

# UNIT 4

## *Technology Management*



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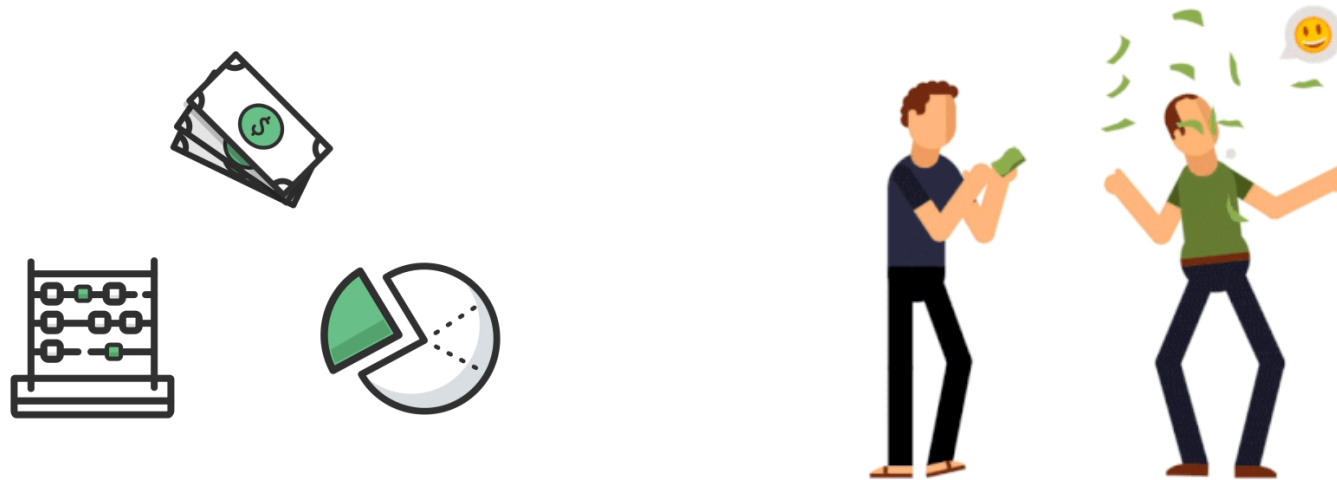
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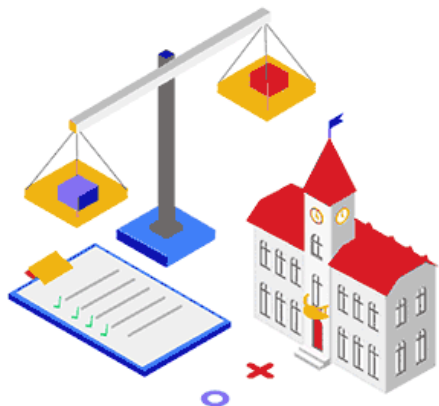
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## *Finance and Accounting*

Finance is a broad term that refers to the management of money and other financial instruments. Finance involves activities such as investing, borrowing, lending, budgeting, saving, and forecasting. Finance can be divided into three main categories: public finance, corporate finance, and personal finance. Each category has its own goals, methods, and challenges.



***Public finance*** deals with the financial affairs of governments and public institutions. It includes topics such as taxation, public spending, public debt, and fiscal policy. Public finance aims to provide public goods and services, redistribute income and wealth, and stabilize the economy. Some examples of public finance institutions are CENTRAL BANKS, TREASURY DEPARTMENTS, and INTERNATIONAL ORGANIZATIONS like THE WORLD BANK OR THE INTERNATIONAL MONETARY FUND.



*Corporate finance* deals with the financial decisions of businesses and corporations. It includes topics such as capital structure, dividend policy, mergers and acquisitions, capital budgeting, and working capital management. Corporate finance aims to maximize the value of the firm for its shareholders, creditors, and other stakeholders. Some examples of corporate finance institutions are COMMERCIAL BANKS, INVESTMENT BANKS, and STOCK EXCHANGES.



