy or will not buy the products. So, the message is given and how it is received by the client is very important, as it decides whether they will buy the product or not.

1.6. Share with the participants as to how a business person spends his time on various forms of communication, using the pie chart. Ask them how they divide their time in doing these activities.



Source : Figure adapted from research (2001) Adler, R., Rosenfeld, L. and Proctor, R. 2001

1.7. Explain the communication process as per the flow chart below.

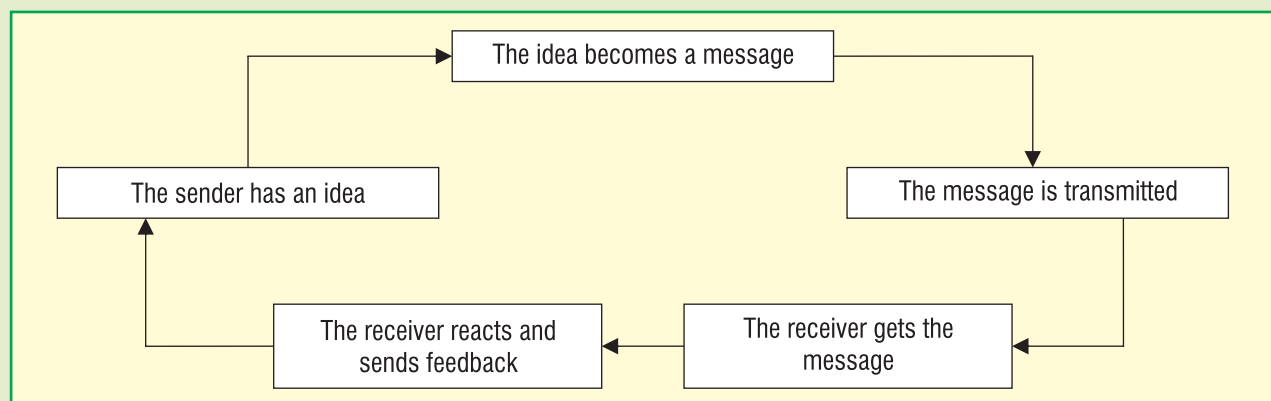


Figure 3: Communications Process

## 2. Individual and Group Assignments (2 hours)

1.1. Ask the participants to complete the Handout - Self-Reflection after explaining the characteristics of a confident person (p.2)

1.2. Now ask the participants to form groups and work on some of the assignments at home.

- Assignment 1 - Design a poster/board for his/her business; to attract customers.
- Assignment 2 - Get photos and details of their own products (can use mobile photos)

## 3. Role Play (1 hour)

Organize the participants into groups of 6; with 4 taking on different characters and 2 observing. How do the characters with their own agenda work together to achieve a common goal that involves mutual benefit? How would the character of the entrepreneur be able to network with the other three characters in order to grow their business?

### Handout - Self-Reflection

1. Reflect on your life till now (both business and personal). Make a list of your five major achievements in your business or personal life.

Achievement 1 :

Achievement 2 :

Achievement 3 :

Achievement 4 :

Achievement 5 :

2. Reflect on your strength in running your business. List four of these strengths you are most proud of.

1. ....  
.....  
.....  
.....

2. ....  
.....  
.....  
.....

3. ....  
.....  
.....  
.....

4. ....  
.....  
.....  
.....

3. Reflect on what is of important to you, and where you foresee your business in the future. State your business goals?

.....  
.....  
.....  
.....  
.....  
.....

4. Build on the knowledge and skills that you require to succeed. What knowledge should you have? What skills do you need to learn to accomplish the above-stated business goal?

.....

.....

.....

.....

.....

.....

.....

.....

5. How do you think you can acquire this knowledge and skills so that you will be able to move forward with confidence?

.....

.....

.....

.....

.....

.....

.....

.....

Handout - Influencing strategies (Role Play)

**1. Role 1: Bank Manager**

- You are a Branch Manager in a scheduled Bank. For several years, you have been looking after the industry and business loan department. You are frustrated by people's inability to avail your funds. In fact, you are willing to provide guidance on a person-to-person basis to people who are interested in expansion or initiation of their business.
- The required paperwork is only one half of the issue; the other half is in knowing how to accelerate the appraisal and sanctioning process by a word of mouth to the right people. You usually do not speak of these things openly or in public but under the right conditions, you might.
- You are on your way to a marriage party.

**2. Role 2: Sarpanch (Mukhiya)**

- You have been a Sarpanch for the last 5 years and given contracts to businessmen and agents directly or through your contacts. You have a very good network with government officials/ political leaders and know the market practices.

