



# **VEHICLE SERVICING AND REPAIRING Level II**

# **Learning Guide#55**

**Unit of Competence: Develop Business Practice**

**Module Title: Developing Business Practice**

**LG Code: EIS VSR2 M15 LO1-LG-55**

**TTLM Code: EIS VSR2 TTLM 0919v1**

**LO1. Identify business opportunities and business skills**



**Instruction Sheet**

**Learning Guide #55**

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics:

- Discussing the concept of paradigm shift and means of divergent thinking
- Identifying unusual business opportunities
- Assessing and matching feasibility on business skills and personal attributes
- Elaborating new behavior and taking experience
- Discussing feasibility study of specialist and relevant parties
- Evaluating Impact of emerging or changing technology
- Assessing business risks
- Revising Business plan

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

- Discuss the concept of paradigm shift and means of divergent thinking are elaborated and strategies to look beyond the boundaries.
- Identify Unusual business opportunities
- Assess and match Feasibility on business skills and personal attributes against those perceived as necessary for a particular business opportunity.
- Elaborate New behavior on how problems can be the pivotal source of business opportunity and experience taken.
- Discuss Assistance sought with feasibility study of specialist and relevant parties, as required.
- Evaluate Impact of emerging or changing technology, including e-commerce, on business operations.
- Assess Practicability of business opportunity in line with perceived business risks, returns sought, personal preferences and resources available.
- Revise Business plan in accordance with the identified opportunities.

Specifically, upon completion of this Learning Guide, you will be able to:

**Learning Instructions:**

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described in number **3 to 5**.



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3. Read the information written in the information “Sheet 1, Sheet 2, Sheet 3, Sheet 4, Sheet 5, Sheet 6 and Sheet 7” respectively.
4. Accomplish the “Self-check 1, Self-check 2, Self-check 3, Self-check 4, Self-check 5, Self-check 6 and Self-check 7” in page -9, 20, 24, 29, 33, 36 and 43 respectively.
5. If you earned a satisfactory evaluation proceed to “Learning Guide # 36”. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Guide #35.

<b>Information Sheet-1</b>	Discussing the concept of paradigm shift and means of divergent thinking
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#### 1.1 Identifying unusual business opportunities

A business opportunity represents a possibility for the entrepreneur to successfully fill a large enough unsatisfied need that can result to enough sales and profits. The ability to recognize a business opportunity is one fundamental quality of a successful entrepreneur and for a growing business.

Factors responsible for the recognition of a business opportunity are entrepreneurial alertness, entrepreneur's prior knowledge of markets and customer problems and entrepreneur's networks.

#### **Expected financial viability**

Expected financial viability is determined based on different factors, like that of:

- The nature of the goods or services: level of complexity.
- General economic factors
- The tightness of the labor market;
- levels of demand for the required service;
- Maturity of the relevant industry
- The capacity of businesses to supply and etc.

#### **Operator skills**

Specifically, the operator skills for the intended business idea must be observed and analyzed first before establishing and running it. Though there are many business skills



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that a successful entrepreneur will have, the following are the absolutely needed ones in successful business:

- a) **Planning skills:** thinking out every risk, benefit, and cost of an option available to them.
- b) **Communication and sales skills:** it let customersto come again and again.
- c) **Customer Focus skills:** do not forget everything that they do is for the customer.
- d) **Curiosity skills:**The best business skill has always been a healthy curiosity. This will lead you to look into what your competitors are doing.

### Finance types and amount

The ability to source for capital could abort your dream. Below are lists, source of finance to start a new business or expand an existing one.

#### a) **Partnership:**

Entrepreneurcan enter into partnership with one or more persons, if he alone cannot raise the cash needed for the business. Personalities of each person must be considered first to avoid cheating and others.

#### b) **Personal Assets:**

This is selling your personal assets to raise capital for your business. If such assets are disposable in their good condition, they could be a good source of capital.

#### c) **Personal Savings:**

The habit of saving is a good one and can be reward able in case of using such personal savings as source of capital.

#### d) **Relations and Friends:** this is source of capital obtained from families and close friends.

#### e) **The Bank:**

This is getting from any. Meeting a bank's credit criteria enhances the chances of an entrepreneur obtaining a loan.

#### f) **Other People's Money:**

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The customers and clients you do business for also are reliable sources of finding. If order will come, then the customers make an advance payment or deposit, for you to purchase supplies.

### g) **International/Non-Government Agencies:**

Agencies like International Finance Corporation (IFC), funds assist enterprises with lines of credit. Especially if they belong to the relevant associations, it is better.

**Example:** association of small and medium enterprises (SMSs).

### h) **Government Agencies:**

Agencies like National Directorate of Employment (NDE), people's bank, Technology Business Incubation Centre (TBIC), Family economic Advancement program (FEAP) and many others can provide loan for prospective entrepreneurs.

## Returns expected

The expected return is the uncertain future return that a firm expects to get from its project (either profit or loss). Expected return is calculated by multiplying potential outcomes (returns) by the chances of each outcome occurring and then calculating the sum of those results (as shown below).



$$= R_1P_1 + R_2P_2 + \dots + R_nP_n$$

Where;

R = Return expectation in a given scenario

P = Probability of the return being achieved in the scenario

n = Scenario number

### **Example-1:**

A model might state that an investment has a 10% chance of a 100% return and a 90% chance of a 50% return. Then the expected return is calculated as:

$$\text{Expected Return} = 0.1 (1) + 0.9(0.5) = 0.55 = \mathbf{55\%}$$

### **Example-2:**

If an investment has a 50% chance of gaining 20% and a 50% chance of losing 10%, then the expected return is calculated as:



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Expected return =  $(50\% \times 20\%) + (-50\% \times 10\%) = 0.1 - 0.05 = 0.05 = 5\%$

It is important to note that there is no guarantee that the expected rate of return and the actual return will be the same.

The expected return is based on historical data, which may or may not provide reliable forecasting of future returns. Expected return is simply a measure of probabilities intended to show the likelihood that a given investment will generate a positive return, and what the likely return will be.

### Likely return on investment (ROI):

Return on investment (ROI) is a ratio between net profit (over a period) and cost of investment (resulting from an investment of some resources at a point in time). The higher the ratio, the greater the benefit earned. In economic terms, it is one way of relating profits to capital invested.

#### ROI Formula:

There are several versions of the ROI formula. The two most commonly used are shown below:

**ROI** = Net Income / Cost of Investment or

**ROI** = Investment Gain / Investment Base

#### Example:

An investor purchases property - A, which is valued at \$500,000. Two years later, the investor sells the property for \$1,000,000.

**N.B:** We use the investment gain formula in this case. Then the ROI is calculated as:

$ROI = (1,000,000 - 500,000) / (500,000) = 1$  or 100%

### 1.1 Finance required

In general, any business has the 50/50 probability of gaining profit. So when you invest high amount of money for business opportunity during establishment and if there is less consumers in the market, then you loss more money. So, it is better to prefer business



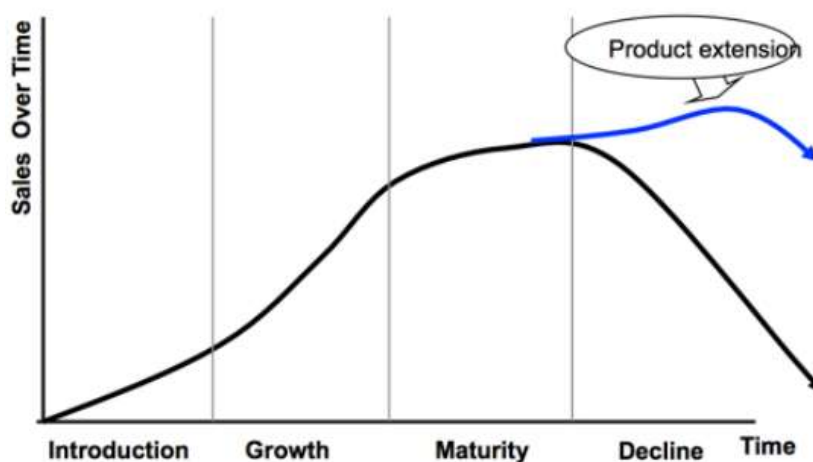
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opportunity having less amount of finance required, because, this will save money loss during risk. Even in science, good entrepreneur starts from zero level to reach the peak.

### 1.2 Lifestyle issues:

It describes the stages a product goes through from when it was first supposed of until it is finally removed from the market. Not all products reach this final stage. Some continue to grow and others rise and fall.

The product life cycle has 4 defined stages. The main stages of the product life cycle are:



**Research & development:** researching and developing a product before it is made available for sale in the market. It is pre-condition for product introduction.

#### a) **Introduction:**

It is when the product is brought into the market. Selling is moving slowly in this stage. It focuses on moreawareness creation and not profits.

b) **Growth:** when sales are increasing at their fastest rate and profits begin to come.

c) **Maturity:** sales are near their highest, but the rate of growth is slowing down, e.g. new competitors in market or saturation

d) **Decline:** final stage of the cycle, when sales begin to fall, as consumers may have changed and the product is no longer relevant or useful.

For successful products, extending the growth and maturity phases of the life cycle and delaying the decline phase is important.



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Product life cycle extension strategies are:

- a) **Advertising:** try to gain a new audience or remind the current audience.
- b) **Price reduction:** more attractive to customers.
- c) **Adding value:** add new features to the current product.
- d) **Explore new markets:** selling the product into new geographical areas or targeted at different segments
- e) **New packaging:** brightening up old packaging or subtle changes.





<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:

**Part-I: Write short Answer**

1. Define the word opportunity? (1point).
2. List at least 4 parameters to be considered for your business opportunity! (4points)
3. List down at least 5 factors considered to determine expected financial viability. (5points)
4. List down at least 5 sources of finance to establish business. (5 points).

**Part-II: Work out calculation**

1. Assume if the investment has a 60% chance of gaining 30% and a 40% chance of losing 10%. Then calculate the expected return. Decide whether it profitable or looser also. (2points).
2. Ato Abebe bought a cow for slaughter with 12,000ETB and resold the meat to 14,000ETB. Then calculate the ROI! (2Points).