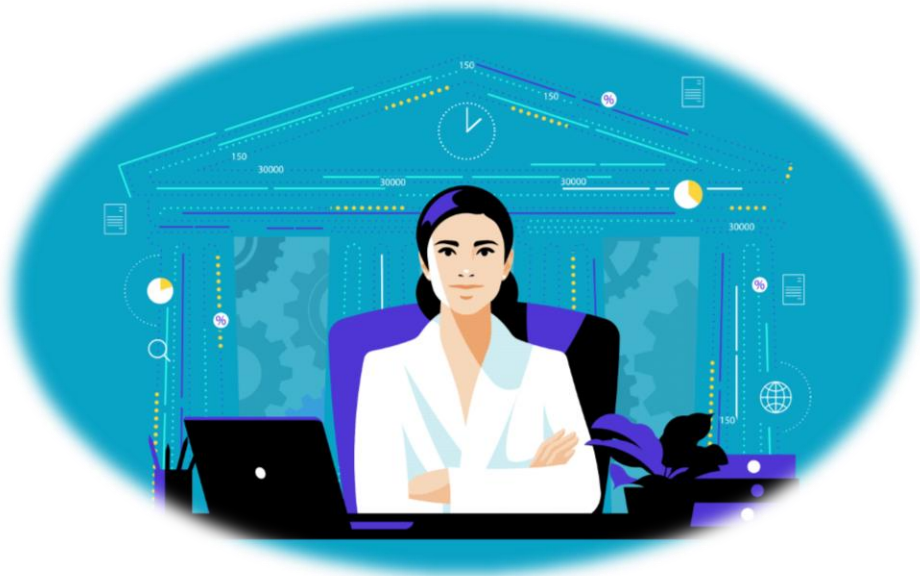
***Personal finance*** deals with the financial planning of individuals and households. It includes topics such as income and expenses, savings and investments, insurance and risk management, retirement and estate planning, and consumer credit. Personal finance aims to achieve financial goals and security for oneself and one's family. Some examples of personal finance tools are BUDGETING APPS, ONLINE BROKERS, and CREDIT CARDS.



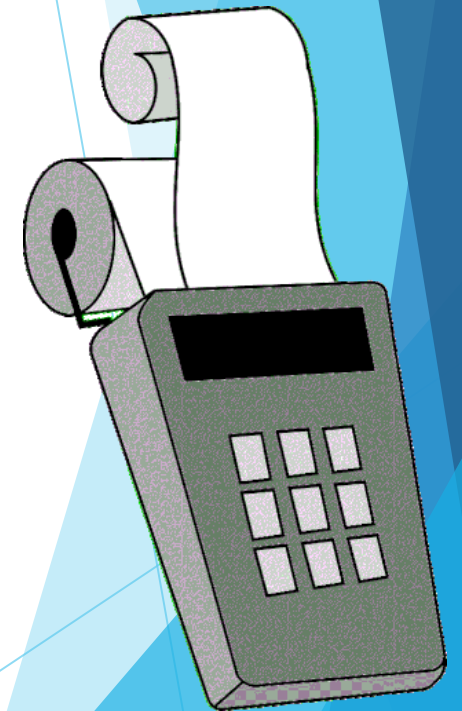
But in an ideal world...



Finance is an important and complex field that affects every aspect of our lives. Finance helps us allocate resources efficiently, manage risks effectively, and create wealth sustainably. Finance also requires a lot of *skills and knowledge*, such as *mathematics, economics, accounting, statistics, and behavioral science*.



**Accounting** is a very important and useful field that deals with the recording, analysis, and reporting of financial information. Accounting helps individuals and organizations to keep track of their income, expenses, assets, liabilities, and performance. Accounting also helps them to make informed decisions, plan for the future, and comply with the laws and regulations. Accounting has many branches and applications, such as *AUDITING, TAXATION, MANAGEMENT ACCOUNTING, COST ACCOUNTING, FINANCIAL ACCOUNTING,* and more.



According to one definition, **ACCOUNTING** is “The system of recording and summarizing business and financial transactions and analyzing, verifying, and reporting the results”. Another definition states that **ACCOUNTING** is “The processing of information about economic entities, such as businesses and corporations”. Accounting is also a profession that requires a lot of skills and knowledge, such as mathematics, economics, statistics, logic, and ethics. Accounting is often called “The language of Business” because it communicates the financial information of an entity to various stakeholders.





