

Generating Maximum Productivity of an Industry through In House Entrepreneurship

Ron Prodhan

Student (B.Tech.-THIRD YEAR), Department of Electronics and Communication Engineering, Institute of Engineering and Management, Salt Lake, Kolkata-700091, West Bengal, India

Abstract: This paper describes a suitable technique for brand building in smaller markets without compromising larger markets. This technique deploys the utility of entrepreneurship at various levels of an operating industry. This technique is highly beneficial for developing and under developed economy because it will create more jobs, generate more revenues and the most important thing about this technique is that it will build a brand for the industry deploying this technique. It also ensures that an industry extracts the maximum benefit from every possible asset an industry has without compromising on its productivity.

Keywords: Entrepreneurship; Industrial Productivity; Asset Management; Inventory Management

I. Introduction

This technique is quite easy to deploy in any functioning industry. For under developed and developing countries, skill development is necessary for the progress of the developing nation. This strategy will facilitate the development of economy of a country as well as the company concerned. The key idea for deploying entrepreneurship is that it will help in generating new ideas, smaller markets will be targeted. Maximum cash generation will take place, on account of the fact that entrepreneurs create markets after analysis of markets through primary market research. Since a limited group of committed end users are target for entrepreneurs, the profit ratio will be high. Some application of this strategy is discussed below.

II. Inventory Based Entrepreneurship

Each and every industry has its own inventory which includes [1]

- raw materials
- work in progress
- finished products

These things can determine the state of an industry such as whether an industry is facing any stiff competition or not. So in order to convert an inventory to cash an industry has to sell out its products in the market.

However the raw materials can be further be used for creating markets. These markets may be smaller and highly localized but they will generate sufficient revenue in return for the company.

Example slag generated from iron and steel industry can be further recycled. The slag generated from and steel industries can be used as a raw material for cement industry [2].

The advantage of inventory based entrepreneurship is that it results in the development of new products. The nature of these products is determined by their users. Since entrepreneurship targets a small and committed market, the marketing of these new products under the name of the parent industry will result in the development of brand name if the latter [3].

But the best part also lies in the fact that new techniques such as sustainable development, eco-friendly technology can be easily integrated in the manufacturing of these goods.

This will also create a big brand base for a company and would also result in a faster and more efficient conversion of the inventory into cash.

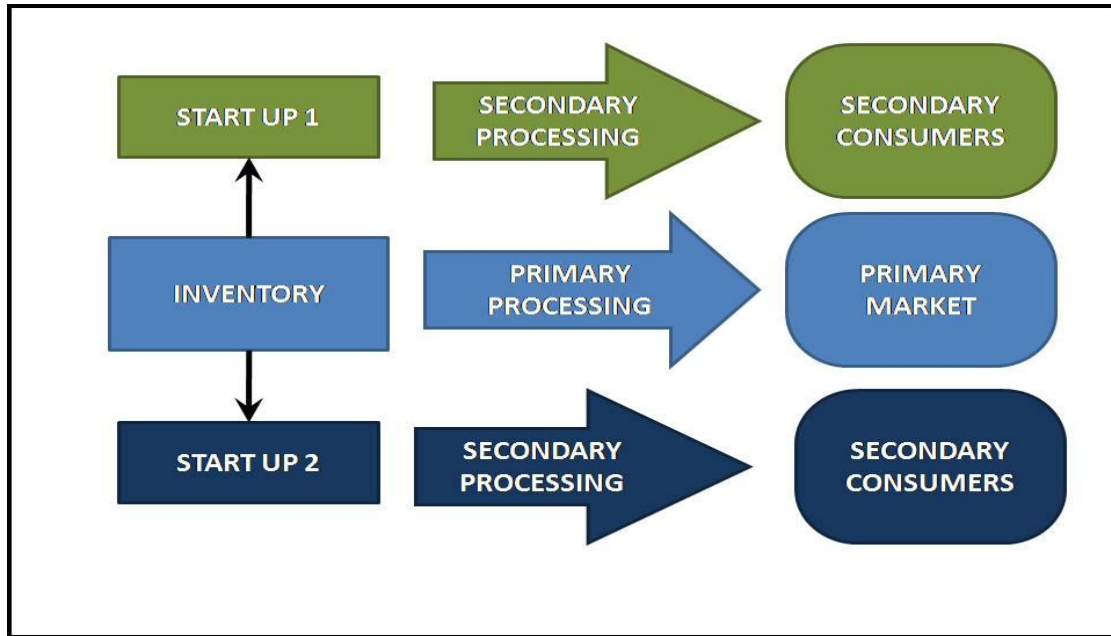


Fig 1. Use of inventory for creating start-ups and markets

III. Cash Based Entrepreneurship

Cash and cash equivalents are invested by a company, mostly in other companies, to receive equities from their operation. This liquid asset is the most vital part of any functioning industry. The conversion of cash to other assets is the fastest among all other asset conversions.