**Note: Satisfactory rating – 10.5 and above points Unsatisfactory - below 10.5 points**  
**You can ask you trainer for the copy of the correct answers.**



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## Answer Sheet

Score = \_\_\_\_\_  
Rating: \_\_\_\_\_

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

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

### Answers

#### PART-I: SHORT ANSWER

1. \_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_
  - a) \_\_\_\_\_
  - b) \_\_\_\_\_
  - c) \_\_\_\_\_
  - d) \_\_\_\_\_
3. \_\_\_\_\_
  - a) \_\_\_\_\_
  - b) \_\_\_\_\_
  - c) \_\_\_\_\_
  - d) \_\_\_\_\_
  - e) \_\_\_\_\_
4. \_\_\_\_\_
  - A. \_\_\_\_\_
  - B. \_\_\_\_\_
  - C. \_\_\_\_\_
  - D. \_\_\_\_\_
  - E. \_\_\_\_\_



**PART-II: SHORT ANSWER**

**WORK OUT CALCULATION:**

a. \_\_\_\_\_

b. \_\_\_\_\_



## Introduction

Feasibility and viability are tools used in the investment appraisal of a project and its sustainability. Viability is the ability of a thing to maintain itself or get back its potentialities or the survival of the business in the face of uncommon and unfavorable business environment.

Viability of a business is measured by means of the length of its survival. It is interesting to note that the sustainable profits the business had made over a period of time determine the viability of a business for that matter. The viability study is a subset of the feasibility study.

The difference between a feasibility study and a viability study is that the feasibility studies confirm that the business is practicable while viability determines whether the business can stand any form of challenges and risk in the near future.

The purposes of feasibility study are to assess the practicability of the business, seek financial support from investors or banks, research on other sensitive areas of the business and to gather enough information as to why others succeed and why others fail. Feasibility is characterized by factors such as calculation, analysis and estimated projections among several other factors.

Viability on the other hand deals with business tactics and strategies to lengthen the life of the business. Strategies do not play a vital role in the concept of feasibility of a business whereas they do play a very important role in the concept of viability of business.

Business growth and sustainability are the two important aspects of viability. On the other hand feasibility is not concerned much about the aspects of business growth and sustainability. It is concerned only about the profitability and the workability of the business.



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Feasibility of a business comes into play only after the particular business satisfies the conditions of profitability and workability. This means that viability follows feasibility. In other words feasibility paves the way for viability of a business.

A typical feasibility study template and outline includes the following:

- a) Economic Analysis
- b) Market analysis
- c) Technical Analysis
- d) Location analysis
- e) Manpower analysis
- f) Financial analysis
- g) Sensitivity and risk analysis and each of them is described as below. Their detail descriptions are as below.

### a) **Economic Analysis:**

It is a strategy employed by business owners to effectively and optimally allocate and make use of the scarce resources available to them in their business. Economic feasibility should include analysis on:

- Government's fiscal and monetary policies
- Opportunity cost of resources
- Social cost
- Import and export rate
- Inflation rate
- Tax rate duties
- Currency exchange rate, etc.

### b) **Market analysis:**

This determines the demographics of the market, level of competition and the size of the market you can compete for.

### c) **Technical analysis:**

It is all about collecting and studying all the needed techniques for your effective business. Technical analysis is almost similar to economic analysis because it also involves the law of demand and supply market fluctuation.



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Generally, Technical analysis will enable you determine the method of production to be employed, equipment's, spare parts and tools, site development, supporting facilities, the nature of the factory building, fencing and so on.

The key step followed in conducting effective technical analysis includes:

- **Study and Research-:** This part of a feasibility study deals with the technological requirements of the business.
- **Constantly review your technical analysis document-:** This is used to avoid obsolete techniques and equipment's. So ensure this, read journals and any available material in line with your business. It will help you to stay up-to-date with the changing trends and technology in your industry.

### **d) Location analysis:**

This is carried out with a view to determine the best location for the business in terms of nearness to high traffic roads, nearness to infrastructure, accessibility to customers, ease of transportation of raw materials and finished products, nearness to cheap labor, cost of land acquisition and so on.

### **e) Manpower analysis:**

This deals with the process of estimating the level of skill, professionalism and number of employees to be hired by the business. The salary scale, incentives and pay package.

### **f) Financial analysis:**

It is dealing with the estimation of the total capital involved, working capital; profit and loss analysis, pricing of products, cash flow projections, projected sales revenue and the entire project viability.

### **g) Sensitivity and risk analysis**

This is the last part of a feasibility study and probably the most important. Before taking any business idea to the marketplace, its risk to reward ratio should be analyzed, the sensitivity to competition should be determined. With these results, growth and survival strategies can be developed for your proposed business.

## **2.1 Opportunities:**

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Read information sheet-1 to understand its definition! Under this section, business opportunity (i.e. market) on our hand will be assessed. This can be done by developing an opportunity analysis plan. This plan consists of four sections described as below:

### ***The Idea and its competition:***

This describes the product or service in detail with their competitors.

### ***The Market and the Opportunity:***

This addresses the size and nature of the market (characteristics).

### ***Entrepreneur and team assessment:***

This assesses the experience of the team. At least one person must have enough experience.

### ***How to achieve and implement:***

This outlines the clear sequential order together with the time frame and money needed for each.

## **2.2 Market competition**

Competition and market analysis highlight the strengths and weaknesses of your competition. The first step of this analysis is to identify your current competitors. Then try to use SWOT analysis strategy relative to your business.

In this analytical model, strengths and weaknesses are considered as the internal factors, completely controllable by the organization itself. Opportunities and threats, on the other hand, are regarded as external factors that might or might not be controllable by the organization.

## **2.3 Timing/ cyclical considerations:**

Even though business men consider many prerequisites for business startup, their business went to fail. Due to fail to consider when to start business (timing).

This is answered by asking you the following questions:

- How is the current market and local economy? Do your research! Make sure there is a current need.





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- What is the current competition like in your industry? Make sure that whether you have enough ability and resources to surpass them. If not it is not the right time for you and etc.

### 2.4 Skills:

The skills required for better feasibility study includes:

- Environmental analytical skills,
- Market analysis skill,
- Technical analysis skills,
- Economic analysis skills and
- Financial analysis skills which are explained in detail above.

### 2.5 Resources:

It is also an essential part of a feasibility study. It includes questions regarding time required to complete the project, type and amount of resources required and dependent factors. It also takes care whether the project is interrupting any current business activity. So it takes care of optimum utilization of the resources available.

All the important resources like human resource, artificial resources, financial resource etc. are taken care of.

### 2.6 Location or place:

Getting a good location is very critical to the success business but this can prove quite difficult because one of the challenges of starting a business successfully is getting a good business site.

Factors to be considered before choosing business location include the following:

- a) Availability of raw materials
- b) Nearness to market
- c) Availability of basic infrastructure
- d) Economic policy
- e) Demographics
- f) Psychographics
- g) Industrial Clusters / areas



- h) Export processing zones
- i) Free trade zones
- j) Distributive channel and their descriptions are as below.

**a) Availability of raw materials**

In manufacturing or production business, If your business is not sited close to raw materials, then sourcing and transportation will reduce your profit margin.

**b) Nearness to market**

Remember that for your business to succeed, you must make it easy for customers to find your product.

**c) Availability of basic infrastructure**

Infrastructure such as water supply, power supply, good road network and security are things to consider when locating your business.

**d) Economic policy**

The economic policy or system of a particular region may affect your decision and choice of location. Some economy favor capitalists and others are driven by socialism; where the government controls all businesses.

**e) Demographics**

It has a big influence on your choice of business location. The type of product or service you offer and the status of the customers will play a vital in choice of business location.

Suppose you are selling stationeries, so your demographics is made up of students, so your best location must be within school vicinity

**f) Psychographics**

The mindset of your customers is a factor to consider when choosing a location for your small business. For example; if you site your business in a region where tribalism increases, then you are hopeless if you are not a member of the tribe.

**g) Industrial Clusters / areas**

This area has good infrastructure and facilities already on ground. Example: good road network, constant power supply and etc.



### **h) Export processing zones**

Locating your business in an export processing zone may be a smart choice for you especially if you are an exporter. Locating your business in such regions means a reduction in transportation cost, faster inspection and clearance of your products by custom officials and so on.

### **i) Free trade zones**

International free trade zones and trade fair centers are also good places to site your business because it is accessible and normally receives wide publicity.

### **j) Distributive channel**

If your business doesn't deal directly with end users or final consumers, then it's wise to put your distributive channel into consideration when choosing a location for your small business.

## **2.7 Risk of business opportunity:**

Business risk is the level of exposure to uncertainties that the enterprise must understand and effectively manage to achieve its objectives and create value.

For example, the lack of an effective OH&S risk management process could prevent the business from achieving its business objectives and executing its strategies successfully.

### **2.7.1 Occupational Health and Safety:**

Since different businesses have their own risk on health of people, they need management to reduce them. The OH&S risk management process is a comprehensive, integrated approach for carrying out risk management activities. This leads to achieving objectives to be created and protect shareholder value.

OH&S professionals need to understand the organization's risk capacity and tolerance and have an effective framework and organizational structure for managing OH&S risks.

An effective framework includes: recordkeeping, material handling, machine guarding, fire protection, hazard communications, hazardous waste operations and many more. The organizational structure must support these activities in order to manage and control any associated risks (e.g., risk of non-compliance).



## 2.7.2 Environmental considerations:

Different business may emit different types of wastes and that can pollute the environment. So, in order to reduce and avoid this wastes or pollutions, the government must assess the impact or risk of business to be established on the environment. After determining its ecofriendly, the government can give permission to establish it.

**Example:** Heating and air conditioning systems pump greenhouse gas emissions from offices into the atmosphere and use up vast amounts of electricity.

### Ways of minimizing negative impacts of business to the environment:

- Choose the Right Equipment
- Pick the Right Supplies
- Educate your Employees
- Practice Recycling
- Improve Energy Efficiency
- Harness Technology and their details are as follow.

#### Choose the Right Equipment:

It is a major source of environmental threats. With this, you should be cautious in picking equipment, regardless of the nature of your business.

#### Pick the right supplies:

Aside from your equipment, your supplies will also matter. For those who offer janitorial services, use eco-friendly cleaning products.

#### Educate your Employees:

It's not enough that you have green equipment and supplies. To truly become an advocate of environmental sustainability, your workforce has to take part. Collectively, this can do a lot for the betterment of the environment.

