

Madras University

M.B.A Entrepreneurship and Management Of Small Business

MBA(Distance Education) Elective Question paper

MAY 2010 P/ID 77587/PMFQ

TIME: THREE HOURS

MAXIMUM: 100MARKS

PART A- (5X6 = 30 MARKS)

ANSWER ANY 5 QUESTIONS

1. Differentiate between entrepreneur and entrepreneurship.
2. What are the types of entrepreneurs?
3. Explain the various qualities of entrepreneur.
4. Briefly explain the different merchant castes in India.
5. What is entrepreneurship training?
6. Discuss any three programmes supporting women entrepreneurs.
7. Write a note on the role of NISIET.
8. What are the challenges and opportunities available in SSI's?

PART B- (5X10 = 50 MARKS)

ANSWER ANY 5 QUESTIONS

9. "All economy is the effect for which entrepreneurship is the cause"-Discuss.
10. Review the entrepreneurial growth by the communities of south India.
11. Discuss the factors identified by Narayanamurthy to be a successful entrepreneur.
12. What are the problems of Women entrepreneurs and discuss the ways to overcome these barriers?
13. Discuss the importance of small scale industries in India.
14. Critically examine the growth and development of ancillarisation in India.
15. Discuss the various sources and collection of credit information of entrepreneurs.
16. Briefly explain the recommendation and policy implication for survival of SME's.

PART C- (1X20=20 marks)

Compulsory

17. It could have turned out be just another evening on the circuit. But 31-year – old

Anuradha Ruhil says that she fashioned a chance encounter with Anjali Mendes – the India – Pakistan directorate of the \$1-billion French fashion firm Pierre Cardin fashion at a party in New Delhi in 1992 in to business enterprise.

Learning from Mendes that house of Cardin had actually setup shops in 125 countries. Ruhil wondered out loud why it did not have a formal presence in this country.

Especially since Cardin himself had told Mendes in 1979 that in 15 years time, India would be his biggest market. That's when Ruhil decided to approach, through Mendes, the designer- Whose signature is one of the more popular super premium brands in the developing world with a proposal to enter in Indian market.

Two years after that brush with chance, Ruhil has succeeded in setting up Pierre Cardin fashions India, using her head start to beat several other suitors in the fray. And in a minor coup, she has also secured the right to represent salon Cardin in Sri Lanka, the Maldives, Nepal, Bangladesh and Russia as well.

With Ruhil claiming that PCF's three boutiques. Managed by franchisees in Delhi, Mumbai, and Calcutta are posting average sales of Rs. 2.3. lakh per day, she is on cloud nine. Without taking into account the additional boutiques PCF is planning, this translates into revenues of over Rs.8 crore per annum, which will be shared between PCF and the franchisees. Adds Mendes: "The company is planning to set up 50 showrooms in the next two years. And we have been flooded with enquires."

The irony of it all is that PCF's wholetime director is hardly a businessperson. Though her father is a Chandigarh-based businessman, Ruhil's own flirtation with such activities has been limited, until now, to the 50 percent ownership of a small travel agency in Delhi, Time and Tide. "But I have always felt that India needed a big name like Pierre Cardin," she says. "And when I met Anjali, I said as much to her".

Her next step was to convince Mendes, who oversees such projects for Cardin that she was serious about tying up. Finally, with Mendes' blessings, she flew into paris in December 1992. In the fashion capital of the world, Ruhil met the 72-year-old Cardin in his office overlooking the Champs Elysee. Recalls Ruhil: "I was nervous initially, but Monsieur Cardin put me at ease and told me how keen he was to open boutiques in India. After that, it wasn't too difficult to convince him". Her timing was perfect: over the years, Cardin has repositioned himself as a popular super premium brand, which made the foray into the Indian market logical.

To demonstrate that she was capable of handling the joint venture, Ruhil first had to obtain the necessary government clearances as well as bankroll the new venture.

Returning to Delhi, she immediately drafted the help of a firm of chartered accountants to draw up a proposal for the foreign Investment Promotion Board (FIPB). Simultaneously, she decided to approach the managing director of the Rs 1752-crore Pune based Sai Group Mukesh Kalmade-whose brother is well-known member of Parliament, Suresh Kalmadi-for financial backing.

Together, they roped in S.M.Shetty, the chairman of the Rs. 163-crore S.M.Dyechem Group. That was inevitable, as the new venture needed an equity base of Rs.2 crore. To be sure, the franchise system meant that PCF itself would not have to invest in expensive real estate for the boutiques. But fresh investments would be still be necessary to set up manufacturing operation, and to set up shop in the other countries, in the region in 1979 that in 15 years time, only an equity base of around Rs.2 crore would allow borrowing of up to Rs.8 crore, assuming a debt-equity ratio 4:1, to bankroll the expansion. And Ruhil

just didn't have the necessary financial muscle. Accordingly, a deal was worked out by which some finance part of the S.M.Dyechem group picked up 34 percent of the new ventures equity ; the Kalmadi- controlled sai services put in 20 percent; and Ruhil her self pitched in with another 20% .

And Cardin, through one of his companies, contributed the remaining 26 percent. Reasons Ruhil; "Financial stability is very important in a venture like this. Besides, a company's standing in the market improves when there are established names involved". As for her fellow investors, both of them being personal friends, they "delighted"at the prospect of being involved with Project Pierre Cardin.

Once her financial figures added up, and the FIPB gave her its blessings six months later, Ruhil the money manager gave way to Ruhil the fashion fabricator. Drawing on her experience of holidaying regularly in the world's hottest shopping spots-after all, her husband Aditya Ruhil is a Singapore-based shipping magnate-she homed in on fashion shows, in general, and Pierre Cardin shows, in particular, to ensure that the product mix for her South Asian venture was just right. Four variables are involved: colour, fabric, cuts, and price. Says Ruhil: "What excites me most is the creative side of the business. And though I have no background in fashin, I have discovered that I have a flair for it. "Meanwhile, she has swn up strategic supply arrangements with textile majors like Grasim Industries and Aravind Mills, ensuring that certain fabrics, weaves, and prints would be manufactured only for PCF. "We can't risk having the same print or designs being sold at other stores," she points out. "Exclusivity is an extremely important aspect of the Pierre Cardin brand name". Having set up the infrastructure, Ruhil is now focusing on marketing the creations crafted by Cardin. For starters, she is talking about networking the company's Mumbai and Delhi offices and the boutiques through an on-line computerized system. "That way, we can constantly monitor sales trends and keep track of which colours, styles and designs are doing well in each segment," she says. Meanwhile, PCF has also decided to concentrate on formalwear for men in order to create a distinct niche in the designer garments market. "Most other boutiques sell ethnic wear and have only a couple of formal shirts or trousers. Right now, we wil face no competition in that market," argues Ruhil. This strategy will lead her thrust into the neighbouring countries as well, Ruhil's first boutique overseas likely to be franchised in kathmandu.

She has a busy itinerary ahead of her. While PCF's fourth manufacturing unit-the first three were set up by contractors in Bombay strictly according to Cardin's specifications – is under construction, showroom launches in Agra, Jaipur and Chennai crowd Ruhil's schedule. Through it all, Anuradha Ruhil is showing how the roles of femme fatale and femme business can be combined. Fashionably.

Question:

Comment the case study