E-FOREA

E - Times

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<E-Inspiration>

Entrepreneurship Defined!

-Somit Gupta

"Think big, think fast, think ahead. Ideas are no one's monopoly"

There lived a boy in the village of Chorwad in the district of Jungarh. There was nothing extraordinary about the boy or the place, except that the boy hailed from the community of Modh baniyas, same as that of **Mahatma Gandhi** and the place was near the port town of Porbandar. The village and the boy's family were both poor. As he reached the stage of puberty, his mother nagged him to 'Begin earning some money' but the boy always hit back saying 'Why do you keep screaming for money? **I'll make heaps of money one day.**' This boy who was not interested in school and was weak at arithmetic would one day make true his words and baffle the arithmetic of all the economists and analysts of the world to form the largest industrial house of Modern India, the Reliance Industries. His name was **Dhirubhai Ambani**.

As soon as Dhirubhai wrote the exam for the tenth class, his sick father asked him to leave for **Aden** to work and earn much needed money for the family. As an obedient son, Dhirubhai set for Aden to work as a clerk in the A. Besse & Co. Aden was the second busiest trading and oil bunkering port in the world after London and A. Besse & Co. was the largest transcontinental trading firm east of Suez. Instead of being humbled by the vast firm he was working for in a far off land, Dhirubhai got fantasised by the commodity trade and soon learnt all the tricks. He did everything to develop the skills which would come handy to him in future. Dhirubhai felt tempted to speculate on the commodity market but had no money and was still new to such trading. To learn the tricks of the trade he offered to work free for a Gujarati trading firm. His enthusiasm had him rolling and there was no ambition which did not seem to be in his reach.

He studied various subjects from foreign affairs, English, Psychology, etc and was soon confident enough to try his hand in the speculative commodities trading. As with most entrepreneurs, he had no money to start with. He started borrowing money from his friends and small local shopkeepers, who could not deny his tempting offer of **"Profit we share and all loss will be mine."** Dhirubhai used to intently study the market before plunging into it and started gaining little by little from the trading.

Later Dhirubhai was promoted and sent to work in the **Shell Oil refinery**. Any other man would have been just impressed at the sight of the huge refinery, but Dhirubhai was a different man. As a small worker at the refinery, not earning enough to support his family, he started dreaming of having his own refinery. Later he would recall "It was a crazy idea for a petrol pump attendant to want to build a refinery of his own, but that is the sort of crazy ideas I have been playing with all my life."

Some years later, the work in Aden wound up and Dhirubhai was back in Bombay with nothing in his pocket except a letter letting him stay in a Chawl in the **Bombay Slums**. But now Dhirubhai was not going to work for anyone else save himself. He started trading in spices. He used his old contacts in Aden to start selling species to the Middle East. He

never relented on quality and standards. To get capital, he used his previous formula "loss is mine, profit I share." Confident of his efforts Dhirubhai started offering exorbitant interests to the money lenders topped with bonus on every good deal. He started out with the most modest office, even in those times. All that his office had was a table, two chairs, a writing pad, a pen, an inkpot, a pitcher for storing drinking water and a few glasses. The office had no phone but he could make and receive calls on the phone of a next-door doctor by paying him a small amount for every such call. This was the first office of the man whose wealth would one day surpass the wealth of any Indian and whose offices would span every part of the world.

Soon Dhirubhai realised that the yarn trading was more promising but also more risky. Soon Dhirubhai was seen trading in yarns. The fates were not kind to him but his entrepreneurial spirit went through every danger, converting it into an opportunity. The Chinese proverb regarding **'crisis'** had never been truer than to this man. Dhirubhai had the courage to see ahead and also act on his ambitious plans. He never left any opportunity unused thereon. He flew to Japan to get a large supply of '**Chamki**' cloth so that he could be the first seller to market it in India. Things went as he foresaw and it was a great success, but Dhirubhai never stopped. He soon saw the merits of nylon over rayon and started planning for his own nylon factory. His determination and enthusiasm was very contagious and soon all the members of Reliance industries worked day and night to build the factory, best and foremost in technology. They completed the factory in a record time of three months and soon **Vimal** brand was out in the markets. The man owing large sums to his investors and having a factory in construction thought of surpassing the **Tatas** and **Birlas** one day. Such courageous vision and enterprise is the key ingredient of entrepreneurs. As the Vimal brand rolled out so did the problems. The Vimal brand true to its name was the purest and the best in the market and the big players were bent upon blocking it from the market. No wholesaler would accept the Vimal brand. Unaffected by this calamity, Dhirubhai started going to all retailers in every corner of Bombay and other cities carrying bales of Vimal material on his shoulders.