#### Practice Recycling:

This is one of the most popular ways to show your environmental concern. Recycling can offer a number of business benefits, such as lowering costs associated with disposal of waste, improving company image, minimizing the need to purchase new



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supplies and encouraging creativity through thinking of ways to re-use things that would have been thrown away.

### **Improve Energy Efficiency:**

By minimizing the energy consumption of your business, you are reducing your carbon footprint and doing something good for the environment. One thing to consider is the use of solar panels to harness an alternative source of energy to provide the electricity needed by the business.

### **Harness Technology:**

There are also many ways to take advantage of technology to reduce the environmental impact of your business. For instance, use teleconferencing to meet with your potential clients rather than driving or flying. Technology can also improve the efficiency of business processes, making it possible to reduce wastage of resources.

By practicing the tips that have been mentioned above, it will be easier for a business to demonstrate its concern for the environment. In turn, this will be instrumental in creating a positive brand image and hence, will help the business to achieve profitability while being eco-friendly.



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

1. Define the term viability. (1point).
2. List at least different types of analysis that are included in feasibility study template. (5 points).
3. Discuss the SWOT analysis strategy used to analyze market competition. (4 POINTS)
4. List at least 4 factors to be considered to select better business place. (4 points).

**Note: Satisfactory rating – 8 and above points    Unsatisfactory - below 8 points**  
You can ask you trainer for the copy of the correct answers.



## Answer Sheet

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

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

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

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

## Answers

### PART-I: SHORT ANSWER

1. \_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

e. \_\_\_\_\_

3. \_\_\_\_\_

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

4. \_\_\_\_\_

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

**Information Sheet-5**

Discussing feasibility study of specialist and relevant parties

**Introduction****1.5.1 Chamber of commerce**

A chamber of commerce (board of trade) is a form of business network.

A chamber of commerce is a voluntary association of business firms belonging to different trades and industries. They serve as spokesmen and representatives of business community. They differ from country to country.

**Financial planners:**

A financial planner is an expert who focuses on helping people gain control over their financial situation. They are usually not in charge of the money directly, instead focusing on providing advice and letting the client make the final decisions.

Financial planners analyze information and present realistic, meaningful recommendations based on their clients' financial situations and goals.

**Financial institution representatives:**

These financial Institutions include both foreign and domestic institutions.

These may include: Commercial bank, Investment bank, Money changer, Financial and monetary intermediaries, Representative office-foreign banks, licensed banks and other financial institution and others.

**Business planning specialists:**

The Business Planning Specialist will be calling on small to mid-sized businesses to present solutions that assist in safeguarding the business.

His /her duties and responsibilities include: Develop optimal strategies based on business and objectives, Build relationships with local businesses (via phone, walk-in, direct mail), Business planning, Present proposals to interested businesses, Assist business owners in both short and long-term planning, Assisting business owners in





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retirement planning, Understanding relevant ideas like exit strategies and capital cash reserves and etc.

### **Marketing specialists:**

Marketing is the business process of creating relationships with and satisfying customers. With its focus on the customer, marketing is one of the primary components of business management.

A marketing specialist helps their company advertise its products and services. The specialist's role may vary depending on the company. They may develop marketing approaches for single products or brands or they may be assigned a specific area within a larger marketing campaign by a marketing manager.

### **Accountants:**

An accountant is a practitioner/doctor of accounting or accountancy, which is the measurement, disclosure or provision of assurance about financial information that helps managers, investors, tax authorities and others make decisions about allocating resource(s).

The role of a financial accountant is to provide financial analysis support to an organization by:

- A. Preparing its financial statements, such as the balance sheet and income (profit and loss statements) statement.
- B. Set up accounting practices and procedures for new companies and advise on how to manage these.
- C. Analyze budgets and other financial information and advice where savings could be made.
- D. Help to produce budgets for businesses...

Accountants must properly advise management and teams who have financial accountability regarding decisions, such as investments. Their guidance and recommendations help ensure the economic well-being and stability of the organization



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and if the company is publicly owned, help keep shareholders and other external stakeholders appeased.

Federal, state and local governments also have financial accountants to manage public funds, perform financial statement audits and maintain the records of government agencies. This ensures the government bodies remain in conformance with financial laws and regulations.

### **Lawyers:**

A lawyer or attorney is a person who practices law, working as a lawyer involves the practical application of abstract legal theories and knowledge to solve specific individualized problems or to advance the interests of those who hire lawyers to perform legal services.

#### **The role of a lawyer:**

A lawyer's job is to listen to your problem, give you legal advice, discuss your options, take instructions about what you want to do and help you understand how the law applies to your case. Your lawyer may even represent you if you go to court.

### **Government agencies:**

It is a permanent or semi-permanent organization in the government that is responsible for the specific functions.

**Example:** Administration for Children and families, Air Force and etc.

### **Industry/trade associations:**

It is an organization funded by businesses that operate in a specific industry. It is also known as an industry trade group, business association, sector association or industry body. It participates in public relations activities such as, education, political donations, advertising and publishing.

### **Online gateways:**

It is a secure website where health system employees can go to find their pay information, change their banking details and view provincial job postings.

### **Business brokers/business consultants:**

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They are intermediaries who facilitate the sale of small to medium size privately held businesses by working with both buyers and sellers. Business brokers also called business transfer.

Business brokers can represent either the buyer or seller in a sale. Historically, the broker has traditionally represented the seller, but buyer representation is becoming more common.

#### **Business brokers' duties include:**

- Pricing the business with a professional valuation/estimate.
- Marketing the business to widest possible audience by maintaining confidentiality.
- Facilitating meetings b/n the seller and potential buyers including an agreement.
- Writing offers to purchase the business.
- Handling negotiations between the parties after an offer has been made.
- Assisting the buyer in obtaining business acquisition financing.



<b>Self-Check-4</b>	<b>Written Test</b>
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**Instructions:** Perform the following tasks. Write your answers in the answer sheet provided:

1. List and discuss at least 5 specialist and relevant parties for feasibility study. (5 points).

**Note: Satisfactory rating – 3.5 and above points    Unsatisfactory - below 3.5 points**  
You can ask your trainer for the copy of the correct answers.



## Answer Sheet

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

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

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

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

a) \_\_\_\_\_

a. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

b. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

c. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

d. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

e. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_



Information technology has a major impact on various aspects of businesses. Let's take a look at some of these here.

**a) Automation of Business Processes:**

The movement towards increased automation of business processes has gained traction over the years. It improves efficiency and increases workflow considerably.

Information technology helps in developing automated processes for businesses. This not only helps in reducing the cost of operation but also saves time. The time saved can be utilized to focus on other tasks, thus speeding up business processes significantly.

Processes like billing, collecting customer data, monitoring certain processes etc. can be automated easily. There are numerous automation soft wares that can be utilized for this purpose.

**b) Working Remotely:**

Implementation of information technology provides the ability to remotely access your company's network. As a result, it equips employees with the ability to get the work done even if they are not physically present at the workplace.

**c) Mobile Technology:**

Mobile technology has picked up momentum owing to its convenience, efficiency and speed. With the rise in the popularity of information technology, implementation of mobile technology has gained ground quickly.

Mobile technology takes business communication to a whole new level. A mobile team can improve the workplace productivity considerably. There are numerous ways to integrate mobile technology in the workplace. In fact, chances are, your employees are already using it.

**d) Protecting Information:**

Virtual storage systems can keep information safe by allowing a limited number of users to access these. Increased protection also ensures that these systems are not hacked



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and the information is not wiped out owing to some problems. Therefore, information technology helps in upholding business integrity.

### **e) Providing Customer Satisfaction:**

Customer experience and satisfaction are crucial aspects of all businesses.

Information technology provides the best tools for communicating with customers and solving their problems in real time. It has unlocked the facilities like Email, social media and other messaging platforms for this purpose.

### **f) Management of Resources:**

A business has a variety of resources. These may include financial resources, human resources and so on. For large organizations, managing resources becomes quite difficult. Information technology plays a vital role in managing these resources effortlessly by introducing a wide range of feasible solutions.

### **g) Open Source Software:**

Information technology has paved the way for various open source software that allow free usage of certain tools for various organizations. The primary benefit of open source software is its flexible license. This allows modifications to the source code. This means that you have the facility to customize its functions according to your requirements.

Almost every software that businesses use has open source variants that are widely available on the Internet. Utilizing these could mean multiple benefits at reduced expenses.



Self-Check-6	Written Test
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**Instructions:** Perform the following tasks. Write your answers in the answer sheet provided:

1. List and discuss at least 5 results/impacts of changing technology on business operation. (5 points)

**Note: Satisfactory rating – 3.5 and above points    Unsatisfactory - below 7 points**  
You can ask your trainer for the copy of the correct answers.





## Answer Sheet

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

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

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

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

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<b>Information Sheet-7</b>	Assessing business risks
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Factors for evaluating practicability of business opportunities may include the following:

**Relationships:** Having existing relationships with necessary customers, partners, hires, investors, etc. can be save a lot of time, reduce costs, and reduce risk.

**Access to customers:** if there is existing relationships with customers, I can get feedback on my product much easier. When the time is right, sales and marketing will also be that much easier, shorter and cheaper with existing access to customers.

**Passion:** Starting a company is hard and time consuming, if I'm solving a problem, my overall quality of life will be higher and I believe I will be more successful.

**Skillset required:** If the skillset required to execute the business plays to the strength of the team, execution risk should be less.

**Ability to validate:** How confident can I be or quickly get, that I'm following a viable business?

**Need for financing/ability to generate cash flow:** If you don't have any existing relationships to investors or at least close connections, that's, another time suck and risk factor.

**Diversified:** I never want to have all my eggs in one basket. I don't want my life to be dependent on one customer or employer. It is difficult, but possible.

**Size of market/opportunity:** How much benefit is there?

**Quantity and quality of work:** How enjoyable will the work be? How much time will it require? Most opportunities will require significant time investments.

### **Calculated Risk-Taking**

Most entrepreneurs take calculated and moderate risks. Entrepreneurs avoid low-risk situations because there is lack of challenge, but they also avoid high-risk situations because they want to succeed. They set high goals and enjoy the excitement of a challenge, but they do not gamble. Hence, low-risk situations and high-risk situations are avoided because these risks do not satisfy the entrepreneur. In short, the entrepreneur likes a difficult but achievable challenge.