## ***Business plan Preparation including statutory and legal requirements.***

A business plan is a document that outlines the goals, strategies, and financial projections of a business. A business plan is usually prepared for various purposes, such as seeking funding, launching a new product or service, or expanding into new markets. A business plan should be clear, concise, and convincing, and should cover the following aspects:

***Executive summary:*** This is a brief overview of the business plan that summarizes the main points and highlights the value proposition of the business. It should capture the attention of the reader and entice them to read further.



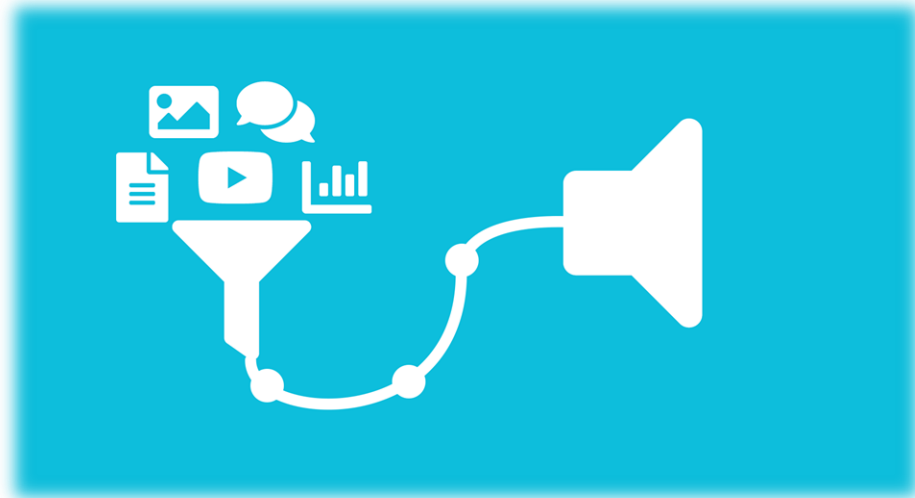
***Company description:*** This is a detailed description of the business, including its history, mission, vision, values, objectives, legal structure, ownership, location, and key personnel. It should also describe the products or services offered by the business and how they differ from the competitors.



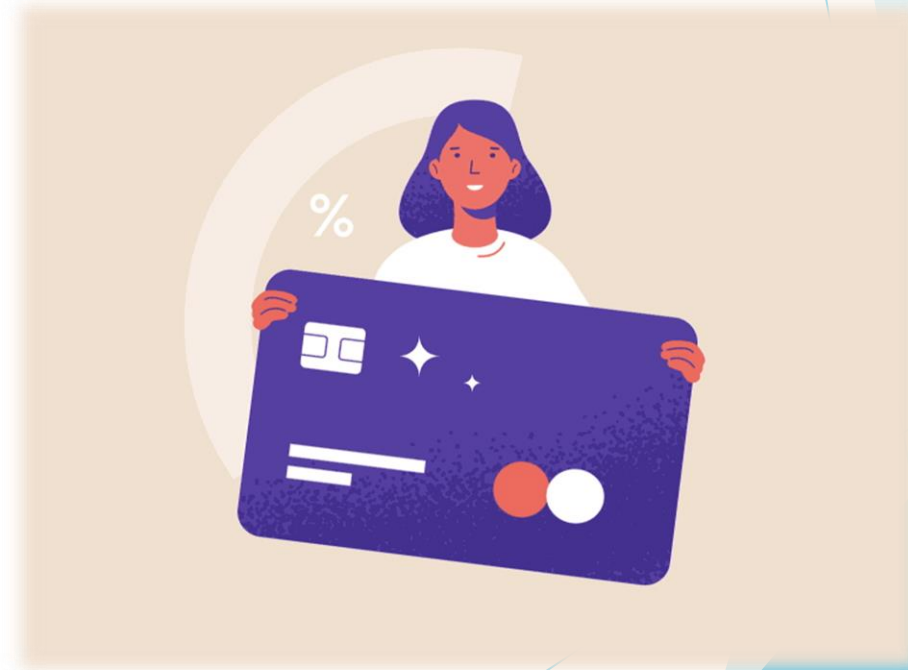
***Market analysis:*** This is a thorough research of the industry, market, and customers that the business operates in or intends to enter. It should include information such as market size, growth potential, trends, opportunities, threats, customer segments, needs, preferences, behavior, and buying patterns. It should also include a competitive analysis that identifies the strengths and weaknesses of the main competitors and how the business can gain an edge over them.



