



# **Electronics Communication & Multimedia Equipment Servicing Level II**

## **Learning Guide - 46**

**Unit of Competence: - Develop Business Practice**

**Module Title: - Developing business practice**

**LG Code: EEL CMS2 M09 LO-1 LG-38**

**TTLM Code: EEL CMS2 TTLM 1019v1**

## **LO 2: Plan for the establishment of Business operation**

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<b>Instruction Sheet</b>	<b>Learning Guide #38</b>
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This learning guide is developed to provide you the necessary information regarding the following **content coverage** and topics –

- Determination and documentation of organizational structure and operations
- Development and documentation procedures to guide operations
- Securing financial requirement for business operation.
- Identifying and compiling legal and regulatory requirements of a business
- Determination of the human and physical resources requirements of a business
- Development of recruitment and procurement strategies.

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 –**

- Determine and document organizational structure and operations
- Develop and document procedures to guide operations.
- Secure finances for business operation.
- Identify and compile business legal and regulatory requirements.
- Determine the human and physical resources required to commence business operation.
- Develop recruitment and procurement strategies.

### **Learning Instructions:**

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described in number 3 to 7.
3. Read the information written in the “Information Sheets 1”. Try to understand what are being discussed. Ask you teacher for assistance if you have hard time understanding them.
4. Accomplish the “Self-check 1” **in page 4** .
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-check 1).

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6. If you earned a satisfactory evaluation proceed to “Information Sheet 2”. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Activity #1.
7. Submit your accomplished Self-check. This will form part of your training portfolio.

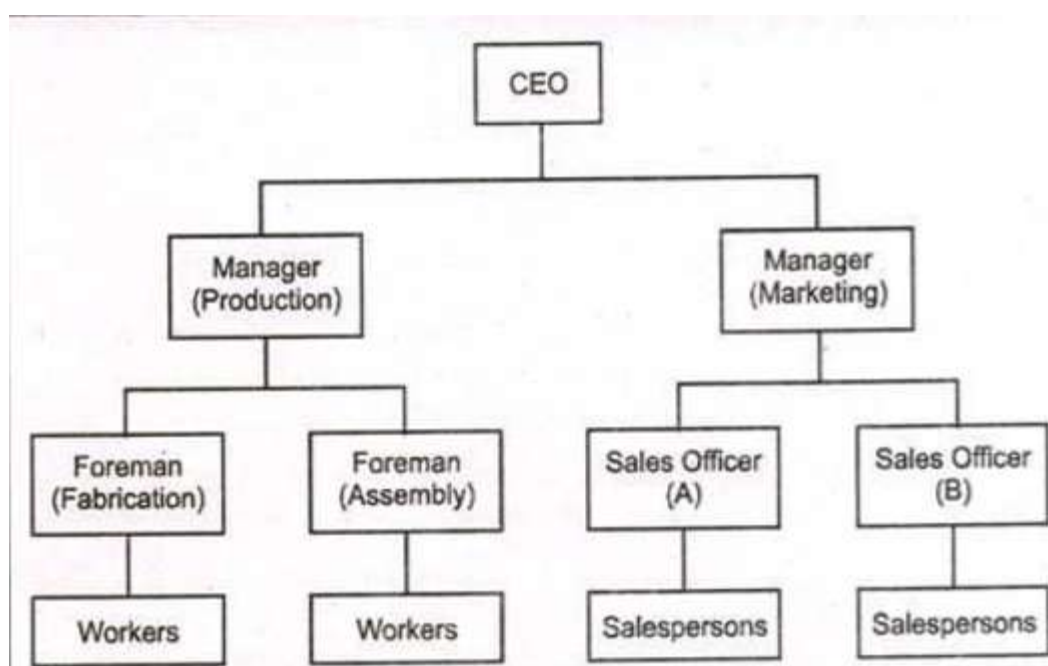
<b>Information Sheet-1</b>	<b>Determination and documentation of organizational structure and operations</b>
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### 1.1 Concept of organization and organizational structure

- **Organization** is a formally constituted group of people who have identified tasks and who work together to achieve a specific purpose defined by the organization.
- **Organizational structure** refers to the way in which a group of people is formed, its lines of communication and its means for channeling authority and making decisions.

### 1.2 Organizational chart

- **Organizational chart:** Is a picture of an organization to show the organizational structure.
- **An organization chart** can help in identifying roles and expectations.