### **Defining a Risk Situation**



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A risk situation occurs when a choice is required between two or more alternatives whose potential outcomes are not known and must be subjectively evaluated. A risk situation involves potential success and potential loss. The greater the possible loss or gain, the greater the risk involved.

Risk-takers make decisions in conditions of uncertainty, and they balance potential success against potential loss.

Choosing a risky alternative depends on:

- a. how attractive the alternative is,
- b. the extent to which the risk taker is prepared to accept the potential loss,
- c. the relative probabilities of success and failure, and
- d. the degree to which one's own efforts increase the likelihood of success and decrease the likelihood of failure.

For example, you have a secure job, earning a good salary, with promotion probably every two years. You may have the opportunity to buy a firm whose future is uncertain, but the owner's earnings are 50% more than you are currently earning as an employee. The firm may continue to be very successful, or it may fail in one or two years. Your choice is between staying in a secure position with moderate, predictable financial and career rewards, or taking a risk and possibly achieving very high financial and career rewards.

Most people would not think of taking such a risk, regardless of the probabilities of success. They would prefer to stay in a secure position. Others are impatient, dissatisfied with their present position, and looking for the "magic pot of gold" to make them rich. These people tend to be influenced by the size of the potential reward offered. They pay little regard to the probability of success, and do not give much thought to the degree of effort required on their part. Attracted by hopes of high returns with little effort, they become gamblers.

### Assessing Risk Situations

The entrepreneur's assessment of the situation is very different from that of both the above types of people, although the entrepreneur shares certain characteristics with them. The essential difference is that entrepreneurs will systematically and thoroughly assess the likelihood of the firm's success and the extent to which their



## Learning Guide

efforts could influence this likelihood. They study the market situation; explore profitability in alternative lines of business, products, machinery and processes, finances, and make comparisons before making their final decision.

They like to influence the outcome through their own efforts and then having a sense of accomplishment. Planning may be considered an indicator of the calculated risk taking behavior of entrepreneurs. Planning safeguards against possible difficulties that can be anticipated. If entrepreneurs are able to influence whether or not the firm is successful, they would be very likely to purchase the firm as proposed in the above example.

Entrepreneurs are willing to accept personal responsibility for the consequences of their decisions, regardless of whether these consequences are favorable or unfavorable. Other people may find it difficult to accept personal responsibility for decisions which may lead to failure, and they often attribute events in their lives to luck or to forces beyond their control, such as competition or government interference. These people reject risk situations because they believe that they cannot influence the outcome. Most entrepreneurial traits are interrelated.

Risk-taking behavior is related to:

- **Creativity and innovation** and it is an essential part of turning ideas into reality.
- **Self-confidence:** the more confidence you have in your own abilities, the more able you will be in affecting the outcome of your decisions and the greater your willingness will be to take risks.

Another factor is the entrepreneurial excitement regarding uncertainty, and the drive and enthusiasm to ensure that the consequences are successful.

### Types of Risk-Takers

The type of risk-taker you are depends to some degree on the extent to which you are influenced by other people, your past experiences, your present situation and your expectations for the future. Within a business, there is a need to have risk-takers of various types.



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At the worker level, you need people who are low risk-takers so that they can do the routine things and bring organizational stability.

At the middle management level, there is more room for risk-taking. A middle manager should have some freedom to be innovative and make minor modifications in procedures and functions. These persons may be considered risk-takers, but their impact on the total organization should be minimal.

Entrepreneurs at the top of organizational structures have the capacity to formulate and implement creative ideas. To be successful in business, entrepreneurs must take risks to turn their ideas into reality.

Entrepreneurs are goal-oriented and confident enough of accepting risks to make their ideas work. However, they are also practical enough to realize their limitations and will restrict their activities to “what is possible”.

Highly creative and innovative entrepreneurs are moderately high risk-takers, willing to accept change, try various alternatives and develop innovations for products and services in new areas of business. These highly innovative entrepreneurs are usually business leaders. They have ideas and are able to find the right combinations of people and other resources to implement their ideas.

### **Authority and Responsibility**

Entrepreneurs are leaders in the sense that they direct the activities of others to achieve organizational goals. Team building and achieving organizational goals are their responsibility. As the leader of an organization composed of people, they must be willing to delegate authority and responsibility for certain activities to their staff.

Delegating authority and responsibility to others involves certain risks. It may have positive or negative effects, and entrepreneurs will have to live with the results. To obtain maximum benefits, employees must have a certain degree of power and freedom to carry out their duties and responsibilities.

Entrepreneurs need help from other people; however they probably don't have time to monitor their work closely.



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Risk-taking is especially important in delegating authority and responsibility to staff and allowing others to share power. This is a characteristic of growth-oriented entrepreneurs. The more responsibility that can be delegated successfully, the more time entrepreneurs will have to deal with those activities which have the greatest impact on the organization's future success.

### Implementing Changes

In any activity, entrepreneurs must first determine whether or not a risk is involved. In a risk situation, the entrepreneur's power, position or authority may be challenged. When something is wrong in the business, entrepreneurs should be able to appraise the situation realistically and try to solve the problem. Entrepreneurs must be able to take the necessary corrective action.

When a risk situation is apparent, the decision whether to risk or not becomes very important. When entrepreneurs decide to risk, they should follow a definite plan for initiating action. Alternative plans may also be devised in case the first plan does not succeed. These alternatives allow for flexibility in case the conditions of the risk change. Once a plan of action is devised, it must be activated. It is only when the plan is initiated that entrepreneurs can really know and understand the risks that are involved. At first, little feedback may be received regarding the decision.

This lack of feedback may create doubts. It is during the early stages after the decision has been implemented that entrepreneurs must be fully committed to their decision until the problem has been solved. Once they are convinced that a certain course of action will solve the problem, specific actions will help to determine the outcome. Promoting the decision and gaining the support of others will help to make the decision succeed.

### Summary

The risk-taking ability of entrepreneurs is enhanced by:

- their willingness to use their abilities to the fullest extent to move the odds in their favor;
- their capacity to assess the risk situation realistically and their ability to alter the odds;
- looking at the risk situation in terms of established goals, and



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- Comprehensive planning and proper implementation.

The act of risk-taking is an essential part of being an entrepreneur. Entrepreneurs usually set high goals for themselves, and then use all their abilities and talents to achieve these goals. The higher the goals, the greater the risks involved. Innovation in business, which results in higher quality goods and services, is the result of action by entrepreneurs, who are willing to accept great challenges and take calculated risks.

### Procedures for Analyzing a Risk Situation

Although risk-taking is a style of behavior, calculated risk-taking is a skill that can be improved. Here are suggested procedures for analyzing a risk situation.

### Procedures for Analyzing Risk Situation

- a) Assess the Risk
- b) Determine Goals and Objectives
- c) Clarify Alternatives
- d) Gather Information/Weigh Alternatives
- e) Minimize Risks
- f) Plan and Implement the Best Alternative

#### a) Assess the risk

The first step is to establish whether or not a risk is involved. Is there a potential loss involved in choosing one particular alternative? For example, you may be faced with the need for increased production to meet increased demand. Your choices are to:

- stay with the current level of demand;
- purchase more equipment to meet the demand;
- lease more equipment to meet the demand; or
- Sub-contract production to smaller manufacturers.

If the business has a good cash flow, strong cash reserves or good credit facilities, and if demand is certain to grow in the foreseeable future, there is little risk involved in deciding on any of the alternatives, although the first alternative would cause the opportunity for profit growth to be ignored. However, continued demand may not be



## Learning Guide

assured. For example, a product or service may become obsolete because of competitive innovations; more companies may enter the field; or the market may be nearing saturation.

Furthermore, the business may not be able to afford investing the amount required without a guaranteed return on it. In this situation, there is clearly a risk involved in deciding whether to expand production. However, there are clearly different degrees of risk and corresponding degrees of potential return (success) for the different alternatives. How can you assess the alternatives?

### **b) Determine goals and objectives**

The next step would be to consider the company's policies and objectives. A company objective might be to achieve slow growth, or steady growth, or no growth, or growth in other product areas.

Is the risk involved consistent with objectives? If it is, the decision-making process continues, and a detailed assessment of the alternatives is undertaken.

### **c) Clarify the alternatives**

Given that some degree of risk-taking (i.e. a decision to expand production) is consistent with the company's objectives, the next step is to survey the various alternatives. These alternatives should be specified in sufficient detail so that the costs involved can be assessed objectively. Most costs will be financial costs, but personal, social and physical costs should be included when appropriate. For example, will an alternative require excessive personal effort? Will failure lead to a loss in social prestige? The financial and other costs for each of the viable alternatives should be specified.

### **d) Gather information and weigh the alternatives**

The next stage is one of intensive information-gathering so that a realistic assessment of the odds can be made for each alternative. Market estimates should be made for demand under various predicted conditions. The likelihood of competitive reactions should be assessed and the effects of these reactions calculated.





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Various consequences should be followed through to their logical conclusions:

- If demand nears saturation point, can product modification stimulate increased demand in new markets?
- Are new markets available if competitive activity decreases current market share?
- Can the machinery be easily modified to handle other products?
- Are suppliers and subcontractors likely to increase their charges if demand grows?

The likely return to the company for each alternative should be assessed on the basis of market information, forecasts of future demand, assessments of competitive reactions, and various other predictions including the behavior of those involved in the situation, such as finance companies or equipment manufacturers.

### e) Minimize risks

This crucial step involves a realistic assessment of the extent to which the entrepreneur can affect the odds. It involves:

- a clear awareness of the entrepreneur's abilities and the company's capacities;
- some creativity in determining how the odds may be changed (increased in the entrepreneur's favor);
- the ability to plan strategy and tactics to effect the change; and
- the drive, energy and enthusiasm to implement the strategy.

### f) Plan and implement the best alternative

Once an alternative is selected, a plan is then drawn up for its implementation. This would include a timetable, a clear definition of the goal, a set of contingency plans for possible outcomes and a feedback process so that necessary changes can be implemented quickly.

### Be a Calculated risk-taker

- In business, as in life, there is clearly no way of avoiding risk-taking.
- When you take risks, you discover your own abilities and you will become better able to control your own future. You will become more self-assured.
- You will have a more positive outlook towards risktaking because you will have faith in your own abilities.
- You will accept risks as challenges that require your best efforts to achieve goals.



