Entrepreneurship

What is Entrepreneurship?

Who is an Entrepreneur?

The Future of Entrepreneurship

The Startup Game: Why Do Startups Fail?

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"I'm convinced that about half of what separates successful entrepreneurs from the nonsuccessful ones is pure perseverance."
Steve Jobs

Overview

Source: Management Study Guide

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1- WHAT IS ENTREPRENEURSHIP AND WHO IS AN ENTREPRENEUR?

We often hear that so and so is an entrepreneur who has started his or her own business. It is also the case that when we hear the term entrepreneur, we tend to associate it with a person who has or is starting their own ventures or in other words, **striking it on their own**. This is indeed the case as the formal definition of Entrepreneurship is that it is the process of starting a business or an organization for profit or for social needs. We have used the phrase for profit or for social needs to delineate and separate the commercial entrepreneurship from social and charitable entrepreneurship. After defining entrepreneurship, it is now time to define who an entrepreneur is and what he or she does.

An entrepreneur is someone who develops a business model, acquires the necessary physical and human capital to start a new venture, and operationalizes it and is responsible for its success or failure. Note the emphasis of the phrase responsible for success or failure as the entrepreneur is distinct from the professional manager in the sense that the former either invests his or her own resources or raises capital from external sources and thus takes the blame for the failure as well as reaps the rewards in case of success whereas the latter or the professional manager does the job and the work assigned to him or her for a monetary consideration. In other words, the entrepreneur is the risk taker and an innovator in addition to being a creator of new enterprises whereas the professional manager is simply the executor.

Attributes of Entrepreneurs

Moving to the skills and capabilities that an entrepreneur needs to have, first and foremost, he or she has to be an innovator who has a game changing idea or a potentially new concept that can succeed in the crowded marketplace. Note that investors usually tend to invest in ideas and concepts which they feel would generate adequate returns for their capital and investments and hence, the entrepreneur needs to have a truly innovative idea for a new venture.

Leadership Qualities

Apart from this, the entrepreneur needs to have excellent organizational and people management skills as he or she has to build the organization or the venture from scratch and has to bond with his or her employees as well as vibe well with the other stakeholders to ensure success of the venture.

Further, the entrepreneur needs to be a leader who can inspire his or her employees as well as be a visionary and a person with a sense of mission as it is important that the entrepreneur motivates and drives the venture. This means that leadership, values, team building skills, and managerial abilities are the key skills and attributes that an entrepreneur needs to have.

Creative Destruction and Entrepreneurship

We often hear the term creative destruction being spoken about when talking about how some companies fade away whereas others succeed as well as maintain their leadership position in the marketplace. Creative destruction refers to the replacement of inferior products and companies by more efficient, innovative, and creative ones wherein the capitalist market based ecosystem ensures that only the best and brightest survive whereas others are blown away by the gales of creative destruction. In other words, entrepreneurs with game changing ideas and the skills and attributes that are needed to succeed ensure that their products, brands, and ventures take market share away from existing companies that are either not creating values or are simply inefficient and stuck in a time warp wherein they are unable to see the writing on the wall. Therefore, this process of destroying the old and the inefficient through newer and creative ideas is referred to as creative destruction which is often what the entrepreneur does when he or she launches a new venture.

Some Famous Entrepreneurs

Given this basic introduction to entrepreneurship, we can now turn to some famous examples of entrepreneurs who have succeeded despite heavy odds because they had game changing ideas and more importantly, they also had the necessary traits and skills that would make them legendary. For instance, both the founder of Microsoft, Bill Gates, and the late Steve Jobs, the founder of Apple, were college dropouts though their eventual success meant that they had not only truly innovative ideas, but they were also ready to strike it out for the longer term and hang on when the going got tough. Even the founder of Facebook, Mark Zuckerberg, as well as Google's Larry Paige and Sergey Brian can be considered as truly revolutionary entrepreneurs. What all these legends have in common is that they had the vision and the sense of mission that they were going to change the world and with hard work, perseverance, and a nurturing ecosystem, they were able to self actualizes themselves.

Entrepreneurship Needs a Nurturing Ecosystem

Finally, note the use of the term nurturing ecosystem. This means that just as entrepreneurs cannot succeed if they lack the necessary attributes, they cannot succeed even having them but living in an environment or a country that does not encourage risk or tolerate failure and more importantly, is unable to provide them with the monetary and human capital needed for success. This means that the United States remains the preeminent country for entrepreneurship as it has the ecosystem needed for these entrepreneurs to succeed whereas in many countries, it is often impossible or difficult to find funding, work through red tape, and ensure that the environmental factors do not inhibit entrepreneurship.

2- PRINCIPLES OF ENTREPRENEURSHIP

Entrepreneurs need to follow some basic principles which would serve as guidelines and beacons for their success. Based on the research conducted over a period of three years and by interviewing more than 150 entrepreneurs, noted author and management expert, Bill Murphy came out with a book about entrepreneurship which was published by Harvard Business School. This article is based on the insights from this book and lists five principles that should serve as markers for both aspiring as well as existing entrepreneurs. One of the insights from this research is that most of these principles can be learned from experience and the process of starting a venture is an educational experience in itself. With this introduction, we can now move on to the five principles of entrepreneurship as put forward by Bill Murphy.

It is always not the case that Entrepreneurs should make money fast and this should not be the goal

It is important for entrepreneurs to test the waters before launching a new venture. This means that one must commit oneself to the ideal of entrepreneurship and try out new business models, and new forms and paradigms of transacting business. In other words, the entrepreneurs must not be in a hurry to make profits from the word go and instead, understand what entrepreneurship is all about. For instance, it is better to come up with a game changing idea instead of pursuing leads that are dead ends which means that entrepreneurs must be ready to be in the game for the long haul.

It is always better to find the right opportunity even if it takes time instead of chasing mirages

This principle translates into waiting for the right opportunity and at the same time, seizing the moment when the opportunity arises. Of course, we are not saying that entrepreneurs ought to wait forever for the right opportunity. Rather, the intention here is that entrepreneurs must ensure that they have the necessary foundation in place to capitalize on the opportunity and also must have an idea and a business model that would create opportunities in case they are finding it difficult to get the venture going. For instance, as the clichés about how opportunity knocks only once as well as if you do not find an opportunity, build a door so that you are ready when the opportunity arises can be taken to mean that entrepreneurs must both create opportunities as well as seize them when they arise. Another analogy would be that entrepreneurs must be ready with the fishing rods and the baits when they go fishing and if the river, sea, or lake is saturated, they must fish in waters that are "blue oceans" meaning that they must create new markets for themselves.

Invest in people and build successful teams

As with the previous principle, entrepreneurs must ensure that they have the right team in place before they start the venture. After all, unless there is a team in place, the venture would not be able to capitalize on the opportunities. Further, entrepreneurs must ensure that the team is passionate, committed, and most importantly, shares the vision and mission of the founders. In other words, unless there is a buy-in from the team with the founder's ideas, the venture would flounder. Apart from these, getting the right people who have focus, drive, loyalty, determination, courage, and consistency in addition to being motivated and creative are some requirements that the entrepreneurs can ill afford to ignore.

It is always not enough to have everything in place. Execution and Delivery are what matters

Have you ever got the feeling that a salesperson is engaging you in glib talk wherein he or she is trying to convince you to buy a product which is untested? Similarly, all talk and no execution would lead the new venture nowhere and hence, it is important for entrepreneurs to ensure that they walk the talk and deliver on their promises.

Indeed, it is not enough to have a game changing idea and a great team in place unless the entrepreneur knows the art of execution. As happened during the Dotcom boom, there were many startups with great ideas and equally great teams that promised the moon for anyone willing to listen. However, the fact that they failed in their businesses was mainly due to the gap between ideas and execution.
Therefore, the entrepreneur has to be a leader who walks the talk and understands the meaning of execution. Further, leadership means that entrepreneurs must not be afraid of failure and must instead, turn adversity into triumph and transform failure into a stepping stone for success.

Indeed, great entrepreneurs are those who are willing to trust their instincts and intuition and back themselves up when the venture is yet to fructify or even making losses. In other words, if you think that you have a great idea and are executing it well with the right team, you need to persist and keep going even when the conventional wisdom says that you are getting it wrong.

Entrepreneurs must be self actualizing visionaries
Ask any successful entrepreneur and they would say that while money is indeed important and profits are indeed essential, it is always not about the money or that making profits is the only thing that matters. Instead, great entrepreneurship is all about heeding the inner voice, creating jobs and opportunities for others, be conscious of societal prosperity due to the venture instead of having a me, myself only attitude, and most importantly, translate their vision into success.
For instance, there are many of us who have heard or come across individuals who gave up cushy jobs to find their passions and to follow and chase their dreams. Therefore, successful entrepreneurship is all about making a difference to the world and becoming a social messiah who would transform societies with his or her ventures.

Finally, **entrepreneurship must be seen as a starting point to transform oneself and in the process become a change agent**. For this to happen, the entrepreneur must be both be able to fulfill environmental, social, and economic expectations from the larger system and at the same time, must drive themselves in the pursuit of their dreams. Indeed, the balance between inner aspirations and external expectations is the most important determinant for success.

3- ENTREPRENEURIAL FINANCE

Description

This article discusses the various forms of financing for new ventures. It is indeed the case that any new venture would need capital and more often than not, entrepreneurs need significant capital for launching their ventures. Further, this article also discusses how Angel Investors have become important in recent years and examines how buyouts take place in the business world.

Need for Financing

Any new venture needs financing and hence, entrepreneurs have to decide where to get funding from, how to invest, and how much to borrow. This article is concerned with the sources of entrepreneurial finance which the entrepreneur has access to. Indeed, one of the central preoccupations for entrepreneurs is where and from to get the funding in order to kick start their ventures and hit the ground running.

Bootstrapping

This form of financing the ventures applies when entrepreneurs invest their own money, or offer stakes in their venture to individuals in return for their services, as well as includes other forms of financing such as delaying payments to partners, offering sweat equity to employees and other stakeholders etc. The important point to note about bootstrapping is that it can be actualized only when the entrepreneur does not need significant amounts of capital as all the methods mentioned above relate to investments that are limited in their capital mobilization. Another important aspect of this type of financing is that entrepreneurs typically offer equity in return for work done which is a non-monetized form of financing known as sweat equity.

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External Financing

This type of financing is the most common for entrepreneurs and this category includes all the types of financing mentioned subsequently. When compared to bootstrapping where the entrepreneur raises money either from internal sources or by offering equity in return for work, external financing often involves sourcing capital from external sources which are tangible and immediately monetized forms of financing. Apart from the types of external financing described below, private equity or equity to large investors in return for financing is often the norm for entrepreneurs.

Angel Investors

We often hear the term Angel Investor spoken by entrepreneurs or mentioned in the business press. Angel Investors as the name implies are literally and metaphorically the Knights in Shining Armour to the entrepreneurs as they not only invest their own monies but are also known to guide the entrepreneurs in actualizing a successful business model. Indeed, Angel Investors are also known to invest in new ventures as a means of doing good for society as well as to share their wealth with new and up and coming entrepreneurs who they (The Angel Investors) think have a game changing idea. Moreover, Angel Investors in many cases are successful entrepreneurs themselves and hence, mentor the new entrepreneurs in the same way managers and role models mentor promising employees. It is also the case that in recent years, Angel Investors have invested nearly three times the amount of money as raised through venture capitalists.

Venture Capitalists

Venture capitalists differ from Angel Investors in the sense that while the latter invest their own money and often do so for giving back to society, the former invest in new ventures with capital that their professionally managed investment firms have accumulated from private investors. In other words, venture capitalists often act as representatives of individuals and trusts with capital to spare and do so for profit oriented purposes rather than the for fun investments by Angel Investors.
Further, venture capitalists need a compelling business model and its presentation by the entrepreneurs as they are in the business of investing for profit and hence, need to generate returns on their capital.

Buyouts

This type of financing happens when the entrepreneur sells his or her stake in the venture to individual or a group of investors. However, buyouts are also used to refer to instances when private equity firms pick up stakes in new ventures where the majority stake is still with the entrepreneur. Moreover, buyouts are latter stage investments which mean that by the time the buyouts happen, the venture is already into its growth phase or in the process of being on the road to profitability. Having said that, it must be noted that buyouts also happen when the investors realize that ventures have good assets which can fetch returns as well as have the potential to grow and generate value in the future. Buyouts can also be hostile meaning that the entrepreneur might be forced to give up his or her stake in cases where the private equity or the other investors decide that a change of ownership would be good for the venture. Finally, buyouts happen when the venture is also in the process of winding up as some investors might want to pick up assets on the cheap and sell them off piecemeal.

4- ENTREPRENEURIAL ECOSYSTEM

What is an Entrepreneurial Ecosystem?

All of us are endowed with skills, abilities, and capabilities. However, the reason why some of us are so successful whereas others languish is mainly due to the way in which these traits are nurtured, encouraged, and enabled. For instance, we need to go to the right schools, have supportive families, and be mentored at all stages of our lives so that we do not make any missteps or commit blunders and mistakes that would prove detrimental to our progress. In other words, talent has to be nurtured if it has to flourish.

In the same manner in which this happens in our individual lives, entrepreneurs too need enabling and empowering environments which not only ensure that their game changing ideas are translated into actionable pursuits but also ensure that these entrepreneurs have the necessary ecosystem in which they can thrive and prosper. In short, the entrepreneurial ecosystem comprises of the all the stakeholders including government, bureaucracy, funders, and consumers.

The Example of Bangalore

To start with, let us take the example of Bangalore, the Indian IT (Information Technology) hub, which is often referred to as the Silicon Valley of India. The reason why Bangalore became a hotspot for innovation and global corporations is that it offered a serene and salubrious environment (including the weather) in terms of readily available pool of talent, an unobtrusive government which unlike the Indian way of interfering in business did its best to keep out of the Indian IT industry and its growth, enabling laws and tax breaks that encouraged companies to reap the benefits, and most importantly, a thriving culture of innovation that was long the characteristic of the city before the IT industry made it its home. Indeed, all these factors ensured that Indian entrepreneurs such as the founders of now global brands like Infosys, Wipro, TCS, and other companies have an enabling and empowering entrepreneurial ecosystem which made them thrive and prosper.

The Original Silicon Valley

Of course, the blueprint for this ecosystem originated in the Silicon Valley of California in the United States wherein global behemoths such as Apple, Google, and Microsoft in addition to Facebook and thousands of other startups found that the entrepreneurial ecosystem there was eminently suitable for them to start their companies and prosper. Indeed, the fact that Silicon Valley is thriving despite the recession is an indicator of how the region has moved beyond the vicissitudes of the market and carved its own niche as a place where entrepreneurs can thrive. Further, China that has emerged in recent years as an entrepreneurs dream come true has followed the footsteps of Silicon Valley and has indeed, done better than it on many counts such as minimal governmental interference and maximum benefits which prove to be the right nourishment for businesses and entrepreneurs to thrive.

Components of an Entrepreneurial Ecosystem

Thus, for the actualization of an enabling and empowering entrepreneurial ecosystem, there need to be venture capitalists who would fund the startups and angel investors who persist with the ventures despite initial hiccups. Next, the government has to have laws and policies that would encourage entrepreneurs by giving them tax breaks, benefits, and land and facilities including roads, infrastructure such as international airports and the like so that global investors flock to these ecosystems.

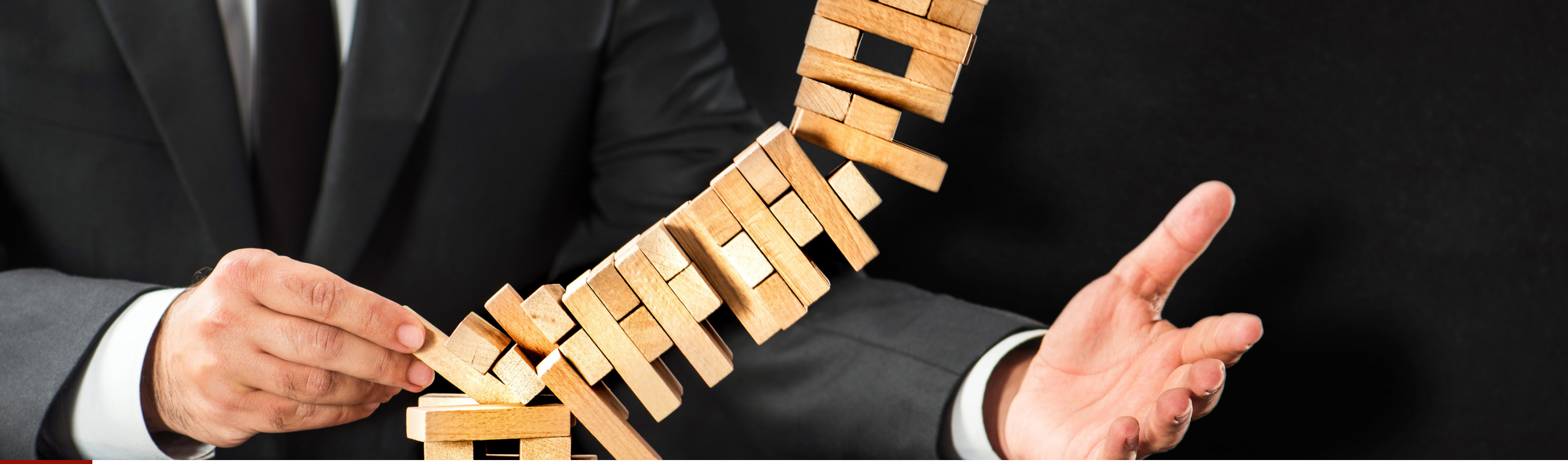
Further, the bureaucracy should not throw spanners in the works of the entrepreneurs through meaningless rules and regulations and instead, must speed up the decision making process as well as implement single window clearances. Moreover, there must be a talent pool of skilled and employable workers who would staff the startups and ensure that when they take off, the ventures have the necessary people to drive their businesses.

Why the Chinese are racing ahead?