### 3. Role 3: Entrepreneur

- You are a local service provider, supplying tent houses and catering services to various communities/families, and to public and private institutions (sarpanch office, local schools). 60% of your sales relates to government contracts. Their payment, however, is very slow, and you want someone who has the power to give you better service.
- On the other hand, you would be equally pleased to sell more of your services directly to the private sector. The elections are coming up, and there is a local political leader whom you are likely to meet soon. You want to get an order from the leader and you will also need extra money to cater to the new big order.

### 4. Role 4: Political Leader / Opinion Makers in the village

- Your goal is to see that the industry and the business community in your state continue to grow, thus ensuring that more people get employment and better services are rendered in the village. You want to be helpful to the people but are hesitant about trusting the rural community. You can think of nothing more important than putting the right people in touch with one another.

**Reflection :** All these people are going to attend a marriage party and meet each other where they influence each other and convey their message to other people. The major objective of this roleplay is that how they can help the entrepreneur as well as achieving their own target.

## SEVEN ELEMENTS OF EFFECTIVE NEGOTIATIONS

Jerome Slavik (2008) has given seven components of effective negotiations dealing with:

- Relationship
- Communication
- Interests
- Options
- Alternatives
- Legitimacy
- Commitment

### **Component 1 raises relationship questions, “Am I prepared to deal with the relationship”?**

It deals with negotiation relationship issues. Such as

- a) Good negotiating relationship deals with confronting issues related to difference of opinions
- b) Developing skills to treat issues separately : Keeping the two issues (people related) and (individual related) separately
- c) Building and sustaining a good operating relationship
- d) Being respectful and dependable

### **Component 2 deals with communication, “Am I ready to be a good listener and be able to talk efficiently”?**

#### **1. Tips for creating effective learning conversation**

##### **a) Developing Core Skills for Basic communication skills for negotiation requiring :**

- i. Listening actively
- ii. Acknowledging by summarizing
- iii. Listening and speaking carefully by using the right words in the appropriate manner and to be understood
- iv. Speaking about your important issues by using, “I” statements and not speak of others
- v. Speaking with a aim of making an impression by keeping it clear and short.

##### **b) Developing Core Skills for Communicating for Information gathering by**

- i. Developing skills related to explanation and inquisitiveness
- ii. Developing “Integrative Framing Skills” by paraphrasing and summarizing in order to be clear in your understanding of the main issues and interests of the other party

### **Component 3 deals with Interests. It requires to ask, “What do people really want”?**



This would require

- Jointly finding the interests, concerns, and needs of all relevant parties (yours,mine,theirs).
- Finding and concentrating on community interests
- Searching for yours and their unsaid interests
- Being clear and sharing interests of the concerned parties. Going beyond speculation and responding to their concerns
- Developing options on the basis of recognizing and sharing common interests.

**Component 4 is about options. It deals with, “What are the possibilities of agreements”?**

It is on generating choices (not positions) keeping into consideration interests of both the parties in a manner that maximises joint gains.

**Component 5 deals with Alternatives: It asks, “What will I do if we do not agree”?**

- a) Questioning the need to deliberate to meet interests of all concerned parties?
- b) Devising and articulating the most workable alternatives
- c) Being fully aware of the significance, implication, threats and cost factor involved of all concerned (“Best Alternative to a Negotiated Agreement” referred to as BATNA).
- d) Selecting and improving our BATNA
- e) Identifying the best and worst alternatives open to the other party
- f) Devising ways to make their BATNA worse for them

**Component 6 deals with Legitimacy by asking, “What criteria will I use to coax each of us that we are not being cheated”?**

For this it is most important to remain just. This can be done by using objective norms and standards as a benchmark

**Component 7 deals with Commitment. It deals with, “What commitments should I pursue or make”?**

- a) It points to to seek commitments at the end and never in the beginning
- b) Thinking through and enlisting all legislation issues to be included in the agreement to avoid any disputes later
- c) Making a schedule to implement the agreement.

Lastly identify conclusion by asking, “WHAT IS A GOOD OUTCOME”?

This can be done by choosing from the below options :



- a) Demonstrably fair
- b) Meets interests
- c) Doable
- d) Better than BATNA

**Practicing Financial Negotiation (Alternative Role play)**

Achieving a win-win outcome with different people

1. Begin the session by telling participants that they will practice strategies for getting to a win-win outcome for financial negotiations.
  - Dealing with Suppliers
    - o Group 1 A : Representing the Supplier’s side
    - o Group 1 B : Representing the Consumer’s side
  - Seeking Financial Services
    - o Group 2 A : Representing the Lender’s side
    - o Group 2 A : Representing the Borrower’s side
  - Negotiating with a Household Member
    - o Group 2 A : Representing the Lender’s side
    - o Group 2 A : Representing the Borrower’s side
1. Let each group discuss their strategy and how they will prepare for the negotiation for a few minutes. Participants playing Role B should start the conversation.