“My name is Dhirubhai Ambani. I am a ***sadakchhap*** (a man from the streets) but I want to be big one day. I want you to grow with me, though at the moment I have nothing big to offer you. My brothers, some friends and I have just set up a factory at Naroda. We make this knitted fabric there. The wholesalers are boycotting our material for fear of the big mill owners. I offer this material to you. I don't want any money. You sell it. If you make money by selling our material, give me whatever and whenever you want to. Now, will you not offer me a cup of tea? “
The reliance workers were piling bales of Reliance fabric at the retailers' counters without asking for any receipt or advance payment, no, not even seeking a promise of payment in future. The strategy was successful and soon shops started converting to exclusive “**Vimal Only**” shops. This crisis proved to be a blessing in disguise as no profit was to be lost to the middlemen.

The engine had gained momentum and now was rolling in full speed. The insatiable spirit of Reliance members was leading the company from one height to another. In 1975, a **World Bank** team visited 24 leading textile mills in India. The team certified the Reliance mill to be the best in the country. "Judged in relation to developed country standards," said the team in its report to the Bank, "only one mill, Reliance, could be described as excellent."

The factory at Naroda is now the grandest composite mill in the country where everything from converting raw yarn into finished bales of fabric ready for retail shops is done at one site. Later Dhirubhai went on to setup one of India’s largest telecommunications network and oil refining company. Reliance Industries today is the biggest industrial house in India and a **Fortune 500 company**. It almost doubled its income last year and has presence in all walks of life. The ambitions and plans of the company are still inspired by Dhirubhai Ambani. Though it has split into two, the

vision and vigour of the foremost entrepreneur of India, who humbled all the graduates from MITs, IITs, Oxford and other foremost thinking centres, is still alive and still as insatiable and entrepreneurial as before. If such men have paved the path of enterprise and innovation in India then it must not be very difficult for us all, technically and otherwise well equipped, to tread the same path and reach further heights.

<E-Tutorial>

All about Venture Capital

-Anand Vishwanathan

Imagine . . .
You are a budding entrepreneur. You have an idea, a business plan by which you expect to earn big money in the next few years. But, to kickstart your venture you need invest a lot of money, which you may not be able to put from your own pocket. You approach banks for loans and they reject your application citing that you have virtually no experience when it comes to starting your own business. Whom do you turn to???
This is where **venture capitalists** (VCs) come into the picture.

Who are venture capitalists?
Individuals or firms who invest money in young, fast growing companies are called venture capitalists. They help in the growth of the company in its initial stages expecting to gain in the long run. The money invested in your company is called **venture capital**.

How do venture capitalists work?
Equity investment: a partner in your business
Venture capital is money invested that buys a share of ownership in your business - it's therefore referred to as equity capital. It is not a loan, as you might get from a bank. The investor acts your partner in your business by funding your business. Therefore, the return the VC expects, whatever the time frame - three years, five years or seven years - is appreciation of the value of that equity.

Implications for you:

- When you take venture capital, the venture capitalist will own a share of your company.
- Your VC is a partner willing to take risk alongside you. If you lose, they lose. If you win, they win.
- As the word "partner" implies, VC's will expect to have a say in how you run the company.

High risk: able to invest in young, unproven companies
Venture capital is designed for risky investments: the investors in a venture capital fund have made a decision to pursue a high risk, high return strategy. These risk/return expectations match well with investment opportunities in young, potentially high-growth companies.

Implications for you:

- You can raise money from venture capitalists for a new business, one that does not yet have a history of making money. A bank, on the other hand, would require a track record of profits before lending you funds. .

Managed by professionals: benefits and limitations
VCs are usually not investing their own money; they invest on behalf of others. They are usually people who have been successful in operating roles, or as entrepreneurs, or have years of experience investing in young companies, usually in a specific industry. They can bring more than just capital to support your company. As partners in the business, they are motivated to spend their time helping the company grow.

Implications for you:

- With the right venture capitalist, you can expect help with everything from strategy, to acquiring customers, to recruiting your team.

