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## A CRITICAL ANALYSIS OF BUSINESS PLANNING & PROJECT MANAGEMENT PROCESS OF ENTREPRENEURS IN INDIA

*Research paper in School of Management*

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### Abstract

*This paper provides a brief overview of the business planning process and as you know, planning is a crucial part of the business development process, providing the prospective business owner with valuable insight into the feasibility of a business idea. Business plans are used to demonstrate the feasibility of a business idea, to provide a blueprint for operating that business, and to provide documentation needed to secure funding and financing. Also, in this paper some stages of planning, marketing, business definition, financing and cash flow, making the plan work and related topics will be indicated by passing summary of applying of QFD (Quality Function Deployment) tools for increasing productivity and performance improvement. At the start of any project, there will be a variety of ideas and opinions about the*

purpose and scope of the project, what the final product of the project will be, and how the project will be carried out. The Project Initiation Stage is concerned with taking these ideas and intentions and developing them into a formal, planned, resourced and funded project. In order to define a project in this way, it is first necessary to clearly and explicitly define what the project is intended to achieve and what its scope of interest will be. By defining this first, a benchmark is created for assessing the quality of what is actually produced at the end of the project. It is also necessary to develop a process by which the project objectives can be achieved.

**Key Words:** *Business Planning Process, Project Management, entrepreneurship, Feasibility Studies.*

## **Introduction**

### **Purpose of the Business Plan**

A formal business plan is just as important for an established business, irrespective of its size, as it is for a start-up. It serves four critical functions as follows:

Helps management or an entrepreneur to clarify, focus and research their businesses or project's development and prospects. Provides a considered and logical framework within which a business can develop and pursue business strategies over the next three to five years. Serves as a basis for discussion with third parties such as shareholders, agencies, banks, investors etc. Offers a benchmark against which actual performance can be measured and reviewed. Just as no two businesses are alike, so also with business plans. As some issues in a plan will be more relevant to some businesses than to others, it is important to tailor a plan's contents to suit individual circumstances. Nonetheless, most plans follow a well-trying and tested structure and general advice on preparing a plan is universally applicable.

A business plan should be a realistic view of the expectations and long-term objectives for an established business or new venture. It provides the framework within which it must operate and, ultimately, succeed or fail. For management or entrepreneurs seeking external support, the plan is the most important sales document that they are ever likely to produce as it could be the key to raising finance etc. Preparation of a comprehensive plan will not guarantee success in raising funds or mobilizing support, but lack of a sound plan will, almost certainly, ensure failure.

### **Importance of the Business Planning Process**

Preparing a satisfactory business plan is a painful but essential exercise. The planning process forces managers or entrepreneurs to understand more clearly what they want to achieve, and how and when they can do it. Even if no external support is needed, a business plan can play a vital role in helping to avoid mistakes or recognize hidden opportunities. It is much easier to fold a sheet of paper than a business. For many, many entrepreneurs and planners, the process of planning (thinking, discussing, researching and analysing) is just as, or even more, useful than the final plan. So, even if you don't need a formal plan, think carefully about going through the planning process. It could be enormously beneficial to your business. Anticipate many weeks of hard work and several drafts of the emerging plan to get the job right. A clearly written and attractively packaged business plan will make it easier to interest possible supporters, investors etc. A well-prepared business plan will demonstrate that the managers or entrepreneurs know the business and that they have thought through its development in terms of products, management, finances, and most importantly, markets and competition. For more guidance on these matters, check the white paper offering Insights into Business Planning, the Checklist for Preparing a Business Plan, Free-Plan (free 150-page Business Plan Guide and Template in Word format) and the comprehensive Business Plan Guide.

If you are developing, or have invented, a new product or service, it may be beneficial to start the business planning process by reviewing the sections of Getting New Business Ideas covering Assessing Ideas and Next Steps. This will guide you on groundwork to be done before starting to write a comprehensive plan.

### **Review of Literature**

The first step is defining the goals of the organization or a particular project. These goals may have single or multiple objectives (Eastman 2003). Birkin et al. (1996) point out that objectives generally involve increasing or maximizing effectiveness and efficiency. More specifically, an organization's objectives may be to minimize risk, increase sales, and improve customer service and/or to develop better products. The second general step in the planning process is to identify the options that the organization may have in meeting its objective or objectives (Birkin et al. 1996). Eastman (2003) defines this set of alternatives as the "decision frame" and Birkin et al. Problem solving in planning scenarios is not necessarily linear (Birkin et al. 1996). The process will generally flow from identifying the objectives, exploring options and