***Marketing and sales strategy:*** This is a plan that outlines how the business will attract, retain, and satisfy its customers. It should include information such as marketing objectives, target market, positioning, branding, pricing, distribution channels, promotion methods, sales process, and customer service.



**Financial plan:** This is a projection of the income statement, balance sheet, cash flow statement, and break-even analysis of the business for at least three to five years. It should also include information such as funding requirements, sources of funds, use of funds, assumptions, risks, and contingencies.

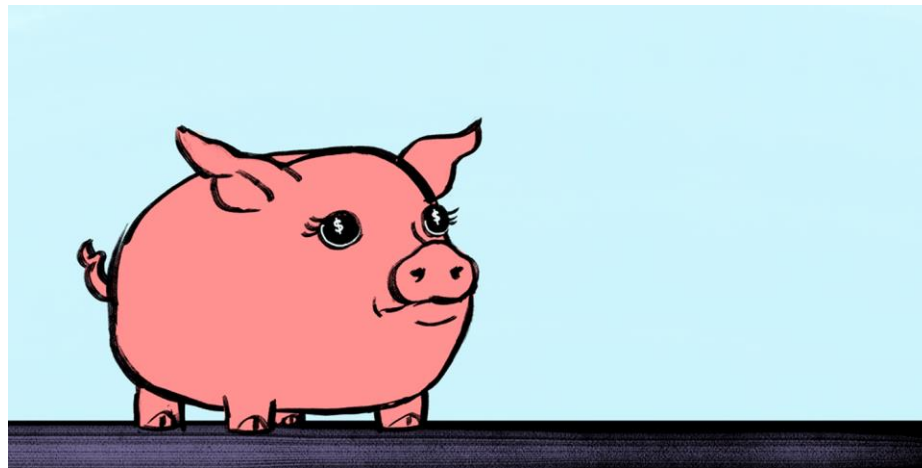


**Appendix:** This is an optional section that contains any additional information that supports the business plan, such as resumes of key personnel, product samples or brochures, market research data, testimonials or references from customers or partners.





A business plan should also comply with any statutory and legal requirements that apply to the type and nature of the business. Statutory and legal requirements are rules and regulations that are imposed by law or by government agencies on businesses. Some examples of statutory and legal requirements are:



- Registration of the business name and structure with the relevant authorities
- Obtaining necessary permits and licenses to operate the business
- Paying taxes and filing returns on time
- Following labor laws and employment regulations
- Protecting intellectual property rights and trademarks
- Complying with environmental regulations and data privacy laws
- Adhering to industry-specific standards and codes of conduct





Statutory and legal requirements may vary depending on the location, industry, and size of the business. Therefore, it is advisable to consult a lawyer or an expert before starting a business or preparing a business plan to ensure that all the necessary compliances are met.



## ***Business Feasibility study***

A business feasibility study is a process of evaluating the viability and potential of a business idea or project. It involves conducting a detailed analysis of various aspects of the business, such as the market, the competition, the technology, the financials, and the organization. A business feasibility study can help you to determine whether your business idea or project is worth pursuing, what are the challenges and opportunities you may face, and how you can plan and execute your business strategy effectively.



*A business feasibility study typically consists of the following steps and contents:*

***Conduct preliminary analysis:*** This is the first step where you define your business idea or project, identify your goals and objectives, and assess the general feasibility of your venture. You can use tools such as SWOT analysis or PEST analysis to evaluate the strengths, weaknesses, opportunities, and threats of your business idea or project in relation to the external environment.



***Prepare a projected income statement:*** This is where you estimate the potential revenue and expenses of your business idea or project for a certain period of time. You can use tools such as break-even analysis or cash flow analysis to determine how much sales you need to generate to cover your costs and make a profit.



