

# COMMON FACILITY CENTRE (A SUCCESS STRATEGY OF ENTREPRENEURSHIP DEVELOPMENT)

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**Abstract** *Entrepreneurship is one of the most important elements in the process of economic growth and development for different reasons in any developing country. It is a process by which society changes technological information into products and services. This type of entrepreneurially ambitious innovation in products or services and processes is a critical engine driving the change process in a capitalist society. Entrepreneurship develops and grows not only technologically, but also sequentially and spatially. Entrepreneurship development related factors have inspired the emergence of entrepreneurship as a field of research and practice to any developing country. While this is one side, for the betterment of existing members those who are having industries in tiny, small and medium industries are in need of support to succeed in their business. In many developed and developing country, a facility called Common Facility Centre has been introduced, which can offer all sort of support within the same area where a group of industries are located by providing the most commonly needed facility such as marketing centers, testing laboratory centers, quality measuring centers, motivates the members and new entrants to come forward to develop their business with help of the Common Facility Centre, it can help them to reduce their operational costs and investment along with time management to complete the entrepreneurial commitment honestly. This study explores the features of Common Facility Centre as a Midas touch to entrepreneurs in increase their confidence level and decrease their operating cost, so that existing members get accelerated and new entrants got activated.*

**Keywords:** *Entrepreneurship, Tiny Small and Medium Industries, Developing Country, Common Facility Centre, Innovation.*

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## INTRODUCTION

Common Facility Centre is a concept recently introduced in the entire world as an opportunity to establish for the betterment of industrial development as well as entrepreneur development. Today world become a small village called global village because of rapid speed of both technological and social development. As long as technological development grows society should face changes and challenges accordingly. Technological development paves way for socio-economical development. Irrespective of the category any country can attain growth in economical development only through industrial revolution which is possible with help of entrepreneurship development. But, in the recent trends, entrepreneurship development

becomes a major challenge to any developing country due to various reasons, in which investment is major factor. If an entrepreneur tries to establish an industry it becomes very vital to identify a location where the supporting facility should not be away or a cost factor. This is the gap to be fulfilled by the ruling government in every country as a major support to entrepreneurship development and also as a critical challenge. To meet out this challenge as well as to support and motivate the entrepreneurial development, a new concept called Common Facility Centre has been introduced in developed countries as a success strategy to encourage and promote entrepreneurship development. This study explores this concept called Common Facility Centre and its features as a success strategy as an opportunity to entrepreneurship development.

## ENTREPRENEURSHIP-INTRODUCTION

The term Entrepreneurship has broadened and wider implication. It does not merely mean the ability to start some business. It may bring about a change in the mind set of people and can be a change in the social order, but it has a good spectrum of basic principles responsible for strong character, creativity innovation intelligence independence, productivity, and the ability to avail of the prevalent opportunities on resources to great advantage. Peter F. Drucker writes in *Innovation and Entrepreneurship* that to learn and to behave like entrepreneurs one has to have the courage to take decisions. He further states that entrepreneurship is the behavior of personality which lies essentially in the concept and theory and not on intuition. Behavior, concepts and theories can be learned by anyone willingness to learn with opens hearts and minds provide the opportunity to be self employed.

## CONCEPT OF ENTREPRENEURSHIP

The concept of entrepreneurship has been owned for several hundred years and has evolved greatly since its inception. It means much more than a mere reference to the commencement of a business enterprise, as vouchsafed by many economists while some economists hold the view that an entrepreneur is someone willing to take on the risk of starting a venture with the hope of profiting greatly, other believe that an entrepreneur is an innovator cashing is on their innovation. In the absence of an apt definition of entrepreneurship it can be taken to mean someone venturing out on their own on an opportunity holding the promise of making it big.