deciding upon how to best meet the objectives. In order to introduce the notion of projects into the entrepreneurial process I revisit some proposed entrepreneurship views that either explicitly encourage the use of a project-based view (Lindgren & Packendorff, 2003) or acknowledge the importance of considering projects in entrepreneurship (Casson & Wadeson, 2007; Fayolle, 2003). A common denominator could be assumed as entrepreneurial opportunities and acts could be similar to projects i.e. unique, complex undertakings subjects to limitations in terms of resources, time and quality (Packendorff, 1995). In turn, the idea of a similitude between the entrepreneurial process (and at least some stages of it) with a project could justify the inclusion of project manager's characteristics into an adapted entrepreneurial process model. Individual characteristics have been researched extensively in the past to try explaining their different effects and outcomes. Fields as leadership, strategic management, psychology, and entrepreneurship have studied the influence of personality traits and competences of individuals in a variety of roles, from top managers and leaders, to entrepreneurs and project managers. Although entrepreneurs have distinctive traits portrayed in literature it is possible to find several studies focusing on related characteristics from project managers. This intersection of studies may suggest entrepreneurship and project management could enhance more the research of each other. An analysis on the literature of project managers' competences where twenty-four categories or concepts emerged which are directly related to the knowledge, skills and personal attributes identified as important to effective project management performance. Among the most mentioned competences within the literature are: Leadership, Planning, Team Development, Strategic Direction, Technical Performance, Monitoring & Controlling, Communication, Decision Making & Problem Solving, Stakeholder Management, Organization Structure and Project Definition. Later on with a similar approach, Crawford (2005) explores the relationship between performance against standards and the effectiveness of project management performance in the workplace as perceived by senior managers. His results provide support for suggesting that there is senior management resistance to project manager involvement in practices that relate to strategy, project definition, project integration and communication. Other researchers have proven the relevance of similar types of skills and knowledge required by project managers but in different contexts. One example is El-Sabaa, (2001) who considers two types of skills categorizations in his study, one from the project management literature and the other from administration literature. According to this the skills needed for a project manager can

be categorized into six skill areas: communication, organizational, team building, leadership, coping, and technological skills. Similarly, effective administration rests on three basic developable skills. These are human skill, conceptual skill and technical skill and although these skills are interrelated, they can be developed independently. One of these recent and accepted approaches is to see entrepreneurship as the nexus between entrepreneurial individuals and opportunities, which explains the process of discovery and exploitation of opportunities and the organizing process involved (S. Shane & Venkataraman, 2000; Venkataraman, 1997). Further, we investigated whether this relationship influences the technological innovations implemented by Internet entrepreneurs. This need for connectivity forces Internet based organizations to evaluate the intangible benefits of the company's technology infrastructure and its product/service offerings. It is expected that, as more Internet businesses are established and identified, research attention will grow and focus on additional strategies and behaviours of this pioneering group. Selection and editorial matter 2004 Harold P. Welsch; individual chapters the contributors.

Drucker (1998) described four areas of innovative opportunities that exist within a company or industry including unexpected occurrences, incongruities, process needs, and industry, and market changes. Even though these innovative opportunities may be present to Internet entrepreneurial teams, there may be additional areas such firms may identify for potential innovative actions. Oliva (1998) has noted that a successful Internet study needs to be designed to assess the following research questions: to what extent have these entrepreneurs been engaged in innovations? And, what is the direction (type) of these business innovations? In another study, Kickul and Gundry (2000b) examined the type and direction of innovative actions incorporated by Internet entrepreneurs in their businesses.

### **Objectives of Study:**

- To study thoughts & idea generation process of entrepreneur
- To identify facilitation for decision making process
- To study functional streams of management for entrepreneur
- To study specified standard set for performance
- To locate resources for Project management



### Research Methodology:

**Scope of study:** To study Business planning process & project management techniques in promoting Entrepreneurship in theCountry.

### Research Design:

**Type of research design:** Descriptive

**a. Type of Data used:** The study is based upon Primary data. It is collected from 40 selected companies. The collection of the data is done through questionnaire method.

**b. Sources of Data used:**Secondary data is collected fromElectronic Sources like e-books, e-journals, and websites; books,Articles and government publications.

We have used the secondary data for conducting the study and analysis of entrepreneurs plan. **Secondary data:**

### Text-Books

For the purpose of study researcherconsulted various:Websites, Search – Engines, Encyclopaedia, and E – Libraries, Articles, Journals, News-Papers/E-news-papers,and Magazine.

**Observation & Analysis:**

The business plan is the written document that details the proposed venture. It must describe the current status, expected needs & projected results of new business. Every aspects of venture needs to be covered like the project, marketing, research & development, manufacturing, management, critical risks, financing & milestones. A description of all these facets of the proposed venture is necessary to demonstrate a clear picture of what the venture is, where it is projected to go & how the entrepreneur proposes it will get there. The business plan is road map for successful enterprise.

**Market Analysis:** A market analysis is documented investigation of market that is used to inform a firm's planning activities particularly around decision of: inventory, purchase, workforce, expansion, promotional activities. In observed data not all the managers are asked to conduct market analysis so forecasting is wrongly done.

**Development of Product/Idea:** A new product is new to the company introducing it even though it may have been made in same form by others. But the stages of new product development is not properly followed by Indian companies.