Therefore, after considering the factors which go into making an enabling and empowering entrepreneurial ecosystem, it is clear that unless these aspects are taken care of, the inventors, and the entrepreneurs would take their business elsewhere. Indeed, if the example of China is anything to go by, it is that it has stolen a march over India on many of these aspects as not only does it offer the right ecosystem, it also ensures that the entrepreneurs are treated as heroes and heroic figures who are no less important than the politicians and other personalities who are regularly feted by society. In short, the lesson for any country is that global capital is country blind and region blind and just as the early bird catches the worm, the regions and the countries that are at the forefront of the race to attract global capital would win in the end.

Conclusion

Before concluding this article, it would be pertinent to note that some of the aspects which ensure an enabling entrepreneurial ecosystem such as land and water and infrastructure seem mundane in the light of the other aspects such as access to funding and laws and regulations. However, if recent events in India and other parts of Asia where the ecosystems for entrepreneurs are being built are any indication, these factors are as important to the entrepreneur as is the aspect that he or she needs to have a game changing idea and be ready to take it to the next level. indeed, the fact that many global corporations are now flocking to India after moving elsewhere for much of the last few years is mainly due to the change in priorities in the Indian policymakers who desperately need investments and jobs as otherwise, they would not only be left behind but also would risk the dropping out of the race altogether which in the globalized world economy is a surefire recipe for disaster.



5- TOP FIVE REASONS WHY ENTREPRENEURS FAIL

Introduction

Entrepreneurship is a tricky thing and unless, entrepreneurs are on top of the game all the time, the chances for failure are very high. Research has shown that not more than 10% of all new ventures go past the second year of their existence and that entrepreneurs often end up on the wrong side of success. This article examines and discusses the top five reasons why entrepreneurs fail and these relate to funding, staffing, financials, operational reasons, and peaking too early or too late. All these reasons have the common theme of not managing the venture successfully and being lax or lazy as far as the nuts and bolts of managing the venture is concerned.

Further, the other theme that runs through these reasons is missing the trees for the forest or not paying enough attention to details and at the same time, missing the forest for the trees or getting too bogged down in the details that the big picture is ignored.

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1- Problems with Funding

The first of these reasons relates to the funding aspect. As we all know, new ventures and startups need funding at all stages of their lifecycle and hence, the entrepreneur has to ensure that the venture capitalists and the financial institutions back him or her from the word go and continue their assistance throughout the process.

Often, it is the case that entrepreneurs fail to deceive as the idea which looks good initially fails to generate revenue or business leading to the venture capitalists developing cold feet and backing out from the venture. Apart from this, it is also the case that some startups and their founders do not anticipate the continuous cash flow that is needed to keep the venture afloat and we shall be discussing this in detail separately.

2- Staffing Issues

The second reason why entrepreneurs fail is related to staffing wherein the entrepreneurs often do not staff their ventures with the right resources and often fail to have the required resources when the venture takes off. For instance, in these days, it is the case that the ventures need enough resources when the projects roll in or when business picks up. On the other hand, having too many resources is also a drag on the venture as resources cost money and time to maintain. Further, not having the right resources because either they are too expensive or they do not want to take the chance of working for a startup. Indeed, gone are the heady days of the dotcom boom when just everyone and everybody wanted to work for a startup. Nowadays, many employees do not want to risk their futures by joining a startup whose future is uncertain.

3- Cash Crunch and Drying up of Liquidity

The third reason why new ventures fail is related to the financials or the managing of the cash flows which have been mentioned earlier. This aspect has to do with the fact that most entrepreneurs fail to anticipate the cash crunch which arises from the imbalance between accounts payable and the accounts receivables.

Further, it is often the case that new ventures budget for revenues in the future now and this means that unless the revenues materialize, the venture would run out of cash.

Moreover, it is also the case that the funding from the venture capitalists might dry up suddenly leading to liquidity problems. Indeed, though the venture might postpone receivables to the future, it cannot do the same with the payables wherein suppliers, staff, and vendors cannot be assured that the entrepreneur would honor the commitments as can be seen in the way the Aviation sector in India has seen some high profile closures in recent years.

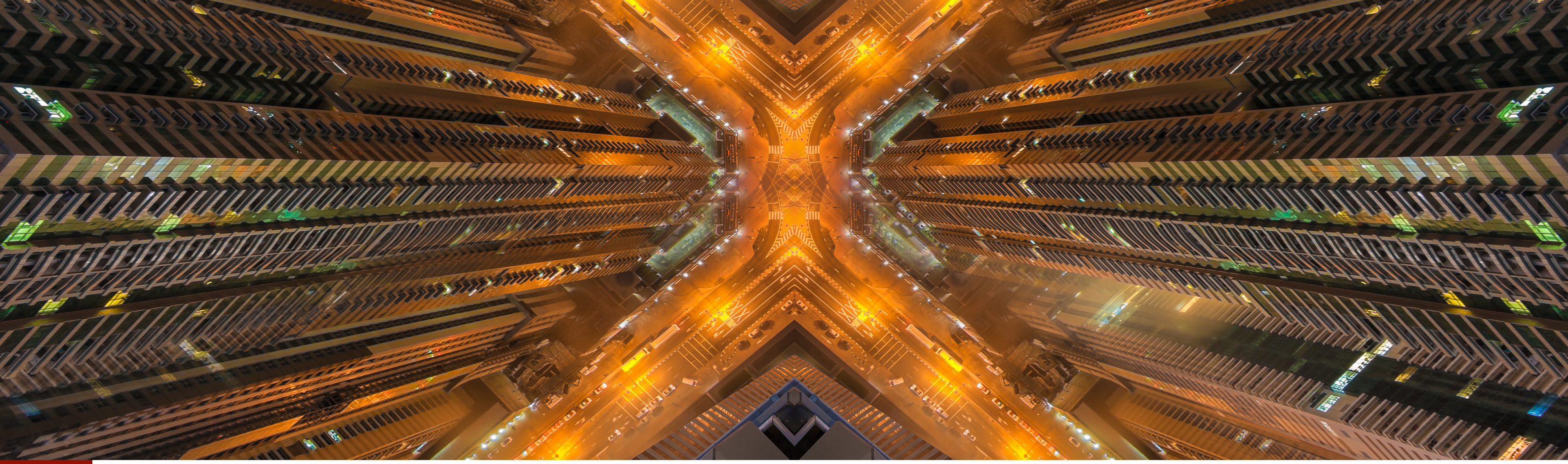
4- Operational Mismanagement

The fourth reason why new ventures fail is the operational aspect wherein the entrepreneur fails to manage the nuts and bolts of running the business in an effective, efficient, and efficacious manner. For instance, many entrepreneurs often do not involve themselves in the ground realities of running the business and leave this to others wherein they concentrate on the bigger picture. Though we are not advocating that all entrepreneurs should micromanage their businesses, some amount of involvement with the day to day running is essential and indeed, critical. This means that the entrepreneur should handhold the business especially in the formative years or the first year at the minimum to ensure that there is no slip between the cup and the lip where the translation of ideas into the running of the business is concerned. Often, many entrepreneurs consider it beneath themselves to engage and involve in say things such as work schedules, human resources, and day to day financials and end up paying the price for such negligence.

5.Peaking too Early or Too Late

The fifth reason why many entrepreneurs fail is that their ventures often peak early or peak late leading to missing the curve when the right combination of ideation, incubation, and execution is actualized leading to success. For instance, some entrepreneurs have great and game changing ideas but peak too early meaning that they misread the signals from the market. This often leads to burnout and fatigue especially when the desired momentum has to be generated. On the other hand, some entrepreneurs peak too late meaning that they misjudge the timing when their products or the solutions have to be brought to the market. In both cases, the imperative is to ensure that the time from ideation to bringing to the market is just about right.

Though we have listed the top five reasons for failures of new ventures, there are other reasons as well including differences between the promoters as well as other personality clashes and issues.



6- FACTORS WHICH AFFECT ENTREPRENEURSHIP

Entrepreneurship is essential for the development of any economy. Countries which have flourished attribute their rise to the growth of entrepreneurship. Therefore, governments and people all over the world want to encourage this concept. This article lists down the factors which contribute to the growth of entrepreneurship and therefore to the growth of the economy of any given area.

Political Factors

Political factors play a huge role in the development of entrepreneurship in a given geographical area. This is because politicians decide the type of market that is in place. The market could be capitalistic, communist or some countries have adopted a mixed economy.

Each of these three markets has very different implications for the way in which entrepreneurs are required to function. Capitalism requires breakthrough innovation whereas communism requires entrepreneurs to be well connected with the political class. Therefore, it has been observed that the more capitalistic any country is, the more entrepreneurship flourishes in the region.

Legal Factors

Entrepreneurs are dependent upon law for a wide variety of factors. The strength and fairness of the legal system of a nation affect the quality of entrepreneurship to a large extent. This is because entrepreneurs require a wide variety of legal services to function.

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For instance, entrepreneurs would require the courts to enforce the contracts that were entered to between parties. In many countries such contracts are not enforceable and therefore the resultant risk prohibits the development of entrepreneurship. Then again, the entrepreneurs are dependent on the courts for the protection of their property rights. Also, many advanced countries have noticed that the provision of declaring bankruptcy has been positively associated with the development of entrepreneurship. Entrepreneurs do fail a few times before they find the right innovation that leads to their success. The United States is amongst the countries with the highest rate of entrepreneurial development and it is also known to have one of the most advanced bankruptcy laws! Even business legends like Henry Ford had declared bankruptcy in their early days.

Taxation

The government can also influence a high degree of control on the market through provisions of taxation. Some amount of taxation is necessary for the government to maintain the legal and administrative systems in place for the entire economy. However, a lot of times governments resort to excessive taxation. They usually adopt the policy of beggaring the rich and giving it off to the poor. This goes against the basic tenets of entrepreneurship which believes in survival of the fittest. Therefore, countries where tax regimes are restrictive find an outflow of entrepreneurs. In short, entrepreneurs want to set up shop in places where there is minimal interference from the government.

Availability of Capital

The degree to which the capital markets of a nation are developed also play a huge role in the development of entrepreneurship in a given region. Entrepreneurs require capital to start risky ventures and also require instant capital to scale up the business quickly if the idea is found to be successful. Therefore, countries which have a well developed system of providing capital at every stage i.e. seed capital, venture capital, private equity and well developed stock and bond markets experience a higher degree of economic growth led by entrepreneurship.

Labor Markets

Labor is an important factor of production for almost any kind of product or service. The fortunes of the entrepreneurs are therefore dependent on the availability of skilled labor at reasonable prices. However, in many countries labor has become unionized. They demand higher wages from the entrepreneurs and prohibit other workers from working at a lower price. This creates an upward surge in the costs required to produce and as such has a negative effect on entrepreneurship.

With the advent of globalization, entrepreneurs have witnessed the freedom to move their operations to countries where labor markets are more favorable to them. This is the reason why countries like China, India and Bangladesh have witnessed a huge rise in entrepreneurial activity in their countries.

Raw Materials

Just like labor, raw material consisting of natural resources is also an essential product required for any industry. In some countries this raw material is available through the market by paying a fair price. However, in some countries seller cartels gain complete control over these natural resources. They sell the raw materials at inflated prices and therefore usurp most of the profit that the entrepreneur can obtain. Therefore, countries where the supply of raw material faces such issues witness depletion in the number of entrepreneurial ventures over time.

Infrastructure

Lastly, there are some services which are required by almost every industry to flourish. These services would include transport, electricity etc. Since these services are so basic, they can be referred to as the infrastructure which is required to develop any business. Therefore, if any country focuses on increasing the efficiency of these services, they are likely to impact the businesses of almost all entrepreneurs in the region. Therefore, countries which have a well developed infrastructure system witness high growth of entrepreneurship and the opposite is also true.

Of course, the above list of factors is not exhaustive. Entrepreneurship is far too complex a subject to capture in a few bullet points. However, the above list does provide an indication towards the type of factors that can play an important role.

7- THE ROLE OF ENTREPRENEURS IN THE ECONOMIES OF NATIONS

Introduction

Entrepreneurs have a critical role to play in shaping the futures of the economies of nations. By creating value through starting businesses and ventures, they ensure that the wealth of the nations increases. Similarly, by exporting goods and services, they ensure that the economies earn valuable foreign exchange that is vital for the countries to import the necessary goods and services. In addition, by creating jobs, they ensure that the people in the nations are gainfully employed. Moreover, through their social causes and championing of public good endeavors, they actualize sustainability, social justice, and environmental responsibility.

Perhaps the biggest contribution or the underlying theme that runs through all these contributions is their innate ability to innovate that ensures speedy and efficient development of nations and their economies. As we shall discuss in the next section, innovation is the differentiator between the success and failures of nations and their economies.

Innovation is the Key to Success

To understand the role and the importance of innovation, one must consider how Europe pulled ahead of China and India through the "great divergence" in the time of the First Industrial Revolution in the late eighteenth and nineteenth centuries.

Before this, Asia was the dominant economic player in the world. However with the advent of the First Industrial Revolution, European economies took off in a big way. The reason for this was the entrepreneurial spirit and the innovative use of technology in the Continent which was responsible for its aggressive growth and subsequent dominance which continues to this day. Hence, this aspect which underscores the importance of innovation is the biggest contribution that entrepreneurs make in the development of nations. Indeed, the First Industrial Revolution is a testament to the individual hard work, collective innovation, and national renaissance which was all due to the astounding courage and initiative displayed by the entrepreneurs.

How Some Nations Prosper and others Fail

Turning to the aftermath of the world wars when countries had to be rebuilt and economies had to be developed, it is indeed the case that through the same qualities noted above, the entrepreneurs in some countries succeeded in ensuring that those countries emerged out of the rubble and the chaos to become successes. We are talking about Germany, Japan, and some Asian countries such as South Korea wherein the entrepreneurial spirit in addition to and with some help from the governments ensured that these economies pulled ahead of others such as China and India. Indeed, if not anything, the governments and the state should at least not come in the way of the entrepreneurs and stifle their creativity and innovation if they cannot enable and empower them. As we shall discuss in the next section, China realized this aspect sooner than India which again accounts for the differences in the development of these countries.

The Role of the State

As mentioned earlier, the unleashing of entrepreneurial spirit and dynamism in addition to innovation calls for an increased role of the state where it has to provide the infrastructure or the hardware for the entrepreneurs to succeed. Similar to a computer where the software sits on top of the hardware, the entrepreneurs can succeed by creating the necessary software only when the hardware is in place. It is indeed to the credit of the Chinese government and the leadership that though this realization came late, they were able to jumpstart the economy and ensures that their country becomes an economic superpower. As for India, the fact that it has realized that it is better late than never in ensuring that entrepreneurial energies are unleashed means that it is on its way to emerging from the abyss of underdevelopment and backwardness.

Entrepreneurs keep Economies going

Some experts in recent years have gone so far as to state that it is the entrepreneurs who keep the countries from collapsing due to social and political factors. Imagine how a typical day begins and plays it out in our everyday lives. No matter what would have happened the previous day, the first thing you get in the morning is the milk and the essential goods in addition to the newspapers and other items that are critical for everyday existence. Who delivers all these items rain or shine are the entrepreneurs millions of whom contribute and lubricate the levers of the everyday lives of peoples and shape the economic trajectories of nations. Indeed, the fact that it is entrepreneurs who keep the country from collapsing is made clearer when one considers how countries like India seem to bounce back from crises and step back from the abyss whenever there is a social or a political event that threatens the socioeconomic fabric of the nation.

Conclusion

As the founder of modern economics, Adam Smith, put it, it is the economic incentives of the entrepreneurs that ensures that you get bread on your tables every morning. In other words, the entrepreneur is not being altruistic when he goes about his or her business. Rather, it is his selfishness in making a profit that contributes to the economies of nations. Therefore, one must realize the fact that profit is not a bad word and that once everybody agrees that economic aspects keep us going, and then all of us would benefit since we would think rationally and objectively about the need to create an ecosystem for ourselves and by extension, contribute to the economic development of nations. In short, let us celebrate the astounding entrepreneurial spirit in ourselves and in others, and instead of creating impediments, let us ensure that we enable and empower ourselves and others in fostering creativity and innovation.

8- WHEN SHOULD ENTREPRENEURS TRANSITION TO NEXT GENERATION OF LEADERS

Why do Entrepreneurs Exit ?

Entrepreneurs launch new ventures some of which go on to become successful and game changing businesses. When the ventures become hits in their own right, some entrepreneurs hand over the reins to others whereas some sell their ventures or their stakes to other investors and businesspersons. Think of Sabeer Bhatia who launched Hotmail which was subsequently bought over by Microsoft. Hotmail was indeed a game changer wherein Bhatia brought to fruition the world's first free web based email service. This was a classic example of an entrepreneur who was impatient to launch other ideas and ventures though it needs to be mentioned that Bhatia did not taste the heady success that he had with Hotmail.

Entrepreneurs who do not Exit

Of course, this example cannot be generalized to all entrepreneurs as many of them manage their ventures well into decades. For instance, Bill Gates of Microsoft is an example of an entrepreneur who managed it for decades before transitioning to the next generation of leaders. The reason for choosing these two examples is because they show how some entrepreneurs look for other ideas and to start new ventures whereas other entrepreneurs are content with managing the ventures that they helped incubate and bring to market.

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In other words, the question as to when should entrepreneurs exit their ventures if they do at all and the question as to when should they transition to new leaders and the next generation is something that depends on a combination of factors.

When is the Right Time to Exit ?

For instance, it was recently announced that the Indian IT (Information Technology) bellwether, Infosys, would no longer have any of the founders in executive positions and instead, the appointment of a non-founder as CEO (Chief Executive Officer) was supposed to mark the transition from the entrepreneurs to professionals from outside. Indeed, this decision was also accompanied by an announcement that the founders would no longer be called promoters and that henceforth; they would be treated as any other shareholders. The case of Infosys is an example of how the founders and promoters of successful ventures often face the dilemma of when to exit their ventures.