## **Business risks may be affected by and may include but are not restricted to**

- occupational health and safety and environmental considerations
- relevant legislative requirements
- security of investment
- market competition
- security of premises/ location
- supply and demand
- resources available

### **3.1 Occupational health and safety and environmental**

#### **Applying OHS practices**

OHS practices include hazard identification and control, risk assessment and implementation of risk reduction measures like:

- Manual Handling Techniques
- Standard Operating Procedures
- Personal Protective Equipment
- Safe Materials Handling
- Ergonomic Arrangement Of Workplaces
- Safe Storage Of Equipment
- Housekeeping
- Reporting Accidents And Incidents
- Environmental Practices

Items related to health and safety that should be included is:

- Emergency procedures.
- Location of first aid stations.
- Health and safety responsibilities, including those specified by legislation.
- Reporting of injuries, unsafe conditions and acts.
- Use of personal protective equipment.
- Right to refuse hazardous work.
- Hazards, including those outside own work area.
- Reasons for each health and safety rule.

### **3.2 Considerations**



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The act or instances of considering, deliberation, contemplation, on side, take into consideration to bear in mind. Careful thought, typically over a period of time.

### 3.3 Relevant legislative requirements

Legislative requirements – all people and organizations are required to comply with relevant legislation to which they are subject. This includes prescribed laws, regulations and laws. Organizations need to determine their legislative obligation.

### 3.4 Security of investment

Security investment is securities that are purchased in order to be held for investment. This is in contrast to securities, which are purchased by a broker dealer or other intermediary, for quick resale.

### 3.5 Market competition

Competition is the rivalry between companies selling similar products and services with the goal of achieving revenue, profit, and market share growth. Market competition motivates companies to increase sales volume by utilizing the four components of marketing, this stands for **product, place, promotion and price**.

### 3.6 Security of location

Every business should consider the importance of security. Often, small businesses do not include this in the immediate **to do list** because they might believe they are not targets, since they are only a small operation.

### 3.7 Supply and demand

**Demand** refers to how much of that product, item, commodity, or service consumers are willing and able to purchase at a particular price.

**Supply** pertains to how much the producers of a product or service are willing to produce and can provide to the market with limited amount of resources available.



### 3.8 Resources available

Business resources, also known as factors of production, consist of land and labor, along with capital and enterprise. Land means natural resources, which provide the raw materials for components, machinery, buildings and transport mechanisms.

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

- 1) Are these skills inherited or acquired through training? (2 points)
- 2) On what situations choosing a risky alternative depends?(3 points)
- 3) What abilities enhanced entrepreneurs to take risks?(3 points)
- 4) Explain the procedures used to analyze a risk situation. (4 points)

**Note:** Satisfactory rating – 7 and above points      Unsatisfactory - below 7 points  
You can ask you trainer for the copy of the correct answers.



## Answer Sheet

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

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

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

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

### Short Answer Questions

- 1) \_\_\_\_\_  
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**Information Sheet-8**

## Revising Business plan

**Introduction:****Concepts of business plan:**

A business plan refers to a written document that comprehensively outlines what your business is, where it is going and how it will get there.

**Part-1** **How to write your business plan:**

This has the following procedures:

**a) Determine the type of business plan you will use.**

While all business plans share the common objective of describing a business's purpose and structure, analyzing the marketplace, and creating cash flow projections, the types of plans differ. There are three major kinds.

**The mini plan:**

This is a shorter plan and is useful for determining potential interest in your business, further exploring a concept or starting point to a full plan. This is a great starting point.

**The working plan:**

This can be considered the full version of the miniplan and its main purpose is to outline how to build and operate the business. Business owner would refer this plan regularly as the business moves towards its objectives.

**The presentation plan:**

This is intended for individuals other than those owning and operating the business. This could include potential investors or bankers. It is essentially the working plan, but with an emphasis on smooth, marketable presentation and proper business language and terminology. Whereas the working plan is made for reference by the owner, the presentation needs to be written with investors, bankers, and the public in mind.



**b) Understand the basic structure of the business plan:**



Whether you decide for a mini plan or a comprehensive working plan to start, it is essential to understand the basic elements of a business plan. These are:

**A. The business concept:**

It is the first broad element of a business plan. The focus here is on the description of your business, its market, its products and its organizational structure and management.

**B. The market analysis:**

It is the second major element of a business plan. Your business will operate within a particular marketplace, and it is important to understand customer demographics, preferences, needs, buying behavior, as well as the competition.

**C. The financial analysis:**

It is the third component of the business plan. If your business is new, this will include projected cash flows, capital expenditures and the balance sheet. It will also include forecasts as to when the business will break-even.

**h) Obtain appropriate help:**

If you lack business or financial education, it is never a bad idea to recruit the help of an accountant to assist with the financial analysis portion of the plan.





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The above sections are the broad components of the business plan. These sections in turn break down into the following seven sections, which we will, in order, focus on writing next: Company description, market analysis, organization structure and management, products and services, marketing and sales, and request for funding.

### Part-2

## Writing your business plan:

This also has its own procedures, which will be explained as below:

### a) Format your document correctly

Format section titles in Roman numeral order. For example: I, II, III, and so forth.

### b) Write your company description as the first section

To do this, describe your business and identify the marketplace needs for your product or service. Briefly describe your key customers and how you intend to succeed.

### c) Write your market analysis

This explores and demonstrates target market. You should answer, who is your target market? What are their needs and preferences? How old are they and where are they located?

Make sure to include a competitive analysis that provides research and information on immediate competitors. List your main competitors strengths and weaknesses and the potential impact on your business.





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### d) Describe your company's organizational structure and management

This focuses on key personnel. Include details about the business owners and its management team.



### e) Describe your product or service

What are you selling? What's so great about your product or service? How will customers benefit? How is it better than your competitors' products or services?

Address any questions about your product's life cycle. Do you currently have or anticipate developing a prototype or filing for a patent or copyright? Note all planned activities.



### f) Write your marketing and sales strategy

In this explains how to penetrate the market, manage growth, communicate with customers and distribute your products or services. Be clear in defining your sales strategy. Will you use sales representatives, billboard advertising, pamphlet distribution, social media marketing or all of the above?



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### **g) Make a funding request**

If you will use your business plan to secure funding, include a funding request. Explain how much money you need to start and maintain your small business. Gather financial statements to support your funding request.

This includes forecast statements, balance sheets, cash-flow statements, profit and loss statements, and expenditure budgets. For one full year, provide monthly and quarterly statements. Yearly statements after that. These documents placed in the Appendix Section of your business plan.

### **h) Write the executive summary**

This serves as an introduction to your business plan. This includes company's mission statement and provide readers with an overview of your products or services, target market, and goals and objectives. Remember to place this section at the beginning of your document.

Mention the company's corporate structure, its funding requirement and if you will provide equity to investors. Existing businesses and start-ups should highlight any major achievements, contracts, current or potential clients and summarize future plans.

## **Part-3** **Finalizing Your Business Plan**

This part contains three parts.

### **A. Include an Appendix**

This is the very last section and it provides additional information. Potential investors might want to see this information before making a decision. This includes financial



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statements, credit reports, business licenses or permits, legal documents and contracts and etc.

Elaborate risk factors and your mitigation plan. This also indicates to the reader how well prepared you are for contingencies.



### B. Revise and edit

Review your business plan for spelling and grammatical errors. Do this several times before deciding on the final version.



### C. Create a cover page

The cover page identifies your document and gives it aesthetic appeal and professionalism. It also helps your document to stand out.

This include: The words "Business Plan" centered in large bold font, along with your company name, company logo, and contact information. Simplicity is the key.

Self-Check – 8	Written Test
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**Instructions:** Perform the following tasks. Write your answers in the answer sheet provided:

1. Define the term business plan. (1point).



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2. List the 2 common procedures to follow in business plan preparation stages. (2 points)
3. List all procedures to follow in business plan writing stage. (8 points).
4. List the activity included in finalizing business plan. (3 points).

**Note: Satisfactory rating – 8 and above points Unsatisfactory – below 8 points**

You can ask your trainer for the copy of the correct answers.



## Answer Sheet

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

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

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

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

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1. \_\_\_\_\_

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c. \_\_\_\_\_



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# **VEHICLE SERVICING AND REPAIRING Level II**

## **Learning Guide#56**

**Unit of Competence: Develop Business Practice**

**Module Title: Developing Business Practice**

**LG Code: EIS VSR2 M15 LO1-LG-56**

**TTLM Code: EIS VSR2 TTLM 0919v1**

**LO2. Plan for the establishment of business operation**





Instruction Sheet	Learning Guide #56
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This learning guide is developed to provide you the necessary information regarding the following **content coverage** and topics:

**LO3. Plan for establishment of business operation**

- 3.1 Determining and documenting business structure and operations
- 3.2 Developing and documenting operation procedures
- 3.3 Securing financial backing
- 3.4 Identifying and compiling business legal and regulatory requirement
- 3.5 Business operation resources
  - 3.5.1 Staff
  - 3.5.2 Money
  - 3.5.3 Time
  - 3.5.4 Equipment
  - 3.5.5 Space
- 3.6 Determining human resources
  - 3.6.1 Specialist services/Contractor
  - 3.6.2 Consultancy n
  - 3.6.3 Staff
- 3.7 Determining physical resources
  - 3.7.1 Software and hardware
  - 3.7.2 Office premises



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### 3.7.3 Communications equipment

### 3.7.4 Vehicles

### 3.8 Developing and implementing recruitments 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:**

- Identify and research available Financial and business skills
- Assesses and match Personal skills/attributes
- Identify and assesses Business risks

#### **Learning Instructions:**

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below 3 to 6.
3. Read the information written in the information “Sheet 1, Sheet 2, Sheet 3 and Sheet 4”.
4. Accomplish the “Self-check 1, Self-check t 2, Self-check 3 and Self-check 4” .
5. If you earned a satisfactory evaluation from the “Self-check” proceed to “Operation Sheet 1, Operation Sheet 2 and Operation Sheet 3 ”
6. Do the “LAP test”(if you are ready).



Information Sheet-1	Determining and documenting business structure and operations
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## Introduction

### What is planning?

**Planning** is deciding now what we are going to later including when and how we are going to do it.

The scope of planning activities may cover long or short period of time /range.

## 1.1 The structure of Business

### What does a business structure mean?

- **In the commercial** field, a business structure refers to the organization of a company in regards to its legal status.



