

## INNOVATIVE BUSINESS FOR BELOW POVERTY LINE INDIVIDUAL ON MICROPARTNERSHIP - A CASE OF PERSONALIZED GIFT BOXES.

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### ABSTRACT

**T**his paper lays down the possibility of forming small business ventures through micropartnership through personalized gift box, wherein an individual below poverty line, with the support of socially oriented investors and businessmen of the country fares his chances to rise above poverty line and evolves. While doing this the investors and businessmen will not be doing complete charity but also earning through their investment of money, time and efforts directed in favors of social good. The concept of a partnership among three persons, one investor, one manager and one working person is laid down. Researcher gives the financial statements related with the business of personalized gift box which includes capital investment for personalized gift boxes, monthly expenses for personalized gift boxes, revenue model for personalized gift boxes, exit strategy for personalized gift boxes, earnings per year, earnings per month, earnings per year for the person who engage in micropartnership ventures as major source of income.

**Keywords:** *Micropartnership, Personalized gift box, Three Partner Approach*

**Introduction:**

Indian Economy has been growing steadily in the past, so is the case with Per Capita Income of India. Per Capita Income is the average of the income of Indian Population. It is calculated by taking the sum of products of income (i) and the number of person (n) having that income. ( $\sum i_1n_1 + i_2n_2 + \dots + i_xn_x$ ), and dividing it with the population. Thus growth in Per Capita Income may be achieved by, 1. shift in the number of person (n) being multiplied with lower value of Income (i), to higher Value of Income (i), or 2. Gradual increase the value of income (i). However, the growth achieved in Per Capita Income in an economy is due to a combination of both. If the percentage of growth due to one above is greater the economy would experience a more equally distributed income as compared to, if the growth is achieved by two, where the income of a lesser percentage of population of the country rises substantially whereas that of the major percentage of population is not rising in tandem, thus creating an less equally distributed income in that economy. The growth of our economy tends to be due to the second reason as a result of which India still faces the problem of poverty. To elevate people from poverty it has been suggested that people be educated, trained to be self employed, etc., measures for which have been initiated in ample but have more, rather than less, failed in implementation. There are many small business opportunities in existence, and the number of such opportunities is growing with the time and increase in the complexity of civilization. Such businesses are characterized by high return on investment very less payback period and the risk involved is also less (as investment is low). However the nature of these businesses is such that a person who may afford to make an investment (investing partner) in such businesses would not be willing to do the type of work demanded by such businesses (as it is niche level work) and the persons (working partner) who are in a position to do such work are not in a position to afford such an investment by themselves and many regard borrowing such an amount of money as an unnecessary risk. However, a micro partnership may provide a solution thus transferring the risk to the investor and the work to the working partner. Such a micro partnership model needs to be looked into, from the aspect of the working partner as well as the Investing Partner.

**A Three Partner Approach**

- a) *The Investing Partner*
- b) *The Managing Partner*
- c) *The Working Partner*
- d) *Double Partner*

**A Three Partner Approach**

The three partner approach would draw the necessities of the micropartnership venture from three partners; the Investing partner, the Working partner and the Managing partner. Though each would contribute his share to the venture, the success of the venture would depend on the synchronized objectives of the three. The working partner is dependent on the investing partner for his investment and on the managing partner for his expertise in business, whereas the incomes of the investing and managing partners from the micropartnership venture are dependent on the efficiency of the working partner. Each partner shall be liable to get an equal share from the profit of the venture.

### **a) The Investing Partner**

The Investing partner shall be a person who is capable of saving from his own income or having capital at his disposal to invest and is in search for income earning opportunities to invest in order to create wealth. Also he should be capable of understanding the financial aspects of business, and innovative. He shall have a social motive of improving the standard of living of the working partner besides business interests in the micropartnership venture, and his mentality should be such that he feels pride in the earning realized by the working partner (if it is so he would not want to encroach upon the working partners share of profit.) His motive should be to make the venture strong and high yielding, rather than to draw early profits. His intuition about the venture derived from his business acumen, and based on logical assumptions and estimation shall be of importance to the venture. The investing partner will provide the necessary funds for the venture and may also be the source of business idea behind the micropartnership venture. An individual may be an investing partner to more than one micropartnership ventures. The investing partner shall devote about an hour every fortnight or even an hour a day depending upon his interest in the venture.

