



# **Industrial Electrical Machines and Drives Servicing**

## **Level II**

### **Learning Guide -41**

Unit of competence: - Develop Business Practice

Module title: - Developing Business Practice

LG code: - EEL EMD2 LO1-LG41

TTLM code: - EEL EMD2 M09 1019 V1

**LO1:- Identify business opportunities**

|                                       |                         |
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| <b>Instruction Sheet</b><br><b>#1</b> | <b>Learning Guide 1</b> |
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This learning guide is developed to provide you the necessary information regarding the following Learning out comes and contents

Module learning out comes and contents

- Identifying business opportunities
- Preparing Feasibility study
- Undertaking market research on product or service
- Evaluating impact of emerging technology
- E-commerce
- Assessing business opportunity
- Preparing business plan

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, **upon completion of this Learning Guide, you will be able to:**

- Identify business opportunities
- Prepare Feasibility study
- Undertake market research on product or service
- Evaluate impact of emerging technology
- E-commerce
- Assess business opportunity
- Prepare business plan

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to provide the learners with the required knowledge and skill .

**Learning Instructions:**

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1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below
3. Read the information written in the "Information Sheets". Try to understand what are being discussed. Ask you teacher for assistance if you have hard time understanding them.
4. Accomplish the "Self-checks". Each information sheets.
5. Ask from your teacher the key to correction (key answers) or you can request your teacher to correct your work. (You are to get the key answer only after you finished answering the Self-checks).
6. If you earned a satisfactory evaluation proceed to "Operation sheets and LAP Tests if any". However, if your rating is unsatisfactory, ask your teacher for further instructions or go back to Learning Activity.
7. After you accomplish Operation sheets and LAP Tests, ensure you have a formative assessment and get a satisfactory result;
8. Then proceed to the next information sheet.

|                            |   |
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| <b>Information Sheet-1</b> | <b>Identifying business opportunities</b> |
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## **1 Identifying business opportunities**

### **1.1 Business idea**

- A business idea is the response of a person or persons, or an organization to solving an identified problem or to meeting perceived needs in the environment (markets, community, etc.)
- A business idea is any clue or information about, new or improved products /services.

Finding a good idea is the first step in transforming the entrepreneur's desire and creativity into a business opportunity.

### **1.2 Generate Business Ideas**

There are many reasons why entrepreneurs or would-be entrepreneurs need to

generate business ideas. Here are just a few:

- **You need an idea** – and a good one at that – for business. A good idea is essential for a successful business venture – both when starting a business and to stay competitive afterwards.
- **To respond to market needs.** Markets are made up essentially of customers who have needs and wants waiting to be satisfied. Those people or firms that are able to satisfy these requirements are rewarded.
- **Changing fashions and requirements** provide opportunities for entrepreneurs to respond to demand with new ideas, products and services.
- **To stay ahead of the competition.** Remember, if you do not come up with new ideas, products and services, a competitor will. The challenge is to be different or better than others.

• **To exploit technology – do things better?** Technology has become a major

Competitive tool in today's markets, with the rate of change forcing many firms to innovate. There are several companies in the world, operating in the electronics and home appliances industries, which come up with dozens of new products every month. For these and many others in today's global markets, generation of business ideas is crucial.

• **Because of product life cycle.** All products have a finite life. As the product lifecycle chart shows, even new products eventually become obsolete or outmoded. Thus, there is a need to plan for new products and the growth of these. The firm's prosperity and growth depends on its ability to introduce new products and to manage their growth.

• **To spread risk and allow for failure.** Linked to the product life cycle concept is the fact that over 80 per cent of new products fail. It is therefore necessary for firms to try to spread their risk and allow for failures that may occur from time to time by constantly generating new ideas.

### **1.3 Sources of business idea**

- Hobbies/Personal Interests
- Personal Skills and Experience
- Franchises
- Mass Media (newspapers, magazines, TV etc.)
- Internet
- Business Exhibitions/trade fairs
- Customer/consumer Complaints and suggestions
- Changes in Society
- Brainstorming
- Creativity and innovations
- Research and development
- Existing companies
- Distribution channels
- Government organizations

### **1.4 Methods of generating business ideas**

The common methods of generating business idea include:

#### **1. Focus groups:-**

This method consists of a moderator leading a group of people through an open, in-depth discussion rather than simply asking questions to solicit participant response. The moderator focuses the discussion of the group on new product area in either a directive or non-directive way.

## **2. Brainstorming**

Brainstorming is a technique for creative problem solving and for generating ideas. The objective is to come up with as many ideas as possible.

Brainstorming usually starts with a key question or problem statement. Each idea leads to one or more additional ideas. As a result, you will have in a good number of business ideas.

### **Rules of Brainstorming**

Overall rules in using brainstorming method include:

- i. *No criticism is allowed* – No negative comment
- ii. *Freewheeling is encouraged* – The wider the idea the better is the result.
- iii. *Quantity of idea is desired* – The greater the number, the more the likelihood of useful idea emerging
- iv. *Combination and improvement of ideas is encouraged*- ideas of others can be used to produce still another new idea.

The brain storming meeting should be fun and playful, not work oriented with no expert in the field present.

### **1.5 Problem *inventory analysis***

This uses individuals in a manner analogous to focus group. However, instead of generating new ideas themselves, consumers are provided with a list of problems from a general product category. They are then asked to identify and discuss products in this category that have the particular problem. Hence effective and excellent way of generating new ideas.

The problem with this approach is developing an *exhaustive list of problem* such as weight, taste, appearance and cost.

### **1.6 *Business idea vs. opportunity***

Good ideas are not necessarily good opportunities. For example, you may have invented a brilliant product from a technical point of view and yet the market may not be ready for it. Or the idea may be sound, but the level of competition, and the resources required may be such that it is not worth pursuing. Sometimes there may even be a ready market for the idea, but the return on investment may not be acceptable.

If an idea is not an opportunity, what is an opportunity? An opportunity has qualities of being *attractive, durable, and timely* and is anchored in a product or service which *creates or adds value* for its buyer or end-user.

### **Characteristics of a good business opportunity**

To be a good business opportunity, it must fulfill, or be capable of meeting, the

following criteria:

- **Real demand:** responds to unsatisfied needs or requirements of customers who have the ability to purchase and who are willing to buy
- **Return on investment,** provides acceptable returns or rewards for the risk and effort required
- **Be competitive:** be equal to or better (from the viewpoint of the customer) than other available products or services
- **Meet objectives:** meet the goals and aspirations of the person or organization

taking the risk

- **Availability of resources and skills:** the entrepreneur is able to obtain the

necessary resources.

### **1.7 Screening business ideas**

Once the ideas are emerged from idea sources, they need further development, screening and evaluation. Business ideas/opportunities need to be screened and assessed for viability once they have been identified or generated. This is not an easy task and at the same time it is very important. It can make a difference between success and failure between making a fortune and losing everything you had.

The process of screening business ideas are macro, micro and SWOT Analysis.

### **Macro screening**

The macro screening refers to screening down ideas from many to 10. The criteria for selecting project in macro screening include the following:

**1. Sufficient Demand:-**

In selecting projects at macro level, we should identify those which have sufficient demand

**2. Sufficient Financial Resources:-**

In addition to demand conditions, financial resources should also be considered in macro screening. The entrepreneurs should cover at least 20 % of the project cost.

**3. Competitors:-**

If there are more competitors offering the same kind of goods and services, the less likely survival of the entrepreneur planning to go in to the respective business.

**4. Knowhow to the idea**

The entrepreneur should have different skills (conceptual, managerial, technical and manual needed by the project are available)

### **Micro screening**

The micro screening links the macro screening with SWOT Analysis (Strength, weakness, opportunities and Treats). The micro screening adds quality to selection process by adding different parameters related to economic judgments (market, skill availability, technology etc.) Participants are already screened to 10 project ideas during the macro screening, but the micro screening will become a very lengthy procedure unless we reduce them to further scale down to 3 projects by taking some new criteria in mind. The number of parameters selected for micro screening depends on the participants' intellectual level. Some of these include the following:

**1. Marketability**

Indicators of availability of market include:

- Existing demand not presently served at all
- Existing demand not presently adequately served by existing suppliers



- Existing demand presently served by imports
- Products having significant or unique setting features
- Demand for products /services expected to increase substantially in the future.
- The reliability of the supply of similar products / service
- Supply of the product presently served through smuggling

## **2. Availability of qualified personnel:-**

This can be sought by the following factors:

- Different skill (conceptual, managerial, technical and manual needed by the project are available)
- Supply of skills is relatively steady and stable so as not to jeopardize the project in case of sudden or unforeseen labor changes, unusual or unexpected problems.
- Cost of labor is projected to be fairly steady and predictable

## **3. Availability of technology:-**

Availability of technology can be evaluated in terms of the following indicators:

- The technologies to be used have been proved
- Reasonably proved technologies are available to produce the product
- Technology is appropriate for the level of production, level of investment and desired product quality.
- The project will not suffer from technology obsolescence which will render the project not available
- Nearness of sales centers for the equipment /machinery.
- Seasonal availability of the required machine

## **Availabilities of Raw material:-**

This is indicated by the following considerations:

- Raw materials are available in adequate quantity locally
- The reliability of supply – whether local or imported source
- Seasonal availability: perish ability, quality and variability of raw materials and whether fund is to be satisfactory
- Price of raw material
- Price forecast of raw materials in the future

## **4. Competitors:-**

If there are more competitors offering the same kind of goods, and services, the less likely survival of the entrepreneur planning to go in to the respective business.

**Critical success factor (CSF)**

This can be any one of the parameters above. However, it must be further refined or qualified. CSF means a certain factor particular to the identified project which is very important for the success of that specific project. If this factor is missing, is inadequate or is not properly taken in to account, it can indicate that the project may not be feasible in the long run. CSF focuses on further identification system such as strategic fitness. CSF can be raw materials (seasonal availability, perishability, lack of standardization, unpredictable availability of supply, import striations, infrastructure problem, and weather condition).

**1.8 SWOT Analysis**

It is a simple but very powerful tool which enables individuals to do a comparison of the last three projects idea. This analysis has four quadrants (strength, weakness, opportunity and threats). The upper two of the four quadrants representing strength and weakness and the lower quadrants standing for opportunities and threats which is build in the environment.

The basic objectives of SWOT analysis helps to analyze those project ideas found viable after the micro screening process while utilizing the SWOT parameters. It helps to apply those forms of analysis for any project expansion or diversification at a later stage of the business enterprise. In general it is important for proper-identification of projects.

**The SWOT Analysis framework**

| Positive factors to be Capitalized | Negative factors to be eliminated |
|------------------------------------|-----------------------------------|
| STRENGTH                           | WEAKNESS                          |



### **Components of SWOT Analysis**

1. **STRENGTH**: These are positive initial factors that occur at present (not potential). Strengths are within the control of the entrepreneur and they occur at present. Strengths should be capitalized and harnessed to make weaknesses redundant. It includes:-

- Technical expertise
- Good network with customers
- Managerial expertise
- Distribution system
- Comparatively cheap price
- New improvement of products
- Packaging
- Superior technology
- Product features (utility durability)

2. **WEAKNESS**: this are also within the control of the entrepreneur that occur at present. They are lack of--- missing ---- or weak points. As far as possible weakness should be eliminated.