The need for Self Actualization

Indeed, except for family owned enterprises such as Fidelity, TATA group, and to a certain extent, the Reliance conglomerate, it is often the case that there comes a time in the evolution of businesses where the promoters and the founders feel that they have done their bit and hence, it is time to move on. In some cases such as Sabeer Bhatia, it is the thrill of launching new ventures again and again whereas in other cases, it is for the reason that many entrepreneurs would like to become angel investors and Sherpa’s for the younger generation. This desire corresponds to the Self Actualization phase of the Maslow Needs Hierarchy model wherein the entrepreneurs feel that they have to become social champions and visionaries wherein their ideals can be used for the benefit of society rather than only for the firms that they have founded.

Entrepreneurs being forced out

Having said that, it must also be noted that some entrepreneurs are literally forced out of their positions because the investors and other board members feel the need for new faces in addition to corporate intrigues which are done by stealth. Think of the late legendary Steve Jobs who in his first stint at Apple was forced to leave though what happened subsequently was that he was brought back to turnaround the firm.

Indeed, Jobs had the last laugh (literally and figuratively) as he engineered the transformation of Apple into the world's largest company by market capitalization.

Continuing the same point, there are other cases of entrepreneurs who have been edged out of their positions as promoters and founders. The reasons for this range from non-performance or simply the feeling that "he or she has lost their touch" and the aspect of the institutional investors insisting on professional management rather than family ownership. The lesson for us here is that it is better for entrepreneurs to quit or exit the firms when the going is good instead of clinging on to their positions and being forced out or realizing that they cannot add value anymore.

Divergence between Founders vision and Ground Realities

Another reason for such exits is that when the firms become too large or big, the vision of the founders and the ground realities in them become so divorced from each other that the founders realize that it is time for them to move on. This was the case with Infosys wherein it became a behemoth where ground realities were vastly different from what the founders wanted in recent years. Despite the best efforts of many stakeholders of Infosys, the realization that it was time to move on finally dawned on all concerned. This was driven by the fact that Infosys was widely perceived to have lost its Mojo because of this divergence.

Conclusion

Finally, some entrepreneurs plan the transition to the next generation well in advance and though this is an ideal that few can match, nonetheless, many experts believe that this is the best course of action for all concerned. Though examples of this kind of transition are rare, it has been known to happen in earlier decades wherein firms such as Unilever and Proctor and Gamble witnessed transitions from the founders to the next generation that was not a result of corporate battles but was instead driven by a conscious decision on part of the founders.

9- VENTURE CAPITALISTS AND IRRATIONAL EXUBERANCE

The Dotcom Boom and Irrational Exuberance

For those who started their careers in the late 1990s and early 2000s would remember the Dotcom boom when the internet and software based businesses were expected to drive the future economic growth in the United States and elsewhere. Named because companies with a .com address were projecting high growth and endless revenues, this boom sparked frenzy in Venture Capital investing in these firms. However, the boom soon went bust leaving in its wake a string of failed companies, entrepreneurs who went bankrupt and venture capitalists who suffered huge losses sometimes of their own money.

If there was a lesson from this boom and subsequent bust, it is that irrational exuberance in economies must be tempered with rational and cool headed thinking where people are not carried away by the transient and temporary.

History Repeats Itself

Having said that, the nature of the markets and economies is such that lessons are rarely learnt from history and within a gap of a few years, another boom in the US economy started where venture capitalists again started funding entrepreneurs with little or no experience in running companies. Before we proceed further, we would like to make it clear that we are not per se against investing in startups or funding brilliant ideas. Indeed, the nature of capitalism is such that disruptive innovation and creative destruction are the norm.

However, what we are against is the mass mania kind of investing cycles where irrationality takes over and VCs start pouring in money in firms that do not have fundamentally strong business plans. Thus, what we caution against is irrational exuberance and illogical investing.

Are VCs Rational?

One might very well ask, why do the VCs who are industry veterans with decades of experience in investing and funding startups go wrong? Further, why would they want to invest badly and lose even more badly? The answers to these questions lie in the mechanics of global capital wherein “Easy money” and “high liquidity” means that the money has to go somewhere and this is where sometimes VCs tend to display irrational exuberance. Further, given the fact that returns on keeping money idle is less and the opportunity costs are more, it makes sense for these VCs to look to invest in companies that promise returns if only on paper. This is the reason why periodic bouts of market madness are witnessed wherein even the most venerated and experienced VCs tend to go wrong.

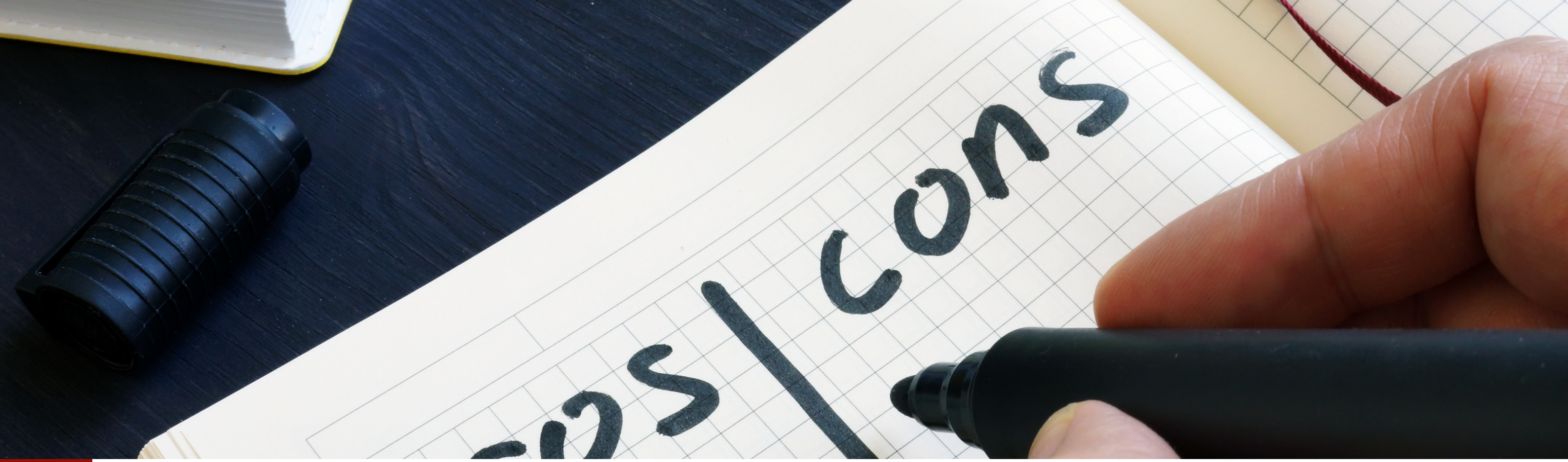
Hunt for Value Investments

Of course, this is not to say that VCs fund every entrepreneur who comes knocking. Indeed, research has shown that out of hundreds of applicants for funding, a handful are finally funded meaning that competition is intense. Therefore, it follows from this that VCs are always on the lookout for opportunities because they want to invest in companies with a bright future. Considering that they have to deal with “junk ideas” on a daily basis, they usually zero in on what their models of investing suggest would be profitable.

A Recent Example

A recent example is the Indian e-business portal Flipkart receiving a Billion Dollars in capital infusion from abroad. While there are many who question whether Flipkart would be able to justify such huge investments, there are others who believe that given the rather weak market for funding in recent years, this company has a solid business model and hence, can be trusted to deliver. The key take-away from this example is that we are of the view that such deals should be based on rational and logical valuations and not because the VCs have money to spare or because the future lies in the emerging markets. In conclusion, as long as there is money to invest there would be VCs and as long as there are VCs, there would be entrepreneurs on the lookout for funding.

Therefore, the key point to note here is that it is important to find balance and not get carried away by the crowd.



10- WORKING FOR STARTUPS - PROS AND CONS

Why Graduates are Flocking to Startups

In recent years, many fresh graduates as well as experienced professionals want to work for startups as they feel that by doing so, they would be adding value to themselves as well as being part of an exciting and creative journey.

The **first aspect about adding value for themselves comes from the fact that startups often work in an unstructured manner where out of box thinking and dealing with uncertainty are the norms**. This means that employees of startups would learn critical and essential problem solving skills which would help them later on in their career.

The **second aspect is because many feel that by being part of a concept or a venture that is new and represents a change from traditional companies would be challenging and stimulating to them**.

These then are some of the reasons why many graduates want to work in startups which as recent placement season statistics show lapped up more than 50 percent of the graduating class in many business schools.

Some Risks of Working for Startups

Having said that, there are a few things to consider before committing oneself to a startup. To start with, there is no guarantee that the venture would succeed and be a source of stable income for the longer term. Indeed, the fact that many startups fail after a few years means that if you want to work for them, you must be prepared to take the rough along with the smooth. Next, many startups entice graduates with offers of stock options after they go public. The assumption here is that the startup if it becomes public would reap a windfall from the stocks. However, we reckon that this is a big risk because not all startups eventually go public and even if they do, they are not guaranteed of a booming rise in their share prices. Consider the example of Facebook which despite its high valuations flattered to deceive after its IPO or Initial Public Offering bombed in the market.

Do your Due Diligence

We are not trying to scare away the people away from the startups. Rather the intention here is to remind you that you must do your due diligence before committing yourself. Indeed, more often than not, startups offer exciting career prospects that include interacting with many famous people in the industry as startups are known to encourage even the newcomers to take more responsibility than they would get in established companies. Moreover, the thrill of seeing your work make waves is something that only an entrepreneurial venture can provide you. Apart from that, the fact that startups offer creative people a chance to put their creativity to good use. In addition, potential entrepreneurs who want to launch their own startups sometime in the future would learn a lot from working for such ventures in the initial phases of their career.

Conclusion: Does your personality fit that of the Startups ?

On balance, it would seem that the positive aspects of working for startups outweigh the risks. An important determinant of whether startups are made for you and vice versa would be your personality as well as your inherent tendencies towards risk and rewards. Working in startups is not for those who have many personal commitments because of the risks that were described earlier. On the other hand, startups are ideal for those who do not particularly like hierarchy and want independence. Therefore, check these aspects and determine whether you are a right fit for the startups.

11- PUBLIC PRIVATE PARTNERSHIP PROJECTS: THE INDIAN EXPERIENCE

Introduction

Infrastructure is crucial to the growth and sustenance of the Indian economy. With the country being a developing one which is just now beginning to enter the trajectory of economic growth that would catapult it into the league of developed countries, it is vital for massive investments to be made in infrastructure and the construction of airports, ports, highways, and public housing.

Since the Indian government is perennially strapped for cash, which is the case with other developing countries as well, there is a need for the private sector to pitch in and contribute to the development of the economy. Having said that, it must also be noted that for such private sector participation to actualize, they need to be incentivized economically and financially as well as assured returns on their investment.

Public Private Partnership (PPP) Projects

PPP projects are defined as partnerships between the state and the private sector, which cannot be called, either as complete privatization or complete governmental control. This means that the PPP projects are essentially partnerships that are formed for a specific purpose through the creation of a SPV (Special Purpose Vehicle) that has private sector equity as well as governmental stake in the form of land, water, and other resources that the government can offer the concessionaires to develop infrastructure around them and in them.

As has been mentioned in the introduction, PPP projects are the way forward for India, which has limited resources and hence, needs private sector participation as far as possible. Further, given the need to develop infrastructure on a war footing, the private sector with its deep expertise and experience in executing such projects would be in a better position than the government in this respect.

Problems with PPP Projects

Having said that, the experience of the PPP projects in the infrastructure sector in India has been a mixed bag with more failures than successes and the succeeding discussion highlights the problems and suggests some solutions. It would suffice to state here that future partnerships can learn from the successes and avoid the pitfalls that led to the failure of the other projects.

Perhaps the biggest problem that bedevils the infrastructure sector and the issue of the PPP projects is that the whole process is not transparent to the various stakeholders other than the governmental bureaucrats. Further, it is also the case that in instances where the PPP projects have failed, the blame game that ensues in the aftermath is usually directed towards the private players.

This creates perverse incentives for the other players who might reconsider their investments. Moreover, with so much of red tape and decision-making paralysis in recent years, investors are reluctant to invest in the PPP projects in India.

Apart from the problem mentioned above, the other risk that private players carry when they execute the PPP projects is that of the political uncertainty factor. It is indeed the case with many projects such as the Hyderabad Metro Rail, the Airport in Bangalore etc that a change in the government meant a review of the project leading to uncertainty over its continuance. This can lead to losses for the private players, as they would have invested substantial amounts of money, which are at risk if the project is cancelled.

Given the pervasive nature of corruption in India, promoters and the private players tend to recoup the losses that they have incurred by way of bribes and lobbying to the public at large meaning that the costs are inflated without a scientific appraisal of such projects. Moreover, given the tentacles of the underground economy, which is estimated to be as big as the official economy, the sources of finance and funding are concerns for both the government and the other stakeholders. In other words, there is no mechanism in place that assesses whether the funding and the financing of the PPP projects is entirely from legitimate sources.

This is a tricky issue as PPP projects entail massive investments and with the chances of failure being high, they are high-risk projects. Therefore, there must be a proper mechanism in place where the risks are identified and allocated in a scientific manner. Shifting the risks on to the private players would be counterproductive as is the placing of too much risk on the government. As would be discussed later, a proper risk and reward system needs to be instituted for this purpose.

No PPP project can be executed without the sovereign guarantees extended by the government, whether at the state or at the central level. The experience of some private players in the PPP projects has been that governments change the terms and conditions o the contracts midway as well as withdraw them in some cases. Having said that, the governmental guarantees cannot become White Elephants as was the case with the Enron plant in Maharashtra.

Conclusion

The preceding discussion has made it clear that unless India embraces PPP projects wholeheartedly, it cannot make the "Great Leap Forward" which China did as far as infrastructure is concerned. Apart from this, the fact that the government is seen as the problem instead of the solution as far as the infrastructure sector is concerned means that the new government has its task cut out in attracting private players to invest in the infrastructure sector.

The preceding discussion has highlighted the problems associated with the PPP projects in India and has suggested some solutions. It is evident that most of the problems are systemic and structural in nature, which means that there is an urgent need to overhaul the archaic laws and remove the bureaucratic bottlenecks that stymie the PPP projects. Any discussion on the PPP projects in India is incomplete with a mention of the issue of corruption. Considering the fact that corruption at all levels adds costs to the PPP projects in addition to inflated project appraisals and other deleterious effects, it is indeed the case that this scourge must be tackled immediately.

Apart from these issues, the PPP projects must not be held hostage to political uncertainty and volatility. In other words, a conducive investment climate is the need of the hour in India. In conclusion, India is at the "take-off" stage as far as economic growth is concerned and if it is serious about joining the league of developed nations, it must immediately ramp up investments in the infrastructure sector and actualize the kind of growth rates that are being forecast.

12- ECONOMICS OF PUBLIC PRIVATE PARTNERSHIPS

Introduction

Public Private Partnerships or the PPP Projects are the answer to the development of countries like India that are starved of resources where the government finds itself unable to commit massive funds for infrastructure development and yet, needs such projects for economic growth. This article examines the economic aspects of the PPP projects by applying theory to the practice as is the case in India. Before launching into the discussion, it would be pertinent to note that PPP projects are here to stay and despite opposition from various quarters, it would be better if the decisions on such projects are made on economic concepts based inputs rather than on the whims and fancies of the players.

Incentives and Distortions

To start with, **private players must be incentivized to participate in the PPP projects**. Starting from the initial tendering to the contract singing and extending to the execution, implementation, and maintenance, at each stage, the private players must be assured of returns on their investment. For instance, it is common for many highways and other construction projects in India to be executed on a Build-Operate- Own/Transfer mode wherein the concessionaire is allowed to levy tolls and collect money from the motorists using such infrastructure. It is the case with the airports wherein the private players can operate them through revenues accrued by way of levies and user development fees.

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However, in recent years, there has been a tendency by civil society egged on by vested political and other interests to agitate against the levying of tolls on highways. This creates a disincentive for the private sector as they can neither recoup their investment nor transfer the project considering the sunk costs. Therefore, the incentive system must be in place and equally important is the honoring of the contractual obligations by the government in a transparent manner.

Correct Estimation of Risk and Return

Apart from the incentives that must lure the private players, the **risk and return** equation must not be skewed against the latter and the reward system being offered to the private players must be appropriate to the risks that they are carrying. For instance, it is common in India to draft concessionaire agreements that are skewed in favor of the government in some cases and in favor of the private players in other cases. The determination of as to who is rewarded depends on a host of factors including the closeness of the private players to the powers that be and other forms of crony capitalism. This must be avoided at all costs and the risk and reward equation must be scientific in nature without allowing for biases etc.

The Problems of Moral Hazard

Having said that, it must also be noted that in some cases, the Indian government has been bending over backwards to some private players especially in the case of ports and airports. This has taken the form of arranging for soft loans and deferring the payment period as well as bailing them out when necessary. This creates a problem of **moral hazard** wherein such concessions to some can be demanded by the others as well. The world witnessed the mega bailouts of the big banks in the aftermath of the 2008 financial crisis. Some economists decried such bailouts as being morally hazardous as they reward bad behavior and penalize those who have played by the rules, it is indeed the case that the Indian government would well be advised to draw lessons from this and ensure that it does not fall into this trap.

Mapping Demand and Supply

Next, and perhaps the most important aspect as far as economic theory is concerned is that there must be a balanced demand and supply equation as far as the PPP projects are concerned. Recent research indicates that the construction industry has been overly invested in leading to excess supply in the absence of adequate demand. For instance, the inventory buildup in some of the infrastructure projects such as public housing and the creation of SEZs or Special Economic Zones reveals that massive investments have been made in these sectors that have resulted in oversupply.

Allocation of Resources

Fourth, the **guns vs. butter** dilemma is something that the Indian government grapples with as far as PPP projects are concerned. Considering the fact that India is still a developing country and hence, needs to invest massively in creation of social infrastructure, it is faced with a dilemma of channeling investments and partnering with the private sector according to the priorities that are determined by the above aspects. However, it is also the case that India needs modern infrastructure such as world-class airports and hence, cannot shy away from inviting private participation in such ventures. At the same time, there have been vociferous protests against excessive investments in infrastructure that ignore the needs of the average person. Therefore, it is indeed a balancing act for the government as it tries to grapple with this dilemma.