**Dealing with Suppliers :**

Group 1A : Supplier	Group 1B : Consumer
<ul style="list-style-type: none"> <li>• You sell rice at the local village but you buy it from a farmer living close by</li> <li>• After covering all your business expenses you are just left with enough to meet your family’s needs</li> <li>• It has been a good season and you expect the supply of rice to increase and the prices falling</li> <li>• You are the only rice supplier in this village</li> </ul>	<ul style="list-style-type: none"> <li>• You buy rice for home and your restaurant</li> <li>• You have been buying rice from the same supplier for many years</li> <li>• Your business is successful but now you want to save money to buy a fridge.</li> <li>• You know there is another rice supplier in the next village who sells cheaper rice.</li> <li>• If you do to the next village, there will be costs involved and you will be away from your restaurant.</li> <li>• You want to buy rice at a lower price from the local supplier.</li> </ul>

### Seeking Financial Services :

Group 2A : Lender	Group 2B : Borrower
<ul style="list-style-type: none"><li>• You are a lender who gives loan up to a period of 1 month</li><li>• Your monthly interest rate is 5 % and your late fees are very high</li><li>• You are the only lender in the village since many years</li><li>• People do not like your terms of lending but they find you honest and reliable</li><li>• You have heard that someone else in the village may be starting a lending business at a lower interest rate</li></ul>	<ul style="list-style-type: none"><li>• You have been borrowing from the local lender every now and then for many years.</li><li>• You work at a farm nearby</li><li>• You use the loans for periods when you do not have work</li><li>• You have heard of the new lender who will offer loans for a longer period</li><li>• You want to borrow for a longer period so that it fits with your income cycle</li></ul>

### Negotiating in the Household :

Group 2A : Husband	Group 3B : Wife
<ul style="list-style-type: none"><li>• You are married and have five children</li><li>• You work 10 hours per day at a small factory</li><li>• You like to relax with your male friends and have some drinks together</li><li>• You have a small house you built a few years ago but now the roof leaks</li></ul>	<ul style="list-style-type: none"><li>• You are married with five children</li><li>• You look after the house and your children</li><li>• You do some handicraft work at home, working 5-8 hours per day</li><li>• Your roof leaks in the monsoon</li><li>• Your children fall ill</li><li>• You want to fix the roof but you have no money left at the end of the month</li><li>• You want your husband to reduce his drinking expenses so that you can fix the roof</li></ul>

**Questions :**

1. Tell the participants to do a role play for 20 minutes.
2. Ask which participants got what they wanted.

.....

.....

.....

.....

3. Discuss what worked and what did not work

.....

.....

.....

.....

**Common Negotiation Mistakes:**

- o Starting the negotiations without preparation
- o Negotiating with the wrong person
- o Becoming stubborn with your own point of view
- o Feeling powerless
- o Losing control
- o Wandering away from the goal you have set
- o Worrying too much about the other party

**Common Behaviors:**

- I react: Making decisions on a case to case basis, without having a goal in advance. There is no clarity about what I want.
- I accept: Basing my actions on what others want without finding out what my options are
- Weak negotiating positions with lenders: Feeling insecure about negotiating
- Weak negotiating position with suppliers: Not questioning the terms offered by suppliers and not knowing my other options
- Weak negotiating position with others in the house: Feeling that I have no control over household finances.

## Best Alternative to a Negotiated Agreement checklist to empower your negotiation

1. Plan: Plan for all the alternatives possible.
2. Estimate: On a paper list your best alternative to a negotiated agreement.
3. Alternatives: There are many alternatives possible.
4. Their best alternative to a negotiated agreement: You have planned your best alternative to a negotiated agreement; try to gauge the other best alternative to a negotiated agreement too. That's the key to good negotiation.
5. Outcomes: What are your best possible outcomes and how can you convince the other party to agree with most of them without conflict.
6. Be Reasonable: Have a reasonable best alternative to a negotiated agreement. Greed might work at times, but a negotiation won at the cost of a relationship lost is a bad deal.
7. Never reveal your best alternative to a negotiated agreement first: There might be much more for you than you think.
8. Give and Take: There will always be certain give aways in a complex negotiation that doesn't cost you much and certain take always for you that don't cost the other party. If you know these well you can drive the negotiation
9. They don't have it: If they help the other party they don't have to set their best alternative to a negotiated agreement. By this, you command the situation.
10. The End: Finally know when to persist with the negotiation and when to call it off.