**These may include:**

- No control over raw materials
- Lack of promotion experience
- Limited product life
- Technological obsolescence
- Poor design of product
- Inexperienced management or owner
- Weak selling effort
- Lack of working capital
- Comparatively high price
- No technical exercise of owners

3. **OPPORTUNITIES**: are positive or favorable factors in the environment which the entrepreneur should make use of or which make his project idea potentially viable. They are however, mostly

beyond the control of the entrepreneur. They are different from strength in the sense that strengths are positive internal of the business. Some of this opportunities are:-

- Few and weak competitors
- No such product in the market
- Rising income of target market
- Scarcity of products in the locality
- Growing demand
- Favorable government policy
- Similar products making profit
- Low interest in loans
- Technical assistance available
- Adequate training opportunities
- Access to cheap raw material

**4. THREATS:** These are negative or unfavorable external factors in the environment and normally beyond the control of the entrepreneur. They adversely affect the business if not eliminated or overcome. Threats differ from weakness in as much as they are beyond the control of the entrepreneur. Both have negative impact on the business. The purpose of analyzing threats is to avoid them or make a counter balance action. Some of these threats are:

- rising raw material cost
- Piracy of skilled labor
- government chain bureaucracy
- raw material shortage
- bribe and corruption
- changing government regulation
- insufficient power
- too much employee competition
- poor infrastructure
- restrictive labor force
- smuggling

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| <b>Self-Check -1</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

Directions: Answer all the questions listed below.

**PART I TRUE/FALSE**

If the statement is correct write TRUE if the statement is in correct write FALSE

1. A Business idea is similar to a business opportunity
  - A. True
  - B. False
2. A factor for business opportunity
  - A. Real demand
  - B. Satisfied needs
  - C. Non availability of resources
  - D. Possible loss on investment

**Note: Satisfactory rating - 3 points**

**Unsatisfactory - below 3 points**

**Answer Sheet**

|               |
|---------------|
| Score = _____ |
| Rating: _____ |

Name: \_\_\_\_\_  
\_\_\_\_\_

Date:

**Short Answer Questions**

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| Information sheet #2 | Conducting feasibility study |
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**2. Conducting feasibility study**

## **2.1 Definition of Feasibility Studies:**

A feasibility study looks at the viability of an idea with an emphasis on identifying potential problems and attempts to answer one main question: Will the idea work and should you proceed with it?

Before you begin writing your business plan you need to identify how, where, and to whom you intend to sell a service or product. You also need to assess your competition and figure out how much money you need to start your business and keep it running until it is established.

Feasibility studies address things like where and how the business will operate. They provide in-depth details about the business to determine if and how it can succeed, and serve as a valuable tool for developing a winning business plan.

## **2.2 Importance of Feasibility Studies**

The information you gather and present in your feasibility study will help you:

- List in detail all the things you need to make the business work;
- Identify logistical and other business-related problems and solutions;
- Develop marketing strategies to convince a bank or investor that your business is worth considering as an investment; and
- Serve as a solid foundation for developing your business plan.

Even if you have a great business idea you still have to find a cost-effective way to market and sell your products and services. This is especially important for store-front retail businesses where location could make or break your business.

For example, most commercial space leases place restrictions on businesses that can have a dramatic impact on income. A lease may limit business hours/days, parking spaces, restrict the product or service you can offer, and in some cases, even limit the number of customers a business can receive each day.

## The Components of a Feasibility Study

- **Description of the Business:** The product or services to be offered and how they will be delivered.
- **Market Feasibility:** Includes a description of the industry, current market, anticipated future market potential, competition, sales projections, potential buyers, etc.
- **Technical Feasibility:** Details how you will deliver a product or service (i.e., materials, labor, transportation, where your business will be located, technology needed, etc.).
- **Financial Feasibility:** Projects how much start-up capital is needed, sources of capital, returns on investment, etc.
- **Organizational Feasibility:** Defines the legal and corporate structure of the business (may also include professional background information about the founders and what skills they can contribute to the business).
- **Conclusions:** Discusses how the business can succeed. Be honest in your assessment because investors won't just look at your conclusions they will also look at the data and will question your conclusions if they are unrealistic.

In general, feasibility studies contain comprehensive, detailed information about your business structure, your products and services, the market, logistics of how you will actually deliver a product or service, the resources you need to make the business run efficiently, as well as other information about the business.

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| <b>Self-Check -2</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. A feasibility study does not include
  - A. Executive summary
  - B. Technological considerations
  - C. Manufacturing process
  - D. Schedule and timeline
2. A feasibility study takes into consideration only the economic aspect
  - A. True
  - B. False

**Answer Questions**

1. Why a feasibility study is undertaken?



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| Information sheet #3 | Undertaking market research on product or service |
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### 3.Undertaking market research on product or service

#### 3.1 Meaning of a marketing

- **Marketing** is the process of planning and executing the pricing, promotion, and distribution of products and services in order to create exchanges that satisfy both the firm and its customers.
- **Focus areas of marketing**
  - (1) Getting the right goods and services
  - (2) To the right people,
  - (3) At the right place and time,
  - (4) With the right price, and
  - (5) Through the use of the right blend of promotional techniques.

#### 3.2 Meaning of market research

- **Marketing research** is the function that links the consumer, customer and public to the marketer through information – information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process.
- **Marketing research** specifies the information required to address these issues; designs the method for collecting information; manages and implements the data-collection process; analyzes the results; and communicates the findings and their implications.

- **Marketing research** is a function that links the consumer, customer and public to the marketer through information for marketing purposes

### 3.3 Reasons for conducting a Marketing research

The goal of doing market research is to equip yourself with the information you need to make informed business decisions on the 4Ps (Product, Price, Placement and Promotion) of marketing activities listed below:

1. **Product** — Improve your product or service based on findings about what your customers really want and need. Focus on things like function, appearance and customer service or warranties.
2. **Price** — set a price based on popular profit margins, competitors' prices, financing options or the price a customer is willing to pay.
3. **Placement** — Decide where to set up and how to distribute a product. Compare the characteristics of different locations and the value of points of sale (retail, wholesale, on line).
4. **Promotion** — Figure out how to best reach particular market segments (teens, families, students, professionals, etc.) in areas of advertising and publicity, social media, and branding.

### 3.4. Major Elements of a marketing research report

- A market research should be prepared in terms of report which include the followings in sequential order
  - ✓ Cover page
  - ✓ Acknowledgement
  - ✓ Table of contents
  - ✓ List of tables
  - ✓ List of figures
  - ✓ Problem statement
  - ✓ Research objectives
  - ✓ Develop data collecting tools (questionnaires, interview)
  - ✓ Launch the study and collect the data
  - ✓ Data Analysis
  - ✓ Presentation of the results
  - ✓ Conclusions

✓ Recommendations

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| <b>Self-Check -3</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

**Short Answer Questions**

1. What is a marketing research?
2. What are the steps of a marketing research process? (5 points)

**Note: Satisfactory rating - 6 points**

**Unsatisfactory - below 6 points**

**Answer Sheet**

|               |
|---------------|
| Score = _____ |
| Rating: _____ |

Name: \_\_\_\_\_  
\_\_\_\_\_

Date:

#### **4. Assistance with feasibility study of *specialist and relevant parties* is sought as required**

##### **4.1 Deciding who should do the marketing research**

- A marketing research may be undertaken by a firm's own research staff alone, given to an outside agency to perform, or some combination of both of these options.
- If the research is conducted in combination, the research proposal should identify who should do what.

##### **4.2. Specialist and relevant parties in marketing research**

The type of specialists who can assist in the marketing research process depends on the nature of the marketing research and its divisions. Therefore,

- Research experts
- Economists
- Accountants
- Marketing experts
- Psychologists
- Technical experts of the business whose data is used for conducting marketing research

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| <b>Self-Check -4</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

**Short Answer Questions**

- 1. What are the forms of conducting marketing research (3)
- 2. Mention two professionals who can help in conducting a marketing research.(2)

**Answer Sheet**

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| Score = _____ |
| Rating: _____ |

Name: \_\_\_\_\_  
\_\_\_\_\_

Date:

## **5. Impact of emerging or changing technology**

Technology is constantly changing the demands of consumers. Businesses use new technologies to produce new products and services. Entrepreneurs should realize that new technological developments such as the internet and cell phones increase the exchange of information and may have an effect on the operations of their business.

Entrepreneurs may not be aware of the nature and effects of all new technologies, yet, they must try to determine technical developments which are likely to have the greatest impact on their business operations.

Small businesses are flexible and can innovate and introduce new products.

Conversely, small businesses may not have the expertise, time or capital to develop and market a new product. A small business must be realistic in judging: the demand for a new product, the financial aspects of developing a new market and the time required to introduce the new technology.

Through planning and forecasting, it may be possible to predict some technological changes that might affect sales of current products and the potential for developing new products. Purchasing new technologies, such as a computer, implies a long-term commitment of resources, which most small businesses do not have. Because of day-to-day operational problems, entrepreneurs have little time to do long-

range planning, even though new technologies may have a great impact on their businesses in the future.

Smaller companies must develop products and markets where they have a chance to succeed and be competitive. Because of shortage of capital resources, entrepreneurs must be able to react quickly to changes in the market and be concerned with the future needs of their customers.

## **5.2 The impact of e-business**

E- Business involves the use of electronic platforms like intranets, extranets and the Internet to conduct a company's business. The Internet and other technologies now help companies carry on their business faster, more accurately, and over a wider range of time and space. Countless companies have set up Web sites to inform about and promote their products and services. They have created intranets to help employees communicate with each other and access information found in the company's computers. They have set up extranets with their major suppliers and distributors to assist information exchange, orders, transactions, and payments.

E-commerce is more specific than e-business. E-business includes all electronics based information exchanges within or between companies and customers. In contrast, e-commerce involves buying and selling processes supported by electronic means, primarily the Internet.

According to Prashant Jain Electronic Commerce (E-commerce or EC) is the exchange of business information using electronic formats, including e-mail, Electronic Bulletin Board (EBBs) and Electronic Funds Transfer (EFT). E-commerce technologies are designed to replace traditional paper-based work with faster, more efficient and reliable communications between computers.

## **5.3 Benefits and Challenges of e-commerce**

### **Benefits of e-commerce**

Internet marketing benefits final buyers, business buyers and sellers in many ways. These include:

1. Provides with easy shopping.

2. Saves operating costs by eliminating human intervention in order processing
3. Higher degree of personalization in serving the customer is possible.
4. Provides round the clock advantage to the customer or provides buyers with greater product access and selection.
5. Allows fast and flexible execution and response to market opportunities.
6. Customer's online buying habits can be learned.

#### **5.4 Challenges of e-commerce**

Using electronic channels for marketing activities has the following disadvantages for both buyers and sellers.