Conclusion

As can be seen from the above discussion, PPP projects have to be evaluated financed, and revenue generation done based solely on the economic aspects by applying theory and not because of political or other considerations. For long, the PPP projects in many developing countries have been hostage to political compulsions and hidden agendas of vested interests. It is high time all the stakeholders agreed on evaluating and executing the PPP projects on the basis of the points mentioned in this article rather than on the basis of vote bank politics and crony capitalistic considerations.

13- ENTREPRENEURSHIP IN EMERGING ECONOMIES: BOOM AND BUST AND BUSINESS MODELS

A New Haven for Western Capital

Ever since the opening up of the global economy in the 1990s, several hitherto Third World countries in Asia and Africa began to liberalize and integrate themselves into the global economic system. This meant that there were more chances for entrepreneurs in these countries and from abroad to flourish because of the business friendly policies pursued by the governments in these countries. This also had the effect of spurring investment and incubating new ventures either due to venture capital investments from the West or due to internally generated or sourced avenues for investment. While the former was helped by the opening up of the financial markets of countries such as India to foreign capital, the latter was helped by the accelerating economic growth in these countries which freed up capital of the business houses that can then spare some money for funding new startups and new ventures.

Barriers and Crony Capitalism

Having said that, it must also be noted that despite the liberalization and the laissez faire approach taken by these countries, several obstacles remained in the way of entrepreneurs when they ventured into the business world. For instance, though India witnessed a startup boom in the last decade, until recently, entrepreneurs had to contend with dealing with red tape and bureaucracy which meant that more often than not, they had to face delays in securing approvals and licenses to start their ventures.

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Moreover, in the initial rush to open new ventures, many entrepreneurs in the emerging economies in Asia such as Indonesia, Thailand, and India resorted to "crony capitalism" which meant that they succeeded not because they had a game changing idea or because their business models were superior, but because they had the right contacts and the right connections which made it easier for them to secure licenses, funding, and other aspects.

The Collapsing Startups

Therefore, these ventures often started with a bang and ended with a whimper once the projected revenues did not materialize due to the deficiency in their business model or due to the fact that most of the stratospheric projections that they made to secure funding were based on flimsy and unrealistic growth and revenue expectations. Matters were also not helped by the global economic crisis of 2008 which saw many such ventures collapsing because of the funding that dried up as well as due to the fact that many of these ventures were based on dubious business practices. In addition, the regulators who by now were aware of these shenanigans quickly started to look deeper into these ventures which meant that they could not rely on their connections alone to sustain themselves. Further, the civil society and the activists fighting such practices became more aware and more conscious of these practices which resulted in greater scrutiny.

Success Stories

Of course, this does not mean that all new ventures launched during the economic boom were necessarily based on flawed and corrupt practices. For instance, there are many Asian companies who not only became leaders in their chosen business area but also took their brands global and succeeded in winning in the global marketplace. Indeed, the fact that Asian brands were now recognized for their worth and inherent value generating capabilities is exemplified in the success of the Indian IT Industry, the success of the Chinese companies such as Alibaba, and the spectacular growth of Latin American and African companies. However, the fact remains that in the aftermath of the bust of 2008, many Western venture capitalists were wary of funding emerging market startups without due diligence and started to insist on "showing them the money" or to have robust business models.

A New Boom ?

Finally, the situation as it stands now is that eCommerce companies such as Flipkart, Snapdeal, and Myntra in India have attracted Billions of Dollars in funding in recent years. While one cannot paint them with the same brush and conclude that their business models are suspect, the fact remains that most of these eCommerce companies including Uber base their revenue growth projections and estimates on future business as well as gross sales which after discounting cannot be said to yield much in profits. Indeed, the fact that several questions are being raised about the sustainability of these companies must surely caution investors and industry analysts as to whether these companies would not meet the fate of the Dotcom ones that collapsed during the bursting of the tech bubble and other startups that collapsed in the aftermath of the 2008 crisis

14- ENTREPRENEURIAL CHALLENGES AND OPPORTUNITIES IN ASIA

The Asian Juggernaut

Aspiring entrepreneurs around the world have several opportunities both within their countries as well as in overseas destinations. **With the opening up of many Asian economies, western entrepreneurs can now invest in countries such as China and India along with Indonesia and Thailand in addition to the latest entrants Vietnam and Cambodia**. Indeed, all these economies have been growing at a faster rate than the ones in Latin America and Eastern Europe. Having said that, it must be noted that despite the governments in these countries being business friendly and open to foreign investment, the ground realities are such that entrepreneurs might find the going tough due to a number of reasons.

Challenges for Doing Business

1- First, the red tape and the bureaucracy in these countries means that unless the entrepreneur is well connected locally, he or she would be facing hurdles in land acquisition, licenses, and other approvals. In addition, the legal system in many of these countries is slow moving and archaic meaning that honoring of contracts and arbitration in case of legal disputes would take a long time and more importantly, would be subject to age old laws and regulations.

2- Second, despite the enthusiasm at the national level, entrepreneurs would have to deal with the state and provincial governments in these countries which have their own set of policies governing business and regulating commerce.

3- Third, the infrastructure in these countries is sometimes not up to global and western standards meaning that bad roads, erratic and poor power supply, irregular water, and urban congestion mean that the entrepreneurs have to deal with these challenges as well. Fourth, social stability and unrest are big risk factors as is the aspect of safety of women which means that unless the entrepreneur is planning to have a setup with minimal staff, he or she would have to contend with all these issues as well.

Opportunities for Growth

However, the picture is not as gloomy as it sounds since there are still some bright spots in these countries that offer entrepreneurs the chance to actualize their dreams. For one, the emerging middle classes in these countries are a source of rich workforce which means that there is a readily available base for the entrepreneurs to hire. Second, the wages are low by western standards and this means that any venture in these countries can be carried out at substantially low costs than in the west. Third, the purchasing power of the people in these countries is growing meaning that there is a ready and untapped market for consumer goods and durables.

Finding the Balance

Therefore, it is evident that while there are challenges there are opportunities as well and vice versa and hence, finding balance is up to the entrepreneurs so that their businesses or ventures can succeed. There are a number of ways in which the entrepreneurs can ensure success of their ventures and this is in finding creative and innovative solutions to the problems. For instance, both Shanghai in China and Bangalore in India have emerged as innovation hotspots where new startups and ventures are succeeding. In addition, Ho Chi Minh City in Vietnam and Laos in Cambodia have emerged as viable contenders to these countries though they are still far behind.

Some Booming Sectors

The point that we are trying to make is that these countries offer the much needed worker and purchasing power capabilities in addition to having oases of business incubators amidst the chaos. Indeed, if one looks at the number of tech startups in Bangalore in the last two years and the number of biotech and alternative energy ventures in Shanghai, there is a distinct feeling that the entrepreneurial energy is being unleashed after a lull following the 2008 global economic crisis.

The success of the eCommerce ventures in China and India wherein companies such as Alibaba and Flipkart have been growing exponentially means that there are enough opportunities for growth in these countries. This is the reason why many venture capitalists and angel investors have been pouring money into these sectors in addition to global giants such as Amazon setting up their regional bases.

Growth is not a Luxury but a Necessity

Finally, all these countries are making efforts to harness the power of the entrepreneurs since the governments as well as the people have realized that unless they grow and continue to grow, ensuring that the young get jobs and actualizing stability for the people would be difficult leading to chaos and unrest. Therefore, it is the case that these countries do not have the luxury of waiting for growth to happen and instead, they have to make it happen and this is something that entrepreneurs can take heart from.

15- ENTREPRENEURS AND HOT MONEY FLOWS AND INVESTMENTS

The Symbiotic Relationship between Financiers and Entrepreneurs

Entrepreneurs need funding and venture capitalists and financiers need emerging businesses with great potential for investments. Therefore, **there is a symbiotic relationship with entrepreneurs and the financiers** wherein each need the other for mutual gain. While the entrepreneurs would use the capital invested by the financiers to grow and expand their businesses as well as the more important aspect of returning profits on the investment, the financiers would benefit from the profits since their investments are generating returns.

Having said that, it is certainly not the case that financiers invest in just about every new business without doing their due diligence. Indeed, one of the key aspects about entrepreneurship and entrepreneurs is that they need to have compelling business idea and a robust business model that would convince the financiers to invest in their companies. This is one of the reasons why entrepreneurs find it hard to raise funds especially during economic downturns since the financiers would insist on robust and profit making business models which not all entrepreneurs can come up with.

What is “Hot Money” and How it Impacts Entrepreneurs

Turning to how financiers fund during economic booms, when money is plenty and capital is abundant, the financiers would be more than willing in pump in large amounts of money in what they deem to be solid ventures.

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Now, **when does capital become abundant and when does it become scarce?** As mentioned earlier the former is when there is a boom wherein “hot money” is in search of good investments and the latter is when during economic recessions when capital is hard to come by.

In recent years, the Western world has seen the rise of many financiers who have benefited from the ultra loose monetary policies and the fact that interest rates in the West are close to zero. This is an incentive for them to look for avenues to channel their capital. Indeed, this is what is referred to as **“hot money” wherein there is so much liquidity** in the system that the financiers would be willing to invest even in mediocre startups that promise modest returns. As can be seen from the points made so far, whenever there is hot money in search of investments, there tends to be a boom in the rise of the startups wherein even those entrepreneurs who have earlier not fancied their chances become hopeful of investments into their ventures.

Creation of Bubbles

Having said that, there needs to be a note of caution here especially when such hot money flows result in “bubbles” being created. A bubble in economic terms is when there is an artificial inflation or increase in the value of an asset or an entity which is not supported by fundamentals. In other words, say you have a house which is worth a Million Dollars. When there is easy money flowing in the system, the same house can be sold for more than a Million Dollars since there are more buyers willing to shell out more money. This is because the buyers are flush with funds due to easy financing, increased salaries, or even the growing economy because of which they feel that they can invest more since the prices would go up in the future. Such bubbles can be seen in many of the recent crop of startups especially in the Indian eCommerce sector. This is because there are many Western financiers who find themselves with abundant capital and hence, need to invest such capital somewhere. Considering that most asset classes in the West are not generating the kind of returns that the investors want, they are looking for greener pastures in Asia which they feel would justify their investments. Further, with the future projections for the Indian economy being forecast as very bright, these investors feel that they would be more than getting their anticipated returns.

The Indian eCommerce Sector and Hot Money

This has led to a situation in the Indian eCommerce sector wherein even companies that have not generated any returns or profits are the subject of Billion Dollar investments and valuations so high that one wonders whether there is another bubble in the making here. Indeed, the situation in this sector is reminiscent of the Dotcom bubble in the 2000s wherein investors were willing to invest just about in any venture with a .com suffix since capital was so abundant that it needed avenues for investments.

Of course, the investors are not fools now or even then since at the first sign of the bubble bursting, they would withdraw their funding and "exit" from the ventures just as they did when the dotcom bubble burst. Therefore, entrepreneurs have to be conscious of this fact and not promise the Moon when all they can deliver are modest reruns from their businesses. In addition, the individual investors in the stocks of these companies must proceed with caution especially when they invest in IPOs (Initial Public Offerings) of these companies.

What Goes up has to Come Down

Finally, it is always better to remember that "what goes up has to come down eventually" which means that despite all the hype and marketing as well as "spin" over the prospects of the startups, unless the business fundamentals are strong, there is a tendency for "correction" sooner or later and hence, all stakeholders must be cognizant of the basics of economics.

In conclusion, when the flows of "hot money" subside eventually as the interest rates in the West are poised to be hiked in the coming months, the companies and businesses of entrepreneurs that have the business models based on sound economic and management principles would be the ones that would remain in contention.

16- WHY ENTREPRENEURS MUST BE OPPORTUNISTS AND BE IN CONTROL OVER THEIR FUTURE

Entrepreneurs must be Opportunists

The term opportunist is often used to refer to someone who is supposed to change their positions and stand depending on the circumstances. Indeed, when someone says that somebody else is an opportunist, it is usually in the negative sense wherein the other person is being categorized as an individual who cannot be trusted.

However, as far as entrepreneurs are concerned, they need to seize opportunities and change with the times as well as capitalize on the business opportunities as they arise and leverage on changing market trends and consumer behavior. Indeed, there is nothing wrong with an entrepreneur being an opportunist since he or she is expected to make money for their investors as well as themselves.

Further, **it is also the case that entrepreneurs have to be "chameleon" like meaning that they must be able to change with changing market trends** and ensure that their ventures remain competitive.

Getting There Early and Sensing the Future

In addition, entrepreneurs must be able to "get there early" and "sense the future" meaning that they must be always on the lookout for new opportunities to grow their businesses and make hay while the sun shines. Getting there early means that entrepreneurs have to keep themselves abreast of changes in the external marketplace and orient their business strategies accordingly.

Moreover, competing with others means that competitive advantage is gained only when entrepreneurs are able to sense market trends and intuit the changes better than their peers and rivals. Therefore, **entrepreneurs must indeed capitalize on the emerging opportunities** and hence, they must be nimble and agile not to leave out fleet footed as they strive to maintain their competitiveness and enhance their business worth. For all these reasons, we feel that entrepreneurs must be opportunists who can compete by getting there early.

Black Swans and Entrepreneurs

Moreover, entrepreneurs must be able to be in charge of their future meaning that "**Black Swans**" and other high impact and low probability events must not shake them or their businesses. The term Black Swans has been coined by the famous expert on future sensing and probabilistic planning, Nicholas Naseem Taleb to refer to sudden dislocations and unanticipated events that have the potential to take everyone by surprise and cause maximum damage

.

For instance, when market crashes or market moving geopolitical and sociopolitical events happen out of the blue, entrepreneurs must not be taken by surprise and instead, be in a position to "ride out the storm" or even better, able to sense that the "ground is shaking under their feet" and prepare and strategize accordingly. In addition, they must also be able to "ride the waves of the future" by peering into the horizon and sensing when the waves would hit the shore.

The Age of Disruption Calls for Innovative and Inventive Approaches

We live in an age of disruption when the average age of companies in terms of their longevity has fallen from around 50 years after the Second World War to 18 years at the moment.

Moreover, exponential technological change means that companies such as Blackberry and Nokia which were the market leaders just a few years ago are nowhere in the reckoning now. Apart from this, with globalization and the formation of a "global village" where telecommunications means the "death of distance and time" where everyone from everywhere competes with anyone from anywhere means that entrepreneurs have to develop the knack of thinking global and acting local so that global changes do not sweep them away and local disruptions do not cause dislocations and shuttering of their ventures.

As can be seen from the points made so far, **entrepreneurs should indeed be Glocal in their approach** as well as be able to seize opportunities and leverage on the rapidly changing market trends.

The iPhone or the Jesus Phone as an Example of Game Changing Vision

Further, the combination of being opportunistic and being control of their future means that entrepreneurs should also be visionary and farsighted. For instance, nobody had anticipated that the Mobile Phone could become a Virtual Personal Assistant as well as a Work desk in the way the late legendary Steve Jobs envisioned and brought about the Smartphone revolution by inventing the iPhone which is called the “Jesus Phone” for its market shattering features that simply transformed and revolutionized the mobile computing market.

In the same manner, nobody could have thought that the Personal Computer could replace many of the routine tasks in offices by automating them and putting the power of computing on every desktop in the way in which Bill Gates of Microsoft did.

The lessons from the success stories of these entrepreneurs are that they were not only able to create opportunities as well as be opportunistic, they were also in control over their future wherein they were able to sense the future as well as leverage on the intersecting processes of computing, technological change, and changing workplace processes.

Conclusion

Finally, entrepreneurs must be able to adapt and adopt themselves to the periodic booms and busts in the markets. For instance, there are entrepreneurs such as Google’s Larry Paige and Eric Schmidt who as soon as the market changed with the 2008 Recession were able to change their business strategies so that Google diversifies as well as consolidates its market position by innovation and invention and thus, escape being victims of the market changes.

To conclude the article, it is our view that being an opportunist is nothing wrong as far as entrepreneurs are concerned in addition to them being able to control the future.

17- EMERGING WORLD OF ENTREPRENEURSHIP: UNICORNS AND BILLION DOLLAR START-UPS

The successive waves of Entrepreneurship that began with the initial capitalists when countries were industrializing, and then continued with the advent of the Digital Age, has now reached a stage where eCommerce companies and Smartphone App based aggregators and businesses are the leading forms of entrepreneurship.

In this context, it is worthwhile to note that the companies such as Uber, AirBnB, and Alibaba in the United States and China, Flipkart and Zomato in India, and Amazon worldwide represent the latest wave of entrepreneurial startups that have gone on to become famous and attract Billion Dollar funding.

Indeed, it would not be an exaggeration to state that the Entrepreneurs behind these ventures and startups have literally shaken the existing market models to the core and disrupted the way business is done both in the developed and developing world.

The media is full of stories and coverage about these “New Age” ventures that have emerged from nowhere and have attracted Billion Dollar valuations and funding from deep pocketed angel investors and venture capitalists.

Indeed, the media has coined a term for the hottest of these startups by naming them Unicorns after the Mythical creature that could fly and do no wrong. Further, the eye popping funding and the high and steep valuations can only mean that going forward there would be more entrepreneurs who would like to emulate and follow the success stories as role models.

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Having said that, it must also be noted that this "irrational exuberance" that is being witnessed now is reminiscent of the late 1990s and the early 2000s when the Dotcom boom was at its peak where it was jokingly said that anyone with a website and a basic business model could attract funding from VCs and Angel Investors.

Therefore, **one must indeed be circumspect when evaluating whether the stratospheric valuations of the Unicorns are indeed justified or they represent the investment of excess liquidity** as a result of the ultra loose monetary policies of the Central Banks of the world in the decades leading to the 2008 crisis and succeeding years when it was thought that the only way to stimulate growth is by pumping money into the system.

In other words, the point that is being made here is that since the Federal Reserve has held rates at or near Zero for much of the last decade, it is worth remembering that this has resulted in more money being available in the system and some if not all of which is finding its way into assets worldwide that includes investments in Unicorns and other eCommerce companies.