### **b) The Managing Partner**

The managing partner shall be responsible for the general management of the business. He shall perform the important task of planning and monitoring the implementation and progress of the micropartnership venture. He shall design the policies of the business, communicate with the vendors, Following are few among the many responsibilities of the Managing partner:

1. Acquire assets for the business
2. Communicate, negotiate with vendors and maintain vendor relationship
3. Monitor the legal aspects of the venture
4. Tie up with dealers when so required by the venture
5. Train the working partner for the venture
6. Design polices of the micropartnership venture
7. Be the link between the working and the investing partner
8. Maintain operational and financial accountability
9. Marketing initiatives
10. Growth prospects of the venture
11. Growth prospects of the working partner
12. Forecast future requirements of the venture and make provisions in advance.
13. Provide timely updates to the investing partner

The managing partner shall devote a couple of hours a day during the launching phase of the business, then about an hour every two or three days, and a more concentrated lot of time when required. Like the Investing partner, the managing partner may be a partner to more than one micropartnership venture.

### **c) The Working Partner**

The Working Partner shall be one who is either unemployed or earning a low income, of an employable age, preferably above 16 years, and education shall not be a criterion. However, he should possess the following:

1. Desire to come out of his present condition
2. Positive attitude and respect towards work
3. Attitude to learn
4. Honesty and truthfulness
5. Absence of any addiction
6. Ability to read and write

If any of the above is absent it does not mean that one is not eligible to become a working partner, he can very well become one after acquiring the missing points. The working partner shall devote all his working time for the venture. However, in the initial phase of the venture it may not be required that the working partner leave his current employment completely (if any.) A transition may be designed for such an individual intending to become the working partner, depending upon the requirements of the particular Micropartnership venture. The working partner shall be earning a share of whatever he earns for the venture. Thus his income will be directly proportional to his efforts for the venture. It would not be wrong to say that the working partner becomes a small entrepreneur in himself.

### **d) Double partner**

A person could very well be the investing as well as the managing partner for a micropartnership venture. In this case he shall be liable to receive two third of the profit from the venture. Such a double partner shall offer some pro's as well as con's to the micropartnership venture as in on one hand the decision will lie with one person and hence the decision making process will be fast whereas on the other hand the venture would lack varied opinions.

### **Social Aspect of Micropartnership**

The nature of social service in which the individuals belonging to middle class generally engage is of a quantum nature, this means that the service they offer to any social cause temporarily relieves the symptoms of the cause and has less or no effect in the cause. If we consider an unemployed person, giving him money would sustain him for a while and when the money is over he is back to poverty. Instead if he is given an idea and support to materialize the idea, considering that the idea is practical there is the maximum possibility that he would go into a phase of self sustainability. It is often said that one learns from the environment he dwells in. Here lies the solution to the problem of poverty. If the poverty stricken are brought into an environment which offers positive energy and opportunities to achieve economic stability, he would rather be self motivated to rise out of his situation of poverty. This is precisely what could be offered through micropartnership. The micropartnership venture offers the idea, capital, support and the environment to grow. The business environment is a very dynamic environment. Through such ventures the poverty stricken would come into contact with various persons related to business which will offer business lessons, subconsciously learnt and thus, will prove to be seeds of growth. As the investing partner of the venture has business interest in the venture, he would automatically be taking care that his investment is not going in vain. The managing partner is bound to improve the skills of the working partner as this is the only way to increase the share of each of the partners.