1. Inability to browse a virtual store for merchandise
2. Customer cannot look back and revive his/her choice for merchandise.
3. Order checking, cancellation, and monitoring are not possible.
4. Easy entry into and exit from web may not be possible.
5. Widens the gap between haves and have-nots.
6. Customer relations may be in jeopardy

Change in the organization culture is required



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| <b>Self-Check -5</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

**Short Answer Questions**

1. Give one of the definitions of technology?
2. Mention two positive impacts of technological change on business.(2 points)
3. Mention two negative impacts of technological change on business.(2 points)

**Answer Sheet**

|               |
|---------------|
| Score = _____ |
| Rating: _____ |

Name: \_\_\_\_\_  
\_\_\_\_\_

Date:

## 6. Assessing business opportunity

### 6.1 Assessing practicability of business opportunity

A business opportunity is an attractive business idea which an entrepreneur has selected to invest his/her resources to create value on the basis of assumptions of favorable market need and profit.

### 6.2 Sources of Business Opportunity;

You need to be focused and quite serious in your effort of identifying business opportunities. Business opportunities can be sourced from:

- The Environment – the natural resource base of an area;
- Population - occupational pattern, socio economic background;
- Current business Situation- trading and business activities and the trends for new demands of goods and services;
- Target market – expectations of the target group in terms of their skills, knowledge, and financial resources;
- Resources - industries based on minerals, agriculture, marine and other natural resources

### 6.3 Business Opportunities Selection Criteria;

An entrepreneur's first task after assessing himself/herself is to identify and select an attractive business opportunity. An acceptable business opportunity is a combination of:

- Confirmed need in the community;
- Capability of an entrepreneur;
- Availability of resources to develop the business opportunity.

### 6.4 The Existence of Needs in the Community

A good idea is a good seed for a business opportunity. Growing the idea into a business opportunity requires confirming that whatever is proposed for production must have a market need. If the need is

already confirmed for you then it cuts down on your costs. If not, you are required to carry out an environmental scan.

### **Entrepreneur's Capability**

You as an entrepreneur have certain level of knowledge, skills, values, experience and assorted traits. It is obvious certain business opportunities will suit your personality others will not. It is obvious that you need to match given business opportunities with your personality profile.

### **Availability of Resources**

To develop a business idea into a business opportunity you will need resources. The resources needed may be special skills, technology, raw materials, infrastructure and finance.

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| <b>Self-Check -6</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

**Short Answer Questions**

1. What do we mean by assessing the practicability of business opportunity in line with return?

**Answer Sheet**

Score = \_\_\_\_\_

Rating: \_\_\_\_\_

Name: \_\_\_\_\_  
\_\_\_\_\_

Date:

## 7. Completing business plan for operation

### 7.1 Concept of a business plan

- **A business plan** is a detailed report on a company's products or services, production techniques, markets, human resources, organization, requirements of infrastructure, financing requirements, and sources and uses of funds.

### 7.2 Major components of a common business plan

- The followings are the parts of the common business plan
  - ✓ Executive Summary (summary of the full business plan)
  - ✓ Background (short historical background of the business)
  - ✓ Main products, Markets and Customers (of the business)
  - ✓ Market Analysis
  - ✓ Marketing Plan
  - ✓ Business operations Management
  - ✓ Management and Organization
  - ✓ SWOT Analysis
  - ✓ Financial planning (basic financial statements, breakeven point, cash flow statements...)

### 7.3 Prepare business plan

- When thinking of going into business/startup of a new business
- When updating the business is required
- When new information/idea is obtained
- When new experiences are gained
- When there is a major decision

### Who prepare a business plan?

- Prospective business owner/managers (CEO and, marketing, production, HR and finance managers)
- An advice/support agency, or a professional figure such as an accountant, may assist in writing certain areas of the business plan for it to look professional

- A computer programmed providing a model that can be modified to suit your business can also be utilized.

### **Basic considerations of a business plan?**

- **Market** (should be large enough for the business to survive profitably)
- **Financial projections** should be realistic
- **The return for the investors or lenders** should be clear and guaranteed
- **Size of the Business Plan** - Content of B/Plan - should be between 15-35 pages.
- **Period covered by the B/Plan** – 3-5 years projection.
- **Design-** use blank spaces between sentences. Use short sentences and paragraphs - 6-8 lines, and double space lines
- **Type of Fonts** – Times or Times New Roman size 10-12. Titles – Arial or Univers 12-16 bold face, italics or underlined.
- **Bullets** – Highlight important information with bullets. Reduce your sentences, use direct language and separate information into paragraphs
- **Images** – Colorful graphic, photograph, graphs and tables

### **Revision / updating/ of a business plan**

- Revising/Updating a business plan is necessary as there are many factors changing from time to time.
- The followings are the common eight reasons for revising/updating a business plan.
  - ✓ A new financial period is about to begin
  - ✓ You need additional financing.
  - ✓ Significant markets change
  - ✓ New or stronger competitors are looking to your customers for their growth.
  - ✓ Your firm develops a new product, technology, service or skill
  - ✓ You have had a change in management
  - ✓ Your old plan doesn't seem to reflect the present reality anymore

|                      |                     |
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| <b>Self-Check -7</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page

**Short Answer Questions**

1. What is a business plan?
2. Mention at least 2 reasons for revising/updating business plan?(2 points)

**Answer Sheet**

Score = \_\_\_\_\_

Rating: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

## List of Reference Materials

### 1- BOOKS

- **A practical guide to Market Research** by Paul Hague B2B International, Stockport March 2006
- **Critical Business Skills for success** by Tomas J. Goldsby; USA Virginia 20151-2299 Copyright © The Teaching Company, 2015
- **Basic marketing research:** Scott M. Smith | Gerald S. Albaum  
© Copyright 2012, Qualtrics Labs, Inc. Qualtrics Labs, Inc. 2250 N. University Parkway #48C Provo, Utah, 84604, USA
- **Business Marketing: Present and Future** by Gary L. Lilien  
*Pennsylvania State University, USA*
- **Business Opportunity Identification and Selection: Dr. Neeraj Pandey**  
Assistant Professor LM Thapar School of Management
- **The Business Plan** Gerald Schwetje · Sam Vaseghi Hamburger Beratungs-Kontor GmbH & Co. KG Neue ABC-Str. 8 20354 Hamburg Germany [gschwetje@beratungs-kontor.de](mailto:gschwetje@beratungs-kontor.de)
- **Business Skills for a Changing World:** October 27. 2011
- **Impact of Technology on the Business Strategy Performance Relationship in Building Core Competence in Uganda Small Medium Enterprises (SME's);** Bright Donat School of Management, Wuhan University of Technology, Wuhan, P.R.China, 430070 (E-mail: [donsbre@gmail.com](mailto:donsbre@gmail.com), [brightdonat@yahoo.com](mailto:brightdonat@yahoo.com))
- **Shaping entrepreneurial opportunities: managing uncertainty and equivocality In the entrepreneurial process:** Michelle A. Barton ; A dissertation submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy (Business Administration) in The University of Michigan 2010
- **The impact of technology on business process operations;** GENPACT Research Institute
- **How Often Should You Update Your Business Plan?** Booway Balhaajav; Cayenne Consulting, LLC





# **Industrial Electrical Machines and Drives Servicing**

## **Level II**

### **Learning Guide -42**

Unit of competence: - Develop Business  
Practice

Module title: - Developing Business Practice

LG code: - EEL EMD2 LO1-LG42

TTLM code: - EEL EMD2 M09 1019 V1

LG code:- EEL EMD2 LO2-LG42 1019

TTLM code :- EEL EMD2 M06 0919 V1

**LO2:- Identify personal business skills**

This learning guide is developed to provide you the necessary information regarding the following Learning out comes and contents

Module learning out comes and contents

- Financial and business skills available are identified and taken into account when business opportunities are researched
- **Personal skills/attributes** are assessed and matched against those perceived as necessary for a particular business opportunity
- Business risks are identified and assessed according to resources available and personal preferences

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, **upon completion of this Learning Guide, you will be able to:**

- Financial and business skills available are identified and taken into account when business opportunities are researched
- **Personal skills/attributes** are assessed and matched against those perceived as necessary for a particular business opportunity
- Business risks are identified and assessed according to resources available and personal preferences

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to provide the learners with the required knowledge and skill to

### **Learning Instructions:**

---

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below
3. Read the information written in the "Information Sheets". Try to understand what are being discussed. Ask you teacher for assistance if you have hard time understanding them.
4. Accomplish the "Self-checks". Each information sheets.
5. Ask from your teacher the key to correction (key answers) or you can request your teacher to correct your work. (You are to get the key answer only after you finished answering the Self-checks).
6. If you earned a satisfactory evaluation proceed to "Operation sheets and LAP Tests if any". However, if your rating is unsatisfactory, ask your teacher for further instructions or go back to Learning Activity.
7. After you accomplish Operation sheets and LAP Tests, ensure you have a formative assessment and get a satisfactory result;
8. Then proceed to the next information sheet.

**2. Financial and business skills available are identified and taken into account when business opportunities are researched**

- Planning
  - Organizing
  - Scheduling
  - Assigning/Delegating
  - Directing
  - Hiring
  - Measuring Production
  - Setting Standards
  - Work Under Stress
  - Work with People
  - Work as a Team
  - Personnel Practices
  - Time Management
  - Calculating
  - Projecting
  - Budgeting
  - Recognizing Problems
  - Solve Problems
  - Able to Concentrate
  - Handle Detail
  - Work Under Stress
  - Accounting Principles
  - Data Processing
  - Operate Business Machines
  - Financial Concepts
- Investment Principles

|                      |                     |
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| <b>Self-Check -1</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page

**Short Answer Questions**

- 1. List down available financial & business skills?

**Answer Sheet**

|               |
|---------------|
| Score = _____ |
| Rating: _____ |

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**2. Personal skills/attributes are assessed and matched against those perceived as necessary for a particular business opportunity**

It is useful to identify your personal attributes so that you will be able to decide on what type of business is suitable you. These attributes will also be useful in identifying business opportunities, establishing the business, managing the business and initiating its growth.

Ask yourself the following questions:

- Do you like to work with machines and tools?
- Do you like to observe, learn, examine, analyze, and solve problems?
- Do you like to use your imagination or creativity to solve problems?
- Do you like to work with people; to inform, enlighten, help, train, develop or cure them;
- Do you like to work with people to influence, persuade, lead, or manage for organizational goals or economic gain?
- Do you like to work with data?
- Do you have functional skills? (Skills not necessarily associated with a specific job and are used to accomplish general tasks or functions of a job e.g. problem solving);
- Do you have content skills called work-content skills, specific and specialized to one job, such as preparing a financial statement, or fixing car?
- Do you have adaptive skills and ability to learn quickly, teamwork, being self motivated, self-awareness, empathy, persistence, optimism, and social deftness;

**2.1 Applying talents and attributes to entrepreneurial success**

There are a number of skills you'll need to succeed as an entrepreneur. You should not worry if you do not possess them all. As an entrepreneur you can always employ people with those skills to add to your abilities.

Below are skills you may need now or later to help you in business:

**Interpersonal Skills**

As an entrepreneur you should have good people skills. Your ability to freely mix with many people is a valuable asset that is worthy more than

the money you may have in a bank When people like you, its is very likely they will like your business too.

### **Networking Skills**

Networking can be a useful business approach to establish build partnerships and discover new business contacts. A successful entrepreneur is a net worker. You must be visible and easy to remember in gatherings.

