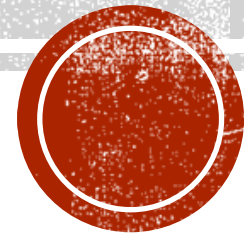


BUSINESS INVESTMENT STRATEGIES - UNIT IV

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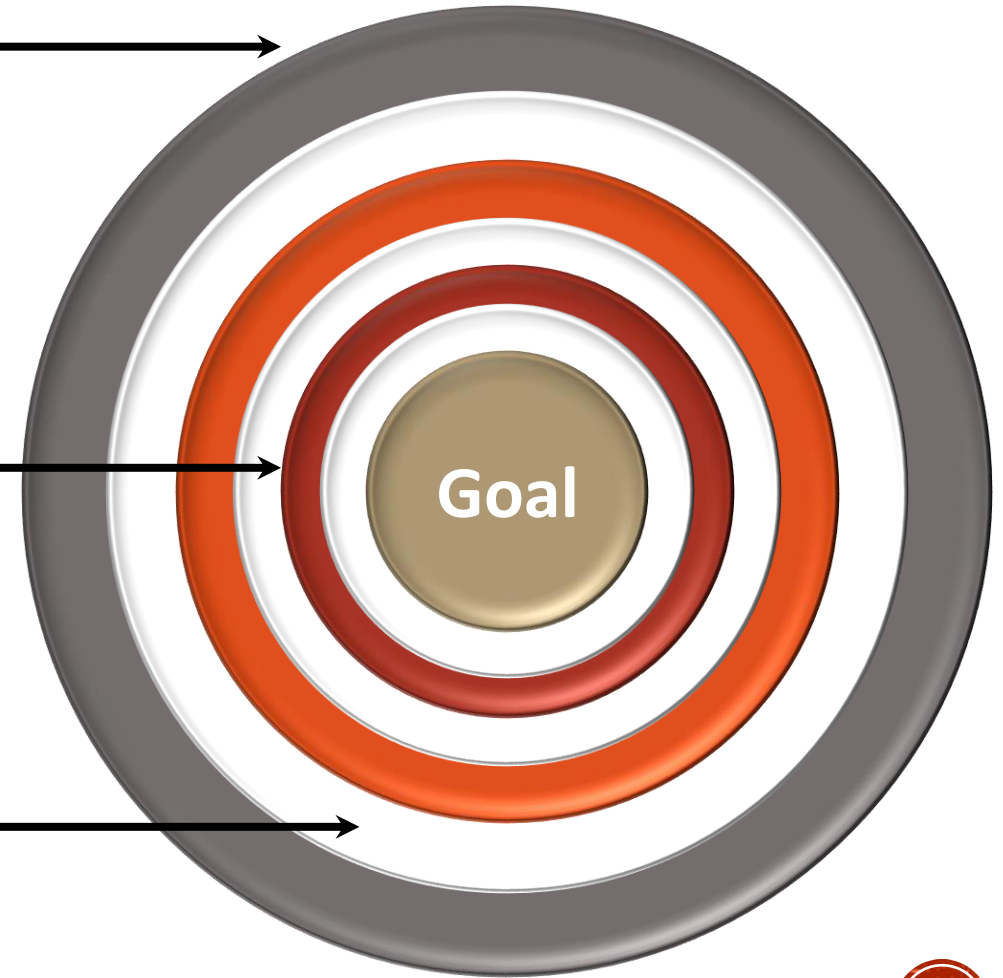


BUSINESS INVESTMENT STRATEGY

Business investment strategy is a plan for deciding how and what to invest in to meet the set goals. It's a natural extension of the original company vision which was outlined when the company was started.

'The first thing you need to do is ask yourself where you want to be five years out and what you're doing to make that successful,' says Dave Lavinsky, president of Los Angeles-based business development consulting firm Growthink. 'Then you can reverse engineer from there.'

Knowing your goals will help to decide where to invest the funds. For example, if you're hoping to create a recognizable brand, your investment strategy will be heavily focused on ramping up your marketing department.