***Conduct a market survey:*** This is where you research and analyze the market size, growth potential, trends, demand, customer segments, preferences, behavior, and buying patterns of your target market. You can use tools such as surveys, interviews, focus groups, or secondary data sources to collect and interpret market data. You should also conduct a competitive analysis to identify and evaluate the strengths and weaknesses of your main competitors and how you can differentiate yourself from them.



***Plan the organizational structure:*** This is where you design the legal structure, ownership, location, and key personnel of your business idea or project. You should also describe the products or services you offer and how they meet the needs and expectations of your target market. You should also outline the technology requirements, resources, equipment, and facilities you need to operate your business idea or project.



***Prepare an opening day balance sheet:*** This is where you list the assets, liabilities, and equity of your business idea or project at the start of its operation. You should also include information such as funding requirements, sources of funds, use of funds, assumptions, risks, and contingencies.

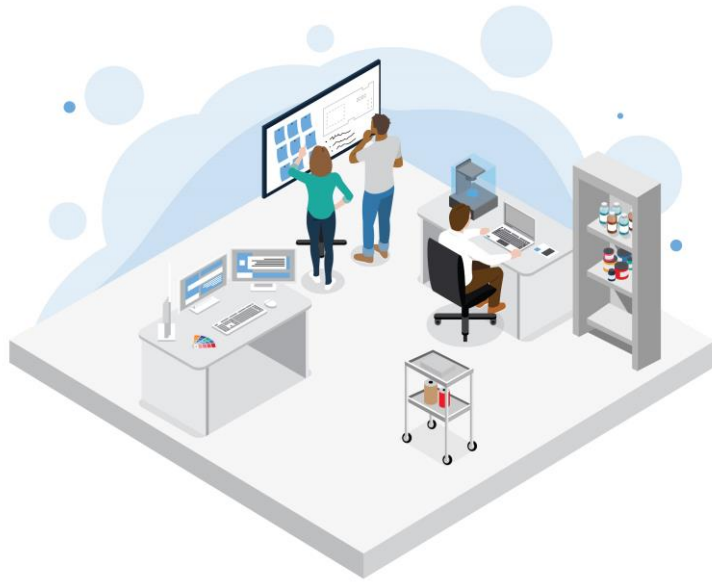
***Review and analyze the points of vulnerability:*** This is where you identify and evaluate the potential issues and problems that could arise while pursuing your business idea or project. You should also consider the legal, ethical, social, environmental, and regulatory implications of your venture. You should also devise strategies to mitigate or overcome these challenges.



***Decide whether to go on with the plan/project:*** This is where you summarize the main findings and conclusions of your feasibility study and make a recommendation on whether to proceed with your business idea or project or not. You should also provide a clear rationale for your decision and suggest any improvements or modifications that could enhance the feasibility of your venture.







A *business feasibility study* is a valuable tool that can help you to validate your business idea or project before investing a significant amount of time and money into it. A business feasibility study can also help you to *attract investors, partners, customers, and other stakeholders who may be interested in supporting your venture*. However, a business feasibility study is not a guarantee of success. You should always be prepared for uncertainties and changes in the market conditions and customer preferences. You should also be flexible and adaptable to adjust your business plan accordingly.



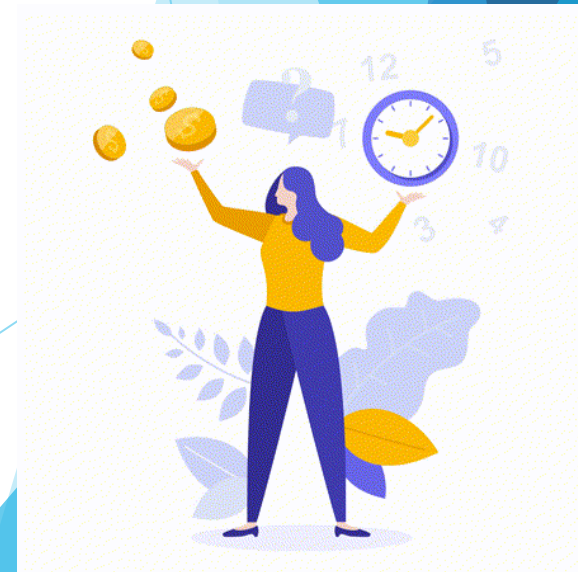
# *Financial Management Issues Of Procurement Of Capital*

Procurement of capital is a crucial aspect of financial management for any business or organization. Capital is the money or assets that are used to invest in or acquire other assets, such as machinery, equipment, land, buildings, etc. Procurement of capital involves finding the best sources and terms of financing for these investments, as well as managing the risks and returns associated with them.