### **Leadership Skills**

Leadership is the ability to influence. Once you are an entrepreneur it means you have taken up a leadership role. You may be owner-manager –worker (OMW), the skills of leadership is very important.

### **Management Skills**

Management skills mean planning, organizing, leading and controlling activities that cover operation, employees, customer, suppliers, and government agencies.

### **Employee Relation Skills**

Employees are the most important resource your business has. It is essential that you manage this resource very carefully. It is a resource that can come in today and walk out tomorrow. A good relationship with Human resource will make your life much easier.

### **Team Building Skills**

You must build a team of essential professionals who you share the same vision. You do possess all the needed skills and experience assembling a team of employees, partners, accountants, your lawyers, and bakers will take your business to a higher level.

### **Marketing and Sales Skills**

Marketing and selling skills are essential to bringing in revenue. Unless the customer is aware of and interested in what you are selling they will never buy. If marketing and selling are difficult employ a sales person.

### **Financial Management skills**

Understanding cash flow will save you business going under faster than you can register it. The danger areas are poor working capital, cash withdraws by the owner, credit mismanagement, and misunderstanding of cash surplus and profit.

### **Time Management Skills**

Time cannot be stored for future use. It cannot be bought from a shop. It is not elastic. You can only use or misuse time available. Time is one of the

resources whose value is underestimated until it is too late. There a number of ways that will increase the wastage of time namely: meetings, poor planning, repeated interruptions, failure to list priorities, failure to delegate, being disorganized, indiscipline and failure to say” no”. Do not worry if you not have these skills. Many people even those who have been running business for many years do not have all these skills. As an entrepreneur, however, you must learn some of these skills to help you run the business effectively.



|                      |                     |
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| <b>Self-Check -1</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page: *Directions:* Answer all the questions listed below.

**PART I TRUE/FALSE**

If the statement is correct write TRUE if the statement is in correct write FALSE

1. Marketing and selling skills are essential to bringing in revenue

**Answer Sheet**

|               |
|---------------|
| Score = _____ |
| Rating: _____ |

Name: \_\_\_\_\_

Date: \_\_\_\_\_

### **3. Business risks are identified and assessed according to resources available and personal preferences**

#### **3.1 Risk Taking To Entrepreneurship**

The awareness that you can make a profit by taking a risk is one of the motivating factors. You place your money in a business, use the money to assess the market, buy at a low price inputs produce and sell is an activity awarded by the earning of a profit. To manage risk you must be aware of past events in the field, have the passion to live in the present and you take the necessary risks to harvest success in the future.

Risk taking is not the same as gambling. There is a big difference between gambling and risk taking. When one is taking risk it does not mean that one must be unthinking. There are millions of people unhappy with their current situation. They look out for huge rewards with the barest minimum of investment. They have very little confidence in the possibility of success.

The success or failure in such efforts is placed on lucky. An entrepreneur is different from a gambler in that an entrepreneur puts an effort and other resources having assessed the high possibility of success. The risk taking ability and characteristics of entrepreneurs are linked by the ability of the entrepreneur to understand their business; self-confidence; information seeking; goal setting and determination to achieve.

#### **3.2 Define the Term Risk**

All the business you have seen and those you will see in future are all exposed to different degrees of risk. Risk exists as a result of you the entrepreneur failing to forecast with certainty of future events. Risk is danger or threats to your business. Risk also offers

you an opportunity to make a profit. Businesses usually look risk as the potential of loss or failure. This is too narrow, risk could also represent the opportunity to take profits.

### **3.3 Risk Taking and Risk Avoidance**

Entrepreneurship demands that part of your culture is risk taking. You the entrepreneur have potential and a trait to take risks. You have experienced risk taking in social relations and career. The experience will help you judge the chances, risk what is necessary and avoid risks which have little likely incentive.

Risk avoidance is the situations where individuals, are especially those that have never gone into business, are afraid of going into business. You hear them say, "Business is not for me". Such individuals prefer to look for jobs.

You may have observed that some individuals have skills that can assist them start a business that may even pay them more than any job but they are afraid of failure. In some of our communities, people ridicule individuals that have failed in business. Fear of failure, loss and creates risk avoidance. One way of removing this fear is training, counseling and learning by observation from those in business.

The possibility of failure cannot be avoided. Failure is the first lesson to success. Your business will grow; your problems and opportunities will multiply.

So, you should not be afraid to make decisions that may result in failure but you can learn from your failure. Adopting a safe and failure proof life is not profitable. To leave a life of a king you will work under the pressures and conditions of risk-taking.

### **3.4 Types of Risks Taken By Entrepreneurs**

There are types of risks especially experienced by new entrepreneurs. These are:

**Environmental risk-** fire, riots, weather, thefts, sudden government policy change;

**Entrepreneur's Risk** – how committed are you to win a business. Many budding entrepreneurs backslide to job seeking. Lack of experience in the business is another cause of failure.

**Business Management Risks** - poor management of finance, poor marketing

skills, poor planning skills, incorrect pricing are high risk areas for businesses especially small and medium sized businesses;

**Market Risks** – the emergence of competitors in the industry, inflationary pressures, exchange rate instability, low demand for locally produced goods, and poor distribution systems are risk areas an entrepreneur should manage.

**Operational risks** - staff turnover, sudden change in technology, materials

supply disruptions are some of the risks in the operational arena.

**Financial Risks**- loss of cash, loss of a financial investment, high taxes and

high interest rates.

|                      |                     |
|----------------------|---------------------|
| <b>Self-Check -1</b> | <b>Written Test</b> |
|----------------------|---------------------|

**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

*Directions:* Answer all the questions listed below.

**PART I TRUE/FALSE**

If the statement is correct write TRUE if the statement is in correct write FALSE

\_\_\_\_\_ 1. The success or failure in such efforts is placed on lucky

**Answer Sheet**

Score = \_\_\_\_\_

Rating: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_



# **Industrial Electrical Machines and Drives Servicing**

## **Level II**

### **Learning Guide -43**

Unit of competence: - Develop Business  
Practice

Module title: - Developing Business Practice

LG code: - EEL EMD2 LO1-LG43 1019

TTLM code: - EEL EMD2 M09 0919 V1

**LO3:-Plan for establishment of business operation**

This learning guide is developed to provide you the necessary information regarding the following Learning out comes and contents

Module learning out comes and contents

- Business structure and operations
- Procedures to guide operations are developed and documented
- Financial backing for business operation is secured
- Business legal and regulatory requirements are identified and complied

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, **upon completion of this Learning Guide, you will be able to:**

- Business structure and operations
- Procedures to guide operations are developed and documented
- Financial backing for business operation is secured
- Business legal and regulatory requirements are identified and complied

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to provide the learners with the required knowledge and skill to

## **Learning Instructions:**

---

9. Read the specific objectives of this Learning Guide.
10. Follow the instructions described below
11. Read the information written in the "Information Sheets". Try to understand what are being discussed. Ask your teacher for assistance if you have a hard time understanding them.
12. Accomplish the "Self-checks". Each information sheet.
13. Ask from your teacher the key to correction (key answers) or you can request your teacher to correct your work. (You are to get the key answer only after you finished answering the Self-checks).
14. If you earned a satisfactory evaluation proceed to "Operation sheets and LAP Tests if any". However, if your rating is unsatisfactory, ask your teacher for further instructions or go back to Learning Activity.
15. After you accomplish Operation sheets and LAP Tests, ensure you have a formative assessment and get a satisfactory result;
16. Then proceed to the next information sheet.



### 3. business structure and operations

The common forms of business structure are described as follows:

#### **Sole proprietorship**

Sole proprietorship or individual entrepreneurship is a business concern owned and operated by one person. The sole proprietor is a person who carries on business exclusively by and for himself. He alone contributes the capital and skills and is solely responsible for the result of the enterprise. In fact sole proprietor is the single judge of all matters pertaining to his business subject only to the general laws of the land and to such special legislations, as may affects his particular business.

#### **Features of a sole proprietorship**

1. Single ownership
2. One man control
3. Undivided risk
4. Unlimited liability
5. No separate entity of the business
6. Less government regulation

#### **Advantages:**

- i. **Simplicity:** It is very easy to establish and dissolve a sole proprietorship. No documents are required and no legal formalities are involved. Any person competent to enter into a contract can start it.
- ii. **Quick decision:** the entrepreneur need not consult anybody in deciding his business affairs. Therefore, he can take on the spot decisions to exploit opportunities from time to time
- iii. **High secrecy:** The proprietor has not to publish his accounts and the business secrets are known to him

alone. Maintenance of secrets guards him from competitors.

- iv. Direct motivation: There is a direct relationship between effort and rewards. Nobody shares the profits of the business therefore; the entrepreneur has sufficient incentive to work hard.
- v. Personal touch: The proprietor can maintain personal contact with his employees and clients. Such contacts help in the growth of the enterprise.
- vi. Flexibility: In the absence of government control, there is complete freedom of action. There is no scope for difference of opinion and no problem of co-ordination.

### **Disadvantage**

- i. Limited funds: a proprietor can raise limited financial resources. As a result the size of business remains small. There is limited scope for growth and expansion. Economies of scales are not available.
- ii. Limited skills: proprietorship is a one-man show and one man cannot be an expert in all areas (production, marketing, financing, personnel etc) of business. There is no scope for specialization and the decisions may not be balanced.
- iii. Unlimited liability: the liability of the proprietorship is unlimited. In case of loss his private assets can also be used to payoff creditors. This discourages expansion of the enterprise
- iv. Uncertain life: the life of proprietorship depends upon the life of the owner. The enterprise may die premature death due to the incapacity or death of the proprietor.

### ***In general, sole proprietorship is suitable in the following cases:***

1. Where small amount of capital is required
2. Where quick decisions are very important
3. Where limited risk is involved
4. Where personal attention to individual tastes and fashion of customer is required.
5. Where the demand is local, seasonal or temporary
6. Where fashions change quickly

7. Where the operation is simple and does not require skill management.

### **Partnership**

It is the relation between persons who have agreed to share the profits of a business carried on by all or anyone of them acting for all. In other words a partnership is an agreement among two or more persons to carry on jointly to lawful business and to share the profits arising there from. Persons who enter into such agreement are known as *partners*.

### **Types of partners**

A partnership is an association of two or more people who carry as co-owners of a business. While an oral agreement can create a partnership, it is best to spell out all the terms, obligations and privileges of the organization in written partnership agreement. Such an agreement would also delineate various classifications of partners such as: -

- **General partners**: - A kind of partner where in he/she participates actively in operating the business, sharing all the responsibilities involved in running the firm. The most significant responsibility is unlimited liability.
- **Limited partners**: - Are created in order to limit liability of partners as well as to facilitate the contribution of capital with out incurring unlimited liability.
- **Secret partner**: - An owner who takes an active in the business but who does not want to reveal his/her identity to the public.
- **Silent partner**: - An owner who takes an active part in the business but may not be known to the public.
- **Dormant partner**: - An owner who plays no active role and as the same time remains unknown to the public as a partner.
- **Nominal partner**: - An individual who does not own the business but suggests to others by words or deed that he is partner.
- **Senior partner**: - A general partner who has been with the partnership along time and owns a large share of the business.
- **Junior partner**: - an individual who has been with in the business a short time and is not expected to assume great responsibility for major decisions.