BUSINESS INVESTMENT IN INDIAN CONTEXT

- With a fast growing market, increased consumer presence and a growing middle class, India is fast becoming a ground for new business start-ups. Previously a heavily regulated economy, India has started to allow more foreign investment, and has become one of the fastest growing economies - as well as being one of the four BRIC nations.
- As a result, business investments in Indian start-up companies have started to steadily increase, forming a ripe market for angel investment groups such as the Indian Investment Network. Until recent years, the few early stage companies that survived in India would sell off to US or European investors, but since then the tide has turned, with Indian entrepreneurs being able to get venture capital from within the country. As more and more Indian entrepreneurs become familiar with business investments on a global scale, the more they are looking to mentor other entrepreneurs in India. As a result, angel investors have started to not only crop up within India, but foreign angel investors have started to take a longer look at business investment opportunities within India.



BUSINESS PLAN

- A business plan is a written document that describes in detail how a business -usually a new one - is going to achieve its goals. A business plan lays out a written plan from a marketing, financial and operational viewpoint.
- Business plans are important to allow a company to lay out its goals and attract investment. They are also a way for companies to keep themselves on track going forward.
- Although they're especially useful for new companies, every company should have a business plan. Ideally, a company would revisit the plan periodically to see if goals have been met or have changed and evolved. Sometimes, a new business plan is prepared for an established business that is moving in a new direction.
- While it's a good idea to give as much detail as possible, it's also important to be sure the plan is concise so the reader will want to get to the end.



UNDERSTANDING BUSINESS PLANS

- A business plan is a fundamental tool any start-up business needs to have in place prior to beginning its operations. Usually, banks and venture capital firms make a viable business plan a prerequisite to the investment of funds in a business.
- Even though it may work, operating without a business plan is not a good idea. In fact, very few companies are able to last without one. There are definitely more benefits to creating and sticking to a business plan including being able to think through ideas without putting too much money into them—and, ultimately, losing in the end.
- A good business plan should outline all the costs and the downfalls of each decision a company makes. Business plans, even among competitors in the same industry, are rarely identical. But they all tend to have the same elements, including an executive summary of the business and a detailed description of the business, its services and/or products. It also states how the business intends to achieve its goals.
- The plan should include at least an overview of the industry of which the business will be a part, and how it will distinguish itself from its potential competitors.



ELEMENTS OF A BUSINESS PLAN

1

Executive Summary

This section outlines the company and includes the mission along with information about company's leadership, employees, operations, and location.

2

Products & Services

Company can outline the products and services it will offer, and may also include pricing, product lifespan, and benefits to the consumer.

3

Market Analysis

A firm needs a good handle of the industry and its target market. It will outline the competition along with their own strengths and weaknesses.

4

Marketing Strategy

This area describes how the company will attract and keep its customer base and how it intends to reach the consumer. This means a clear distribution channel must be outlined..

5

Financial Planning

Financial documents may be included for already-established businesses. New businesses may include targets for the first few years with any potential investors.

6

Budget

Any company needs to have a budget in place. This includes costs for staffing, development, manufacturing, marketing, and any other expenses for business.



Business Venture

To define business venture, know that it is a start-up entity that has been created to generate a profit. Many people refer to a business venture as a small business. The way a business venture is funded will depend on the person, or the people, who create it. For instance, some business ventures have only one investor, while others have a group of investors.

Development of Business Venture

The development of most business ventures is based on supply and demand. For example, if a particular market has a large demand for a product or service, a business venture will be created to meet this demand. To do this, investors will identify the need for a product or service in the market and create a business to meet these needs.

Difference between Small Business Venture and Start-Up

The primary difference between a small business venture and a start-up is their perspectives on growth. A start-up entity is meant to grow quickly by offering a product that can be sold to an extremely large market. With a business venture, however, you don't necessarily need a large market to earn a profit. You simply need to promote a product to each person within the market effectively, no matter how large or small the market.



BUSINESS INVESTMENT STRATEGIES



Setting Up A Safety Net

Establish a cushion that can safeguard should other investments or perform poorly.