## Learning Guide

- Your business structure affects how much you pay in taxes, your ability to raise money, the paperwork you need to file and your personal ability.
- You will need to choose a business structure before you register your business with the state. Most business will also need to get a tax id number and file for the appropriate licenses and permits.
- The business structure you choose influences everything from day-to-day operations, to taxes, to how much of your personal assets are at risk.
- Choose carefully. While you may convert to a different business structure in the future, there may be restrictions based on your location. This could also result in tax consequences and unintended dissolution, among other complication.
- Consulting with business counselors, attorneys, and accountants can prove helpful.

**The common forms of business structure are described as follows:**

### **1. 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



## Learning Guide

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.

### **2. 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.



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- **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 of partnership**

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

### **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

**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

***A criterion'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.





## Learning Guide

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

- To encourage thrift and saving among the members.
- To generate funds and extend credit to the members for productive and provident purposes;
- To encourage among members systematic production and marketing;
- To provide goods and services and other requirements to the members;
- To develop expertise and skills among its members;



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- To acquire lands and provide housing benefits for the members;
- To promote and advance the economic, social and educational status of the members; and
- 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 business activities of the different types of cooperative.



## Learning Guide

### Self-Check -1

### Written Test

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

Short answer questions

1. What is planning? (2 point)
2. Write the common structure of business? ( 4 point)

**Note: Satisfactory rating – 3 and above points      Unsatisfactory - below 3 points**  
You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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

### Short Answer Questions



<b>Information Sheet- 2</b>	<b>Developing and documenting business operation procedures</b>
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## Operation manual

If you are running a business, you need to be aware how important an Operation Manual is. This manual is critical to the success of your company. An operation manual or a procedure manual is a document that outlines everything to your team. This is everything. How to complete every single task within your business?. Why on earth would you need that you may ask? Well, the truth is, you need this so that you are delivering consistent results to your customers.

Think about this. Last time you went to a business and bought something how was the result? Did you get good service? Was it up to your expectations? Then, if you visited again, was the result the same? In other words, did they deliver consistent results? Chances are, if they didn't you were disappointed with their effort and most likely you are still disappointed with it. Can you see how important it is to deliver consistent services and products to your customers?

## Operation guide

**A procedure is** a chronological sequence of steps to be undertaken to enforce a policy and to attain an objective. It lays down the specific manner in which a particular activity is to be performed.

It is a series of detailed steps indicating how to accomplish a task. According to Allen "procedures prescribe the manner or method by which the work is to be performed."

It is a planned sequence of operations for performing repetitive activities uniformly and consistently. According to George R. Terry, a procedure is a series of related tasks that make up the chronological sequence and the established way of performing the work to be accomplished.



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In business, procedures are generally established for purchase of raw materials, processing of orders, shipping of goods, selection of employees, redressed of grievances, holding and conducting of meetings, handling claims, collecting payments, etc. Procedures are generally laid down for repetitive work so that same steps are taken each time the activity is performed. Procedures are needed for every part of the organization.

Procedures are different from policies and methods though both serve as guides to future actions. A policy is a broad and general guide to decision making while a procedure is an operational guide to action.

The former provides scope for judgment while the latter leaves hardly any room for interpretation and judgment. A policy delineates a broad area of operation; a procedure lays down the specific path through that area. It chalks out the specific way in which a piece of work is to be performed For instance; a company may have the policy of promoting employees on the basis of merit. Procedures play an important role in the daily operations of an organization. **Procedures are established after thorough study and analysis of work. Therefore,**

1. They simplify work by eliminating unnecessary and overlapping steps,
2. Procedures relieve managers of much detail in directing subordinates,
3. They avoid chaos and random activity by ensuring consistency in operations
4. A procedure indicates a standard way of performing a work leading to higher level of performance,
5. It ensures uniformity of action by laying down a well thought out course of action,
6. A procedure facilitates delegation of authority and executive control by laying down the sequence and timing of each task,
7. Procedures promote efficiency of employees by prescribing a complete sequence and they save time and expense in training of employees.
  - Once a procedure is established, it can be used over and over again for doing a particular work. Procedures are required at all levels but they are particularly significant at lower levels where routine jobs are performed.



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## Learning Guide

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

### Short answer questions

1. Define procedure? (2 point)
2. Write the difference between procedure and policy? (4 point)

**Note:** Satisfactory rating - 3 & above points  
point

Unsatisfactory - below 3

You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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

### Short Answer Questions



<b>Information Sheet- 2</b>	<b>Securing financial backing</b>
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Small businesses can get money through "equity financing" or "debt financing." Money that the owner puts into the business is called equity capital. It is the owner's investment in the business. Borrowing needed capital for the business is called credit or debt financing.

Where can equity capital be obtained?

- Personal savings
- Friends and relatives
- Partners. The owner may form a partnership with one or more individuals to obtain equity capital to initiate the business
- Corporation. It is possible to incorporate the business (as a company or a corporation) and sell stock to raise equity capital

Where can credit or debt financing be obtained?

- Banks
- Finance companies
- Governments agencies (with loan schemes)
- Trade credit. Suppliers extending credit terms for equipment, inventory, etc. allow the business to begin generating sales before payment is due
- Microfinance institutions small businesses.

Further explanations

- **You.** Contributing your own money to your business is the easiest way to finance it. You can tap into your savings, use a home-equity line of credit, or sell or borrow against a personal asset -- including stocks, bonds, mutual funds, or real estate. You can contribute money as equity or make loans to your company.
- **Family and Friends.** Mom, dad, relatives, and friends may have access to more cash than you do. They may be willing to lend you money, or they may be willing to take an equity stake in your company.
- **Banks.** Banks make a lot of loans to small businesses. However, they are usually the hardest place for the *start-up business* to find money, because banks like to see that a company has a history of making money. The bank wants to be reasonably sure that your company will be able to repay the loan. If you have a good business plan and have personal assets that you can offer as collateral (or if you have a guarantor or cosigner who is satisfactory to the lender), you may be able to qualify for a bank loan even if your business is a start-up business.
- **Leasing Companies.** Leasing companies are a way to finance computers, office equipment, phone systems, vehicles, and other equipment. Leasing can lower





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your start-up costs because you won't have a large initial outlay of cash for the equipment.

- **Customers.** If you have existing customers, they may be willing to pay you in advance for your products. This allows you to use their money to purchase products or inventory prior to sale.
- **Trade Credit.** Vendors and suppliers are often willing to sell to you on credit. This is a great source of financing for both start-up companies and growing businesses.



## Learning Guide

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

### Short answer questions

1. Explain at least 4 credit or debit financing institutions? ( 4 point)
2. Explain at least 3 equity financing? ( 3 point)

**Note: Satisfactory rating –3.5 & above points**

**Unsatisfactory - below 3.5**

**points**

You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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



#### 4.1 Identifying business legal and regulatory requirement

Proclamation and regulations of Ethiopia are listed below; however, it's advisable that a reader gets the documents for a comprehensive understanding of the existing proclamations and regulations.

##### 1. Areas of Investment Reserved for the Government or Joint Investment with Government:

- Transmission and supply of electrical energy and Postal services with the exception of courier services are reserved exclusively for the government.
- Manufacturing of weapons and ammunition and Telecommunication services: Investors shall be allowed to invest in these areas only in joint venture with the Government.
- Air transport services using aircraft with a seating capacity of more than 20 passengers

##### 2. Areas of Investment Reserved for Domestic Investors:

- retail trade and brokerage;
- wholesale trade (excluding supply of petroleum and its by-products as well as wholesale by foreign investors of their products locally produced);
- materials used as inputs for export products);
- export trade of raw coffee, chat, oil seeds, pulses, hides and skins bought from the market and live sheep, goats and cattle not raised or fattened by the investor;
- construction companies excluding those designated as grade 1;
- tanning of hides and skins up to crust level;
- hotels other than those star-designated, motels, pensions, tea rooms, coffee shops, bars, night clubs and restaurants excluding international and specialized restaurants;
- travel agency, trade auxiliary and ticket selling services;
- car-hire and taxi-cabs transport services;
- commercial road transport and inland water transport services;
- bakery products and pastries for the domestic market;



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- grinding mills;
- barber shops, beauty salons, and provision of smith workshops and tailoring services except garment factories;
- building maintenance and repair and maintenance of vehicles;
- saw milling and timber making products;
- customs clearance services;
- museums, theatres and cinema hall operations;
- printing industries

Without prejudice to the provisions mentioned above, the following areas of investment are exclusively reserved for Ethiopian nationals:

- banking, insurance and micro credit and saving services;
- travel and shipping agency services;
- broadcasting services; and
- Air transport services using aircraft with a seating capacity of up to 20 passengers.

### 3. Areas of Investment Open for Foreign Investors

All areas of investment, other than those exclusively reserved, under the Proclamation and Regulation, for the Government or joint venture with the Government or for Ethiopian nationals or other domestic investors, shall be open for foreign investors.

### 4. Capital Requirement for Foreign Investors

- Any foreign investor, to be allowed to invest according to the Proclamation, shall be required to allocate a minimum capital of 100, 000 US dollars for a single investment project.
- Notwithstanding the provisions of above point, the minimum capital required of a foreign investor investing jointly with domestic investors shall be 60,000 US dollars.
- The minimum capital required of a foreign investor investing in areas of engineering, architectural, accounting and audit services, project studies or business and management consultancy services or publishing shall be:
  - 50,000 US dollars if the investment is made wholly on his own;
  - 25,000 US dollars if the investment is made jointly with domestic investors.
- A foreign investor:



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- re-investing his profits or dividends; or
  - Exporting at least 75% of his outputs shall not be required to allocate a minimum capital.
- 

### 5. Forms of Investments in Ethiopia

- Sole proprietorship;
  - Business organizations incorporated in Ethiopia or abroad (shall be registered in accordance with the Commercial Code or any other relevant law);
  - Public Enterprise established in accordance with the relevant law;
  - Cooperative Societies formed in accordance with the relevant law.
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## Learning Guide

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

### Short answer questions

1. Write at least 3 areas of investments **Reserved for Domestic Investors?**( 3 points)
2. Explain some **Forms of Investments in Ethiopia?** (4 point)

**Note:** Satisfactory rating –3.5 & above points  
points

**Unsatisfactory - below 3.5**

You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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

### Short Answer Questions

**What is business resource?**

Business resource is anything and everything resources that helps a company operate and do business.