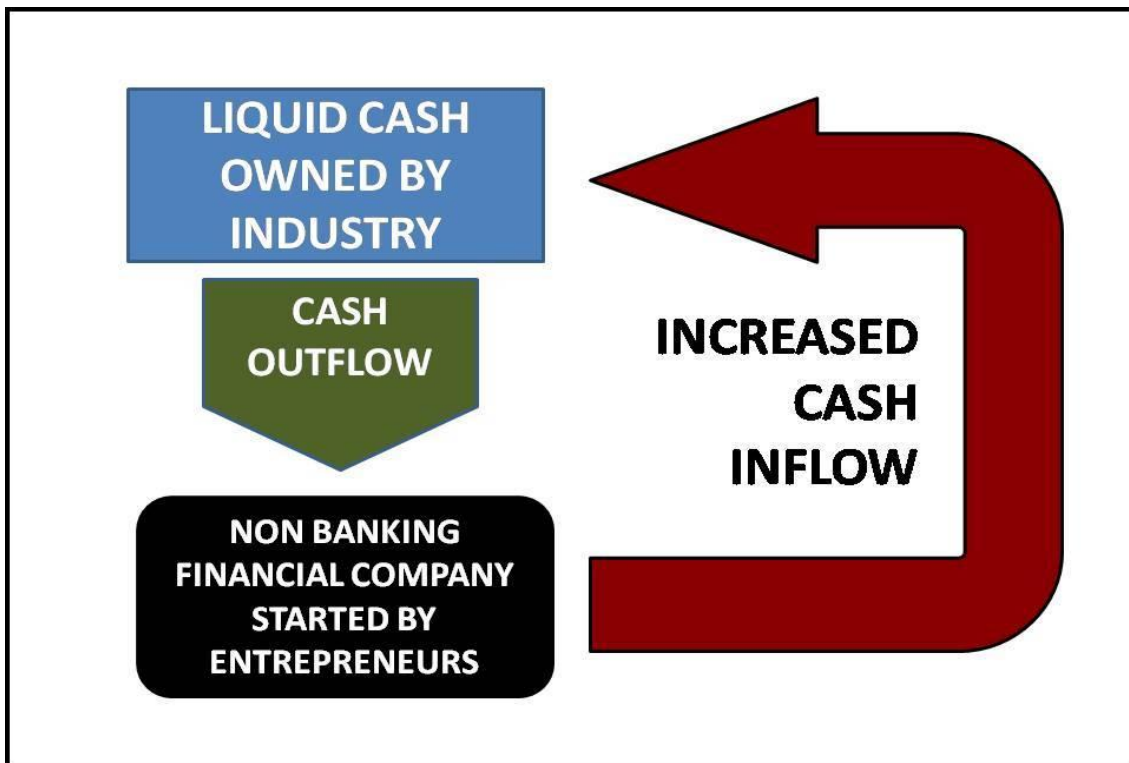


Fig 2. Cash based entrepreneurship

The cash and cash equivalents can be successfully used for growing up cash and cash equivalents. This can be easily done by setting up non banking financial corporation [4]. This will not only result in growth of cash inflow for an industry but also result in an execution of corporate social responsibility.

This entrepreneurship can be carried out by retired bankers. It would lead to the growth of cash equivalents as an outcome of daily operations.

IV. Account Based Entrepreneurship

Extensive sales on credit results in high account receivables, this is true for most industries [1]. These account receivables require a customer to pay whole or part of the payment for the product he has acquired at a later stage. This can also be done by customising a path or process for giving cash equivalents to the company. As an example support for setting up a new venture can be provided by a marketing specialist. A metallurgist can also help in creation of start-ups which will recycle steel for smaller market.

The same thing can be done with accounts payable to other companies by giving them products or services on behalf of their accounts.

V. Benefits

This strategy has a few rewards hidden within itself. The greatest advantage of this strategy is that it will generate more income for the parent company. The resources, wastes, cash etc. can be used adequately for generating more cash and cash equivalents for the parent company.