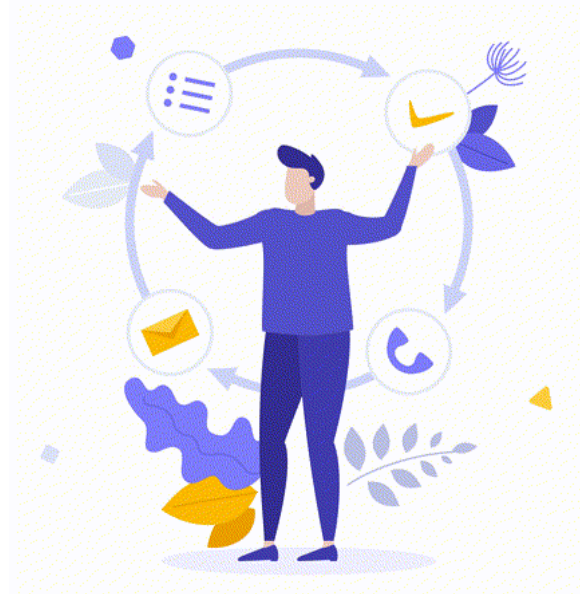


Some of the common issues or challenges that arise in the process of procurement of capital are:

**Determining the optimal capital structure:** This refers to the mix of debt and equity that a business or organization uses to finance its assets. Debt involves borrowing money from lenders, such as banks, bonds, or loans, and paying interest on it. Equity involves raising money from owners or shareholders, such as stocks, retained earnings, or dividends. The optimal capital structure is the one that minimizes the cost of capital and maximizes the value of the business or organization. However, finding the optimal capital structure is not easy, as it depends on various factors, such as the risk profile, growth prospects, tax implications, market conditions, etc. [of the business or organization.](#)



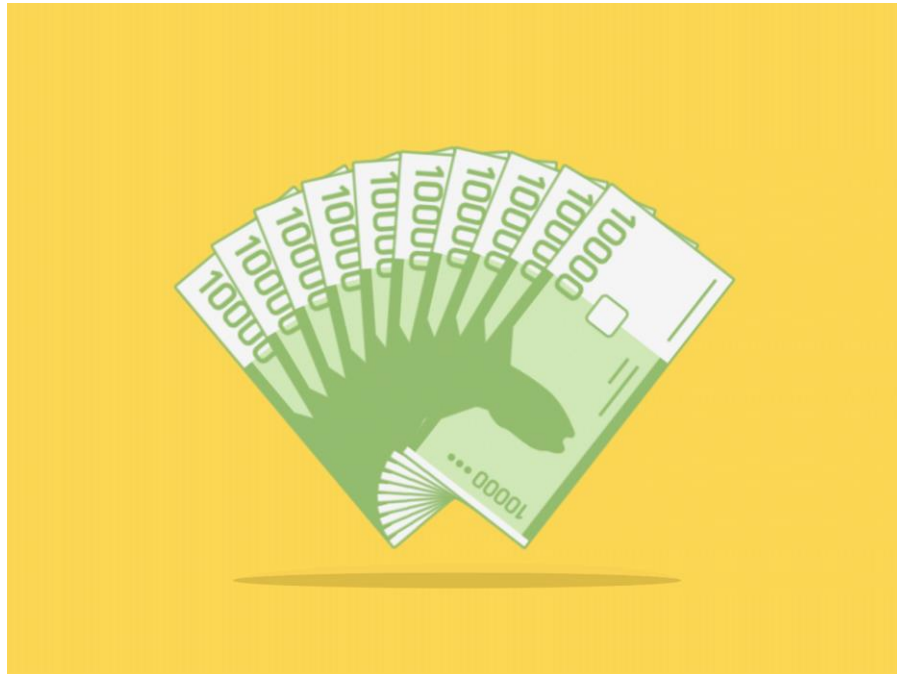
**Choosing the right sources and instruments of capital:** There are various sources and instruments of capital available in the market, such as bank loans, bonds, debentures, commercial papers, preferred stocks, common stocks, venture capital, angel investors, etc. Each source and instrument has its own advantages and disadvantages, such as interest rates, maturity periods, repayment terms, security requirements, ownership rights, etc. Choosing the right sources and instruments of capital requires careful analysis and evaluation of the costs and benefits of each option.