Looking Beyond Your Own Business

To minimize the risk of associating yourself into just one type of business.



Diversifying By Industry & Location

By investing outside of region/industry one can avoid letting the economic troubles of one area ruin entire investments.



Focusing On Preservation

Safety of the Investment is very important. One should avoid risky businesses having dependencies on external factors. For e.g. Airlines is dependent on Crude prices



Rounding Out Your Portfolio

Integrating your business interest with other investments is a good way to lessen your overall risk

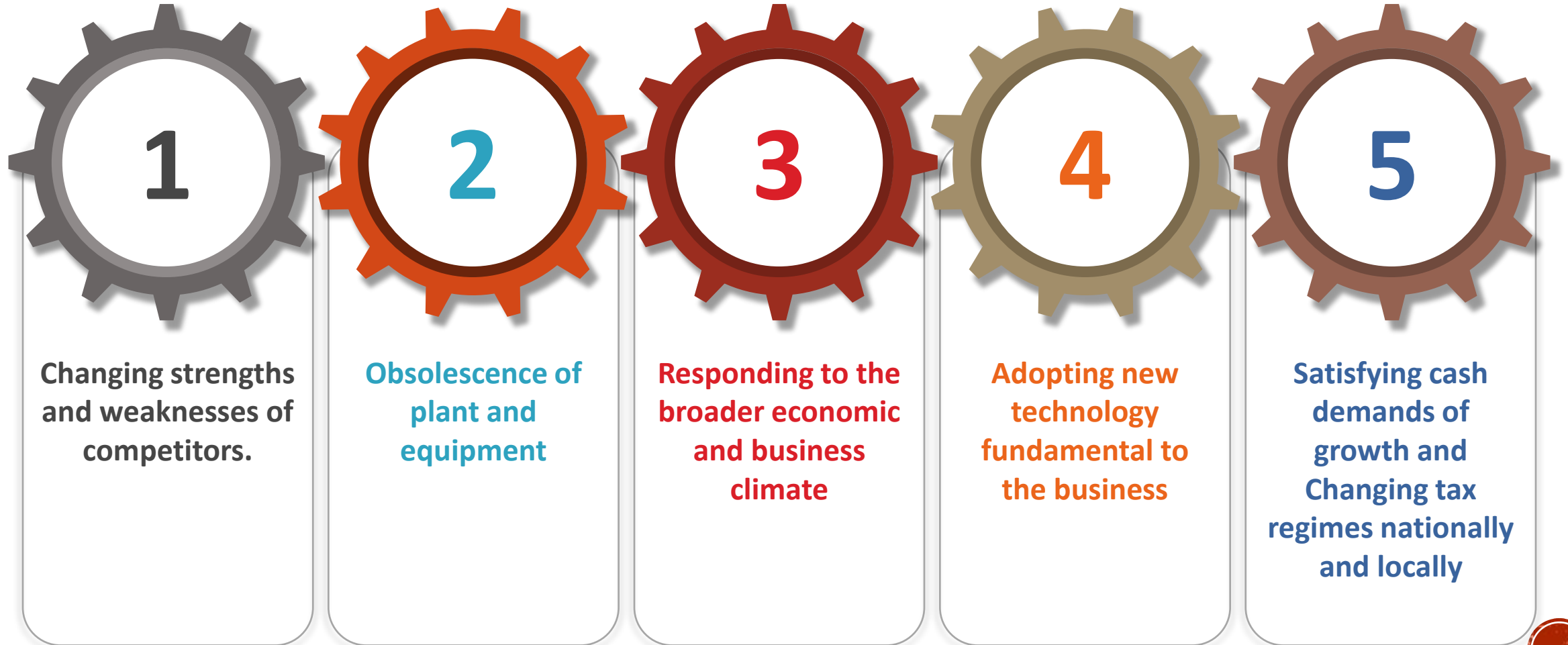


Customizing Your Portfolio

Change your investment adapting to the ever changing business scenarios from time to time. Be alert and informed to the changes and act accordingly



SOME OTHER IMPORTANT STRATEGIC CONSIDERATIONS



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