The resources which are important to the organization and create a value proposition in service to its customers and deliver the product to the customers are called key resources.

**Resources of Business operation**

Leaders were debating in an open discussion that the four essential resource-people, time, Money and materials.

**5.1. Staff:-**a staff member including employees, managers are a business greatest resource. Many employees have direct contact with customers.

- They can give insight on what the customer is thinking what the customer's needs, they can anticipate problems, and suggest improvements based on customer feedback.
- Employees are the ones who get the job done. They know how the organization and how especially how their specific team works best. They know that methodologist and tools help them get their projects completed quickly and effectively. Your company can not be successful without productive employees. So employees are resources, and very valuable resources at that.

**5.2. Money:-**money is the most important elements in starting a business .even the most basic home business incurs a multitude of startup costs , including registering a business name, obtaining a business telephone line and printing business cards.

- Financial resources can be obtained from a variety of sources, the easiest being from the personal accounts of the company's founder. Alternatively, loans and



## Learning Guide

lines of credit may be granted from financial institutions, friends and relatives, private investors.

**5.3. Time:** - time is the most vital and critical resource of business operation. A lot of people believe money is their most important resources but we think they're misguided. Their most important resource is time.

- You can get more money through various avenues but once time is gone, it's gone forever.
- You can't buy more or borrow more. So time is a limited resource that expires every day. As a business owner, you have to be very careful with this precious resource.

**5.3. Equipment:** - equipments including devices, machines, and tools is used in the business operations. Every manufacturing and industrial company needs equipments, machinery and tools for providing the goods for sale and for the operation of the business.

Service based business use the physical resources to facilitate the delivery of the service, such as tools and equipments.

**5.4. Space:** - The physical building you work in is a part of the physical resources of a business. Whether the space is owned or rented, it is used for the purpose of operating your business. By having this space available, you are able to complete your work. There are some occasions when the building and facilities are the revenue generators of the business.





## Learning Guide

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

### Short answer questions

1. Define business resource? (2points)
2. Write at least 4 resources of business? (4 points)

**Note: Satisfactory rating - 3& above points**  
**points**

**Unsatisfactory - below 3**

You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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

### Short Answer Questions



## Introduction

Any organization is as good as its people. Without competent and skilled man power, no refined technological advancement can yield the result anticipated. In order to achieve the objectives of an organization having competent human resource is vital.

In all business, people are your most important resource and the most challenging to manage .you need this resources for managing and operating your business effectively. People are not machines they do not respond or react in a predictable or consistent manner.

So we need to determine the human resource requirements of an organization through man power planning & job analysis the next step is to acquire these personnel. This involves location of such personnel, motivating them to be potential candidates & selecting the personnel who fit with organizational & job requirements.

The heart of the issue with Human Resources is the skills-base of the business. What skills does the business already possess? Are they sufficient to meet the needs of the chosen strategy? Could the skills-base be flexed / stretched to meet the new requirements? An audit of human resources would include assessment of the following factors:

### 3.8.1 Specialist services/Contractor

- Independent contractors are self-employed individuals who provide work under a contract for services. For legal and tax purposes they are not classified as employees.
- Independent contractors typically have equipment specialist skills or knowledge that is required on a fixed-term basis. They also provide their own tools and equipment.



- Basis over a permanent basis. This could be due to the specialist experience they develop as well. There is now a growing pool of professional candidates who choose to work on a contract as the diversified nature of the role. There are also various tax advantages by contracting as opposed to working on a permanent basis. As a company uses more contractors, it is able to build up a pool of specialist workers who have the capabilities and experience to work on its future projects.

### Benefits of specialist contractor

- **Temporary cover:** - A temporary resource can help ease the workload during busy periods, sickness/maternity cover or fulfill any required project work with minimal disruption.
- **Experienced talent:** - Temps or contractors have specialist skills and knowledge and are experienced in carrying out a particular role – you don't have to provide training.
- **Access to specialist skills**
- **Speed of response**
- **Ease of sign off**

### 3.8.2 Consultancy

A **Business consultant** is a professional who provides professional or expert advice in a particular area such as security (electronic or physical), management, accountancy, law, human resources, marketing (and public relations), finance, engineering, science or any of many other specialized fields.

A consultant is usually an expert or a professional in a specific field and has a wide area of knowledge in a specific subject. Consultants can save their clients time, revenue, and resources. The role of a consultant outside the medical sphere (where the term is used specifically for a grade of doctor) can fall under one of two general categories:

- **Internal consultant** – someone who operates within an organization but is available to be consulted on areas of specialism by other departments or individuals (acting as clients); or



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- **External consultant** – someone who is employed externally (either by a firm or some other agency) whose expertise is provided on a temporary basis, usually for a fee. As such this type of consultant generally engages with multiple and changing clients

In the current economic environment, it is important that businesses find ways to stand out, tighten their operations, and increase their revenues while keeping expenses low. As many businesses struggle to stay ahead of the competition, the day-to-day operations of the business are more than enough to keep management busy, especially in smaller businesses where owners or managers wear many hats. Choosing to use an experienced consultant may allow businesses the ability to grow, rather than simply attempting to maintain the status quo.

Consultants also provide a significant amount of value for an organization. They can help to develop strategies for growth or manage projects.

### **Benefits of using a consultant:**

- No taxes, benefits or human resource issues
- Contract work is scalable
- Easy to terminate when no longer needed
- Independent advice
- Diversity of ideas from other experiences
- Flexible for project specific work
- Usually a higher level business professional than may be hired

### 3.8.3 **STAFF**

#### **Definition**

#### **What is staff?**

1. The entire group of employees who work at a company.
2. Those employees who work under a given supervisor.
3. The act of holding a position at a company.

#### **Staff Functions**

Staff groups are responsible for supporting the line groups. Staff is responsible for creating and maintaining the business's infrastructure. They provide advisory services and act as controls on the line groups. Examples of staff functions include the legal department, human resources department and accounting department. While staff activities do not directly relate to the generation of the business's profits and



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achievement of its goals, they provide needed support to the line groups to help them generate revenue and accomplish the business's goals.

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

1. Write the benefits of consultancy in business? **(3 points)**
2. List out the process to be used in taking discussion the option with clients .**(6 points)**

**Note: Satisfactory rating –9 points**

**Unsatisfactory - below 9 points**

You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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

### Short Answer Questions



Information Sheet-7	Determining physical resources
---------------------	--------------------------------

### Definition

**Physical resources:** - is one of a business resources include all the tangible resources owned and used by a company such as land, manufacturing equipment and office equipment. Information technology and its attendant equipment , computers networks , servers and others, are included in the category of physical resources.

Every business needs resources, whether it's people, money, suppliers, or time. The **physical resources** include tangible items that are necessary and available for a business to function. These are items that take space, have a value, and are used in the operation of the company.

Physical resources are necessary for all types of business. Product-based businesses use physical resources for providing the goods for sale and for the operation of the business. Service-based businesses use physical resources to facilitate the delivery of the service, such as having a space to work, tools that are needed for the service, and resources used to support the service.

### Physical resources in business operations

#### 7.1. Software and hardware

### Definitions



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In computing terms, **hardware and software** represent the two fundamental elements of a computer.

**Hardware** includes everything with a "hard" physical presence -- your computer tower or laptop and its component electronics.

Conversely, the programs on your computer, which exist as digital data rather than physical objects, are called **software**. In order to operate, computers require both hardware and software.

Today's world computer is important to use to start an online and offline business. A computer is important to use in business to automate the manufacturing, marketing and, distribution process.

Computers help in research, production, distribution, marketing, banking, team management, business automation, data storage, employees management and very helpful to increase the productivity in lower cost, less time with high quality. That's why the use of the computer is important in business. And the computer is the 1st and main tool in businesses that generates and manages profits.

Computer help business to collect manages, calculate, arrange, and visualize customer data and information by us computer applications such as Microsoft word, excel, lower PowerPoint and tally. A computer helps to communicate faster with the customer by using the internet, online communication tools, and internet phone system. It's really important for the administration of the big or small organization and each field that manage resources and Opportunities.

### 7.2. Office premises

This category will include not just the items within any management or administrative offices, but also the carpets, easy chairs, display material that may be located in a reception area for visiting customers; and of course the tea and coffee cups, kettle, toaster, or microwave oven for staff use. Within an office we are talking about items such as desks, chairs, filing cabinets, storage cupboards, computers or word processors, a safe or petty cash tin, telephones, fax machines and answering machines, franking machines, cleaning equipment, and the multitude of minor items such as staplers, hole punches, rosaries, and stress-busting toys. These are the things that are most often taken for granted or underestimated when planning a 979 new business, and when compounded, their total costs can be quite high. They do however, include items which the aspiring owner-manager may already possess.

### 7.3. Communications equipment

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In today's digital era, communication is easier than ever before. People can connect with each other, share online content with the click of a button and work together on projects regardless of distance. Modern communication devices, such as smart phones and laptops, open up new opportunities for individuals and businesses alike.

Employees can now work remotely and attend meetings without having to leave home. Business owners can hold conferences online, close deals and invoice customers on the go. Modern technology allows for real-time communication and information exchange leading to more efficient business operations.

### Communication tools can include:

- Smart phones
- laptops
- tablets
- VOIP/Internet telephony
- intranet
- social networks
- forums
- messenger apps
- chat bots
- email
- blogs
- tracking software

### 7.4. Vehicles

The selection of vehicles required will depend not just on the type of goods or services which are being produced, but on the distribution channels and the relative locations of the customers. If your goods are being sold on to wholesalers who trade them on to a retail network, then large articulated delivery trucks might be the most appropriate form of transport.

The choice of the type of vehicle and its payload or size is basically an operational one, but the decision to buy new or second hand, or to lease or buy, will be determined by available working capital, interest rates on finance, and the availability of the vehicles. The same really applies to cars, as the type of car(estate or saloon) will be determined





## Learning Guide

by what it has to carry functionally, the engine size by the fuel consumption and type of driving involved (local or long-distance and they are by what the owner-manager can afford).