### **Characteristics:**

1. Association of two or more persons
2. Contractual relationship
3. Existence of lawful business
4. Sharing of profit and loss
5. Mutual agency among partners
6. No separate legal entity of the firm
7. Unlimited liability
8. Restriction on transfer of interest
9. Utmost good faith

### **Formation of partnership**

A partnership firm can be formed through an agreement among two or more persons. The agreement can be oral or written. But it is desirable that all terms and conditions of partnership are put in writing so as to avoid any mis-understanding and disputes among the partners. Such a written agreement among partners is known as *Articles of co-partnership* or *partnership deed*. It usually contains

1. Name of the firm
2. Name and address of all partners
3. Nature of the firm's business
4. Date of the agreement
5. Principal place of the firms business
6. Duration of partnership, if any
7. Amount of capital contributed by each partner
8. The proportion in which the profit and losses are to be shared etc.

### **Advantages:**

1. Ease of formation
2. Larger financial resources
3. Specialization and balanced approach
4. Flexibility of operation

5. Protection of minority interest
6. Personal incentives and direct supervision
7. Capacity for survival
8. Better human and public relation
9. Business secrecy.

**Disadvantages:**

1. Unlimited liability
2. Limited resources
3. Risk of implied agency
4. Lack of harmony
5. Lack of continuity
6. Non-transferability of interest
7. Public distrust

The foregoing description reveals that partnership form of organization is appropriate for medium sized business that require limited capital, pooling of skills and judgment and moderate risk, like small scale industries, wholesale and retail trades, and small service concerns.

**Relevant criteria for selecting a partner**

As a business enterprise expands beyond the capacity of a single person, a group of persons have to join hands together and supply the necessary capital and skills. Partnership firms thus grew out of the limitations of one-man business. Need to arrange more capital, provide better skills and avail of specialization led to the growth to partnership form of organization

*Criteria's to be considered in a selecting a partner includes:*

1. Ability and willingness to assume unlimited liability
2. Willingness to be active in management
3. Willingness to be known to the public
4. Willingness to be actually involved in partnership
5. Share of the partnerships profit or loss.

**3. Corporations**

**Characteristics:**

- Has a separate and legal personality distinct from owners

- Continuity, unaffected by debt or transfer of stock shares
- Income tax on corporate profit and dividend
- Professional managers as distinct from the shareholders mostly manage a corporation.

The choice of the above types of organizations depends on the objectives of the entrepreneur, such as his managerial and technical expertise, size of investment, desire for financial and management control, ability to attract financing, protection of organization's secret and liability under each type.

If the entrepreneur has sufficient financial resources, adequate management and technical expertise to run the small-scale industry single-handedly, a single proprietorship is appropriate. It is advisable however that lawyers or accountants are consulted in choosing the legal form of the business as the rules vary from country to country.

### **1. Cooperatives**

The Cooperative can be defined as an association of persons, with a common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with the universally accepted principles of cooperation, which include the following:

1. Open and voluntary membership
2. Democratic control
3. Limited interest on capital
4. Division of net surplus
5. Cooperative education
6. Cooperation with other cooperatives

#### **Objectives of Cooperatives**

1. To encourage thrift and saving among the members;
2. To generate funds and extend credit to the members for productive and provident purposes;

3. To encourage among members systematic production and marketing;
4. To provide goods and services and other requirements to the members;
5. To develop expertise and skills among its members;
6. To acquire lands and provide housing benefits for the members;
7. To promote and advance the economic, social and educational status of the members; and
8. To establish, own, lease or operate cooperative banks, cooperative wholesale and retail complexes, insurance and agricultural/industrial processing enterprises, and public markets.

### **Types of Cooperatives**

1. ***Credit cooperative.*** Promotes thrift among its members and create funds in order to grant loans for productive and provident purposes.
2. ***Consumers cooperative.*** Procures and distributes commodities to its members and non-members.
3. ***Producers cooperative.*** Undertake joint production in agriculture and industry.
4. ***Marketing cooperative.*** Engages in the supply of production inputs to members and markets their products.
5. ***Service cooperative.*** Undertakes medical and dental care, hospitalization, transportation, insurance, housing, labour, electric light and power, communication and other services.
6. ***Multipurpose cooperative.*** Combines two or more of the business activities of the different types of cooperative.

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| <b>Self-Check -1</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

*Directions:* Answer all the questions listed below.

**PART I TRUE/FALSE**

If the statement is correct write TRUE if the statement is in correct write FALSE

\_\_\_\_\_ 1, The Cooperative can be defined as an association of persons

\_\_\_\_\_ 2. A partnership firm can be formed through an agreement among two or more persons

**Answer Sheet**

Score = \_\_\_\_\_

Rating: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_



|                             |   |
|-----------------------------|---|
| <b>Information sheet #2</b> | . Procedures to guide operations are developed and documented |
|-----------------------------|---|

## **2. Procedures to guide operations are developed and documented**

**Identifying and assessing business risks** The awareness that you can make a profit by taking a risk is one of the motivating

### **2.1 Risk Taking To Entrepreneurship**

You place your money in a business, use the money to assess the market, buy at a low price inputs produce and sell is an activity awarded by the earning of a profit. To manage risk you must be aware of past events in the field, have the passion to live in the present and you take the necessary risks to harvest success in the future.

Risk taking is not the same as gambling. There is a big difference between gambling and risk taking. When one is taking risk it does not mean that one must be unthinking. There are millions of people unhappy with their current situation. They look out for huge rewards with the barest minimum of investment. They have very little confidence in the possibility of success.

The success or failure in such efforts is placed on lucky. An entrepreneur is different from a gambler in that an entrepreneur puts an effort and other resources having assessed the high possibility of success. The risk taking ability and characteristics of entrepreneurs are linked by the ability of the entrepreneur to understand their business; self-confidence; information seeking; goal setting and determination to achieve.

### **2.2 Define the Term Risk**

All the business you have seen and those you will see in future are all exposed to different degrees of risk. Risk exists as a result of you the entrepreneur failing to forecast with certainty of future events. Risk is danger or threats to your business. Risk also offers you an opportunity to make a profit. Businesses usually look risk as the potential of loss or

failure. This is too narrow, risk could also represent the opportunity to take profits.

### **2.3 Risk Taking and Risk Avoidance**

Entrepreneurship demands that part of your culture is risk taking. You the entrepreneur have potential and a trait to take risks. You have experienced risk taking in social relations and career. The experience will help you judge the chances, risk what is necessary and avoid risks which have little likely incentive.

Risk avoidance is the situations where individuals, are especially those that have never gone into business, are afraid of going into business. You hear them say, "Business is not for me". Such individuals prefer to look for jobs.

You may have observed that some individuals have skills that can assist them start a business that may even pay them more than any job but they are afraid of failure. In some of our communities, people ridicule individuals that have failed in business. Fear of failure, loss and creates risk avoidance. One way of removing this fear is training, counseling and learning by observation from those in business.

The possibility of failure cannot be avoided. Failure is the first lesson to success. Your business will grow; your problems and opportunities will multiply.

So, you should not be afraid to make decisions that may result in failure but you can learn from your failure. Adopting a safe and failure proof life is not profitable. To leave a life of a king you will work under the pressures and conditions of risk-taking.

### **2.4 Types of Risks Taken By Entrepreneurs**

There are types of risks especially experienced by new entrepreneurs. These are:

**Environmental risk**- fire, riots, weather, thefts, sudden government policy change;

**Entrepreneur's Risk** – how committed are you to win a business. Many budding entrepreneurs backslide to job seeking. Lack of experience in the business is another cause of failure.

**Business Management Risks** - poor management of finance, poor marketing

skills, poor planning skills, incorrect pricing are high risks areas for businesses especially small and medium sized businesses;

**Market Risks** – the emergence of competitors in the industry, inflationary pressures, exchange rate instability, low demand for locally produced goods, and poor distribution systems are risks areas an entrepreneur should manage.

**Operational risks** - staff turnover, sudden change in technology, materials

supply disruptions are some of the risks in the operational arena.

**Financial Risks-** loss of cash, loss of a financial investment, high taxes and

high interest rates necessary

|               |              |
|---------------|--------------|
| Self-Check -1 | Written Test |
|---------------|--------------|

**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

*Directions:* Answer all the questions listed below.

**PART I TRUE/FALSE**

If the statement is correct write TRUE if the statement is in correct write FALSE

\_\_\_\_\_ 1. There is a big difference between gambling and risk taking.

**Note:** Satisfactory rating - 3 points

Unsatisfactory - below 3 points

**Answer Sheet**

|               |
|---------------|
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Date: \_\_\_\_\_

### 3. Financial backing for business operation is secured

#### 3.1 Introduction to finance

- **Finance** may be defined as the art and science of managing money.
- **Finance** also is referred as the provision of money at the time when it is needed.
- **Finance function** is the procurement of funds and their effective utilization in business concerns.

#### 3.2 Sources of finance for business operation

- There are two primary sources of financing to establish a business. These are:
  - ✓ Owner's equity (It is the money the owner puts into the business)
  - ✓ Borrowing from lending institutions (like banks and microfinance institutions)

##### Places to secure finances

- **Micro finance institutions:** financial associations that help people start their own small business by providing loans which will be difficult to get from the main banking system.
- **Government Banks:** banks owned by the state or federal government
- **Private Banks: banks:** that are owned by individuals or by an individual
- **Saving and credit associations:** associations that are formed by group of people working in the same organizations for the purpose of money saving and loan for these people

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| <b>Self-Check -3</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

**Short Answer Questions**

- 1. What is equity financing?
- 2. Mention at least three places for securing finance for a business.(3 Points)
- 3. What are microfinance institutions?

**Note: Satisfactory rating - 5 points**

**Unsatisfactory - below 5 points**

**Answer Sheet**

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| Score = _____ |
| Rating: _____ |

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Date: \_\_\_\_\_

**4. Business legal and regulatory requirements are identified and complied****4.1 Legal and regulatory requirements of a business**

- Depending on the type of business you manage, there could be many regulations and legal obligations you must comply with in order to operate the company such as tax laws, material handling laws, and employment laws.
- Most businesses either have attorneys on staff or retain firms to handle issues surrounding the law.
- Whether you are establishing a business organization, protecting proprietary information, shipping products across state lines, or managing employees, certain business laws affect all companies.

**4.2 Examples of legal and regulatory requirements of a business**

The following areas cover companies in most industries:

- tax laws;
- environmental laws;
- consumer protection laws;
- employment and labor laws;
- antitrust/fair competition laws;
- license and permitting laws;
- contract laws;
- intellectual property laws;
- financial regulation laws;

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| <b>Self-Check -4</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

*Directions:* Answer all the questions listed below.

**Short Answer Questions**

- 1. Mention at least 4 legal requirements for business operation?

**Note:** Satisfactory rating - 4 points

**Unsatisfactory - below 4 points**

**Answer Sheet**

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| Rating: _____ |

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Date: \_\_\_\_\_



### 5. Human resources requirements of a business

- The human resource requirements of a business refer the individuals who are going to fill the positions that inevitably become vacant because of employees retirement, resignation or promotion.
- It also refers to individuals who are going to fill the new positions created as a result of business expansion.