## Micropartnership Ventures through personalized gift boxes

### Micropartnership Ventures

Innovation is the work of the educated mind (Investing Partner / Managing Partner); repetition is the work of the illiterate mind (often below poverty line), whereas repetition with thinking brings about the transition of illiterate mind to the educated mind (Working Partner.) Many situations are faced in the course of everyday living when the innovative mind thinks “this problem needs to be solved” and often leads to a thought which he feels may be the solution to the problem. Thus problems if of common occurrence, become an opportunity which could be converted into a business venture. Most of the times the innovative mind feels proud of being capable of thinking of such a solution and forgets about it because most of the solutions require such a nature of work to be performed against which he personally have better alternatives. The solution could possibly be a micropartnership venture. In this paper micropartnership ventures shall be presented. These micropartnership ventures are typically gap fillers. The idea behind each venture, the investment required, revenue forecast and growth prospects have been considered while presenting the micropartnership ventures. Following are the micropartnership ventures presented is personalized gift boxes

### Personalized gift boxes

Giftng comes with every occasion small or big, and where there is a gift, there is clothing to the gift. When one gifts something to someone, he/she wishes to be remembered for the gift he/she gives. This opportunity could be turned into a small business wherein the clothing of a gift shall be personalized to link to the gift-giver, gift-receiver, occasion of gifting or other such content which links to these. Various sizes and shapes of boxes are used to clothe gifts. Content of personalizing nature can be printed on the outer faces of the boxes which will make these boxes a gift in themselves. The business requires simple computer skills which may be learnt in a short duration of about a month and a mind which is creative and imaginative. The templates of various shapes of boxes shall be prepared and the faces numbered for easy identification. Boxes can be prepared in a variety of shapes, and each shape in various sizes. Most shapes would fit on A4 or A3 paper sizes. An order form shall contain face-numbers, where content to be displayed on respective faces shall be mentioned. Content may be text or photographs in hard or digital form. On receiving the order form, assembling such content on the selected template shall not require much effort once the master template is ready. Then the template is to be cut, creased, folded, pasted and delivered.

### Financials:

**Table 1** Capital Investment for Personalized gift boxes:

| Sr.<br>No. | Particular   | Amount<br>(Rs.) |
|------------|--------------|-----------------|
| 1          | Laptop       | 30000           |
| 2          | Pen drive    | 400             |
| 3          | Others       | 1000            |
| 4          | Display      | 1000            |
|            | <b>TOTAL</b> | <b>32400</b>    |

**Table 2** Monthly Expenses for Personalized gift boxes:

| Sr. No. | Particular             | Amount (Rs.) |
|---------|------------------------|--------------|
| 1       | Cutting Instruments    | 100          |
| 2       | Glue                   | 200          |
| 3       | Other                  | 700          |
|         | <b>TOTAL per month</b> | <b>1000</b>  |

**Table 3** Revenue model for Personalized gift boxes:

|                              | Pessimistic | Moderate    | Optimistic  | Practical   | Capacity     |
|------------------------------|-------------|-------------|-------------|-------------|--------------|
| Quantity of A4 box           | 2           | 12          | 18          | 10          | 21           |
| Quantity of A3 box           | 1           | 6           | 7           | 4           | 11           |
| Revenue per day              | 175         | 1050        | 1425        | 800         | 1875         |
| Dealers profit               | 50          | 300         | 410         | 230         | 535          |
| Profit per day               | 125         | 750         | 1015        | 570         | 1340         |
| Expenses per month           | 1000        | 1000        | 1000        | 1000        | 1000         |
| Profit per Month             | 2125        | 17750       | 24375       | 13250       | 32500        |
| Profit per partner per month | <b>708</b>  | <b>5917</b> | <b>8125</b> | <b>4417</b> | <b>10833</b> |
| Profit per partner per year  | 8500        | 71000       | 97500       | 53000       | 130000       |
| Working hour per day         | 0.45        | 4.30        | 6.15        | 3.30        | 8.00         |

**Table 4** Exit Strategy for Personalized gift boxes:

| Value after One Year |              |     |              |
|----------------------|--------------|-----|--------------|
| Sr. No.              | Particular   | %   | Amount (Rs.) |
| 1                    | Laptop       | 60% | 180          |
| 2                    | Pen-drive    | 0   | 0            |
| 3                    | others       | 0   | 0            |
| 4                    | Display      | 0   | 0            |
|                      | <b>TOTAL</b> |     | <b>180</b>   |

**Revenue Expansion Possibilities:**

When orders are more in number more templates can be fit on a single sheet of paper thus reducing cost and increasing profit. Bulk orders for occasions if received can enhance revenues; such jobs can be offered at concessional rates as the repetitive part of work is reduced.