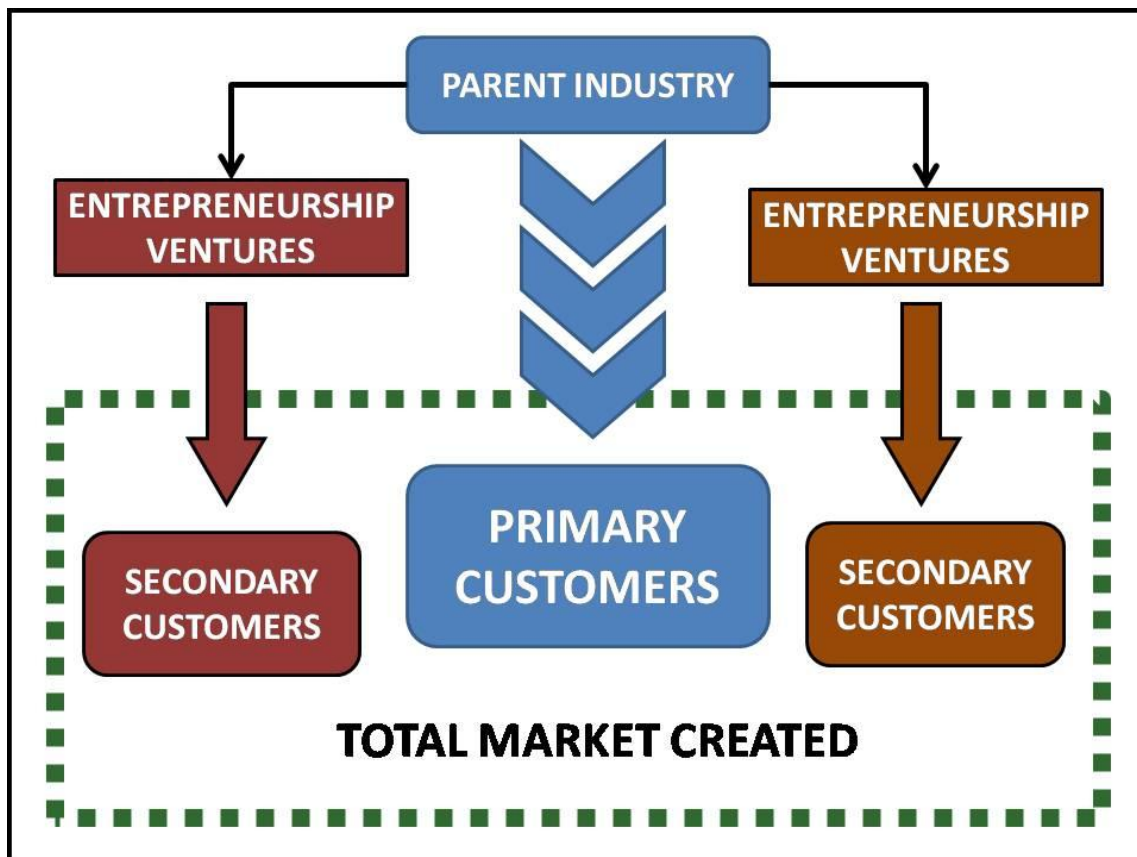


Fig 3. Brand building and Market creation

Second most important advantage is that, a large scale industry will also operate small scale ventures which are under partial or direct control of the parent industry. These ventures will be run by entrepreneurs and will create micro-market. This will be highly suitable for brand building of the parent industry. It will also create further avenues for expansion of the parent industry.

This strategy as stated earlier will help in creation of entrepreneurs. This is an act of corporate social responsibility for developing and under developed countries [3]. The strategy, after proper implementation, will help in the progress of any nation as well as the parent company through innovation generation and application.