**Fig 5.1 New employees being given orientation**

### 5.1 Physical resources requirements of a business

- These are resources the business needs to be able to operate and carry out its work except the human resources.
- The followings are the common physical resources of a business
  - ✓ Buildings and facilities
  - ✓ Materials and waste
  - ✓ Plant and machinery
  - ✓ Equipment including IT
  - ✓ Emergency provision
  - ✓ Insurance
  - ✓ Security

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| <b>Self-Check -5</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

- 1. Physical resources used by a business does not include one of the followings
  - A. Buildings
  - B. Equipments
  - C. Copy right
  - D. Machinery

**Short Answer Questions**

- 1. What do we mean by human resources of a business?

**Note: Satisfactory rating - 2 points**

**Unsatisfactory - below 2 points**

**Answer Sheet**

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| Score = _____ |
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Date: \_\_\_\_\_

## 6. Recruitment strategies are developed and implemented

### 6.1 Meaning of recruitment

- **Recruitment** is described as “the set of activities and processes used to legally obtain a sufficient number of qualified people at the right place and time so that the people and the organization can select each other in their own best short and long term interests”.
- The **recruitment** process provides the organization with a pool of potentially qualified job candidates from which the right selection can be made to fill vacancies.

### 6.2 Recruitment strategies

- A Recruitment strategy is a means to conduct recruitment process.
- A recruiting strategy is formal plan of action involving an organization’s attempts to successfully identify, recruit, and hire high-quality candidates for the purpose of filling its open positions
- The answers to the following questions form the foundation for the preparation of a Recruitment strategy
  - ✓ What is the desired outcome?
  - ✓ What recruiting tools and resources do I have at my disposal?
  - ✓ Which of my personal experiences will help guide me?
  - ✓ How will the experiences of other people help guide me?
  - ✓ What research can I conduct that can help guide me?
  - ✓ What criteria will I use to track the effectiveness of my strategy?
  - ✓ How will my analysis allow me to improve the effectiveness of my strategy?
- In addition to the above questions, the following issues should be considered during the preparation of a recruitment strategy
  - ✓ Identification of the stage(s) of the recruitment process being addressed

- ✓ Identification of all of the variables involved in that stage, including the people involved
- ✓ The timeframe involved
- ✓ The expectations for all parties concerned during the stage
- ✓ How those expectations are communicated
- ✓ How all parties are held accountable for those expectations
- ✓ What happens if and when expectations are not met



**Fig 5.2 recruitment process undertaken in office**

### **6.3 Meaning of procurement**

- **Procurement** is the business management function that ensures identification, sourcing, access and management of the external resources that an organization needs or may need to fulfill its objectives.
- **Procurement** covers the complete range of events from the identification of a need for a good or service through to its disposal / removal.
- There are two terms which seem similar to **procurement** but have a slight difference; these are **acquisition and purchasing**
- **Acquisition** is a part of **Procurement** which denotes buying or obtaining something
- **Purchasing** is also acquiring something but unlike acquiring it introduce payment

### **6.4 Procurement strategies**

- A procurement strategy plan is one of the most important documents or plan examples that your business should have.
- A procurement strategy document helps in ensuring the efficiency of using resources and acquiring new items that can benefit the business and its operations in the best way possible.
- Here are some of the reasons why it is important for your business to conduct procurement planning and procurement strategy development:

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| <b>Self-Check -6</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

*Directions:* Answer all the questions listed below.

**PART I TRUE/FALSE**

If the statement is correct write TRUE if the statement is in correct write FALSE

- 1. Procurement is a part of purchase activity
  - A. True
  - B. False
  
- 2. Purchase is acquisition of goods/services with payment
  - A. True
  - B. False

**Short Answer Questions**

- 1. What is recruitment?
- 2. What is a recruitment strategy?
- 3. What is procurement?
- 4. What is a procurement strategy?

**Note:** Satisfactory rating - 6 points

**Unsatisfactory - below 6 points**

**Answer Sheet**

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| Rating: _____ |

Name: \_\_\_\_\_  
\_\_\_\_\_

Date:



# **Industrial Electrical Machines and Drives Servicing**

## **Level II**

### **Learning Guide -44**

Unit of competence: - Develop Business  
Practice

Module title: - Developing Business Practice

LG code: - EEL EMD2 LO1-LG44

TTLM code: - EEL EMD2 M09 0919 V1

**LO4: Implement establishment plan**

This learning guide is developed to provide you the necessary information regarding the following Learning out comes and contents

Module learning out comes and contents

Concepts of marketing, management, sales and finance.

- Marketing of business operation is undertaken
- Physical and human resources to implement business operation are obtained
- *Operational unit* to support and coordinate business operation is established
- Monitoring process for managing operation is developed and implemented
- *Legal documents* are carefully maintained and relevant *records* are kept and updated to ensure validity and accessibility
  - Contractual procurement rights for goods and services including *contracts with relevant people*, negotiated and secured as required in accordance with the business plan
    - Options for leasing/ownership of business premises identified and contractual arrangements completed in accordance with the business plan

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, **upon completion of this Learning Guide, you will be able to:**

- Market of business operation is undertaken
- Physical and human resources to implement business operation are obtained
- *Operational unit* to support and coordinate business operation is established
- Monitor process for managing operation is developed and implemented
- *Legal documents* are carefully maintained and relevant *records* are kept and updated to ensure validity and accessibility
  - Contractual procurement rights for goods and services including *contracts with relevant people*, negotiated and secured as required in accordance with the business plan
    - Options for leasing/ownership of business premises identified and contractual arrangements completed in accordance with the business plan

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically,



This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to provide the learners with the required knowledge and skill to cast concrete

### **Learning Instructions:**

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1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below
3. Read the information written in the "Information Sheets". Try to understand what are being discussed. Ask you teacher for assistance if you have hard time understanding them.
4. Accomplish the "Self-checks". Each information sheets.
5. Ask from your teacher the key to correction (key answers) or you can request your teacher to correct your work. (You are to get the key answer only after you finished answering the Self-checks).
6. If you earned a satisfactory evaluation proceed to "Operation sheets and LAP Tests if any". However, if your rating is unsatisfactory, ask your teacher for further instructions or go back to Learning Activity.
7. After you accomplish Operation sheets and LAP Tests, ensure you have a formative assessment and get a satisfactory result;
8. Then proceed to the next information sheet.

|                            |   |
|----------------------------|---|
| <b>Information Sheet-1</b> | <b>Market of business operation is undertaken</b> |
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#### **4.1 Market of business operation is undertaken**

Marketing is the performance by an enterprise of all the activities required in order to create, promote, and distribute products in accordance with the present or potential customers' demand, need and want and, the firm's ability to produce. Marketing is a nerve centre of any enterprise that can not be ignored

#### **Five Marketing Concepts**

##### **Product Concept**

- Consumers will favor those products that the most quality, performance of innovative features
- Managers in these organizations focus their energy on making superior products and improve them over time
  - they are cough up in a love affair with their product and fail to appreciate the market

##### **The Production Concept**

- Consumes will favour those products that are widely available and low in cost.
- concentration is on achieving high production efficiency and wide distribution coverage
  - Assumption: Consumers are primarily interested in product availability and low price

##### **The Selling Concept**

- the consumers, if left alone, will ordinarily not buy enough of the organization's products the way forward- aggressive selling and promotion effort
  - Assumption: The company has available a battery of effective selling and promotional tools to stimulate buying

## **Marketing Concept**

- The key to achieving the org. goals consist in determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors

## **The Societal Marketing**

- Organization's task is to determine the needs, wants, and interest of target markets and to deliver the desired satisfaction more effectively and efficiently than competitors in a way that preserves the consumer's and the society's well-being

## ***Marketing management***

'The management process responsible for identifying, anticipating and satisfying customer requirements profitably'

## **Principles of marketing management**

- Active attitude – enterprise must have an active attitude towards the market. It cannot expect customers to buy a product simply because it is produced. Management must actively study the market, persuade customers, promote the produce and organize distribution.
- Importance – second principles is that the management of an enterprise must recognize that marketing should be given at least as much importance as other basic managerial functions such as administration, production and finance.

## **Marketing Techniques**

The management is required to control the application of a range of skills and techniques in marketing generally derived from practical industrial experience and from modern social services such as economics, statistics and applied psychology.

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| <b>Self-Check -1</b> | <b>Written Test</b> |
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Name: \_\_\_\_\_

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*Directions:* Answer all the questions listed below.

**PART I TRUE/FALSE**

If the statement is correct write TRUE if the statement is incorrect write FALSE

\_\_\_\_\_ 1: Types of Inspection and Testing to be done during formal Inspection & Testing.

\_\_\_\_\_ 2: a visual inspection of this type does not necessarily need to be carried out by an electrician

\_\_\_\_\_ 3:

The tests on equipment/system have been broadly categorized into three

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| <b>Information Sheet-2</b> | <b>Physical and human resources to implement business operation are obtained</b> |
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#### **4.2 Physical and human resources to implement business operation are obtained**

- A business should obtain among other resources physical resources to conduct its day to day activities smoothly. They may include
  - ✓ **Premises:** include any building or structure, any land and any means of transport. Neither the building nor the structure nor the means of transport need to be standing on land owned by the same person, they may be anywhere.
  - ✓ **Machineries:**
  - ✓ **Consumables :** these are goods that are used up within a year or less and consumed as a result of business operation

#### **1.1 Obtain human resources for business operation**

- Human resources refer to all the workers who are participated in the day to day activities of the business.
- In obtaining a human resource of any kind, the following steps should be followed in the right sequence
  - ✓ **Hiring:** the process of getting the right employees from the labor market.
  - ✓ **Orientation of employees:** it is the process of giving the appropriate information of job for the new employee.
  - ✓ **Placing:** it is the process of giving job description, showing the place and conditions in which the new employee will work and helping the new employee start his/her job.

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| <b>Self-Check -1</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

**Short Answer Questions**

- 2. What is a premise?
- 3. What are consumables?
- 4. What do we mean by placing of employees?

**Note: Satisfactory rating - 3 points**

**Unsatisfactory - below 3 points**

**Answer Sheet**

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| Rating: _____ |

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| <b>Information Sheet-#3</b> | <b>Operational unit to support and coordinate business operation.</b> |
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### **4.3 Operational unit to support and coordinate business operation.**

#### **Departmentalization**

- **Departmentalization** is the process of by which jobs are grouped together.
- Every organization will have its own specific way of classifying and grouping work activities; i.e., each organization will have its own departmentalization.

#### **Importance of departmentalization**

- Some of the common importance of departmentalization are
  - ✓ Growth and expansion
  - ✓ Fixing responsibility
  - ✓ Better customer service
  - ✓ Management development
  - ✓ Optimum utilization of resources
  - ✓ Facilitates better control

#### **Types of departmentalization**

The five common forms of departmentalization are

- Functional departmentalization (based up on functions in the business)
- Product departmentalization (based up on the products/services of the business)
- Geographical departmentalization (based up on the geographical distribution of the business)
- Process departmentalization (based up on the process of the business)
- Customer departmentalization (based on the nature/types of business operation)

#### **Factors for choosing an appropriate departmentalization**

The eight main factors to be considered while choosing a basis of departmentalization



- Work and Process
- Specialization
- Capabilities of Workers
- Technology
- Competitors' Approach
- Co-Ordination and Control
- Environment
  
- Optimum Utilization of Resources

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| <b>Self-Check -3</b> | <b>Written Test</b> |
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Name: \_\_\_\_\_

Date: \_\_\_\_\_

*Directions:* Answer all the questions listed below.