While not downplaying the sound business models of Unicorns such as Uber that have well and truly disrupted the status quo, it is the case that one must balance these aspects of easy liquidity with that of whether the Unicorns and those ventures that are being led by entrepreneurs with "stars in their eyes" are indeed worth the investments.

Another point that needs to be made is that for many eCommerce startups in emerging economies such as India, their current strategy is to engage in a price war with their competitors in a "race to the bottom" marketing and business strategy wherein many of these ventures are "burning money" or what is known in industry jargon and parlance as "burn rate" meaning that they are losing money just to attract new customers and retain existing customers by offering never before heard discounts.

Indeed, anyone who has shopped online or on mobile in the last few months in China, India, and to some extent the United States would have noticed the discount during holiday periods and seasons that extend to 50% or more which as any businessperson would tell you are simply not sustainable.

The idea behind these discounting wars is to build up a loyal and wide customer base that would keep coming and returning for more once they are "hooked on" and then increase the prices so that the market share that has been built up cannot be eroded even when prices are raised.

Indeed, this is the strategy that has been followed by the "poster child" of the Unicorns, Uber that has ensured that once it gains market share, then it would engage in pricing that is more realistic and based more on business fundamentals. Thought this sounds like a good business strategy, one has to remember that there can be other new entrants who flush with funding can also engage in price wars so that by now established Unicorns are given a "run for their money".

At the risk of sounding pessimistic, all that we are saying is that there must be more realistic assessments and evaluations from this "new generation and new age" entrepreneurs and their funders so that a repeat of the Dotcom bust that happened a decade and half ago is not repeated.

To conclude this article, it needs to be reiterated that while some genuinely disruptive Unicorns are rewriting the rules of business, there are an equal number of them that are simply walking on air thereby raising the possibility of them crashing to the ground once the euphoria dies down.

In other words, businesses must make money and profits and investors must get returns on their capital and investments at some point in time and hence, as any business management theory would tell us, only companies with sound fundamentals "make the cut" ultimately and this is something that applies to the Unicorns as well.

18- WHY THE RULE OF LAW IS AN ABSOLUTE NECESSITY FOR BUSINESSES TO PROSPER

Difference between the West and the East

Why do businesses in Europe and the United States prosper when compared to the ones in Asia and Africa? Why do businesspersons find it easier to do business in the West when compared to the countries in the East? Apart from natural geographical advantages and availability of resources, is there something else that ensures that businesses find it easier to operate in some countries whereas they fail to do so in other countries?

Rule of Law

The answer to this partly can be found in the way the West operates under the rule of law and contracts whereas the East operates through fixing and gaming the system? in other words, **businesspersons need to circumvent laws and regulations in many Asian and African countries whereas in the West they can be assured that contractual obligations would be honored** and in case of deficiencies, the courts and the political system apart from the Executive would give them a swift and fair hearing and trail.

Example of a Global Company

To explain this further, consider a global company that operates worldwide and has an extensive network of suppliers, customers, and vendors apart from employees and other stakeholders all over the world. If for instance, a supplier reneges on his or her promise to deliver; this company can sue the supplier and ensure that losses are recovered.

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However, if such court cases and legal remedies take years or decades and moreover are fraught with uncertainties, then the company would necessarily have to explore extra judicial methods to recover its losses.

On the other hand, if the courts and the judicial system along with the law enforcement agencies help the company recovers from its setbacks with the suppliers in a speedy and time bound manner, and then the company would in all likelihood operate in a country or a region that guarantees these benefits.
This is the crucial difference between the West and the East in terms of upholding and enforcing the rule of law that ensures smooth operations for businesses.

The Case of India
Indeed, this is the reason why many multinationals are reluctant to enter countries such as India where the sclerotic and the tardy and lethargic judicial and law enforcement system cannot guarantees protection against fraud and malpractice. Moreover, they also need to pay bribes and spend huge amounts of money just to conduct their business that creates additional costs as well as introduces more layers into their already complex mode of operations.

Further, this is also the reason why many multinationals that operate in India prefer to have Singapore as the arbitration center in case of legal and commercial disputes. Indeed, the fact that Singapore offers speedy and time bound disposal of dispute resolution mechanisms has often been cited as one of the reasons why global corporations insist on taking their disputes in Asian countries to the city state.

The Case of China
The case of China is different from India since though it also has an archaic justice and judicial system, nonetheless, the political and the bureaucratic system offers the business protection and guarantees that their cases would be handled and resolved in a quick manner. In other words, the rule of law is enforced especially where it concerns businesses since China wants more and more multinationals to operate in its country.

Having said that, it must be noted that issues such as Piracy and Copyright Infringement still impose costs on Western businesses when they operate in China and this is something that remains a sticking point. Of course, this is not to say that Western businesses in China do not pay bribes or kickbacks. Just that they stand a better chance in matters pertaining to the rule of the law when compared to India.

Why Rule of Law is Absolutely Necessary

Turning to the point that the rule of law is absolutely necessary for businesses to operate, we can see why this is the case by taking another example of a company that has multiple stakeholders. For instance, if an employee is caught violating the codes of conduct, then the company is well within its rights to fire him or her.

However, if the company does not do so out of fear of offending some section or interests that support the employee, then it can be said that the company is preferring to abstain rather than following the law. In another case, if the company finds that there are frequent strikes and labor unrest wherein even though it has followed the law, it still is being harassed, then definitely it would seek to relocate to another state or country where its interests are protected.

Moreover, the rule of law is also necessary for businesses to guarantee the safety of their employees especially if they have night shifts and transport their employees from their homes to the workplace.

Indeed, in all the cases discussed so far, no business would like to operate in a state or a country where lawlessness prevails and they have to bribe their way at every level just to continue their operations.

Conclusion

To conclude the discussion, there is nothing more important to businesses than countries where the rule of law is enforced and upheld thoroughly and rigorously as otherwise, their operations would be hit and their business would suffer. Indeed, who wants to operate in countries where there are frequent shutdowns and intermittent acts of violence and chaos that lead to disruptions to the business operations?

19- THE DYNAMICS OF SMALL ENTREPRENEURS AND THEIR IMPORTANCE IN DEVELOPING COUNTRIES

Entrepreneurship Means Many Things

Whenever we think of the terms, entrepreneurship and entrepreneurs, there are several images that are conjured in the mind. For instance, the most common feeling is an individual or a set of individuals coming together to launch a new business with stars in their eyes and full of passion.

Next, we think of how such entrepreneurs can indeed become big businesspersons provided they have a compelling idea or an innovative product in addition to oodles of hard work and commitment.

Added to this is the emphasis in recent years about the so-called **startups driving the next wave of growth and entrepreneurs changing the world** with their brilliance, commitment, and passion with generous help from investors and the governments.

Indeed, given the fact that the Unicorns or the startups that have garnered Billion Dollar valuations have taken the centre stage in the news, we can be forgiven when thinking that entrepreneurship is glamorous and enticing.

Small Entrepreneurs are Equally Important

However, is it the case that entrepreneurship is all about startups and the glitz and glamour of becoming the next Mark Zuckerberg or launching the next Uber? Likely not as any businessperson with an idea and some funding can be thought of as an entrepreneur.

This means that while not all businesses go on to become Facebook, Uber, and Google, their contribution to economic growth and development is as important as the Biggies among the entrepreneurs.

Indeed, the fact that in many developing countries such as India, we depend on the business skills of the small entrepreneurs to keep our lives going and our existence well oiled means that small entrepreneurs are as important as the big names who succeed.

This is the reason that this article makes the case for all possible help to be extended to the small entrepreneurs instead of launching schemes and tailoring policies for the benefit of only those who are in the tech or associated fields.

As Hindol Sengupta writes in the book, Recasting India, more often than not, countries such as India run because of the commercial exchange between the people and the small entrepreneurs such as the newspaper delivery vendors, the milkmen, the neighborhood grocers, the vegetable vendors, the courier companies, and most importantly, small businesspersons such as the service agencies who handle everything from plumbing to electrical repairs to those who specialize in arranging pickups and drops of goods and services.

Governmental Policies

However, while developing countries such as India has traditionally offered governmental assistance and support to the SMEs (Small and Medium Enterprises), of late, there has been a tendency to cater to those with high budgets.

Indeed, the fact that it is easy to get lost in the media hype as well as succumb to the temptation to pamper the glamorous and the glitzy means that many Third World countries are pursuing policies that benefit some entrepreneurs and not all entrepreneurs. Having said that, it is not entirely the case that small entrepreneurs have been ignored. Schemes such as Microcredit and Small Business loan provisions have meant that even the entrepreneurs who are small and fledgling are offered some support to run their businesses.

However, given the fact that it has become fashionable to wine and dine the Unicorns and forget about the others calls for a serious correction in the direction that the governments in Third World countries are taking and demands a shift in their priorities back to the days in the 1980s and the 1990s when small entrepreneurs were encouraged.

Not a Return to Welfarism

This does not mean that governments must again turn to welfare and free loans to the small businesspersons. Indeed, this is something that must be avoided at all costs since such welfare attitudes only promote Moral Hazard where the tendency to retain the profits and pass on the losses to others would land us in a mess that some say catalyzed the shift from socialism to capitalism. Therefore, what we are saying is that while it is alright for investors and governmental agencies to pamper the biggies among the entrepreneurs, it is also incumbent upon them to hand hold and incubate the small entrepreneurs as well.

Think of how difficult it would be if the categories of small businesspersons mentioned earlier were to skip work or close their ventures due to lack of support and sustenance. Research has shown that such small entrepreneurs above all need financing on a day to day or weekly or monthly basis which translates into shorter term liquidity and working capital requirements. Indeed, while small entrepreneurs might not need Millions in funding, they are also individuals who are often at the mercy of loan sharks and usurious lenders for their day to day financing needs.

Conclusion

This means that the government can indeed help such entrepreneurs without great costs and polices that make it easier to access financing from banks, some subsidies to offset their costs, speedy approvals and faster clearances of their applications, and above all, encourage such small entrepreneurs to use technology so that they can scale up as well as benefit from the synergies and the efficiencies of the economies of scale.

More than anything, small entrepreneurs must not be harassed simply for the reason that they do not have major connections or the ability to flaunt their ideas in a media friendly manner. In conclusion, it is clear that developing countries on growth trajectories should have both macro and micro enablers of growth and the small entrepreneurs who fall under the latter category are as important as the marquee names.

20- ENTREPRENEURIAL ECOSYSTEMS AND THE EMERGING START-UP BOOM AROUND THE WORLD

Introduction: Why are Some Places Preferred by Entrepreneurs?

Have you ever wondered why entrepreneurs and start-ups tend to cluster around particular geographical locations? Have you asked yourself the question as to why Silicon Valley in California in the United States, Bangalore in India, and Shenzhen in China tend to have more start-ups than the other places such as London, New York, or even Mumbai?

What is so special about the places mentioned above that **entrepreneurs flock to certain geographical locations for launching their ventures** and the majority of the start-ups tend to cluster in those places?

While some experts believe that it is the weather and the fact that existing start-ups are already in those places and hence, it is easier for new start-ups to simply follow their lead, there are others who point to the very essential fact that these places tend to have entrepreneurial ecosystems that encourage innovation and foster a culture of entrepreneurship.
What is this elusive thing called entrepreneurial ecosystem and why does it matter?

Entrepreneurial Ecosystems and the Wisdom of Crowds
For starters, entrepreneurs need access to quality talent or the human resources who are creative, innovative, hardworking, and above all have a passion

for creating something new and more importantly, turning their ideas into concrete businesses.

This means that places such as Silicon Valley, Bangalore, and Shenzhen are attractive because they tend to have large employee pools that the start-ups can tap to staff their ventures. Having said that, this is also the case with other places and cities in the world where there are enough resources that can get the job done. So, why are they not the start-up capitals of the world? The answer to this question can be found in the “Wisdom of Crowds” explanation wherein people tend to follow whatever the crowd is doing in the assumption that the crowd knows what it is doing.

Thus, once Bangalore became the IT capital of India, there was no looking back as millions of graduates and engineers found their way to the place in search of employment.

Existence of Incubators

Moreover, the fact that **entrepreneurs like to base their start-ups in places that incubate other start-ups** means that places such as the Silicon Valley that is already home to many famous and emerging start-ups has a thriving ecosystem in place that not only attracts talent but other entrepreneurs who can access the incubators fort their ventures.

The incubators here refer to the combination of VCs or Venture Capitalists, Angel Investors, and financial institutions that can provide the much needed seed capital for the entrepreneurs. Thus, while access to quality talent is the first determinant, access to finance and funding is the second determinant.

Taken together, these two factors ensure that new entrepreneurs would like to base their start-ups in places where famous business personalities reside in the hope that they can benefit from their advice as well as any funding from them. Indeed, it is quite common for entrepreneurs in Silicon Valley and Bangalore to rub shoulders with earlier generation entrepreneurs in gatherings and professional body meetings where they can benefit from the advice of those personalities.

Role of the Governments

We have discussed access to talent and incubators being two factors that determine where the start-ups are located. Equally important is the role of the governments in this regard as entrepreneurs need a government that works for them and not against them by passing laws that "throttle" creativity and stifle entrepreneurship. This means that either the government aids and encourages the start-ups or simply gets out of their way instead of placing obstacles on the path of the entrepreneurs. In this regard, it is indeed the fact that most start-up capitals in the world have governments that either actively encourages them or simply let them be the way they are.

This explains to a large extent why Silicon Valley and Shenzhen have emerged in recent years to become innovations hubs while Bangalore which for a long time had successive governments that encouraged entrepreneurs is now losing the race to Hyderabad and other cities where Apple, Amazon, Google, Facebook have announced that they would locate their operations there.

Power of Incentives

The reason for this is again the "power of incentives" at work. Entrepreneurs tend to go wherever they feel welcome and wherever the infrastructure and the governmental policies are supportive. Thus, in this extremely competitive world, these prerequisites for innovation are the reasons why some cities emerge as innovation hotspots whereas others lose the race.

Emerging Start-up Hubs

Having said that, it is also the case that the emerging start-up boom in the world is also spreading to newer places and countries. For instance, Israel, Ireland, and the Midwest in the United States are now competing with the big names such as Silicon Valley, Shenzhen, and Bangalore. In addition, some European cities are also attempting to join the league of innovation hubs. Thus, neither the entrepreneurs nor the governments can take anything or anyone for granted when the stakes are high and hence, each must complement the other in terms of services delivered and returns generated to ensure that they remain competitive all the time.

This is the message that VCs and Angel Investors have been telling all stakeholders that while the crowd does tend to flock at certain places, it also tends to migrate to other places if the conditions deteriorate in the former and are encouraging in the latter. To conclude, entrepreneurs need ecosystems to thrive and hence, they tend to flock to wherever such systems are in place.

21- SOME PITFALLS THAT ENTREPRENEURS MUST AVOID FOR CONTINUED SUCCESS OF THEIR VENTURES

Pitfalls for Entrepreneurs

Beneath all the glamour and glitz of start-ups that raise Millions and Billions of Dollars in funding lies hard work, determination, and dedication of their founders.
Indeed, Entrepreneurship is as much about gritty persistence as it is about having a good idea and crystallizing the idea into action with the help of a committed team. It is not always the case that entrepreneurs would have it easy and find backers and funders willing to bankroll their ventures.
For every Flipkart that raises Billions lie a hundred other start-ups that fall out of the race at different stages in the start-up lifecycle.

This means that **any potential entrepreneur must take into account several aspects or pitfalls to avoid if they are to enjoy continued success** in the marketplace and if they are to ensure that their ventures become profitable and turn into successful companies.

The Timing of the Funding Decision

First among the pitfalls is to decide on when to seek funding from the Venture Capitalists and the Angel Investors. The first steps in the life of an entrepreneur are usually the ideation stage and the incubation stages wherein entrepreneurs start with an action plan to transform their idea and then launch their ventures to incubate their ideas and transform them into workable businesses and products.

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In these stages, it is advisable to ensure that entrepreneurs spend as much time as possible thinking through the various problems and the pitfalls that they might encounter in terms of timing.

As there is nothing such as too early, there is also nothing such as too late meaning that seeking the first round of funding from Investors and then using them judiciously to spread the funds across various stages has to be carefully planned and managed.

Legal Pitfalls Related to Contracts and Funding Terms

Indeed, even before the Investors release the funds, the entrepreneurs must be wary of the terms and conditions that the Investors are proposing as unfair and tough terms can easily lead the entrepreneurs to give up control over their ventures when they “strike gold”.

The so-called “fine print” named so because much of the meaning of the terms and conditions is usually buried within the contracts and in inside pages means that entrepreneurs better have a lawyer of their own or seek legal help before they sign the contract with their investors.

Apart from the fact that so many Twenty Something’s are launching ventures which means that some of them barely understand the legalese and the complexities, the other aspect has to do with “getting giddy” in the “euphoria” of “raising funding” and agreeing to all the terms and conditions put forward by the Investors.
Therefore, it is recommended that Entrepreneurs exercise abundant caution before they commit themselves to external parties.

What Comes After Success ?

Turning to the question as to What Next once the Entrepreneur becomes successful and hence, has to make a choice between taking the company public or spinning it off and starting another venture, some pitfalls here are the prospect of hostile takeovers from established businesses and industry veterans who “know the game” better than many and hence, are adept at such strategies.
Indeed, the example of Sabeer Bhatia who founded the world’s first commercial Email, Hotmail is instructive in this regard.

While many of you who are reading this might not have heard of Sabeer Bhatia who was quite a sensation in the 1990s for taking the world by storm with Hotmail, those of you who were in college at that time would surely recognize the name and more importantly, would also remember how he was "outsmarted" by Bill Gates into giving up control of Hotmail.

While it is the case that Bhatia made enough money on the deal, it is also the case that such a game changing idea could not translate into continued success after the sale wherein the present generation knows Gmail but not Hotmail.

The lesson from this for entrepreneurs who strike it big is that be careful in "playing your cards" and turn to your inner voice for guidance in case a "fork in the road" appears and you have to decide between equally attractive options.