Economist Joseph Schumpeter calls entrepreneurship as a force of creative destruction. He backs his theory with the argument that an entrepreneur take son new ideas and new combinations to help render ideas from the past obsolete. Everyday a new and improved virtuous of an earlier concept is hit upon which becomes an ongoing process of modification this should give a clean idea bout entrepreneurship. It is this quest for change, entertaining new ideas and responding to them to eventually converting these changes into new opportunities that entrepreneurship concerns itself with. That is why many economists of today believe that entrepreneurship is a catalyst stimulating growth and furthering the economy.

## ENTREPRENEURSHIP - DEFINITION

The term 'entrepreneur' is derived from two French words 'entre' and 'preneur' meaning between and to take respectively. The word originally referred to those who would trade between the buyer and sellers 'supply against

demand' principle with its inherent risks and later it began to mean those starting a new venture. In recent times entrepreneurship has attracted a lot of attention and is seen as an attractive career path, which, in its wake, has resulted in a barrage of literature and research on entrepreneurial behavior flooding the market. The fact that Amazon.com holds nearly 5800 books on some aspect of entrepreneurial behaviour bears testimony to this. However, most of the literature is repetitive in content describing the same personal qualities of passion for business, tenacity despite failure; execution intelligence etc. Be that as it may, it is becoming increasingly apparent that while starting a business is easy, running it successfully is a real challenge. This is evident in the recent statistics provided by the Global Entrepreneurship Monitor [GEM] to the effect that 20% of the new firm in the US failed in the first year itself.

Failures are no way lesser the significance of entrepreneurial activities, vis-à-vis economic development, the fundamental requirement of an entrepreneurial venture, being new ideas and innovative business concepts. Schumpeter was the first to recognize that old technologies give way to new ones and products are continuously improved upon. He terms the process of current technologies becoming obsolete sooner or later 'creative distinction'. Joseph Schumpeter starting with the decision to become an entrepreneur the whole entrepreneurial process evolves through various steps like doing a feasibility analysis and industry analysis to come up with an effective business model. The next step would be to put this into operation under the name and style of a firm and devise a business plan which helps in the arrangement of financial requirements. Once the firm becomes operational it is to be managed effectively for sustained growth. Between conception and operation entrepreneurship has a long passage and requires managerial skills and qualified to run it successfully. However, the impression that entrepreneurs are born, not made is a myth. All that it takes to become a successful entrepreneur is a sound business plan and a through knowledge in the chosen field.

## ESSENTIALS OF ENTREPRENEURSHIP

Entrepreneurship is the act of processing various resources and transmitting them into commercial products. Innovative ideas, financial management, efforts for the development and growth of the venture, human resource management, customers' relations and each and every minute devoted to business all constitute resources. The tasks of entrepreneurs are often laborious. This applies equally to a small scale business venture as well as to corporate business. The methodologies and strategies of an entrepreneurial venture require constant innovative measure to keep abreast of modern technological progress for survival. The major aim of any entrepreneur is creation of wealth, constant vigil and awareness of the market situation is important in order

that cost worthy products to meet the customer demands are produced and supplied. Seasoned professionalism, discipline and a proper approach in handling things are the other qualified expectation of an entrepreneur. A critical study of the market trends and a proper assessment of the opportunities that can be harnessed are the hall marks of entrepreneurship.

An overriding desire to succeed, spirit of competitiveness, self confidence, innovative mind, readiness for change and confident and sustained effort all go into the making of a good entrepreneur. A good entrepreneurial performance consists in handling the human resources with tact, not allowing the team spirit to safe and getting the best out of every employee. A unique entrepreneurship always strives to thrive and not just survive.

**Risk:** Perception more than skills matters in entrepreneurship. An entrepreneur has to anticipate and face risks. Opportunity risk is of little importance as opposed to financial and creditability risks. Financial risk is a major issue since monetary issues are involved. Failure of the venture means loss of capital investment loss of capital and dearth of fresh funds will result in the collapse of the venture itself. The personal risk entails emotional and relational issues. The other types of risks associated with entrepreneurship are credibility and value risks. If the quality suffers, suppliers fall short of demand and when the publicity suffers due to inadequate promotional efforts any business venture is bound to collapse entrepreneurship must be well equipped to deal with these risks associated with the business.