- On the downside, if it's a bad match, it can be quite damaging. You may be stuck with a partner you find difficult, or someone who provides less help than you anticipated.

What do venture capitalists look out for?
On an average, venture capitalists are known to fund only 1 in every 300 proposals they get. What makes that one so special? And what do VCs really expect from you?

The market
The market has to be large enough or fast growing for VCs to even consider your proposal. The bigger the market the bigger the opportunity you have. Then how are you going to identify your target consumers? How are you going to reach them? Does your venture require to spend too much money on advertising ? If all the factors are favourable, then the VCs are more assured of your plan.

The Company
Does the company have what it takes to capture significant market share in that particular segment? The company's business model, strategy, and overall approach to create opportunities is an important point of focus for the VCs. Your company needs to have some differentiating factor, which will keep itself few paces ahead of its competition.

The Team
The most important part is the team itself. The team needs to have the passion for the business, which will lift itself in times of crisis. Also team chemistry is crucial, not only among the team members but also with the VC. The VC needs to feel comfortable with the team as he/she needs to feel assured about where his/her money is going.

<E-NITK>

In House Entrepreneur

A talk with an alumnus of NITK who quit Trilogy to start his venture…
-Somit Gupta

NITK campus is buzzing with placements, most of the final years have been placed but the long list of companies still to come is growing as ever. Four years of hard work finally pays off. The successful students get into the foremost companies like Microsoft, Texas Instruments, and many more. Two years back four friends got placed into their dream companies. They were **Anil** – Trilogy (now Versata), **Puneeth** -Texas Instruments, **Ratan** -Symphony Solutions and **Jaganath** – Conexant. After a year, they have quit their job and started their own venture- **Techsouls**.

Let us hear the unusual of usual NITK guys. This is the transcript of the interview.

Let us begin from the start. When and how did you have the idea of starting your own firm?

It all started in third year. Till third year I had no idea of the company. We (Anil, Puneeth, Ratan and Jaganath) used to participate in small competitions. Everything changed when we started working on a robotics competition at IITK. People around us were apprehensive but we were confident that we will do a good job.

We all had a lot of enthu and we won the competition. Since then we wanted to do something like that at some point in our life but never thought it'll be so soon.

How were your jobs at the "dream companies"? Did you enjoy working there?
I had a wonderful training at Trilogy and what I liked the most was that we tested our limits there. It was very thrilling but this was the kind of work I was never interested in. I am guy who can do things really well when I am

interested in it else I screw them up. Even at college I used to jug things from others when it was not interesting for me but when it was something that was interesting I used to do it myself. The work at trilogy could not interest me. During the training I used to work on new web technologies but I realised that I never had the enthu to work there and it was "not my cup of tea."

Puneeth and I used to meet at malls on weekends and scold our companies. What we hated about our companies was that they are making us work for a far away nation US, who are gaining the major part of revenue. We were given peanuts and we had no motivation whatsoever to work there. Puneeth was made to work on a really good technology and all that was to be used only in American defence and he had to sign a pact that it will not be used for Indian defence. We had no motivation and motivation is very important that you should appreciate what you are doing. Same was the scenario with Ratan and Jaganath.

We got together and thought that we should set off on our own and that it was high time that we stopped working for these companies. So, we decided to work for just one year and if everything went well we'll stop working for these companies and start our own. This how it all started

How did you perceive the risk you had in starting our own venture?

It wasn't that risky. It looks risky to people seeing it from outside that we are quitting a job which pays 7 lakhs per annum but we had confidence that we'll succeed and also we could always go back to a job if everything fails. But we'll always have the satisfaction of doing what we wanted.

The idea behind the venture?

Technology education is the main theme. We are trying to give to kids, what we lacked in our education at school. In the school we lacked enough motivation to study science and mathematics. Kids usually mug up from a text book and write the exam but that is never the correct way to study science and math. We want to excite the students about technology and make them appreciate the basics of science and math involved in it and get them interested in learning more. The idea is working well and we are planning to expand our company.

The product and market of Techsouls?

Our product is a knowledge product, a program consisting of strategies and methodology that can be used in education. We call it technology education. Our market is students from schools all over the country.

Capital needed to set-up the company?