Timing Quitting for Failed Ventures

While the above is in case of successful ventures, the other side of the coin namely what happens when ventures do not meet the expectations of their investors, founders, and the market has to be taken into account as well.

In cases where ventures fail or are failing, it is a tough call for the entrepreneurs to decide when to pack up and move on.

While there might be emotional reasons as well as fact based reasons in "sticking around and hanging around" to "tide over the tough times" and hope for "the light at the end of the tunnel", it is also the case that the decision to terminate the venture, however painful it is has to be taken at some point or the other.

Indeed, if such a decision is not taken, the entrepreneurs risk being "submerged along" with their ventures and hence, the pitfall to avoid here is about how soon to call it quits and how to exit without too much of losses for all stakeholders.

Conclusion: Nothing is Permanent

Thus, there are many pitfalls that Entrepreneurs must be wary of and we have covered some of them in this article. While it is tempting to bask in the glory of successful ventures, Entrepreneurs must realize that there are twists and turns in every business and venture as well as remember that success one day can easily be followed by failure the next day.

22- OPPORTUNITY CANVAS ANALYSIS AND WHY IT IS IMPORTANT TO ENTREPRENEURS?

The Opportunity Canvas Analysis is a Framework or a Model for Entrepreneurs created by the famous management expert and bestselling author, James Green.

In his book by the same name, Green describes how entrepreneurs can anticipate market demand for a new product, determine the market conditions and the industry characteristics, and then motivate themselves to launch new products that would meet the unmet demand for the new product thus identified.

Indeed, Green's framework is an invaluable guide to Entrepreneurs in understanding how demand for new product arises, how they can analyze the industry and the competition through a rigorous application of theory to practice, and then create value for consumers through innovation and constant upgrading of their products to meet changing market demand as well as to sense and intuit changing consumer preferences according to the real time market movements.

Green starts off by describing the Entrepreneurial Mindset along with mentioning how Entrepreneurs can motivate themselves and in turn, examines how these aspects determine their behaviour.
Indeed, as he mentions, the desire to launch a new product is very different from actually launching it as is the fact that anticipating market demand is vastly different from taking steps to meet such unmet demand.

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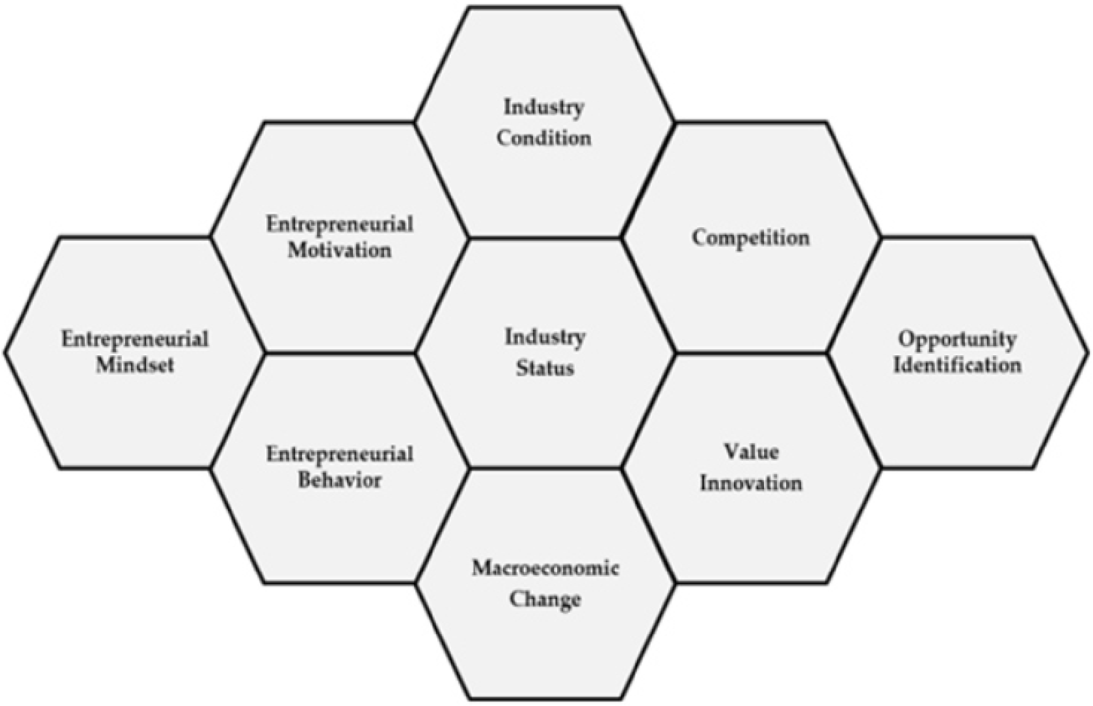
In other words, while many people do have brilliant ideas that they think can make them launch new ventures and become Millionaires and successful entrepreneurs, only a few do so and among them, a tiny minority succeed in becoming successful. It is in this context that Green's template for seeing and thinking entrepreneurially as well as acting entrepreneurially is important steps on the road to success for potential entrepreneurs.



(Source: http://opportunityanalysiscanvas.com/)

The figure given above is a diagrammatic representation of how the Nine Step framework for seeing, thinking, and acting entrepreneurially actualizes in practice. For instance, "The opportunity Analysis Canvas is structured as a nine-step experience segmented into thinking entrepreneurially with an entrepreneurial mindset, entrepreneurial motivation, and entrepreneurial behavior; seeing entrepreneurially with industry condition, industry status, macroeconomic change, and competition; and acting entrepreneurially with value innovation and opportunity identification. This is the basis of Dr. James V. Green's research and teaching at the University of Maryland since 2004"
(Source: http://opportunityanalysiscanvas.com/).

In other words, **the Opportunity Canvas Analysis model is all about anticipating market demand that is unmet by seeing opportunities from an entrepreneurial perspective**, thinking about the existing market demand and analyzing the industry status and the competition as well as determining how macroeconomic changes and psychographic changes in consumer behavior affect the new product by thinking entrepreneurially, and then acting on the analysis by launching a new product that would create value for consumers by innovation and forward thinking.

As the website explains, "The Opportunity Analysis Canvas distills vast amounts of research in psychology, sociology, and business into a practical how-to guide for aspiring and active entrepreneurs. Dr. James V. Green presents a whole new understanding of entrepreneurial mindset and action. At its core, The Opportunity Analysis Canvas contains a powerful argument that anyone can be a successful entrepreneur by thoughtfully examining themselves and the business opportunity. By harnessing these insights, we can transform our ideas into businesses that are lasting successes" (Source: http://opportunityanalysiscanvas.com/).

To apply Green's framework to the real world, supposing you are an entrepreneur and you want to start a new venture.

First, you scan the market for different products and then arrive at a specific product that would satisfy your conditions.

For instance, you want to launch an educational app that connects teachers, students, and parents.

You do have a great idea but are unsure as to how to proceed further. Green's model can help you here wherein you take a piece of paper and a pen or your Notebook or iPad and then start with determining the present conditions in the market.

This would give you a rough idea of where you stand with respect to the competition and vis-à-vis the existing structures.

After that, you begin to understand the realistic chances of succeeding in the market given your investments and how much the industry needs for a product to be viable. You can also refer to the model wherein the various aspects of advertising and marketing expenses are analyzed and the template for doing so exists in the book written by Dr. Green.

Once your analysis is complete, wherein you have not only seen new demand in an entrepreneurial manner, but you have also considered how to think in terms of the industry characteristics and where you can fit in the overall scheme of things.

The third step is perhaps the most important as until now, you have been theorizing and this is the time to put the plan in place and act upon it. To do so, you need to understand how to differentiate yourself from the competition and how to leverage your investments and capitalize on the market changes.

For this to happen, your product must create value in a manner that existing products in the market have been unable to do so. Thus, you can now launch your product by identifying what and how you would create value and Green also mentions how launching a product is not the end point and rather, constant innovation and invention is the key to success.

Indeed, acting entrepreneurially means that as you innovate continuously, you also identify new market niches and capitalize on them. By this time, you are a fully-fledged entrepreneur who is seeing, thinking, and acting entrepreneurially.

In addition, Green's model also teaches potential game changers on how to constantly innovate and improve leading to a cyclic process wherein each step feeds into the other, and each iteration of the model results in more success for the entrepreneur.

23- THE TRUTH ABOUT PYRAMID SCHEMES

Entrepreneurship has become fashionable. A lot of people want to become entrepreneurs and are in need of ideas and resources which they can use to create the business of their dreams. This tendency has been exploited by many firms in the past century. A new type of scam called the "**pyramid schemes**" has come into existence. The perpetrators of these scams mostly play on the minds of gullible people who have high aspirations but are somehow stuck living menial lives.

These so called "business opportunities" are nothing more than confidence tricks designed to entice unwary investors into parting with their hard earned money.

The problem with pyramid schemes is that they are not outright frauds and therefore cannot be pinned down by the law. Every now and then, some company pops up offering the allure of quick money and swindling millions in the process. In this article, we will have a closer look at pyramid schemes.

Tell Tale Signs of Pyramid Schemes

- **No Retail Sales outside the Network:** Pyramid schemes pose as legitimate businesses. They claim to have some kind of groundbreaking product which is not yet recognized by the mainstream society but will soon be!

- However, as an investor, one must understand that good products do not only sell within a closed loop. Good products have extensive distribution networks that are sold across a lot of distribution points. Pyramid schemes, on the other hand, has lousy products. Lousy products do not sell in competitive markets and therefore require personal selling within an individual's network.

- **Products are Over Priced:** Pyramid schemes often involve products which are not main stream. They will always have some technology which they believe is better than the market but has not been heard by the society at large. Their products are over-priced in comparison to other products. This is what makes them lousy.

- **Emphasis on Recruiting New Distributors:** In pyramid schemes, the products are often just an excuse to convince people that the business is legitimate. The products do not matter at all. The company earns money when it recruits new distributors who pay them money. It is for this reason that these companies will always be on the lookout for new distributors. Normal companies require a certain number of distributors after which they believe that their distribution network is saturated.

How Pyramid Schemes Recruit People

- **Recouping Your Own Money:** Pyramid schemes grow like zombies. Till a person has not invested his/her own money, they are able to exercise some amount of common sense while making decisions. However, once they have paid in the money, they realize that they are in a soup. These people are usually stuck with difficult to sell inventory. It now dawns upon them that being an entrepreneur after all isn't as easy as buying a membership! They then go on to perpetuate the greater fool theory, trying to use the same gimmicks that were used to entice them and the scheme perpetuates itself.

- **Focus on Top Layer:** An essential form of marketing pyramid schemes is the focus on top layer of people who invested in these schemes. It is true that some of these people are indeed making insane sums of money. However, a pyramid is a bottom heavy structure. The number of people at the top is a miniscule 0.5% to 1% whereas the vast majority is stuck at the bottom. The focus on certain individuals is therefore misleading to say the least.

- **Trust:** Pyramid schemes would not work as well if they were sold to you by strangers. These schemes are mostly sold by friends, family and near and dear ones. They add more credibility to the proposal. For this reason, people end up buying into these claims no matter how far fetched they seem when thought about in hindsight.

The Truth about Pyramid Schemes

- **Investment:** Pyramid schemes are not get quick rich schemes. They require a lot of investment and hard work. A lot of times, the opportunity costs attached to the investment make the scheme unviable. Investors calculate their gains or losses based on out of pocket costs that they incurred and completely fail to account for the opportunity loss.

- **Time Cost:** Pyramid schemes require people to work additional hours after their day jobs. They do not get paid for working these additional hours. If they take into account the number of hours they did work and consider their normal wage rate, they will see that the earnings generated from these schemes are minuscule and not worth the effort.

- **Other Expenses:** Pyramid schemes usually involve expensive networking seminars. There is also a cost associated with socializing. People meet in restaurants to explain their so called business proposals and end up buying meals for their prospective customers. All these add to the already huge investments that have been made.

All in all, **pyramid schemes are a swindle. They transfer wealth from people at the bottom to the people at the top**. These schemes work out badly for the vast majority of people and only work out well for a handful. Also, there are severe costs associated with the loss of respect. Once a few people in your network lose money to these pyramid schemes, word quickly spreads causing a grave loss in reputation.

24- MAKING MONEY ONLINE - AN INTRODUCTORY OVERVIEW

Making Money Online

If you have ever browsed the internet for extended periods, then you would have probably come across websites and ads for websites advertising ways and means to make money online. Indeed, it is hard to miss the ubiquitous and ever present "banner ads" which scream for your attention and promise to double your income within no time.

While these ads might seem like one of those MLM or Multi Level Marketing Ponzi schemes, in reality, **there do exist legitimate and genuine money making schemes on the internet**. For instance trading in stocks, Forex, bonds, and commodities is one avenue to make money online.

In addition, there are other schemes such as:

- ad posting,
- comment posting,
- product reviews,
- product descriptions,
- sending out mass mailers, and the like which are again schemes that can lead to good income streams

Spotting Frauds and Parting with your Money

So, how does one go about checking which scheme and which website to enrol and sign up to make money online ?

After all, given the various "get rich quickly" fraudulent schemes on the internet including the Spam messages that appear on an almost daily basis, you should be careful to sift through the marketing messages and hype.

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Instead, settle for schemes that offer returns without much investment. Indeed, our advice to you here is that you can trust a scheme as long as it does not involve you paying much upfront in the garb of installation, training, membership, registration etc.

For instance, there are many websites that offer you business opportunities in return for registration fees and where you need to invest substantial amount of monies. Our advice here is that as long as your investment is within 5-10% of the assured return, you can certainly consider such websites.

Moreover, if your money is for a specific purpose such as membership to trading terminals, professional fees, and premium listings.

Basic, Premium, and Freemium Packages

To take an example, there are many websites that entice users to sign up for free and offer the “plain vanilla” options as part of the basic membership. Such membership allows the users to trade or write reviews in addition to letting them “into” the websites.

Once the users are comfortable with the websites, they offer “premium” memberships which allow the users to “upgrade” to more lucrative “money making methods”.

In these cases, it is better to stick to the free or the basic plans for a couple of months and depending on how comfortable you are as well as how much you are making, you can then decide to go in for the premium plans.

There is even a term for some models of earning money that are known as “Freemium” or the mix of free and premium packages that offer users the double benefit of making money and at the same time funnelling a part of it towards membership fees.

Do Not Fall for Impossible and Improbable Returns

Therefore, our golden rule in such cases is that you should only upgrade when you are making money from the website and while you might be tempted by the glitzy marketing messages and lured by the possibility of making more money, it is better to be "safe than sorry" and hence, invest your own money after due diligence. Of course, there are some schemes such as trading and Forex terminals where you do need to invest upfront. However, these are specialized sites where training is required and hence, we suggest you visit the physical offices of such companies and check out the authenticity of their claims for yourself before committing any money. Talking of making money online schemes, another golden rule here is that since the objective is to make money and earn returns, you should watch out for websites that offer humungous returns such as 20-25 and even 50% in a short span of time.

Our experience with financial schemes is that no matter how solid one's asset is and no matter how much the economy is booming, most investment classes and financial instruments including the much vaunted real estate and even gold do not return more than 20% over a longer period. Therefore, watch out when someone promises high returns in a short period because it might very well turn out to be a Ponzi scheme.

What Skills Do You Need ?

Now that we have covered the monetary aspect, you might be wondering about any equally important aspect which is the skill and the expertise needed to make money online. Coming to the "meat of the matter", it is indeed the case that the majority of the schemes do not need any specialized skills and all you need is a computer, basic English or other language skills, time on your hands to spare, a reliable internet and broadband as well as power backup, and the ability to type. Indeed, this is the requirement of most of the schemes offered by the websites where homemakers, retirees, students, and just about anyone who has time to spare can make money.

Having said that, there are also schemes where some knowledge of finance, marketing, and especially, niche marketing are needed. However, these schemes often include training before you can become a member and as we noted earlier, you can indeed pay the training and membership fees if you are confident of sticking with the scheme for a longer period.

On the other extreme are the freelance writing and freelance consultancy schemes where you need advanced skills and this is something we advise to take up on the basic plans and upgrade to Freemium only after your comfort level increases.

25- WHY BUSINESSES MUST PROTECT THEMSELVES FROM CYBER THREATS AND CYBER WARFARE?

In this tightly integrated and interconnected 24/7 world where businesses operate at all times and keep their IT (Information Technology) enabled processes and systems running all the time, it is important for such businesses to protect themselves against cyber threats and cyber warfare.

By definition, **cyber threats refer to the risks arising from hacking and penetration of the IT systems of firms and such threats or risks can be both from malicious insiders as well as external agencies and hackers with criminal intent**. In addition, cyber threats also refer to the risks from data theft and data loss due to the IT systems being compromised.

Sources of Cyber Threats
Indeed, there are any number of such risks and threats especially from those with malicious intent. For instance, disgruntled employees might use their access to the IT systems to steal confidential information and client data and sell such data or records to outsiders for money.

In addition, some insider employees with a view of engaging in cyber espionage wherein though they are working in a specific firm, they steal data from that firm for the benefit of its competitors and rivals.

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Apart from this, **cyber threats can also be due to laxity and complacency on the part of employees** who write down their passwords on paper without any thought to whether they can be stolen.

This is then taken advantage of by other employees for whom stealing passwords becomes easier since such passwords have been written down on paper and hence, they are unprotected.

Turning to the cyber threats from external agencies and hackers, it is indeed the case that cyber criminals and cyber spies thrive on stealing confidential information and client data which can be used for any number of purposes ranging from causing embarrassment to the firms that have been hacked, to selling such information to other firms for money, and to the more sinister wherein personal data and credit card information are stolen and then used to blackmail the individuals and firms to whom such data belongs.

Cyber Threats are the Biggest Risks to Businesses in the 21st Century

Indeed, it can be said that among the greatest risks to businesses in the 21st century is the risk from cyber threats and cyber warfare and such risks can only be ignored at their peril.

The point to be noted here that businesses have always faced some sort of threats arising out of their strategic and operational aspects and while in earlier decades, it was the risk from the physical world, in the digital economy of the present times, it is the threat from the virtual world.