## CHALLENGES OF ENTREPRENEURSHIP

Starting a business whether through invention, creative idea, finding the right opportunity and seizing hold of it or through franchise ship by itself poses a challenge. Proper planning of all aspects of the proposed business is a must. Every entrepreneur faces the additional task of arranging necessary finance for the venture. Intrapreneurs also are faced with financial problems at times even within corporate rules. Unless own capital is invested, raising funds for a business venture is a cumbersome process involving lot of procedures. Lot of information is available on the various stages to be gone through in an entrepreneurial venture that is useful in deciding on the right choice.

A successful negotiation of these challenges ensures a smooth passage for the entrepreneur towards profit. If sound planning has gone into the preparation the journey towards the goal is smooth with only some minor problems on the way that are easily dealt with. The implementation stage, however, is critical and the making or breathing of a business depends on it. That the hypotheses that govern the creation of an idea and its implementation do not run a concurrent

course seems to be a general feature of entrepreneurship. A wide variety of skills are needed at the implementation stage and as are single individual can pass all of them. A good entrepreneur must be able to realize their strength and weaknesses and employ a suitable work force that can fill in the gaps.

A good knowledge of the various skills that come into play at the implementation stage will give a deep insight into their proper management. A business operation involved performed management, communications, and publicity, marketing and sales not to mention legal issues that may crop up. A business without a strong technical basis cannot survive for long. The factors that contribute to the success of a business are work ethics, well planned strategies, growth stimulation, and inspiring leadership.

## Critical Challenge to any Entrepreneur

The most important challenge to any entrepreneur can be in the aspects of marketing, order processing, production, costlier training, testing facility laboratory, calibration centre, inspection centers, and skill development centre. Any entrepreneur can get discouraged in these aspects while entering into a new venture.

## ENTREPRENEURSHIP OPPORTUNITIES

Opportunities for entrepreneurial ventures are ever present; only they have to be identified and utilized. Leading entrepreneurs testify to the abundance of opportunities which the prospective investor can take advantage of. Unfortunately they fail to get noticed. A would be investor upon identifying a need and its potential must move further to capitalize on their discovery devising suitable mechanisms to put it into operation. Marketability of the product is no lesser important than identifying a need. Product identification and marketability are the two essential prerequisites for a new venture.

**Risk Path:** Entrepreneurship carries with it its own risks. A prospective investor must study the market thoroughly for their intended product to make sure whether it is already available in the market and if so whether it takes care of the entire need of the consumers. An entrepreneurial opportunity involves treading on unfamiliar territory and unless all precautions are taken while planning for the venture it land one in grief.

**Skills:** Certain guidelines are to be followed for the success of an entrepreneurial venture. These are arrived at on the basis of established business procedures an innovative mind and certain amount of business acumen together with an intelligence adherence to the guidelines will ensure success.

## COMMON FACILITY CENTRE

This becomes a primary supporting factor in view of an entrepreneur where his investment factor becomes less and supporting factors become higher and higher. An invention, especially an engineering product needs constant streamlining, which helps to detect flaws in the product and eliminate them. Strict quality control is another important factor which ensures regular demand for the product. Uninterrupted power supply or availability of the product in the market is a decisive factor. When all these skills are present the entrepreneur succeeds in their venture, realizing their ambitions.

## ESSENCE OF ENTREPRENEURSHIP

Entrepreneurship is a process of creating some thing of a value for public consumption. Before coming to function an entrepreneurial venture has to contend with and counter financial physiological and social risks. The result is a rich monetary reward and a sense of personal achievement for the entrepreneur. There is a conscious or unconscious awareness of need based products in people's mind and when their requirements are fulfilled by an investor it becomes service to them which justifiably carries its own reward. Some of the factors associated with entrepreneurship are dealt as shown in Figure 1.