**PART I TRUE/FALSE**

If the statement is correct write TRUE if the statement is incorrect write FALSE

\_\_\_\_\_ 1. Why it may explain the reason for the occurrence, but can not be speculation or unfounded opinion

\_\_\_\_\_ 2. Design  
is Describes how the circuit or system was constructed and tested.

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| <b>Information Sheet-5</b> | <b>Monitoring process for managing operation is developed and implemented</b> |
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#### **4.5 Monitoring process for managing operation is developed and implemented**

##### **What is controlling?**

Controlling consists of verifying whether everything occurs in conformities with the plans adopted, instructions issued and principles established. Controlling ensures that there is effective and efficient utilization of organizational resources so as to achieve the planned goals. Controlling measures the deviation of actual performance from the standard performance, discovers the causes of such deviations and helps in taking corrective actions

According to Brech, "Controlling is a systematic exercise which is called as a process of checking actual performance against the standards or plans with a view to ensure adequate progress and also recording such experience as is gained as a contribution to possible future needs."

According to Donnell, "Just as a navigator continually takes reading to ensure whether he is relative to a planned action, so should a business manager continually take reading to assure himself that his enterprise is on right course."

Controlling has got two basic purposes

1. It facilitates co-ordination
2. It helps in planning

Features of Controlling Function

Following are the characteristics of controlling function of management-

- 1) Controlling is an end function- A function which comes once the performances are made in conformities with plans.
- 2) Controlling is a pervasive function- which means it is performed by managers at all levels and in all type of concerns.

- 3) Controlling is forward looking- because effective control is not possible without past being controlled. Controlling always look to future so that follow-up can be made whenever required.
- 4) Controlling is a dynamic process- since controlling requires taking reviewal methods, changes have to be made wherever possible.
- 5) Controlling is related with planning- Planning and Controlling are two inseparable functions of management. Without planning, controlling is a meaningless exercise and without controlling, planning is useless. *Planning presupposes controlling and controlling succeeds planning.*

### **Controlling process**

Controlling as a management function involves following steps:

1. **Establishment of standards-** Standards are the plans or the targets which have to be achieved in the course of business function. They can also be called as the criterions for judging the performance. Standards generally are classified into two-
  - a. Measurable or tangible - Those standards which can be measured and expressed are called as measurable standards. They can be in form of cost, output, expenditure, time, profit, etc.
  - b. Non-measurable or intangible- There are standards which cannot be measured monetarily. For example- performance of a manager, deviation of workers, their attitudes towards a concern. These are called as intangible standards.

Controlling becomes easy through establishment of these standards because controlling is exercised on the basis of these standards

2. **Measurement of performance**- The second major step in controlling is to measure the performance. Finding out deviations becomes easy through measuring the actual performance. Performance levels are sometimes easy to measure and sometimes difficult. Measurement of tangible standards is easy as it can be expressed in units, cost, money terms, etc. Quantitative measurement becomes difficult when performance of manager has to be measured. Performance of a manager cannot be measured in quantities. It can be measured only by-

- Attitude of the workers,
  - Their morale to work,
  - The development in the attitudes regarding the physical environment, and
  - Their communication with the superiors.
- It is also sometimes done through various reports like weekly, monthly, quarterly, yearly reports.

3. **Comparison of actual and standard performance**- Comparison of actual performance with the planned targets is very important. Deviation can be defined as the gap between actual performance and the planned targets. The manager has to find out two things here- extent of deviation and cause of deviation. Extent of deviation means that the manager has to find out whether the deviation is positive or negative or whether the actual performance is in conformity with the planned performance. The managers have to exercise control by exception. He has to find out those deviations which are critical and important for business. Minor deviations have to be ignored. Major deviations like replacement of machinery, appointment of workers, quality of raw material, rate of profits, etc. should be looked upon consciously. Therefore it is said, “ If a manager controls everything, he ends up controlling nothing.” For example, if stationery charges increase by a minor 5 to 10%, it can be called as a minor deviation. On the other hand, if monthly

production decreases continuously, it is called as major deviation.

Once the deviation is identified, a manager has to think about various cause which has led to deviation. The causes can be-

- a. Erroneous planning,
- b. Co-ordination loosens,
- c. Implementation of plans is defective, and
- d. Supervision and communication is ineffective, etc.

4. **Taking remedial actions-** Once the causes and extent of deviations are known, the manager has to detect those errors and take remedial measures for it. There are two alternatives here-

- a. Taking corrective measures for deviations which have occurred; and After taking the corrective measures, if the actual performance is not in conformity with plans, the manager can revise the targets. It is here the controlling process comes to an end. Follow up is an important step because it is only through taking corrective measures, a manager can exercise controlling

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| <b>Self-Check –5</b> | <b>Written Test</b> |
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Answer all the questions listed below. Use the Answer sheet provided in the next page:

**Short Answer Questions**

1. What is monitoring and evaluation (M&E)?
2. What are the Key Elements of a Monitoring and Evaluation Work Plan? (4 points)

**Note: Satisfactory rating - 5 points**

**Unsatisfactory - below 5 points**

**Answer Sheet**

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| Score = _____ |
| Rating: _____ |

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|---------------------|--|
| Information Sheet-6 | <b><i>Legal documents</i> are carefully maintained and relevant <i>records</i> are kept and updated to ensure validity and accessibility</b> |
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#### **4.6 *Legal documents* are carefully maintained and relevant *records* are kept and updated to ensure validity and accessibility**

##### **Legal documents**

- **Legal document** is a document that states some contractual relationship or grants some right legal instrument, official document, and instrument. document, papers, written document - writing that provides information (**especially information of an official nature**)
- Generally, a **document** is **legal** if its creator intends for it to be enforceable in a court of law.
- In order for a **document** to be **legal**, it must also adhere to the laws of the jurisdiction where it will be enforced, properly signed, witnessed and.

##### **Document Storage**

- Document Storage is just that—a place to store documents, usually organized into folders. Your computer's hard drive is one example of a document storage.
- Document storage is a place to save documents to retrieve later and potentially share with others, nothing more, and nothing less.
- Nothing *happens* to these documents while they're in storage, and the users can't do anything with the documents apart from viewing and editing them.
- Validity of record means the state of being acceptable according to the law
- Accessibility of record indicates how much it is easier for its ultimate user to retrieve it any time in any condition.



## Principles of Record Keeping

- The overall principles of record-keeping, whether you are writing by hand or making entries to electronic systems, can be summed up by saying that anything you write or enter must be
  - ✓ honest,
  - ✓ accurate and
  - ✓ non-offensive and
  - ✓ Must not disclose patient confidentiality
- More specifically, to be effective in record keeping, you should always try to ensure that you:
  - ✓ handwrite legibly and key-in competently to computer systems
  - ✓ sign all your entries
  - ✓ make sure your entries are dated and timed as close to the actual time of the events as possible
  - ✓ record events accurately and clearly – remember that the patient/client may wish to see the record at some point, so make sure you write in language that he or she will understand
  - ✓ focus on facts, not speculation
  - ✓ avoid unnecessary abbreviations
  - ✓ record and quote anything the client has said that you think might be significant
  - ✓ do not change or alter anything someone else has written
  - ✓ if you do need to amend something you have written, make sure you draw a clear line through it and sign and date the changes
  - ✓ Never write anything about a patient/client or colleague that is insulting or derogatory.

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| <b>Self-Check -6</b> | <b>Written Test</b> |
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. One of the followings is not the overall principles of record keeping
  - A. It should be honest
  - B. It should be accurate
  - C. It should disclose client confidentiality
  - D. It should not be offensive

**Short Answer Questions**

1. What is a legal document?
2. What do we mean by validity of a document?
3. What do we mean by accessibility of a document?

**Note: Satisfactory rating - 4 points**

**Unsatisfactory - below 4 points**

**Answer Sheet**

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| Score = _____ |
| Rating: _____ |

Name: \_\_\_\_\_

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| <b>Information Sheet-7</b> | <b>Contractual procurement rights for goods and services including <i>contracts with relevant people</i>, negotiated and secured as required in accordance with the business plan</b> |
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### **Negotiation**

- **Negotiation** is a way to resolve conflicts or disagreements or divide resources among two or more parties, carried out willingly by free choice.
- The two sides make contact for suggestions and counter suggestions and in this manner communication takes place between the parties.
- Each side employs its own tactics in an effort to reach maximum results.

### **Stages in negotiation**

- ✓ preparation,
- ✓ presentation and justification,
- ✓ bargaining,
- ✓ offers and counter-offers, using various tactics, and
- ✓ Choosing an option or agreement.

### **Elements of effective Negotiation**

- **Relationship** (Am I Prepared To Deal With The Relationship?)
- **Communication** (Am I Ready To Listen And Talk Effectively? Creating A Learning Conversation)
- **Options** (What Are The Possible Agreements Or Bits Of An Agreement?)
- **Alternatives** (What Will I Do If We Do Not Agree?)
- **Legitimacy** (What Criteria Will I Use To Persuade Each Of Us That We Are Not Being Ripped Off?)
- **Commitment** (What Commitments Should I Seek Or Make?)
- **Conclusion** (What Is A Good Outcome?)

### **Contractual procurement right for goods and services**

- **A procurement contract** is an agreement in which a buyer agrees to acquire goods or services from a seller in exchange for

consideration. Most of these contracts are written agreements that specify each party's obligations in relation to the transaction.

- Generally, **procurement contract** includes business provisions, detailed price lists, payment information, and other legal terms and conditions applicable to the transaction.

**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

*Directions:* Answer all the questions listed below.

**PART I TRUE/FALSE**

If the statement is correct write TRUE if the statement is in correct write FALSE

1. Negotiation should always be made between two parties
  - A. True
  - B. False

**Short Answer Questions**

1. What are the five stages of negotiation? (5 points)
2. What is a procurement contract?

**Note:** Satisfactory rating - 7 points

**Unsatisfactory - below 7 points**

**Answer Sheet**

Score = \_\_\_\_\_

Rating: \_\_\_\_\_

Name: \_\_\_\_\_

Date:

\_\_\_\_\_

|                                |  |
|--------------------------------|--|
| <b>Information<br/>Sheet-8</b> | <b>Options for leasing/ownership of business premises and Undertaking contractual arrangements in accordance with the business plan.</b> |
|--------------------------------|--|

#### 4.8 Ownership of business premises

##### Options for ownership of business premises

- A business may have the option of ownership of premises for its operation through purchasing an existing business premises, constructing its own business premises or through **franchising**.
- **Franchising**: is a system of marketing goods and/or services and/or technology, which is based upon a close and ongoing collaboration between legally, and financially separate and independent undertakings, the **franchisor** and its individual **franchisees**.
- In this condition,
  - ✓ The franchisor grants its individual franchisees the right, and imposes the obligation, to conduct a business in accordance with the franchisor's concept.
  - ✓ The right entitles and compels the individual franchisee, in exchange for a direct or indirect financial consideration, to use the franchisor's trade name, and/or trade mark and/or service mark, know-how(\*), business and technical methods, procedural system, and other industrial and/or intellectual property rights.