The contention here is that despite the change in operation from physical to virtual, human nature remains the same and hence, there are always threats from the basic human tendency of wanting to profit from dubious means.

Having said that, it is not the case that businesses must resign themselves to the inevitability of such risks. On the other hand, they must actively guard against such threats and protect their IT systems and their confidential information from malicious hackers and insiders.

Ways and Means of Protecting Against Cyber Threats

This can be done by building firewalls, monitoring and surveillance of online behaviour of their employees, restricting access to employees on a “need to know” and “need to share” basis, and taking the help of specialized cyber intelligence firms on ways and means to bolster the defences of their IT infrastructure.

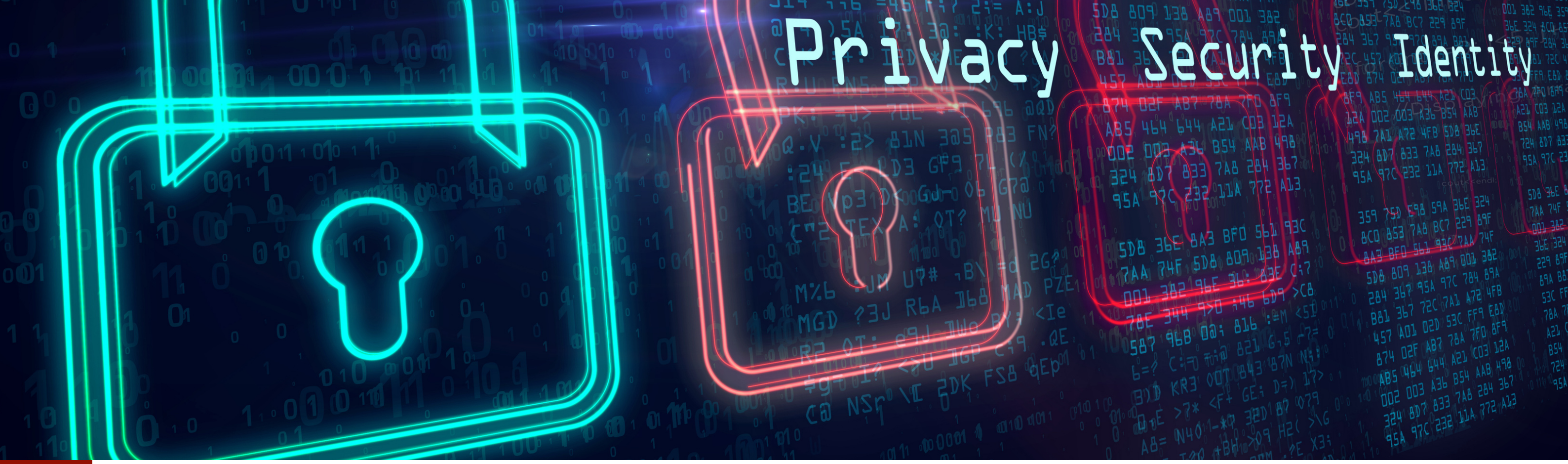
Firewalls can prevent unauthorized access to the IT systems from external agencies, and it can also ensure that viruses and hackers do not gain access to the IT systems. In addition, **monitoring the online activity of employees** can ensure that data being uploaded and downloaded from the internet is tracked and in case, a suspicious behaviour is detected, such threats can be taken care of by warning the employee or firing him or her. Indeed, research shows that in 80% of the cases involving cyber hacking, insiders are the root cause either by leaking information to outsiders or engaging in data theft themselves.

Apart from this, **businesses can also take the help of specialized agencies dealing with cyber intelligence** wherein such agencies conduct IT audits to determine vulnerabilities and weaknesses in the IT infrastructure and then, suggest suitable measures to protect such vulnerabilities. Indeed, firms such as Gartner, Symantec, VeriSign, and Stratfor are known to provide such services wherein they use their specialized knowledge and wide range of expertise as well as deep experience in advising firms on how to protect their data.

Cyber Threats can be Ignored by Businesses at their own Peril

There is absolutely no case for businesses for not protecting themselves. Indeed, firms operating in the financial services and other knowledge economy sectors deal with data and information for their sustenance and considering that their business is built around knowledge, there is no reason for them not to protect such knowledge. In addition, if they lose client data and client information, they are liable for compensation and a punitive action wherein they have to take on monetary losses to pay damages to their clients. In addition, they would also be losing their reputation in the process which can cause nonmonetary losses. Moreover, regulators are also insisting that businesses protect themselves from cyber warfare since data loss and data theft can result in losses to society as well as other members of the public.

In conclusion, protecting themselves against cyber threats is no longer a luxury for the businesses but rather, a necessity and a strategic and operational imperative that can be ignored only if they are willing to go out of business.



26- WHY NATIONS, FIRMS, AND OTHER ENTITIES MUST BE PREPARED TO DEAL WITH CYBER THREATS

The War for Control using Cyberspace as the Battleground
The next front in the war for control between nations, firms, and other entities has already emerged, and this is the emerging threats from cyber warfare as well as from cyberspace.

Indeed, already the battle lines are drawn between the West and Russia and China as well as Iran as can be seen from the attempts by Russia to meddle in the Presidential Election of 2016 in the United States and the persistent attacks on Iran's missile defenses by the US and Israel using cyber warfare techniques.

In addition, even corporate entities are feeling the heat as can be seen from the hacking of several financial and other institutions leading to leaks of confidential customer data as well as theft of intellectual property.

Further, even individuals are exposed, and indeed, they are more vulnerable given the fact that most home users do not have adequate protection against cyber threats. For instance, in recent months, there have been reports that the Kaspersky Anti Virus software is a malicious tool that can steal information and data stored on individual computers and given the fact that it is free to download and use, one can sense the urgency of the situation where the average person has to be very careful when dealing with cyber threats.

How to Protect Oneself against Cyber Threats?
So, how does one go about protecting one's personal data and information from hacking and other cyber threats?

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To start with, one must not give away confidential information to websites and entities on the internet without proper due diligence.

This can take the form of vetting the security credentials and protocols of the concerned websites so that the information is revealed and stored on such websites on a case to case or need to know basis.

In other words, only reveal personal information when it is necessary and in no circumstances, store credit card data and other financial information on websites and other entities without proper checks and verification. Moreover, it makes sense to invest in a premium antivirus and anti-hacking software even if it costs money and especially for those who work from home.

Remember, as far as cyber threats are concerned, you are on your own, and there is nothing much anybody can do if you fall prey to cyber hacking and other threats.
Apart from this, also remember that the current laws in many nations including India dealing with cyber threats are not that comprehensive meaning that even if you take recourse to the law, chances are that you might not find any respite or compensation given the laws as well as the lack of knowledge regarding cyber threats from the law enforcement agencies that can compound your problems in case you are the victim of a cyber attack.

Further, also remember that **many developing countries such as India have been the subject of much hacking** as can be seen from the repeated leaks of Aadhar numbers as well as other confidential information that even the government finds unable to protect from hackers.

Indeed, what is galling is that in many developing countries, the push towards digitization has not been accompanied by a corresponding development of the necessary infrastructure and the systems to protect individuals from hacking and hence, do not be carried away by the ease of digital payments or other digital transactional modes and be liberal with whom and what you share your personal information.

Moreover, even supposedly secure corporate entities have become the subject of hacking and intrusion, and hence, there is no guarantee that such entities are free from cyber warfare as well.

What is Being Done to Ward off the Cyber Threats

So, does this mean that all of us including governments, firms, and other entities are at the mercy of cybercriminals ought to steal and hack personal information? Having listed the downsides so far, we can now turn to the positive aspects wherein countries around the world are developing sophisticated mechanisms to deal with cyber threats as can be seen from the attempts by many corporates, the armed forces, and even online communities to keep the hackers at bay.

The point to be noted here is that we are at an evolutionary inflection point where our capabilities to deal with cyber threats are emerging and hence, we can be confident that in the same manner in which we collectively learned to deal with conventional threats, we would soon be able to counter cyber threats as well.

Indeed, the concomitant push by entities on the internet to offer personal data and identity threat protection is a welcome move towards making cyberspace more secure and protect individuals and corporates from hacking.

In addition, governments around the world are paying attention to the activities of cybercriminals using available social media and other forms of interactions to ensure that there are no breaches of personal information as well as hacking of data.

Conclusion

Above all, what is needed is vigilance against cyber threats and a comprehensive action plan to counter and prevent and indeed, preempt such threats in addition to having a contingency plan in case cyber hacking happens.

Indeed, many corporates have already started to incorporate cyber threats into their continuity of business plans as well as factor in such risks into their risk management plans.

Thus, it is the case that the fight against cyber threats is being fought on multiple channels and hence, to conclude, we might see some more progress in the coming years at a pace that can match the speeds of cyberspace.

27- THE STARTUP GAME: WHY DO STARTUPS FAIL?

The term "startup" and the ecosystem surrounding it is a relatively recent invention! Although the technical definition encompasses any business that has recently set up shop, the working definition refers to venture capital funded organizations.

In this article, we will look at the good old startups. **The "mom and pop stores" that have a high failure rate of 90%**. We need to understand that the problems faced by these startups and the resources that they have available are entirely different from the million dollar startups. It is for this reason that warrants a separate analysis for these organizations.

Lack of Focus

The number one reason behind the failure of mom and pop stores is the lack of focus. Businesses tend to thrive when they are specialists. Customers have a clear-cut perception about them. Also, they can build expertise that will allow them to build a solid reputation. Reputation is the number one asset on which mom and pop stores survive. Hence, a loss of focus means suicide when it comes to these micro-organizations. Be it a laundry or a grocery shop or a video rental store, the success of the mom and pop stores lies in understanding the demographics better than the mega-corporation. The mega-corporation may beat them on price but it cannot compete as far as providing personalized service is concerned.

One Man Army

Startups tend to owned, managed and run by a single person. This, just like the lack of focus, is a major detriment to their well-being. Although, mom and pop stores cannot afford to hire an army of managers and specialists, they must still follow the fundamental principle of division of labor. The entrepreneur must use his intelligence to perform strategic tasks. Mundane tasks that can be delegated must be delegated. A myopic view of increased costs must not stop the mom and pop stores from outsourcing frivolous tasks. Proper division of time must be done to ensure that operational, tactical and strategic function of business is all paid attention to.

Failing to Automate

In modern day business, automation is the name of the game. It does not matter whether mega corporations compete of whether mom and pop stores do, the ones that automate live another day. Once again, mom and pop stores do not have the budget for robotic process automation. If they did have that kind of budget, they wouldn't be called mom and pop stores! However, a lot of automation is now available very cheaply or even for free. Several ERP's provide cloud-based "pay as you go" options that fit into the pockets of these micro organizations very well. These applications save times from mundane tasks like accounting and tax filing. Mom and pop stores must also make an attempt to build in efficiency.

Premium Pricing

Mom and pop stores will by default be a product that has a premium pricing. Mega corporations have economies of scale working to their advantage. They can buy from suppliers in bulk and pass the benefits to the buyers. The mom and pop stores cannot compete on price, period!

Instead, these stores must compete on personalized service. Customers are not going to pay a premium because they like "mom and pop stores" and are feeling charitable towards them! **Customers pay more only because they get better service**. Mom and pop stores must invest heavily in customer relationship management. All employees must be oriented towards having a service mindset.

Poor Choice of Location

Mom and pop stores are also heavily dependent upon their location. Their core competency is service, and they lose when competing on price. Hence they must operate in upper middle-class neighborhoods. People in these neighborhoods tend to have working spouses. Hence, neither has the time and families tend to appreciate the personalized service provided and are willing to pay a price for it.

To the contrary, most mom and pop stores come up in low class neighborhoods because the rentals are lower. Low class neighborhoods have people with lot of free time but less of money. They do not value personalized services. In such cases, the organization is likely to fail because of poor understanding of demographics.

Ignoring Feedback

The heart of the mom and pop stores is customer relationship management. They must live by the maxim that the customer is king and cannot possibly do any wrong! What actually happens is that mom and pop stores are managed by people that do not have a service mindset. Instead, they try to fleece customers. Since the customers are face to face with the owner, they often express their displeasure. The owners often overlook this displeasure. This is a huge mistake. Flexibility is at the core of the small business. They must pay attention to the opinions of their customers and adapt quickly.

28- MINDSET CHANGE NEEDED WHEN PURSUING ONLINE INCOME GENERATING OPPORTUNITIES

There are numerous opportunities to make money online and there are an equally large segment of professionals, freelancers, stay at home persons, retired personnel, and students vying for these opportunities.

Indeed, a simple Google search for making money online would throw up millions of results with the results showing everything from simple task-based jobs to complicated and complex trading and research jobs.

So, how does one go about deciding and determining which opportunities to pursue and which schemes to avoid as well as positioning oneself and making the most of such opportunities?

Attitude is Everything

The answers to such questions depend on the kind of opportunity that you would like to pursue based on your skill set, risk taking abilities, the time you can devote to the jobs, and above all, your mindset and attitude that are perhaps the most important determinant in generating money online.

Indeed, **attitude and mindset are critical and crucial in any job and especially so when pursuing opportunities where you are on your own** and where the most important point is that success and failure are determined by your personality and the whole set of beliefs, thoughts, feelings, and attitudes that you bring to the table.

Switch from Full Time to Part Time Work

To start with, let us examine the case of a professional who has quit his or her corporate job to pursue opportunities online. Such professionals by virtue of having worked in a full-time job know the importance of time management, motivation, the value of hard work, and the skills that are required for different jobs.

Having said that, this by itself does not guarantee success as they would have to make the "mindset change" from working for an organization to working for an employer who does not have any obligation towards them.

For instance, professionals in full-time jobs can pace their work and expect to be retained in the job even if their performance dips during a quarter or a year. Indeed, most corporates place the non-performers on watch, and after giving them a chance to improve their performance, they then take action in case of no signs of progress.

However, the situation when freelancing or making money online is qualitatively different as the websites and firms that operate online do not carry any such obligations towards their employees.

This means that professionals have to make the "switch" from full-time mindsets where they are assured and reassured to a model where they have to be always alert and watchful.

Advice for Students

Coming to the students who are desirous of making money online, the mindset change is from a casual attitude of nonchalance to a more serious and thoughtful approach to work. Considering the fact that making money online entails a commitment to a particular task, they also should realize the importance of sticking to their word and the virtues of hard work and patience.

Indeed, students especially find themselves disappointed because they would have expected humungous returns in the initial phases itself and when such returns do not materialize, they must not give up hope and instead, soldier on till such opportunities arise. **The key mindset change is that one must be a "Long Distance Runner" and not a "100 Meters Athlete" and perseverance and patience are the keys here**.

In addition, they must also change their mindset from expecting to be mentored to one where they have to motivate themselves on their own. In other words, while it is tough for relatively younger people to be not mentored and yet succeed, the whole freelancing and making money online field is such that it is a lonely and tedious journey though ultimately rewarding if one makes the needed changes to one's mindset.

When Normal Becomes Boring, Try Something Different

Indeed, the kind of changes that anybody who is attempting freelancing and making money online lies in patience, hard work, differentiating themselves from the competition, the ability to spend long hours applying for jobs and not expecting instant responses, and above all, a determination to succeed despite the odds.

Moreover, when pursuing opportunities online, one must keep an eye on the kind of opportunities and whether one's skills and expertise matches such opportunities. There is no point in applying for jobs simply because all it takes is a click of a mouse as one must "fit" the desired profile that is being advertised.

Virtual Networking

Another mindset change, especially for those starting out, is the need to build a network of contacts that would be handy for sending resumes, seeking feedback, and for professional references.

While networking is the key to success in any job as all the students who have graduated from Management Institutes would have repeatedly been told during their education, there is a fundamental difference from physical networking to virtual networking where the latter is mostly building relationships with people you would not have met in person.

Welcome to the World of Online Opportunities

Lastly, the key mindset change here is that one must transition from a physical mode to a virtual mode where every interaction, every payment, every feedback, every piece of work or task you deliver, and every contact happens in cyberspace and where Skype and Phones replace in-person meetings.

If you feel that you can make this mindset change, then welcome to the world of online work that is as boring as it is exciting, as tedious as it is rewarding, and where you have the freedom to set your own hours and determine which work to accept. Finally, you should also remember that no matter how the previous day/week/month/year went, you must get up and show up and not give up.

29- THE FUTURE OF ENTREPRENEURSHIP

Entrepreneurship is Fashionable

These days, entrepreneurs are everywhere. From Silicon Valley to Sao Palo in Brazil, and from Boston to Bangalore, starting one's own business is indeed the rage among the young and the restless.
Moreover, ever since the Great Recession of 2008, full-time jobs have become scarce and in addition, with the rise of temps and the Gig Economy (the term used to describe the freelancing and the part-time work model), most professionals are literally and figuratively "on their own". Apart from this, with the technological advances wrought about and brought about by the Mobile Computing and the Smartphone Revolution, Entrepreneurship is the de facto choice for anyone who wants to ride the crest of the "Fourth Industrial Revolution".

Entrepreneurship is Not Easy

Having said that, it is not always the case that Entrepreneurship is easy or rewarding without much hard work or even chance and pure grit.

Indeed, globally, only two to three out of ten new ventures stand a chance of success and even among them, only a few actually go on to become the market leaders. Just like in the 1980s and 1990s, for every Bill Gates or Steve Jobs, there are hundreds and thousands of others who have "bitten the dust" and thus, in the 21st Century, **for every Mark Zuckerberg, there are countless others who are either bankrupt financially or have abandoned their quest**.

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Some Thoughts on What Makes Entrepreneurs Tick

So, what makes some startups succeed and others fail? Similarly, with so much of "hot money" or the term used to describe the "avalanche of funding" from Angel Investors and Venture Capitalists flowing into startups, what is the future of entrepreneurship and where is it headed?

To answer these questions, we need to dig into history as well as peer into the future and at the same time, keep ourselves focused firmly on the present.

Just because "easy money" due to Ultra Low Interest Rates by Central Banks is finding its way into Entrepreneurship does not mean that this would continue to be the situation going forward.