## Micropartnership Ventures as the Major Means of Livelihood

So far the micropartnership ventures have been considered as an add-on income opportunity for the investing partner/managing partner. However, there lies a possibility of making these micro ventures as the major means of livelihood. The income looks small when one but when many are bundled together the income which could be generated would seem comparable to any other business which one can consider of engaging into. There is a two way expansion possibility for increasing the number of micropartnership ventures one is a partner to.

1. *New micropartnership venture based on new idea*
2. *New micropartnership venture based on existing successful idea.*

### 1. New micropartnership venture based on new idea:

One may always invest into newer ideas which one experiences with time. These would go through the phases of a normal business and require normal time. The risk business venture not being successful lingers around with new ideas, at the same time one would be requiring new ideas to diversify and explore and exceed ones limits of creativity and imagination.

### 2. New micropartnership venture based on existing successful idea:

Ideas which get converted into successful ventures can then be implemented in other localities. Such implementation would be fast as the idea would have been already well researched and many problems faced and solved. The risk associated with such ventures would be highly reduced and such ideas would make the investors bundle grow faster. When a person is a partner (Investing or Managing) to more than one micropartnership venture, he can realize benefits which may be income enhancing as well as cost saving. Two or more micropartnership ventures can share assets if feasible, thus further reducing the investment. E.g.: If a laptop could be shared for two micropartnership ventures, the investment in laptop becomes half in each venture. The assets of existing micropartnership venture could support a new micropartnership venture in its initial phase, thus lowering the startup cost of the new micropartnership venture. The assets required by the new venture could be acquired at a later stage when the business seems more promising. If we consider a situation where in a person is an investing partner to personalized gift boxes micropartnership ventures, his/her yearly and monthly earning possibilities may be as in the table presented below.

**Table 5 : Earnings per year**

| Earnings Per Year     |            |             |          |            |           |
|-----------------------|------------|-------------|----------|------------|-----------|
|                       | Investment | Pessimistic | Moderate | Optimistic | Practical |
| Personalized gift box | 33000      | 8500        | 71000    | 97500      | 53000     |
| ROI                   |            | 26          | 215      | 295        | 161       |

**Table 6 : Earnings per year**

| Earnings Per Month    |            |             |          |            |           |
|-----------------------|------------|-------------|----------|------------|-----------|
|                       | Investment | Pessimistic | Moderate | Optimistic | Practical |
| Personalized gift box | 33000      | 708         | 5917     | 8125       | 4417      |
| ROI                   |            | 2           | 18       | 25         | 13        |

It is quiet likely that if one plans to engage in micropartnership ventures as his major source of income he/she will act as the Investing as well as the Managing Partner. In such case the above income possibilities will be as under.

**Table 7 : Earnings per year for the person who engage in micropartnership ventures as major source of income**

|                              | Earnings Per Year |             |          |            |           |
|------------------------------|-------------------|-------------|----------|------------|-----------|
|                              | Investment        | Pessimistic | Moderate | Optimistic | Practical |
| <b>Personalized gift box</b> | 33000             | 17000       | 71600    | 121600     | 91600     |
| <b>ROI</b>                   |                   | 52          | 217      | 368        | 278       |

### Conclusion:

This paper lays down the possibility of forming small business ventures through micropartnership, wherein an individual below poverty line, with the support of socially oriented investors and businessmen of the country fares his chances to rise above poverty line and evolves. While doing this the investors and businessmen will not be doing complete charity but also earning through their investment of money time and efforts directed in favor of social good. The aim is not only to give a means of survival in form of earning but to give a means of living LIFE by creating a Thought Process. The concept of a partnership among three persons, one investor, one manager and one working person is laid down, wherein the emphasis is on the latter third of the partnership. Also such a partnership will provide solution to many small problems faced in day to day life. Another aspect if the paper is the possibility of earnings comparable to a small business through engaging into many micropartnership simultaneously, thus diversifying ones earnings and getting high returns on ones investment.

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