### *Trainer's Tips*

- Trainer should brief the participants about the latest communication channels, so as to be more effective and competitive in business.
- Bring some product brochures like those of mobiles/furniture etc. Some videos of new products can also be shown to the participants.

**Exercise**

**Time : 1 hr | 5 marks each question**

1. What is communication skill and how it is important for a rural entrepreneur?

.....

.....

.....

.....

.....

2. What are the different types of communication?

.....

.....

.....

.....

.....

3. How good communication skill helpful for a rural entrepreneur? Please explain with example?

.....

.....

.....

.....

.....

4. What is negotiation skill? Explain with an example on backward and forward linkages?

.....

.....

.....

.....

.....



# Chapter VI

## Enterprise Management Exposure



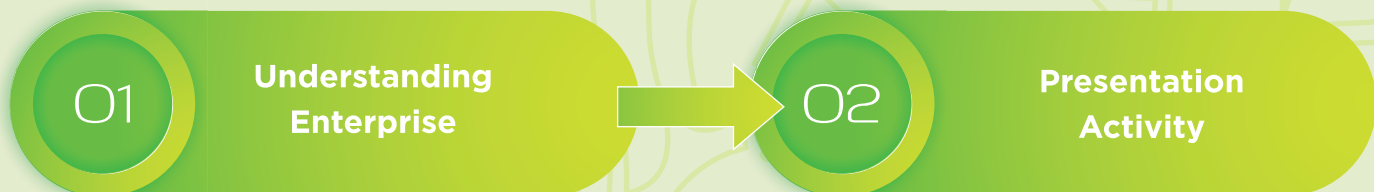
### Learning Objectives

- To be exposed to the business environment and be oriented towards working with the small and micro enterprises
- To critically examine various facets of enterprise creation and management functions
- To understand the entrepreneurial and managerial roles of micro-businesses

### Methodology

- a. Field Activity
- b. Group Presentations

### Session Plan



### Resource:

Presentation Slides, Chart Papers, Blackboard, chalk and duster

## Enterprise Management Exposure

For first-generation entrepreneurs, especially in rural settings, there is hardly any experience or exposure to the business. Most of the rural community's exposure to business is purely transactional in nature and limited to the purchasing of services or products.

The process of creating an enterprise involves role transformation from being a mother/father/farmer/laborer to a business person. The orientation, thinking, and way of operating, for a business person, is very different from the domestic/occupational role. It is therefore essential that before the participants venture into business, sufficient exposure is given to them to learn about how a businessman thinks, operates and manages their day-to-day work.

Participants by now are exposed to many aspects of micro and small enterprise creation through the training. They are aware of what is involved in business activities such as planning, marketing, finance and stock keeping but they need also to get real-life exposure to small business/micro-enterprise.

Visit to small units should, therefore, be organized with a focus for the groups to study various aspects affecting the success of an enterprise along with how to integrate these elements to their own action plan in starting a business.

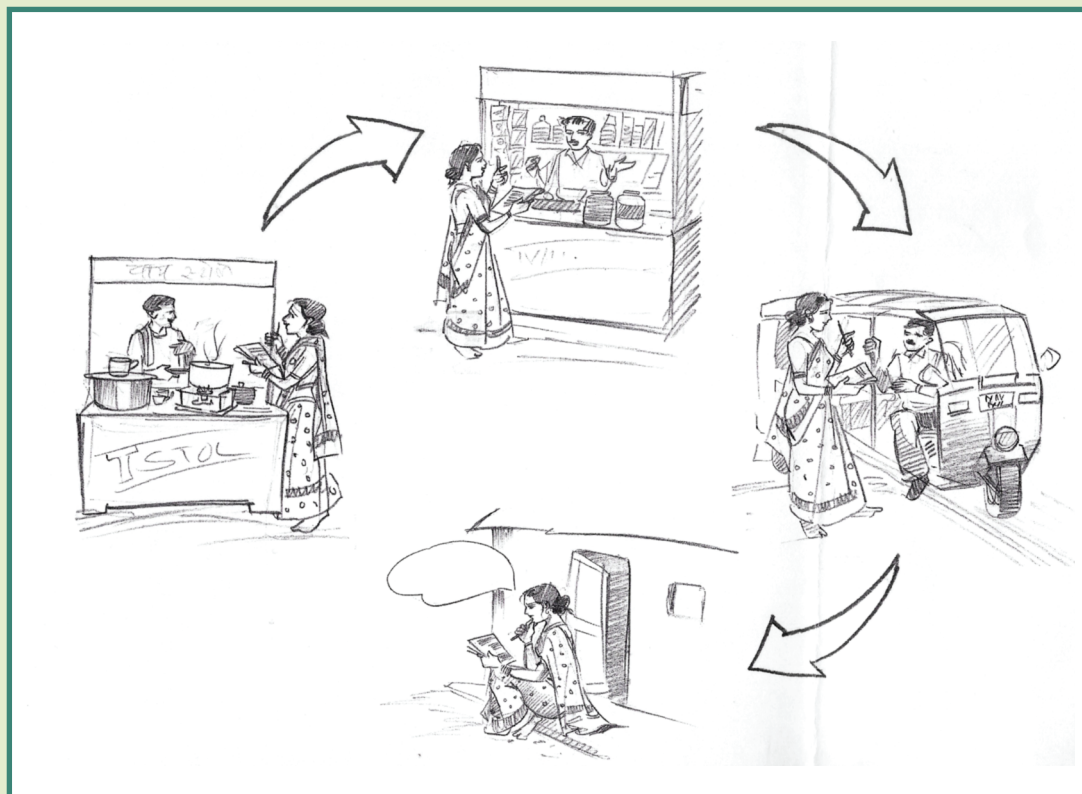
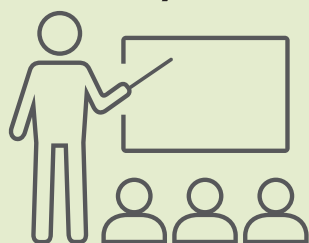