Indeed, with the Federal Reserve in the United States "signaling" its intent to raise rates, it is by no means certain that investors would continue to pour money into startups.

At the same time, with exponentially accelerating technology, the "shelf life of ideas" and products are getting ridiculously shorter and compressed meaning that what is now a hot App or Software would quickly be overtaken by the next big thing. If not anything, these two trends are enough to make the would be entrepreneurs jittery and think twice before they see stars in their eyes. Though this does not mean that would be entrepreneurs should abandon their dreams, what this certainly means is that their feet must be firmly on the ground.

Globalization and Entrepreneurship: A Double-Edged Sword

Apart from this, the globalized world economy has indeed "shrunk" distance and anyone anywhere and everyone everywhere are essentially competing with each other.

For instance, with bandwidth and steady and reliable infrastructure being the determinants of the ecosystem in addition to easy human resource availability and access to funding, it is clear that worldwide the startup capitals such as the Silicon Valley and Bangalore are in direct competition with other startup capitals around the world.

However, with rising protectionism and the threat of retreat of globalization, the future of entrepreneurship would also be local or a mix of global and local or Glocal (the term proposed by the famous author and columnist, Thomas Friedman) to describe the adaptation of the global to the local so that one benefits from global trends and at the same time, do not lose sight of the purely local on the ground conditions. This can take the form of more locally focused and driven startups such as the various food and grocery ventures in India to the eCommerce and transport sectors in China.

Entrepreneurship and the Gig Economy

In addition, with freelancing becoming the norm rather than the exception, in future, entrepreneurs anywhere in the world need not be constrained by national boundaries and can tap into the abundant armies of freelancers around the world.

Further, with mobile phones and Smartphones becoming ubiquitous, it is also the case that future entrepreneurs should combine technology with ease of use of their products so that even the layperson would benefit from this merger.

Avoid the Gung Ho Attitude

Apart from this, another trend which is noticeable (especially in recent months) is that startups and their founders have to ensure that they remain on the right side of regulators and do not break the rules or flout norms in their quest for market share.

Indeed, the celebrated founder of the ride hailing app, Uber, which is a global success story, now finds himself out of his post (though this might be for a few months) mainly because of the "gung ho" approach which he adopted towards everything from dealing with regulators to treating his employees and especially dealing with cases of sexual harassment and discrimination.

Conclusion

Thus, it is evident from the preceding discussion that while the future might be rocky for entrepreneurs, it is also rosy for those willing to be cutting edge and at the same time, not lose of old fashioned values such as ethics and a steady and stable approach to business. Indeed, if there is one single takeaway from this article, it is that one should be powered by technology and cutting edge products, one must also be driven by pure business sense and an understanding of economics which has served previous generations of entrepreneurs well.

To conclude, being an entrepreneur can mean that one looks backward as well as forward without losing one's present feet on the ground poise.

30- HOW SHOULD STARTUPS SPEND THEIR CAPITAL?

Running a business isn't easy. More than 90% of the businesses set up each year go bankrupt within the first three years. Less than 10% continue to live over the years. The number one reason for startups going bankrupt is the lack of cash. This brings us to the question, how do startups spend their cash? Do they have a way to prioritize spending? **In this article, we will focus on the common mistakes that startups make with their capital**.

Fancy Offices

Tech startups are largely dependent on the employees that work in them. As a result, they want to incentivize talented employees to leave their cushy well-paying jobs at multinational corporations.

In their bid to do so, they often go overboard. Founders tend to spend an inordinate amount of money trying to have the coolest office in town. It may be necessary to provide employees with a safe and secure environment. However, it is not necessary to provide them with unlimited snacks and drinks. It is true that companies like Google have such offices. However, it would be better for a startup to first build a robust business model and only then splurge on an expensive office.

Customer Acquisition

This is another area where a lot of startups tend to throw good money after bad. Recently companies have started a trend of acquiring market share before they become profitable.

This often leads startups to give their products or services at a throwaway prices. In most of these cases, the organization makes a loss from these sales and is better off not selling. However, it is often stated that this loss should be considered an investment in customer acquisition. The idea is that customers will get hooked on a product and will eventually start paying for it.

Many startups have learned the hard way that this is not always true. In most cases, such policies only attract freeloaders. These customers are quick to desert the company once they are asked to pay for the product or service. Startups should, therefore, focus their attention on getting genuine customers rather than discounting their products to freeloaders.

Operational Expenses

Startups often want to compete with corporate giants. Hence they tend to buy the same tools that these giants do. For many startups, this may not be a financially viable strategy. It would not be prudent to invest hard earned cash in obtaining licenses for email and calendaring software. Similarly, companies tend to spend an inordinate amount of money on accounting and payment processing software. This is where startups need to leverage the benefits of modern technology. A lot of these services are available in the cloud. They can be obtained by paying a fraction of what big service providers like Google and Microsoft would demand. Startups must first acknowledge that their operations are small and hence the tools used by mega-corporations may just be expensive and economically unviable as far as their business is concerned.

Staffing

Founders tend to have an emotional attachment to the companies that they work for. Often they have a burning desire to grow this organization into the next big corporation. The headcount of an organization is an important indicator of its growth. It is for this reason that many startups tend to scale up faster on the headcount that they ideally should. Employees are a permanent expense that many startup companies simply cannot afford. Instead, they should first outsource some of this work to other companies. Only once their revenues have grown robust should permanent employees be included on the team. Also, the process of recruiting new people on the team should be scrutinized to ensure that only employees that will add value to the firm should be included on the team.

Branding

Branding is for big businesses. This is because branding leads to a lot of investment in the earlier stages. The benefits of branding are not really measurable at the early stages. By definition, branding is a long-term game. The problem with startups is that they are not sure whether they will survive the long term or not. Hence spending money on printing logos on hats, t-shirts, and pamphlets is not really a justified expense. These expenses would run counter to the lean business model that startups are expected to follow.

Legal Advice

It is essential that startups must have access to strong legal advice. This is the number one expense that gets ignored. Legal advice is not as glamorous as marketing. However, it is definitely every bit as important as marketing is. Startup companies enter into a lot of unchartered territories during their early years. It is possible that the company may run into legal trouble sometimes. It is therefore important for the companies to seek legal advice and avoid these traps. Lawsuits can be expensive even for big firms. As far as startups are concerned, one nasty lawsuit can end the life of a very promising startup.

To sum it up, obtaining finance is a very difficult task for a startup venture. However, the difficulty does not end there. Founders need to ensure that they spend money on the right things.

31- SIX STEPS FOR MAKING A BUSINESS CASE

Organizations tend to work collectively. Ideas tend to come to individuals within the organization. However, they need to be spread across the organization. Any change only takes place if several people in key positions believe that the idea is good enough. This is where a business case comes in handy.

Executives from all departments in all organization need to create a business case in one form or another. It is essential that executives understand the nuances and soft skills used in the process. There are chances of an idea being rejected or being stolen by another colleague if a proper business case is not made for the same.

In this article, the six steps for creating a compelling business case have been listed.

Step #1: Begin with the Problem

It is essential first to sell the existence of a problem to the audience. This is because people do not buy a solution unless they believe that there is a problem first. The key is to make the problem look compelling and ensuring that the management shares your opinion that immediate action is required to solve the issue.
Also, by beginning with the problem, one respects the authority of the management. It is arrogant to straightaway arrive at a decision yourself. Top management generally believes that decisions taken by one individual may not always be accurate. They prefer to involve a lot of stakeholders and gather information before arriving at a decision.

Hence, the urge to directly skip to the conclusion must be avoided. This puts the management on the back foot as they now believe that you already have an agenda that you are trying to implement.

At the first few meetings, it is important just to mention the business need as well as how you discovered it. For example, was it found during a yearly review or is it something that you observed while following the business process.

Step #2: Know Your Stakeholders
Once the management has been convinced, there is a need, and that action needs to be taken immediately, the change management process begins. Organizations have created checks and balances to ensure that decisions are not taken by one person alone. Hence, it is likely that several people will review the business need and your suggestions within the organization.

In order to effectively present your business case, it is important to know the stakeholders. Usually, this includes your boss, your boss's boss as well as senior leaders in the organization. Once you know who your audience is, you can tailor your presentation and message accordingly.

Step #3: Begin with the Beneficiaries
The next step is to ensure that your idea has some sort of momentum within the organization. If a presentation has to be made to the stakeholders, it is essential that there are other people in the organization who are backing your idea.

The best way to gain momentum is to understand who the beneficiaries are and then get them on board. For instance, if you are getting the information technology team to create a new report for financial purposes, you need to get the people who manually create the report on board. You need to explain to them that their workload will be reduced once this report has been created. You also need to convince the users of these reports that they will get better information and there will be no lengthy wait times.

If you can get beneficiaries on board, the odds of your business case being accepted increase significantly.

Step #4: Getting Experts On Board

The next step is to get the experts on board. Every organization has some subject matter experts for different processes. It is likely that the seniors involved in the project will introduce you to the SME in your case. This is the person that the management trusts and believes in. Hence, this is where you make your technical pitch. This person knows the process inside out. They may be able to tell you about some scenarios that you may not have thought of. It is important to have a two-way conversation and tweak your idea a little bit to their liking. The word of SME holds weight in front of the management. Hence, if some of their inputs are also considered, they may feel personally invested in the project. This will help you get a good recommendation and significantly strengthen your business case.

Step #5: Create Alternatives

The next step is to work with the SME and create two or three alternate solutions. Top management seldom believes that there is only one way to accomplish a task. They want to ensure that the team has thought through different possibilities and have come up with the best alternative. Technical details may not be of much importance here. Since the top management is the intended target audience for this, it is essential to crunch some numbers and show some calculations here. The management will use these numbers to zero down on what they think is the best alternative.

Step #6 Cultural Fit

Lastly, it is essential to ensure that the selected alternative is in line with the organization's culture. Even if theoretically it is the best available alternative, many times the execution fails because of cultural differences.

32- HOW ADDING VALUE DETERMINES PROFESSIONAL SUCCESS IN THE ORGANIZATION OF THE FUTURE

The Future is upon us and Are We Ready for It?

Most of us realize that the future would be a forbidding place due to the dwindling job opportunities in the traditional sectors such as Manufacturing, and the needed skills in the New Economy firms requiring added work and enhanced resilience.

With the exponentially accelerating change thrust upon us by technological advances, we are also aware that we need to prepare for the organizations of the future and be ready to compete in the New World of Work.

However, how many of us are ready for the future and how many of us have the necessary mindset and attitude to succeed and thrive in such a scenario.

Indeed, being aware of the future and being ready for it are two different things as can be seen in the way surveys indicate that most working professionals are apprehensive of the future, but yet are unable to prepare for it.

In other words, a certain paralysis in thinking and preparing for the Brave Future of Tomorrow means that most working professionals are lagging behind on this count.

The respected financial publication, Australian Financial Review (AFR), points out that while a majority of organizations and their employees know what it takes to succeed in the future, they have not yet started preparing as the attitude of “we know what is needed, but, it is anyway years away” leads to a certain kind of complacency.

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It also cautions that such complacency can cost jobs and careers and hence, it is better if all stakeholders realize this imperative.

How Value Addition can Set you Apart from Your Peers

To start with, professionals should understand that the value they add to their organizations would determine their success in the future. This can happen by Reskilling and retraining oneself so that one is prepared for the skills and the traits that are needed.

For instance, software professionals can start acquiring advanced programming and machine learning skills as well as training themselves on Agile Software Development Methodologies and the DevOps or the new paradigm of software processes wherein Development and Operational Deployment happen in real time.

In addition, financial professionals can reskill themselves by acquiring new skills such as Investment Advice and Wealth Management as well as being acquainted with the emerging technologies now being widely used in finance and banking.

The key point to note here is that it is the value that one adds to the organization that would determine professional success and hence, value addition should be the focus of the efforts.

What is Value and the X Factor that Sets You Apart

So, how does one define value from a career perspective? First, one needs to differentiate oneself from one's peers in terms of both technical and soft skills.

While one can indeed acquire advanced technical skills with some effort and patience, it is important to note that soft skills are equally, if not, more important in the organization of the future.

For instance, in another report, AFR points out that, the Digital Economy needs professionals who are better than the competition in terms of linguistic proficiency, communication abilities, and Emotional Intelligence.

While one can learn a new language such as French or if one is a non English speaker, then English, interpersonal and EQ abilities can only be acquired over a period of time and hence, professionals must focus on how much value they can add in these aspects.

Apart from this, value is also determined by how much "extra" one's work brings to the organization when compared in relative terms. Thus, it is important to have the "X Factor" that makes you stand out from the crowd.

Sachin Tendulkar and Value Addition

Next, you can also add value to the organization by innovation, inventiveness, and above all, a tendency to contribute in any situation.

The example of the Indian Cricketing Legend, Sachin Tendulkar, is very apt to illustrate the last point made above. For instance, during his career, Tendulkar was known to pitch in with the ball whenever he could not succeed with the bat, and in addition, he was known to put his best on the field so that the combined effect of his batting, spare bowling, and fit fielding meant that he was a valuable contributor and a key member of the team.

Thus, we hope that you realize what value addition means with this example. In our working experience, we have come across professionals who despite being on bench or given mundane and routine tasks would simply use the time to learn new concepts and skills as well as attend meetings and workshops so that they enhance their skills as well as contribute to the organization.

To add value to the organizations, one must also embrace a positive attitude and a mindset of change that thrives on challenges and spreads the good mood all around. Further, one must not be an energy drainer and instead, be a net energy giver to the team.

Conclusion

While all these aspects very much important in the past as well, the future organizations would need them more from professionals in the midst of tumultuous changes in the way advanced and cutting edge technologies are replacing humans.

Therefore, be ready for the future by starting now so that when opportunity knocks, you are at the door welcoming it.

In addition, chance favors the prepared mind and hence, we suggest that you start preparing for the future starting today so that you become indispensable to the organizations.

To conclude, time waits for none and you can be out of a job as swiftly as you bagged one and this should serve as a wakeup call.

33- SEARCHING FOR CERTAINTY IN AN UNCERTAIN WORLD: STRATEGIES FOR BUSINESSES AND PROFESSIONALS

An Uncertain World, an Unknown Future, and Extreme Unknowns

We live in a world with extreme uncertainties. With technology accelerating at a breakneck speed and disrupting familiar patterns of living and working, businesses, governments, professionals, and students alike have to be prepared for a future of great unknowns where the only constant is change.

In other words, we can no longer take for granted what happened previously and what is happening in the present to continue happening in the future. For instance, in our parents' generation, it was common for them to have a single job for lifelong employment with guaranteed benefits and pensions.

However, for the Millennials and the Gen Z, it would be a blessing if they had a full time job given the advent of the Gig Economy and the emergence of freelancing.

Moreover, even for the Gen Xers, having a single job throughout their lifetimes is no longer the case as can be seen from the shifting employment patters and the changing nature of work. In addition, those who are graduating now can expect automation and robotics to displace many of the established professions with the result that their education and degrees would become redundant in no time.

The VUCA World and How to prepare for it

Turning to businesses, it would not be an understatement to say that whatever strategies that they have planned for the future might very well be discarded within a quarter or at most a year as technological acceleration reduces the time to market as well as disrupts existing market demand and supply.

So, given all these uncertainties, how can businesses and professionals hope to succeed in the future and face the future with confidence?

Before answering that question, it would be pertinent to note that there is a term known as VUCA or the Volatility, Uncertainty, Complexity, and Ambiguity model that governs our lives wherein volatility means that each day is different from the previous one and we can expect radical change as soon as the day begins.

In addition, businesses have to be prepared for uncertainty which means that their best laid plans are no longer taken for granted.

Apart from that, given the complexity of the modern business landscape, simple solutions no longer suffice and instead, businesses have to come up with strategies that have in built complexity in them.

Lastly, ambiguity means that businesses and professionals can no longer count on situations presenting before themselves that are simple and instead, have to deal with nonlinear responses.

The Kal, Aaaj, Aur Kal Metaphor

A good strategy for businesses would be to study the past, be mindful of the present, and be ready for the future.

While history is sometimes an unreliable guide especially in the context of the radical present, it is also the case that there are precedents for what is happening now wherein gut wrenching disruption is similar to the one that our ancestors experienced during the Industrial Revolution.

In addition, it is always better to live for the moment so that one is not distracted by the “noise” and one can separate the “signal from the noise” as far as preparing for the future and living for the present are concerned.

After having a sense of what happened earlier and the lessons learnt from it, one can apply such learning to the future and at the same time be mindful of the present wherein even little changes can cause maximum disruption. To borrow a phrase from Bollywood or the Indian Movie Industry, Kal, Aaaj, Aur Kal, should be norm wherein we look behind, look ahead, and mind one's step in the present. This calls for balance and poise that are sometimes missing in our chaotic and frenzied lives.

How to Remain Relevant and Not Let One's Skills Become Redundant and Obsolete

After elaborating on the template for action, we can now discuss what professionals such as you and I can do. To start with, build savings, invest for the future, and review past spending and saving patterns so that one can have something to fall back on.

Working professionals should not lose touch with the latest events and happenings in their industries as well as be out of date as far as the latest management theories are concerned. This can be done by either enrolling in evening or part time refresher courses as well as visiting sites such as these for the latest insights into the world of business and management. Moreover, students who are graduating in the next few years have to start early and this can take the form of having their institutes invite guest speakers from the cutting edge firms to give talks and elucidate on their experiences in dealing with change.

A key aspect of preparing for a future of extreme uncertainty is to keep upgrading one's skills constantly and continuously so that they do not become obsolete just when the students are preparing to join their careers.

Conclusion

Having said that, there is only that much that one can do to prepare for the future and hence, one must also remember that come what may, one has to be maintain one's balance and poise so as to not fall into the trap of complacency.

Indeed, in times when what happens overnight can radically alter the present and give rise to a more unpredictable future, there is no harm in merging spirituality with contemporary business management so that meditation and mindfulness can provide the much needed balance and calm that is needed in this hyper stressed and uber competitive world of ours.

To conclude, the skills that you acquire now can become useless in no time and hence, it is also a good idea to apply timeless wisdom so that you are always in the reckoning.