Figure 1: Factors Associated with Entrepreneurship

**Opportunity:** A person with resources can always look for an opportunity and evaluate its prospects in the prevalent climate and decide to pursue a venture utilizing the opportunity.

**Creativity:** Creating something novel and of utility value for the consumers. It benefits the investors monetarily.

**Hard work:** An entrepreneur cannot and should not allow any let ups in their devotion of time and effort to succeed in their venture. A product's hall mark of success depends on these two key factors which can be expressed in one phrase

“Hard Work”.

**Facing risks:** An entrepreneur faces risk in the form of dearth of funds, psychological and social factors. When these are successfully negotiated and surrounded there is nothing else to block the success of the venture.

## COMMON FACILITY CENTRE AND ITS IMPORTANCE

A common facility centre provides support in the aspects of marketing, production, material testing laboratories, inspection with calibration and skill development training and possible way of supporting factors through common facility centers and its features.

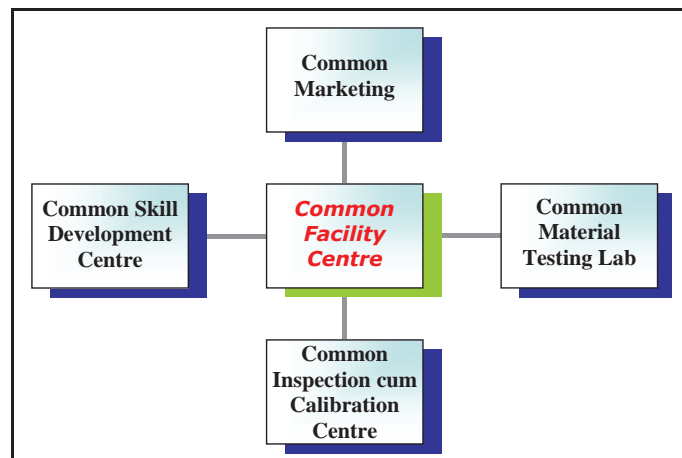


Figure 2: Elements of Common Facility Centre

## Common Marketing

In common marketing, common facility centre helps in the aspects of order execution, product promotion and common production.

**Order Marketing:** Common facility centre can process big orders from macro companies and can process those orders through outsourcing by their member industries, and then forward those orders back to the macro companies as finished goods. Here there is a possibility to take orders either as component wise or as assembly wise, in consequent these orders can be distributed according to capacity of the member industry and then those processed goods can be supplied to the macro companies. In this way common facility centre support to those members who are all incapable in marketing and processing order to execute their industries as a great support. In addition to that, the expense to execute an order can also be reduce or minimized as cost effective component also big organisation will show interest in executing big orders through common facility centre for certain cost effective components and time management. Also, through

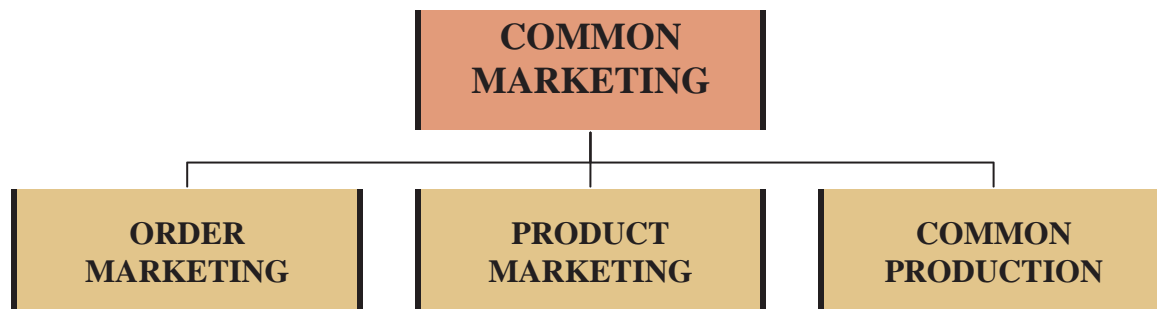


Figure 3: Elements of Common Marketing

CFC while executing a big order the profit ratio will be very high and integrity shows strength. Therefore, while entering into a new business an entrepreneur can have soft thought process and can show interest because of the existence of common facility centre as an encouraging factor.