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**Fig. 1.1 Example of an organizational structure**

### **1.3 Types of organizational charts**

1. **Simple structure** (an organizational structure with low departmentalization, wide spans of control, authority centralized in a single person, and little formalization)
2. **Functional structure** (A functional structure is an organizational structure that groups similar or related occupational specialties together)
3. **Divisional structure** (an organizational structure that consists of separate business units or divisions)

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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:

1. The composition of organizational chart include people and their functions  
A. True  
B. False
2. Organizational structure and organizational chart are the same  
A. True  
B. False

**Short Answer Questions**

1. Mention the types of organizational charts (3 Points)
2. Write at least two benefits of an organizational chart (2 points)

**Note: Satisfactory rating - 7 points**

**Unsatisfactory - below 7 points**

**Answer Sheet**

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

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

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<b>Information Sheet-2</b>	<b>Development and documentation procedures to guide operations</b>
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## 2.1 Business operational procedures

- A **Standard Operating Procedure (SOP)** is a set of written instructions that document a routine or repetitive activity followed by an organization.
- The term “**SOP**” may not always be appropriate and terms such as protocols, instructions, worksheets, and laboratory **operating** procedures may also be used
- An SOP is a procedure specific to your operation that describes the activities necessary to complete tasks in accordance with industry regulations, provincial laws or even just your own standards for running your business.
- Any document that is a “how to” falls into the category of procedures. In a manufacturing environment, the most obvious example of an SOP is the step by step production line procedures used to make products as well train staff.

## 2.2 How to prepare an operational procedure for a business

- Developing an SOP is about systemizing all of your processes and documenting them
- Below is a listing of just a few typical SOPs, which you will want to consider writing for your own small business.
- **Production/Operations**
  - ✓ production line steps
  - ✓ equipment maintenance, inspection procedures
  - ✓ new employee training

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- **Finance and Administration**

- ✓ accounts receivable – billing and collections process
- ✓ accounts payable process – maximizing cash flow while meeting all payment deadlines

- **Marketing, Sales and Customer Service**

- ✓ approval of external communications: press releases, social media, advert, etc.
- ✓ preparation of sales quotes
- ✓ service delivery process, including response times
- ✓ warranty, guarantee, refund/exchange policies
- ✓ acknowledgment/resolution of complaints, customer comments and suggestions

- **Employing Staff**

- ✓ job descriptions
- ✓ employee orientation and training
- ✓ corrective action and discipline
- ✓ performance reviews
- ✓ use of Internet and social media for business purposes

## **2.3 Benefits of operational procedure of a business**

- One of the specific measurable outcomes of an operating procedure manual is productivity improvements, and as a business owner, you need to be highly productive to succeed.
- The common five benefits of a standard operating procedure include
  - ✓ Reduced learning curve/training time /for new employees
  - ✓ Ensured business continuity
  - ✓ Standardized processes
  - ✓ Delegating tasks becomes easier (because of having short job description for each employee)
  - ✓ Ensure that your clients are getting the best possible experience with you

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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:

- What does a standard operational procedures (SOP) describes?
  - People (employees)
  - Necessary Activities performed
  - Organizational chart
  - Responsibilities
- A standard operational procedures (SOP) is a document that answer the question “how to” of a business operation
  - True
  - False

### Short Answer Questions

**Note:** Satisfactory rating - 2 points

Unsatisfactory - below 2 points

### Answer Sheet

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

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

Information Sheet-3	Securing financial requirement for business operation.
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### 3.1 What is 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)

### 3.3 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.

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- **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

<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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<b>Information Sheet-4</b>	<b>Identifying and compiling legal and regulatory requirements of a business</b>
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#### **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:

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- 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;

<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. Mention at least 4 legal requirements for business operation?

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**Note: Satisfactory rating - 4 points**

**Unsatisfactory - below 4 points**

**Answer Sheet**

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

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

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

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

<b>Information Sheet-5</b>	<b>Determination of the human and physical resources requirements of a business</b>
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**5.1 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.

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**Fig 5.1 New employees being given orientation**

## 5.2 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

<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
C. Copy right

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B. Equipments      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

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

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

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

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

Information Sheet-6	Development of recruitment and procurement strategies.
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### 6.1 Meaning of recruitment

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- **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

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**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:

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

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

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

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

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

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## List of Reference Materials

### 1- BOOKS

- **The Basics of Business Finance:** John McMillan, England
- **Business finance a practical guide: Small Business Development Corporation, government of western australia** Small Business Development Corporation Level 2, 140 William Street, Perth WA 6000, Australia.
- **Factors Influencing Loan Repayment Default in Micro-Finance Institutions: *The Experience of Imeni North District, Kenya*** Munene, H. Nguta Guyo, S. Huka Meru University of Science and Technology Kenya
- **Management and Entrepreneurship: New Age International (P) Limited, Publishers** 4835/24, Ansari Road, Daryaganj, New Delhi – 110002, India.
- **Management the basics: Morgen Witzel, 2004** Routledge 29 West 35th Street, New York, NY 10001, USA.
- **MANAGEMENT TOOLS** executive's guide (2013): Darrell K. Rigby, Bain & Company, Inc. 131 Dartmouth Street Boston, MA 02116, USA.
- **Review Of Microfinance Industry In Ethiopia: Regulatory Framework And Performance** Association of Ethiopian Microfinance Institutions, P.O.Box 338 Code 1110 Addis Ababa Ethiopia.
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- **Procurement strategy for financial year 2018/19**, University of Glasgow, Scotland.
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- **British Business Bank**: Corporate finance faculty © ICAEW 2014 The business finance guide, England.

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