**Marketing Plan:** It is a plan of necessary actions to achieve marketing objectives. Elements of market plan are not understood clearly by managers.

**Financial Plan:** It is a plan for expenditure & saving for future. But in practise top management always fails to efficient financial planning.

**Organisational Plan:** Organisation structure is one of the forces that affects goal of organisation. In many firms when organisational structures expands it is difficult to manage.

**Management Plan:** It is a set of activities including planning, decision making, leading, etc. it is observed in many firms it does followed.

**Critical Risk:** If business plan works out then many critical risk can be reduced. But most of the interviewed managers told that they are not adapting each & every steps of planning so they have to faces sudden risks.

**Scheduling:** Due to improper scheduling sequence of events & tasks for assigning resources if failing so it need to be improved.



Along with that in the area of project management there many feasibility studies viz. project feasibility report, Technical Feasibility, Financial Feasibility, and Market Feasibility so these studies need to be studied initially by entrepreneurs.

It is found that most of the entrepreneurs are not planned sources of Finances. They have not known financial schemes offered by financial institutions.

### **Recommendations**

The Business Plan provides a clear description of what needs to be done, including when and how to implement an organization's strategic goals and vision. It should itemize and describe the benefits that an organization will realize if the plan is followed, as well as the costs that will be incurred. The plan should include any requirements for achieving its purpose, and a scorecard to gauge performance once the plan is accepted and unfolds. It should also be written with a clear focus on the readership. Ultimately the Business Plan needs to be approved and funded. General provisions Business plan must contain: name of the investment project, as well description of its essence and feasibility; substantiation of the project compliance with the main areas and industrial priorities of the Bank's investment activities; arguments for the national significance of the project. It is recommended that a business plan be structured as follows: Project summary; Project description; Information about the Major Project Participants; Product Description; Market Analysis; Action Plan, Sales Plan and Marketing Strategy; Production (Operational) Plan; Resources Analysis; Environmental Impact of the Project. Contents of the Main Sections of a Business Plan should contain project essence and feasibility; basic information about the Recipient of Funds and Major Project Participants; results of the market potential analysis; project delivery strategy (general delivery schedule) key forecasted financial indicators (ratios); total cost of the project, total financing required and proposed sources of financing. Project Description give the essence of the project, specifying, in particular, type of an investment project (construction of new facilities/zero-cycle construction; reconstruction of operating facilities; modernization of operating facilities; manufacturing new products using operating facilities; expansion of operating facilities; other changes for the purposes of commercial activities). Information about the Major Project Participants the Recipient of Funds and other Major Project Participants; roles of the participants and procedure of their interaction in the project delivery; reasons for their interest in the project;

Experience in this particular industry. Action Plan describe overall strategy for the project delivery. Give schedule of the project delivery specifying projected commencement date and duration of the main stages (Pre-investment, investment/commissioning, operational, liquidation), as well as the interim phases. Sales Plan and Marketing Strategy this section relates to the targeted sales dynamics (targeted operating rate) and Estimated market share, as well as the respective strategy, inclusive of the competition strategy. Resources Analysis give analysis of material, organizational, human and other resources required for the project delivery. What resources the Major Project Participants already have and what resources are still to be obtained to deliver the project (production/construction site; infrastructure (power-, heat- and water-supply, transport, etc.); machinery and equipment; raw materials, power, components; contractors' services and works; labour resources/staff; managerial resources, etc.) Project Risks Analysis identify and describe major types of risks to the project. Give assessment of the risks (quality assessment of the amount of risk and/or quantity assessment of the risk probability and potential damage amount), methods employed to manage risks and guarantees offered to investors.

### **Recommendations for Project Management**

Develop project management culture by providing clear, consistent, executive communication and leadership regarding the department-wide importance of project management objectives and their accomplishment. Establish department-wide ownership and accountability by senior management for strategic objective accomplishment in scope, budget, schedule, and quality. Establish measurable Departmental strategic objectives for scope, budget, schedule, and quality and measure their accomplishment. Recommendations for Roles and Responsibilities of the Project Manager These recommendations address the concerns that project management at The Department is inconsistent. There is no widely shared understanding of the role of the project manager or the project team; project management practices vary widely and the extent to which projects are actively managed at all is variable. The intent of the recommendations detailed below is to increase the consistency and discipline with which best project Management practices are applied establish department-wide the roles, responsibilities, and authority of project managers, project teams, technical managers, technical leaders, and team members. Strengthen the project manager's level of authority. Use quantitative information to evaluate departmental labour requirements and establish work standards by activity to support

project scheduling and budgeting. Perform multi-project resource loading to evaluate the "deliverability of the program" and support overall program management. Recommendations for Organizational Development to Strengthen the Department's Project Management Function. Establish project management as a visible and attractive Departmental career path. Recommendation to continue to emphasize and amplify training and professional development for project managers. This recommendation builds on the existing level of commitment to training for project managers and team members.

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