Figure 1: Field activity to understand how enterprises operate



## Delivery



### 1. Field Visit (Day 1)

- 1.1. Arrange participant visits to small and micro-enterprises run by men and women entrepreneurs (2 to 3 enterprises can be visited according to the convenience of the participants).
- 1.2. Before visiting the block level enterprises, the participants should be divided into four groups. All the groups should be assigned the task of finding out the following aspects related to enterprise creation.
  - a. Who started the enterprise?
  - b. What is the product or services they offer?
  - c. How and where do they sell? Their marketing, selling techniques and strategies used.
  - d. What is the background and experience of the entrepreneur before he or she started the business?
  - e. What difficulties and challenges he or she faced in starting the business?
  - f. What skills and capabilities do the entrepreneur possess and which entrepreneurial motivation/competencies have you observed in them? How does his or her own skills/competencies affect their performance?

Each group needs to plan their strategy and prepare appropriate questions to get relevant information. Tell them that one person from each group will have to present their findings in the classroom the next day.

### 2. Presentations (1 hour 30 minutes)

- 2.1. On the next day, the participants should present their experiences in groups. Initiate the session by making general comments about the visit and then ask for their presentations. Each group representative may be given 10 minutes for presentation. This will help participants to conceptualize their learning and give them the experience of making effective presentations.
- 2.2. Encourage discussion. To build in a sense of competition, a prize for the best presentation can be declared.

### 3. Reflection : (30 minutes)

- 3.1. Sum up the session by giving real-life examples of village enterprises run by women or men and link up the same with what has been discussed.
- 3.2. Now share with the participants that they also need to anticipate the likely problems or hurdles they may face in business. Unless they plan how to manage, they may not be successful and continue facing problems. It is precisely for this reason that they must learn and plan.

- 3.3. Discuss about the investment they would require for the business – for both, initiating it and running it successfully?
- 3.4. Ask them to discuss, how to anticipate profitability and know how much expense is the business likely to incur or the income it might earn? How they will keep track of where their money is going and coming? How will they know if they have cash on hand as and when needed to run the business smoothly? How can they prepare their business plan to avail loan from the bank?



### **Trainer’s Tips**

Identify and select two types of enterprises, one service-oriented and one a trading/manufacturing enterprise run by women/men at the block/district level.

### **Exercise**

1. What are the key differences between rural and urban enterprise? Explain briefly.  
.....  
.....  
.....  
.....
2. What are the top 10 product and services offered by the enterprise you visited?  
.....  
.....  
.....  
.....
3. What difficulties and challenges an entrepreneur (Based on field visit) faced in starting the business?  
.....  
.....  
.....  
.....



## 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.



### Entrepreneurship Development Institute of India

(Via Ahmedabad Airport & Indira Bridge)

Village & P.O. Bhat, Gandhinagar (Dist)-382 428, Gujarat, India.

Phone : 079-23969159, 23969161, 23969164 | Fax No. 079-23969164

E-mail : [info@ediindia.org](mailto:info@ediindia.org) | Website : [www.ediindia.org](http://www.ediindia.org) | [www.ediindia.ac.in](http://www.ediindia.ac.in)