We are working on proving the concept. Once the concept is proved, we can get our venture funded by a Venture Capitalist. We all pooled in about 4 lakhs to set-up the company.

Infrastructure?

The current office of the company is at my room and will remain there for a few more weeks. Right now we are planning to rent another house and implement a new concept of "Robo house" – a community lab where students can come and gain technical education.

Marketing?

Marketing has been a trail and error process. We are going to many schools and demonstrating and testing our programs there and observing the response and then refining the products to come back again.

Orders?

We are engaged with three schools at present in Bangalore - Oxford School, BGS NPS (BGS National Public School) and DPS (Delhi Public School)

Two of us go to these schools once a week and see the results of our products.

Vision?

To resonate youth with the excitement of science and technology.

To make our product affordable to all.

What are the immediate challenges ahead?

Right now the biggest challenge is that of networking. We have to go out to many more people to tell them about our self and our work. Funding has never been a problem. We are focusing a lot on networking now,

What is the most important thing NITK provided you with to reach this stage today?
The most important thing that I took along with me from the college was a set of very good friends, whether it is juniors, seniors or batch mates. I have had very good friends and I love working with them and learning from them.

Are you guys interested in higher education right now?
I have got a call from the New York University for a MS in Sensor Networks but I have deferred it for a year and would go there only if I have the strong motivation to do it. The other three do not have anything other than company in mind.

Do you think with the resources at the college you could have started the venture at the college itself, while studying?
Two things are important for setting up your venture: the idea and how you manage a company. I got the idea of setting up our own venture only in the third year. I cannot say that people cannot start their companies from the college but I feel that at college I lacked the kind of professionalism and vision that I gained from working in the industry. I gained a lot by interacting with my peers and managers, which has helped me in setting up my own venture.

What is your advice to the budding entrepreneurs at NITK?
I would say that every good idea must have started up from something very crude. So if you have an idea, don't just let it go, think over it again and again and develop it at college, so that you can think of starting your own venture one day and help contributing to the society and the nation. Don't be afraid of trying out things. Being a NITK guy, I am sure that you'll always find a job even if everything doesn't go as planned.

<E-Event>

IGNITION

-Mahesh Shenoy

Any nation's economy rests largely on the shoulders of **innovation** and **entrepreneurship**. Its one of the major deciding factors a country's progress. In the past India has missed or ignored many an opportunity of globalization and missed the bandwagon. We as a nation have entered the new millennia with hope and confidence. Our country has been a breeding place for street smart entrepreneurs who have never been shown the organized path. We-the team **EFOREA**- are bringing the first of its kind event and gathering here at NITK IGNITION.
We at EFOREA at the stages of inception dreamt of such an occasion and we are proud to bring to this institute an event of such magnitude. Just over a year since its inception the members have worked hard to put up **IGNITION**.

What is the event about?
First and foremost the event will be a guiding light to all those who are raring to go and don't know how. Participation is not restricted to engineering colleges. We will get to see ideas from students from many streams of education. Apart from engineering colleges like **MSRIT, MVIT** and **RVCE** from Bangalore, colleges like **Mount Carmel** College (Bangalore), **Jain** college of Management have confirmed their participation. Secondly, it's an event where representatives from professional support networks like **NEN**(National Entrepreneurship Network) will be coming to interact and conduct events to spot talent.

Here we elaborate some of our events:

There will be a keynote address followed by the workshop. The keynote address will be

delivered by the distinguished **Ms. Nita Goyal**, co-founder of **Tavant Technologies**.

Ideas Workshop:

The only prerequisite for attending this event is to **identify problems** and find effective solutions to get over them and **a pinch of creativity**.
The main aim of the workshop is to build team work and come up with solutions in groups and to bring out creativity. The participants will be split into groups of 15-20 and will be made to go through various simulations of real industry level problems. Apart from this, there will be short instructional videos being played which will aim at guiding people to go through with their ideas.
The workshop will be followed by a **networking lunch** for all the participants.

Paper Presentation:

The members of EFOREA will be presenting a paper based on the research and surveys we conducted on the level of **inclination of engineers** towards being entrepreneurs.

Opportunity Evaluation:

After the ideas workshop, teams will be presenting their views to the NEN representatives from Bangalore **Mr. Milind** and **Mr. Sameer Kant.**

Teams will be split equally into groups speaking towards a solution and groups speaking against any solution. The two judges are going to declare the best idea and the winners will be awarded with **apprenticeships/internships** at various start ups.