**Product Marketing:** While marketing a new product an entrepreneur may suffer due to the coverage of the geography. Common facility centers can help to promote a product of a member industry in wide way either state wide or nation wide. While manufacturing a product an entrepreneur has to find a marketing channel to reach the market either state wide or nation wide as an objective. To attain this objectives an entrepreneur should equip with a marketing team, where it may become a cost factor. While promoting a product through common facility centre this cost component either eliminated or minimized which will increase the profit ratio in the entrepreneur point of view. In addition to that an entrepreneur wanted to identify a new product through research and development, by which an entrepreneur can identify a product as innovative, demand oriented, know-how, estimated profit ratio and all other information with help of common facility centre because every common facility has been equipped with research and development centre as part.

**Common Production:** Common facility centre can also provide support for common production with the objective of not disturbing or competing, the existing member industry at the same time benefit to the existing members. This is called common production centre, the concept behind this is if the raw material can be procured bulk only either in length or in tones, which is not at all possible by member industry to handle the order, due to cost and requirement, then the common facility centre can invest and execute the order and do manufacture according to the need of the member industry both in length or quantity, serves as a supplier to the members industries. The reason may be an individual cannot procure the materials all alone. So, it is always better execute those type of plans through CFC which provides benefits to maximum number of member industries., This can also be considered as common raw materials deport and functions like the same. So that tiny industries those who are handling

sheet plat, rod, structural tool sheet, etc can get quality and at competitive prices at right price, at right weight and at right time. This is a primary support any common facility centre can offered to their member industries, to enjoy the benefits by the members as well as CFC. In this concept an entrepreneur point of view if we think, being a new entrant this support certainly will encourage them to commence and become an industrialist and provides a support factor to become an entrepreneur.

### Common Materials Testing Lab

It is always safe to find the plant location to produce a product because the environment itself half of the success strategy for the success of a product, whether it is market, soil, raw materials, labor, transport, resources, financial support, and related resources. The same is hold hood for while selecting raw materials also. While choosing the raw materials there will be need to identify its quality aspects and quantity aspects, for which test lab becomes an important area. Common facility centers normally used to have testing centre according to the majority of the industry it is supporting. Particularly raw materials related to steel, alloy steel, ferrous, non ferrous and brass, aluminum, copper like raw materials should tested in the aspects of quality and quantity to produce quality products. Therefore, wherever there is need for quality there should be testing centre related to the industries, where common facility centre should be equipped with this laboratory. So common facility centre should be common materials testing laboratory which helps industries to avoid time delay in getting report, and cutting the cost of forwarding and obtaining the report for the same. In the view of entrepreneurship, this will become an important encouraging factor as a critical support can be provided by the common facility centre to the members and new entrants.

### Common Inspection cum Calibration Centre

While we are selecting the raw materials as a quality one, it is clear to understand that the quality becomes an important

and pervasive in all the operations wherever it is. So after converting the raw materials into finished goods, quality should be traveled all the way till and at the end of the customer usage for which common facility centre can provide required inspection cum calibration facility to its members and fourth coming entrepreneurs. Hence the common inspection cum calibration centre becomes a critical support facility available in the common facility centre. While an industrialist go for inspection and caliber the product, he could never be affordable to invest those equipments to complete this operation in the aspects of quality. Because all those quality inspection cum calibration tools are more than the investment every industrialist invested to execute their project. So common facility centre can fulfill this gap and cut the cost factor and investment factor if relevant, for all their member industries and new entrants. Because in the entrepreneur's point of view this is a very important factor to discourage them if they were supposed to take a decision to commence a new business. Thus common facility centre encourages the existing members and new entrants by providing these facility at very affordable cost and available at their reach to meet out their quality concerns. Not only in the aspects of cost, and also this becomes a competitive advantage because of the quality to any entrepreneur to meet out the existing and fourth coming market competition as a competitive advantage.