##### Options for leasing business premises

- **A lease** is a contract outlining the terms under which one party agrees to rent property owned by another party.
- A lease guarantees the **lessee**, the renter, to use of an asset and guarantees the **lesser**, the property owner, regular payments from the lessee for a specified number of months or years.
- Both the lessee and the lesser face consequences if they fail to uphold the terms of the contract.

**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

*Directions:* Answer all the questions listed below.

**PART I TRUE/FALSE**

If the statement is correct write TRUE if the statement is incorrect write FALSE

1. A lease is the same as that of purchase.
  - A. True
  - B. False

**Short Answer Questions**

1. What is franchising?
2. What are the three ways of owning a business?

**Note: Satisfactory rating - 3 points**

**Unsatisfactory - below 3 points**

**Answer Sheet**

Score = \_\_\_\_\_

Rating: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_



# **Industrial Electrical Machines and Drives Servicing**

## **Level II**

### **Learning Guide -45**

Unit of competence: - Develop Business Practice

Module title: - Developing Business Practice

LG code: - EEL EMD2 LO1-LG9 0919

TTLM code: - EEL EMD2 M09 0919 V1

**LO5: Review implementation process**



This learning guide is developed to provide you the necessary information regarding the following Learning out comes and contents

Module learning out comes and contents

- Reviewing process for implementation of business operation is developed and implemented
- Improving in business operation and associated management process are identified
- Identifying improvements are implemented and monitored for effectiveness
- 

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, **upon completion of this Learning Guide, you will be able to:**

- Review process for implementation of business operation is developed and implemented
- Improvements in business operation and associated management process are identified
- Identified improvements are implemented and monitored for effectiveness

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to provide the learners with the required knowledge and skill to cast concrete

## **Learning Instructions:**

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9. Read the specific objectives of this Learning Guide.
10. Follow the instructions described below
11. Read the information written in the "Information Sheets". Try to understand what are being discussed. Ask your teacher for assistance if you have a hard time understanding them.
12. Accomplish the "Self-checks". Each information sheet.
13. Ask from your teacher the key to correction (key answers) or you can request your teacher to correct your work. (You are to get the key answer only after you finished answering the Self-checks).
14. If you earned a satisfactory evaluation proceed to "Operation sheets and LAP Tests if any". However, if your rating is unsatisfactory, ask your teacher for further instructions or go back to Learning Activity.
15. After you accomplish Operation sheets and LAP Tests, ensure you have a formative assessment and get a satisfactory result;
16. Then proceed to the next information sheet.

|                            |   |
|----------------------------|---|
| <b>Information Sheet-1</b> | <b>Review process for implementation of business operation is developed and implemented</b> |
|----------------------------|---|

### **5.1. Review process for implementation of business operation is developed and implemented**

- Conducting an effective business review process ensures that your company operations produce the desired results in the most efficient manner.
- To conduct a business process review, assemble a team of people representing all levels of the organization affected by any changes to the current business process.
- Assembling the right people can help you identify problems, determine potential improvements, assign project managers, implement quick fixes and develop a long-term plan.

#### **Business Process Review Tools:**

- During the implementation of business process review, the following tools should be used
  - ✓ **Collecting Data:**
    - Auditing technological, administrative, external and human factors of the process;
    - Interviews and surveys to collect data from workers, managers and external contributors;
    - Analyzing workflow charts, performance measures and appropriateness of controls;
    - Analyzing process inputs: quality of raw materials, customer requirements, labor, etc;
    - Auditing applied regulations and standards for their compliance with actual performance;
  - ✓ **Data Processing:**
    - Technical and methodical expertise carried out by appropriate specialists;
    - Qualifying and investigating existing problems to rank them;
    - Discussions with focus groups to conclude appropriate resolutions;
    - Researching possible ways to rectify situation and recommending them to organization;

#### **Steps of a business process review**

**Step 1: Map your Current Process:** list the critical business processes used to produce your products and services.

**Step 2: Observe Processes in Action:** review the documented business processes to ensure the details accurately reflect the way that business works.

**Step 3: Identify Potential Changes:** determine how the changes may impact current procedures. Observe personnel completing tasks to validate assumptions.

**Step 4: Design a New Process:** redesigning business processes involves ensuring that all processes for company functions align to current strategic goals.

**Step 5: Evaluate your Implementation:** the previous process review steps create a new process. Now, you need to measure operational activities, such as customer satisfaction, product defects or costs, to determine if improvements generated by your review have had an impact.



**Self-Check -1**

**Written Test**

**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

**Short Answer Questions**

- What are the two tools for business process review? (2 points)
- What are the steps of business process review? (5 points)

**Note: Satisfactory rating - 7 points**

**Unsatisfactory - below 7 points**

**Answer Sheet**

Score = \_\_\_\_\_

Rating: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_



|                            |  |
|----------------------------|--|
| <b>Information Sheet-2</b> | <b>Improvements in business operation and associated management process are identified</b> |
|----------------------------|--|

## 5.2 Improvements in business operation and associated management process are identified

- **Business Process Improvement (BPI)** is an approach designed to help organizations redesign their existing **business** operations to accomplish significant **improvement** in production.
- **Effective Business Process Improvement (BPI)** helps to generate promising results in operational efficiency and customer focus.
- **Business process improvement (BPI)** is a systematic approach to help an organization optimize its underlying processes to achieve more efficient results.
- **Business process improvement (BPI)** is a management exercise in which enterprise leaders use various methodologies to analyze their procedures to identify areas where they can improve accuracy, effectiveness and/or efficiency and then redesign those processes to realize the improvements.

### Preconditions for effective Improvement of Business Operations

- The four important items that must be in place in advance of an effective business process improvement effort are:
  - ✓ Providing the vision
  - ✓ Providing the skills
  - ✓ Providing the goals
  - ✓ Providing the rewards



## Steps for improving business Operations

- The following seven major steps are simplified approaches to process improvement that any company can embrace and implement immediately.

**Step 1: Create a process master.** List each organizational process, and the suppliers, inputs, major process activities, outputs, customers and key metrics for each.

**Step 2: Prioritize processes.** Using the organization's strategic success criteria as weighting factors, determine how each process impacts their fulfilment and rank accordingly.

**Step 3: Assemble the team.** Include an executive sponsor, the process supplier, the process owner, process participants and the process customer.

**Step 4: Create process models.** Detail the flow of activities in the process and identify departments, resources, decision points and narratives where indicated for clarification.

**Step 5: Perform root cause analysis.** Using brainstorming, affinity diagramming, cause-and-effect diagrams, check sheets and Pareto analysis, identify the possible root causes of the problem.

**Step 6: Address top causes.** Have the team charter projects, as appropriate, to address the causes identified as most problematic during Pareto analysis.

**Step 7: Re-measure.** To validate the effectiveness of the solutions implemented as a result of the successful completion of the chartered projects, re-measure using check sheets.

**Self-Check -2****Written Test**

**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. The preconditions for business process improvement (BPI) include all except
- A. Providing the vision
  - B. Providing the skills
  - C. Providing the goals
  - D. Providing the rewards

**Short Answer Questions**

- What is Business Process Improvement (BPI)?

**Note: Satisfactory rating - 2 points**

**Unsatisfactory - below 2 points**

**Answer Sheet**

Score = \_\_\_\_\_

Rating: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_



### 5.3 Identified improvements are implemented and monitored for effectiveness

- Implementing improvements for business effectiveness is in one way or the other an activity implementing **change**.
- **Change** is complex and dynamic. It involves moving or transforming from something familiar
  - to something new.
  - **Change** can be broad, affecting multiple practices or aspects of the program, or it might be narrow, affecting fewer practices. Regardless of the scale, change is a dynamic active and on-going process, rather than a single event.
  - **The change process** can be understood and organized using defined steps and subsequent activities that are needed to move a concept into reality. As far as implementation of improvement in business operation is concerned, the following steps should be taken
    - Step 1: Exploration:** the goals of the exploration stage are to identify the need for change, determine what innovation or set of practices are likely to meet that need, and to decide whether or not to move ahead with the implementation process.
    - Step 2: Installation:** the goal of the installation stage is to build system capacity which will support the implementation of the new practices at selected sites.
    - Step 3: Initial Implementation:** the goal of initial implementation is to put the new practices in place at selected implementation sites.
    - Step 4: Full Implementation:** the goals of full implementation are to assure practices are used with high fidelity, and are achieving expected outcomes at all initial sites.
    - Stage 5: Expansion/Scale-up:** the goal of expansion or scale-up is to increase the number of sites using the practices with fidelity.

#### Monitoring improvements for business effectiveness

- Monitoring improvements of a business involves keeping track of lots of moving parts.
- Most business activities involve multiple team members handling various aspects of the

human resources at the same time.

- You have to monitor elements such as the budget, scope, schedule, resources and tasks to be completed.
- Accurate and effective monitoring helps you stick to your timeline and identify problems early in the process to ensure your project is a success

|                      |                     |
|----------------------|---------------------|
| <b>Self-Check -3</b> | <b>Written Test</b> |
|----------------------|---------------------|

**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page: *Directions:* Answer all the questions listed below.

**PART I TRUE/FALSE**

If the statement is correct write TRUE if the statement is in correct write FALSE

\_\_\_\_\_ 1. Implementing improvements in business in one form of change

**Short Answer Questions**

2. What are the steps of implementation of improvement in business operation?(5 points)

**Note: Satisfactory rating - 3 points**

**Unsatisfactory - below 3 points**

**Answer Sheet**

|               |
|---------------|
| Score = _____ |
| Rating: _____ |

Name: \_\_\_\_\_

Date: \_\_\_\_\_

- Step 1: why monitoring is done?:** the first step is to be clear about why you want to do M&E and the benefits it can offer.
- Step 2: Agreeing some guiding principles:** it is useful to develop some guiding principles to ensure that your M&E is relevant, useful, timely, and credible.
- Step 3: Deciding which activities you need to monitor:** it is important to decide and prioritize those activities you will monitor as it is unlikely you will have the resources to monitor whole business activities at the same time.
- Step 4. Deciding who to involve in the different stages of your monitoring:** to ensure M & E is relevant to your stakeholders it is important that you consider their information needs, as well as your own. You will therefore need to identify the key internal and external stakeholders, and decide how to involve them in the design, implementation, analysis and/or communication of findings.
- Step 5. Deciding the key issues and questions you will want to investigate:** the next key step is to identify the issues and questions you wish to learn about, and hence monitor.

## List of Reference Materials

### 1-

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1.

**Web addresses (putting links**

- [www.ops.fhwa.dot.gov](http://www.ops.fhwa.dot.gov)
- <https://www.researchgate.net/publication/325613120>
- [www.ectacenter.org](http://www.ectacenter.org)
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- [Www.aimresearch.org](http://www.aimresearch.org)
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