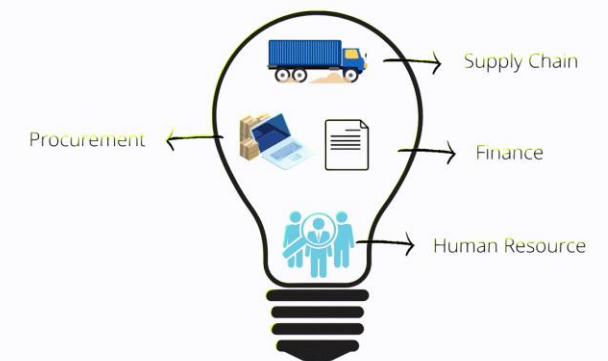
**Managing the risks and uncertainties of capital procurement:** Procuring capital involves various risks and uncertainties, such as market risk, interest rate risk, currency risk, inflation risk, default risk, liquidity risk, etc. These risks can affect the availability, cost, and return of capital for the business or organization. Managing these risks requires effective planning and forecasting, diversification and hedging strategies, contingency plans and buffers.



**Evaluating the profitability and feasibility of capital projects:** This involves using various techniques and methods, such as net present value, internal rate of return, payback period, etc., to assess the expected costs and benefits of investing in a capital project, such as a new plant, equipment, or technology. These techniques help to compare different alternatives and select the best one that maximizes the return on investment and aligns with the strategic goals of the business or organization.



**Managing the working capital and cash flow:** This involves ensuring that there is enough liquidity and cash available to meet the short-term obligations and operational needs of the business or organization. Working capital is the difference between current assets and current liabilities, and it reflects the efficiency and effectiveness of managing the inventory, accounts receivable, accounts payable, etc. Cash flow is the movement of cash in and out of the business or organization, and it reflects the ability to generate and use cash for various purposes. Managing the working capital and cash flow requires careful planning and monitoring of the cash inflows and outflows, as well as optimizing the inventory levels, credit terms, payment cycles, etc.



**Complying with the legal and regulatory requirements:** This involves adhering to the various laws and regulations that govern the financial aspects of procurement, such as taxation, accounting standards, auditing, reporting, disclosure, etc. These laws and regulations may vary depending on the country, industry, sector, or type of procurement involved. Complying with the legal and regulatory requirements requires having a sound knowledge of the applicable rules and norms, as well as maintaining proper records and documents to support the financial transactions and decisions.

These are some more issues that financial management in procurement has to deal with.





## *What are the management of costs ?*

The management of costs in procurement is the process of planning, monitoring, and optimizing the expenses associated with purchasing goods and services for a business or organization. It involves finding the best sources and terms of financing, negotiating contracts and prices, reducing operational and transactional costs, complying with legal and regulatory requirements, and evaluating the profitability and feasibility of capital projects.



There are various strategies and techniques that can help in managing the costs in procurement, such as:

- Revisiting current contract terms and challenging specifications to ensure that they are competitive and aligned with the needs and goals of the business or organization.
- Eliminating maverick spending and reviewing uncompetitive suppliers to avoid unauthorized or unnecessary purchases that increase the procurement costs.
- Streamlining internal procure-to-pay processes and leveraging technology to reduce administrative and processing costs, as well as improve efficiency and visibility.



- Standardizing contract management and using internal contracts to secure deals with each supplier to reduce legal fees and negotiation costs.
- Diversifying the sources and instruments of capital and managing the risks and uncertainties of capital procurement to minimize the cost of capital and maximize the return on investment.
- Complying with the legal and regulatory requirements that govern the financial aspects of procurement, such as taxation, accounting standards, auditing, reporting, disclosure, etc. to avoid penalties and fines.



*Thank*

*You*