### Common Skill Development Centre

Common facility centers used to provide periodical skill development according to the state of the art of technology and personality required to become successful entrepreneurs with all updated information about 360 aspects of every industrialist. It is evident from various studies maximum entrepreneurs are not possessing higher qualifications but having higher experience. They used to commence their career as a basic level employee and become an expert in the industry by practice without any formal training or vocational education. Not only that they are not willing to have practice through engaging themselves as an employee in tiny or small scale industries, where they want to commence the business first and wanted to learn parallel. Therefore, common facility centre has a separate division to provide sufficient training in a systematic manner and train them at expert level as a primary objective of their centre. Training at their own organization becomes a very costly affair, due to experts, handling methods, and training materials. Not only those entrepreneurs those who are having formal experience but without proper training may lead to a great loss to their investment. To fulfill this gap among the industrialist common facility centre provides support for skill development through their common skill development centre. In the aspects of a new entrepreneur who is willing to commence a business without any prior

training can get compensated his decision to become an entrepreneur after understanding and identifying the facility provided by the common facility centre to commence his new venture. Commencing a training centre with infrastructure and training tool by an entrepreneur while commencing a business is not at all an easy task and easy investment, where the common facility centre becomes a greater supporter to any new entrants.

### ISSUES IN ENTREPRENEURSHIP DEVELOPMENT

In any country, promoting entrepreneurship development becomes the most critical factor to be provided very special attentions. Because unless a country is not sufficiently strong in entrepreneurship development, that country won't get growth in all other sectors. In this way while promoting entrepreneurship development every parameter related to this entrepreneurship becomes an issue to encourage the new entrant in all the 360 degree. While that is the case marketing, facilities, resources, research and development and skill development cannot be exceptional cases. In every country ruling government should encourage to meet out these types of discouraging factors and try to eliminate those hurdles out of the industrial environment. And also, those respective governments should encourage in various aspects to promote better entrepreneurship in their counties.

### SUCCESS STRATEGY

Common facility centre is a blessing to member industries as well as new entrants called entrepreneurs to get encouraged. Certainly the facility available within the common facility centre such as Common Marketing, Common Order Processing, Common Product Supply, Common Production, Common Testing Centre, Common Quality Centre, Common Calibration Centre, Common research and development centre, Common Skill Development Centre, etc., Thus, this common facility centre, reduces the projects costs of an entrepreneur and build courage and encourage them to commence a business. That way, it becomes a motivation factor to commence a business as well as it becomes a cost cutting factor to any existing industrialist. The ultimate benefit of any industry or business is profit making, where common facility centre becomes a great tool to succeed in this aspects by cutting the cost of supporting industry. Thus it becomes a strategy for success to any entrepreneur or existing member.

### CONCLUSION

Common Facility Centre has been introduced in developed countries as a success strategy. From this study it is trivial

to understand the supporting factors such as marketing aspects, production aspects, product aspects, order execution aspects, material testing aspects, inspection and calibration aspects and skill development aspects. While entering into a business any entrepreneur may have insufficient exposure atleast in any one of the area where his confidence level may get declined into the entrepreneurship but this concept of common facility centre eradicates all those fears and improve the confidence level of a new entrants. In this way, this concept becomes a success strategy to entrepreneurs to enter into business courageously. This confidence building exercise through this concept is a great strategy in improving entrepreneurship development in developing countries. Thus, common facility centre becomes a successful strategy not only for entrepreneurs and also for existing industrialist in the surroundings of the common facility centre.

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