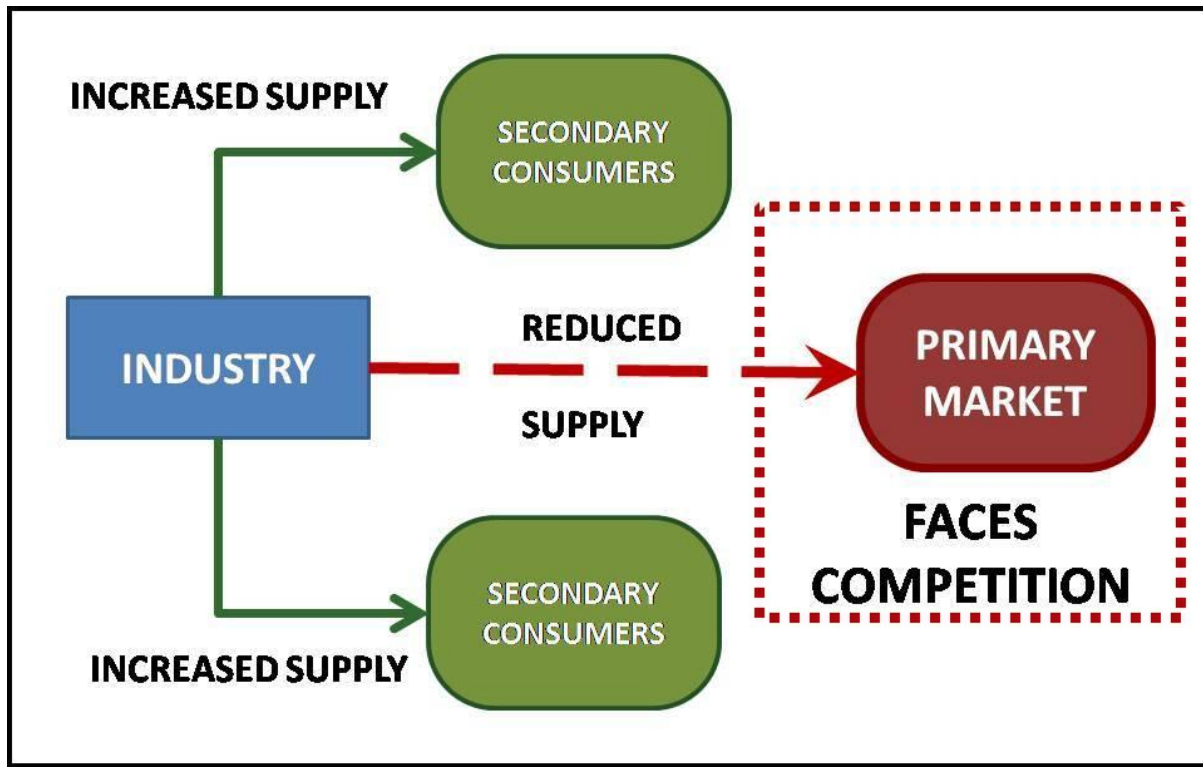


Fig 4. Effective utilization of inventory

The key fact that the resource of the main industry is being utilized during the entire process, the parent industry can go into a hibernation process wherein the production is reduced by the main industry and the offspring ventures increase their production. This can be continued till the competition is reduced and production has been restored. The company can effectively use its resources without worrying about the losses that can possibly incur if the resources and inventory is not consumed to its fullest. The depreciation in the value of the inventory due to long term accumulation is thereby prevented.

VI. Problems

This idea may definitely seem simple but the possibility of an error cannot be ruled out completely. A lot of potential reason can be claimed for the cause of failure. In developing countries and underdeveloped countries, there are no organisations available for creating entrepreneurs. As a result the entire cost has to be carried by the parent company.

Second most important fact is that entrepreneurship does not rely completely on advertising for the sale of its products. Entrepreneurship is directed towards a small but committed group of users or, more specifically end users. It is highly possible that a product developed for end users may not receive its due acknowledgement [3]. It might also be possible that certain ventures may fall prey to anti-marketing techniques executed by competitors.

Thirdly the parent companies do have to accept the fact that a large amount of income may be threatened and a substantial portion of the inventory may be utilised with zero returns. The initial years of setting up entrepreneurs will never be rewarding and the success of any start-ups may be dependent on the entrepreneurs themselves. The decision is a long and tedious one as it requires a calculated move based on primary market research and creation of persona based on the end user profile.

VII. Conclusion

This strategy is a self sufficient strategy as it utilises the resources of a functioning industry in the best possible way. Moreover the parent company is the absolute controller of the venture. The key fact that the resource of the main industry is being utilized during the entire process, the parent industry can go into a hibernation process wherein the production is reduced by the main industry and the offspring ventures increase their production. This can be continued till the competition is reduced and production has been restored. Therefore this strategy gives an industry the security and stability required for its functioning. It is an additional reinforcement done to a wall.

Acknowledgement

I am thankful to my mother who is a senior member of an NGO. This paper is a result of her mentoring and her focus for creation of employment for the poor people due to the lack of sufficient skills. I would also like to thank my father who had explained to me about the organizational structure.

I would also like to extend my thanks to a MOOC (massive open online course) on financial analysis and decision making conducted by Tsinghua University, China. This course largely helped me to get idea on balance sheets and a lot of things written in this paper.

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