<E-OPED>

Brave through the bad times

Following is an interview from **Bussiness Line Newspaper** dated 03/09/2007 of **Nita Goel**, co-founder **Tavant Technologies** which nurtures eco-systems for start-ups and women in the workforce.

Neta Goel 'the first woman to have obtained a computer science (CS) degree from any of the IIT's, a PhD from Stanford University in the field of artificial intelligence (AI), and a successful entrepreneur. She is visiting **NITK** for **IGNITION'07**.
Excerpts from the interview:

How has your journey been thus far, beginning from IIT?
I went from being a student in IIT Kanpur to being a PhD student in CS at Stanford University. Stanford was a humbling and inspiring place where one got to learn with and from the best in the world. After graduating I joined Hewlett-Packard (HP) Labs. The technology developed by our group at HP was spun off as a start-up. This was my first experience as an entrepreneur — participating in everything from finding an office to developing technology and leading an offshore team. By 2000, the start-up fever hit again and Tavant was started.

On your greatest challenge…
In early-2001, with the down-cycle in the market, Tavant had trouble raising finance and we had a big first customer to deliver to. It ultimately turned out well; the customer was happy and eventually became an investor too. I learnt: to stretch a shoestring budget to the max, the importance of a satisfied customer, value of a good team, and the fact that starting a company is no joke — no one should do it unless they are willing to put in the commitment and hard work needed to see it through the bad times that are almost inevitable in any business.

Does a corporate stint help when launching a start-up?
Yes and no. Just out of school, it is hard to

appreciate how markets work and how companies function. Corporate experience definitely helps in that regard. But energy, enthusiasm, fresh ideas, no fear of failure are more important and it is not necessary to spend time in the corporate world for that. Microsoft, Yahoo, Google are outstanding examples of companies started by people with not much corporate experience. On the other hand, the combined corporate experience of the initial team at Tavant was a key success factor.

In promoting entrepreneurial spirit, how crucial is a culture that gives space for 'failure'?

Failure is a critical part of entrepreneurship. For every Google that succeeds, there are hundreds of companies that fail. Often failures teach us more than successes. When failure becomes socially acceptable, innovation blossoms, as people are more willing to risk the unknown. In India, failure is not tolerated quite so well. But I believe there is change

Is the entrepreneurial spirit healthy in India?

The entrepreneurial community is not only vibrant but growing significantly across all sectors. Not only are more people, senior and junior, starting and joining young companies, a lot of venture capital is available to finance them. India does throw up particular barriers for entrepreneurs - poor infrastructure and insufficient ecosystem to support entrepreneurs (mentors, risk-averse family members, inadequate talent). Incubators would help in addressing many of these issues. That said, most of the lessons of entrepreneurship are equally applicable in India. There are numerous forums that promote the understanding of these lessons by enabling India's upcoming entrepreneurs to meet with other successful entrepreneurs and investors. These forums include The Indus Entrepreneurs (TiE) and National Entrepreneurship Network (NEN).

How far can education be tailored to foster entrepreneurship?

Business schools today are incorporating entrepreneurship as part of their programme program. This is a welcome trend but needs to be supplemented with practical experience. afoot, and young people are increasingly comfortable with risk and failure and there are more start-ups now than even a couple of years ago.

Challenges for an entrepreneur in India?

Entrepreneurship is a challenge anytime, anywhere. The Indian economy at the moment provides opportunities in almost every sector, but being an entrepreneur is never easy. However, entrepreneurship has many rewards, such as a sense of personal satisfaction and the thrill of seeing your vision become reality.

It is a myth that the challenge for new entrepreneurs is lack of finance. Actually, the biggest challenge is identifying your customer and the value you can provide them. Further, you need hard work and the ability to stand your ground against overwhelming odds. Of course, you do need money to get started, a team that believes in the idea, and people who are willing to support and guide you - especially your family.

Experience of entrepreneurship offers its own education that cannot be replaced by any classroom. Entrepreneurship requires one to wear multiple hats, think on the feet, act with incomplete information (intuition) and learn from failure. Having the flexibility of taking a break from the academic programme program can also be useful. Many US universities allow for it and Silicon Valley is full of entrepreneurs who mixed education with entrepreneurship successfully.

E-team

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