## Learning Guide

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

### Short answer questions

1. Write at least 4 communication equipments in business operation?(**4points**)
2. Explain at least 3 physical resources used in business operation? (3 point)

### Say True or False

3. ----- Physical resources are necessary for all types of business.( 2 point)
4. ----- Today's world computer is not important to use to start an online and offline business.( 2 point)

**Note: Satisfactory rating –5.5points**

**Unsatisfactory - below 5.5 points**

You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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

### Short Answer Questions

**Information Sheet-8****Developing and implementing recruitments strategies****Definitions**

According to Edwin B. Flippo, “**Recruitment** is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization”. Recruitment is the activity that links the employers and the job seekers. **A few definitions of recruitment are:**

- A process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applications from which new employees are selected.
- It is the process to discover sources of manpower to meet the requirement of staffing schedule and to employ effective

Recruitment is of the most crucial roles of the human resource professionals. The level of performance of an organization depends on the effectiveness of its recruitment function. Organizations have developed and follow recruitment strategies to hire the best talent for their organization and to utilize their resources optimally. A successful recruitment strategy should be well planned and practical to attract more and good talent to apply in the organization.

**Recruitment strategy****1. Identifying and prioritizing jobs**

Requirements keep arising at various levels in every organization; it is almost a never-ending process. It is impossible to fill all the positions immediately.

Therefore, there is a need to identify the positions requiring immediate attention and action. To maintain the quality of the recruitment activities, it is useful to



## Learning Guide

prioritize the vacancies whether to focus on all vacancies equally or focusing on key jobs first.

### 2. Candidates to target

the recruitment process can be effective only if the organization completely understands the requirements of the type of candidates that are required and will be beneficial for the organization. This covers the following parameters as well:

- Performance level required: Different strategies are required for focusing on hiring high performers and average performers.
- Experience level required: the strategy should be clear as to what is the experience level required by the organization. The candidate's experience can range from being a fresher to experienced senior professionals.
- Category of the candidate: the strategy should clearly define the target candidate. He/she can be from the same industry, different industry, unemployed, top performers of the industry etc.

### 3. Sources of recruitment

the strategy should define various sources (external and internal) of recruitment. Which are the sources to be used and focused for the recruitment purposes for various positions? Employee referral is one of the most effective sources of recruitment.

### 4. Trained recruiters

The recruitment professionals conducting the interviews and the other recruitment activities should be well-trained and experienced to conduct the activities. They should also be aware of the major parameters and skills (e.g.: behavioral, technical etc.) to focus while interviewing and selecting a candidate.

### How to evaluate the candidates

The various parameters and the ways to judge them i.e. the entire recruitment process should be planned in advance. Like the rounds of technical interviews, HR interviews, written tests, psychometric tests etc.



## Employee Selection

- Employee Selection is the process of putting right men on right job. It is a procedure of matching organizational requirements with the skills and qualifications of people. Effective selection can be done only when there is effective matching. By selecting best candidate for the required job, the organization will get quality performance of employees. Moreover, organization will face less of absenteeism and employee turnover problems. By selecting right candidate for the required job, organization will also save time and money.
- Proper screening of candidates takes place during selection procedure. All the potential candidates who apply for the given job are tested.

But selection must be differentiated from recruitment, though these are two phases of employment process. Recruitment is considered to be a positive process as it motivates more of candidates to apply for the job. It creates a pool of applicants. It is just sourcing of data. While selection is a negative process as the inappropriate candidates are rejected here. Recruitment precedes selection in staffing process. Selection involves choosing the best candidate with best abilities, skills and knowledge for the required job.

### The Employee selection Process takes place in following order-

1. **Preliminary Interviews-** It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.
2. **Application blanks-** The candidates who clear the preliminary interview are required to fill application blank. It contains data record of the candidates such as details about age, qualifications, reason for leaving previous job, experience, etc.
3. **Written Tests-** Various written tests conducted during selection procedure are



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aptitude test, intelligence test, reasoning test, personality test, etc. These tests are used to objectively assess the potential candidate. They should not be biased.

4. **Employment Interviews-** It is a one to one interaction between the interviewer and the potential candidate. It is used to find whether the candidate is best suited for the required job or not. But such interviews consume time and money both. Moreover the competencies of the candidate cannot be judged. Such interviews may be biased at times. Such interviews should be conducted properly. No distractions should be there in room. There should be an honest communication between candidate and interviewer.
5. **Medical examination-** Medical tests are conducted to ensure physical fitness of the potential employee. It will decrease chances of employee absenteeism.
6. **Appointment Letter-** A reference check is made about the candidate selected and then finally he is appointed by giving a formal appointment letter.



## Learning Guide

Self-Check -8	Written Test
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

### Short answer questions

1. Define recruitment? (2 points)
2. Write the strategy of recruitments? (5 Point)
3. Write the Employee selection Process in order? ( 5 point)

**Note: Satisfactory rating –6 points**

**Unsatisfactory - below 6 points**

You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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

### Short Answer Questions



## References books and materials

- Read more: <http://www.businessdictionary.com/definition/staff.html>
- "Consultant / Define Consultant at Dictionary.com". *Dictionary.reference.com*. 2004-03-09. Retrieved 2014-07-20.
- Pieter P. Tordoir (1995). *The professional knowledge economy: the management and integration services in business organizations*





Learning Guide

# VEHICLE SERVICING AND REPAIRING Level II

## Learning Guide#57

**Unit of Competence: Develop Business Practice**

**Module Title: Developing Business Practice**

**LG Code: EIS VSR2 M15 LO3-LG-57**

**TTLM Code: EIS VSR2 TTLM 0919v1**

### LO 3: Implement Business Development Plan

Instruction Sheet	Learning Guide #57
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This learning guide is developed to provide you the necessary information regarding the following **content coverage** and topics:

4.1 Understanding marketing of business operation

4.2 Obtaining physical and human resources

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### 4.3 Establishing Operational unit

#### 4.3.1 Office location

#### 4.3.2 Home-based site

### 4.4 Developing and implementing monitoring process

### 4.5 Maintaining Legal documents

#### 4.5.1 Partnership agreements

#### 4.5.2 Constitution documents

#### 4.5.3 Statutory books for companies

#### 4.5.4 Incorporation certificate

#### 4.5.5 Franchise Agreements and financial documentation

#### 4.5.6 Financial records software

#### 4.5.7 Record keeping

### 4.6 Keeping and updating records

### 4.7 Negotiating and securing contracts with relevant people

#### 4.7.1 Owners and suppliers

#### 4.7.2 Employees and landlords

#### 4.7.3 Agents and distributors

#### 4.7.4 Customers

### 4.8 Identifying leasing/ownership options

### 4.9 Completing leasing/ownership contractual arrangement

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:**

- undertake Marketing of business operation
- Obtain Physical and human resources to implement business operation.
- Establish Operational unit to support and coordinate business operation is
- Implement Monitoring process for managing operation is developed and
- Maintain and records relevant Legal documents carefully
- Negotiate and secure Contractual procurement rights for goods and services.
- Identify and complete Options for leasing/ownership of business premises contractual arrangements.



### Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below 3 to 6.
3. Read the information written in the information “Sheet 1, Sheet 2, Sheet 3 and Sheet 4”.
4. Accomplish the “Self-check 1, Self-check t 2, Self-check 3 and Self-check 4”.
5. If you earned a satisfactory evaluation from the “Self-check” proceed to “Operation Sheet 1, Operation Sheet 2 and Operation Sheet 3 ”
6. Do the “LAP test” (if you are ready).

Information Sheet-1	Understanding marketing of business operation
---------------------	---

### Understanding of marketing

**Marketing** is "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and Evolution of marketing.

An orientation, in the marketing context, related to a perception or attitude a firm holds towards its product or service, essentially concerning consumers and end-users.



## Learning Guide

Throughout history, marketing has changed considerably in conjunction with consumer tastes. Constant throughout, however, is that marketing is some form of communication aimed broadly at improving eventual sales.

### Contemporary approaches

Recent approaches in marketing include relationship marketing with focus on the customer, business marketing or industrial marketing with focus on an organization or institution and social marketing with focus on benefits to society.

New forms of marketing also use the internet and are therefore called internet marketing or more generally e-marketing, online marketing, search engine marketing, desktop advertising or affiliate marketing. It attempts to perfect the segmentation strategy used in traditional marketing.

It targets its audience more precisely, and is sometimes called personalized marketing or one-to-one marketing. Internet marketing is sometimes considered to be broad in scope, because it not only refers to marketing on the Internet, but also includes marketing done via e-mail and wireless media.

### Customer orientation

Constructive criticism helps marketers adapt offerings to meet changing customer needs.

A formal approach to this customer-focused marketing is known as **SIVA** (Solution, Information, Value, Access). This system is basically the four Ps renamed and reworded to provide a customer focus. The SIVA Model provides a demand/customer-centric alternative to the well-known **4Ps** supply side model (product, price, placement, promotion) of marketing management.



## Learning Guide

**Product → Solution**

**Promotion → Information**

**Price → Value**

**Place → Access**

### Organizational orientation

In this sense, a firm's marketing department is often seen as of prime importance within the functional level of an organization.

Information from an organization's marketing department would be used to guide the actions of other departments within the firm. As an example, a marketing department could ascertain (via marketing research) that consumers desired a new type of product, or a new usage for an existing product. With this in mind, the marketing department would inform the R&D department to create a prototype of a product/service based on consumers' new desires.

### Marketing research:

Marketing research involves conducting research to support marketing activities, and the statistical interpretation of data into information. This information is then used by managers to plan marketing activities, gauge the nature of a firm's marketing environment and attain information from suppliers.

### Marketing environment

The **market environment** is a **marketing** term and refers to factors and forces that affect a firm's ability to build and maintain successful relationships with customers. Three levels of the environment are:



## Learning Guide

- **Micro (internal) environment** - forces within the company that affect its ability to serve its customers.
- **Me so environment** – the industry in which a company operates and the industry's market(s).
- **Macro (national) environment** - larger societal forces that affect the microenvironment.

### Types of Market Research:

Market research, as a sub-set aspect of marketing activities, can be divided into the following parts:

- **Primary research** (also known as field research), which involves the conduction and compilation of research for a specific purpose.
- **Secondary research** (also referred to as desk research), initially conducted for one purpose, but often used to support another purpose or end goal.

### Marketing planning:

The **marketing planning** process involves forging a plan for a firm's marketing activities. A marketing plan can also pertain to a specific product, as well as to an organization's overall marketing strategy. Generally speaking, an organization's marketing planning process is derived from its overall business strategy. The senior management of a firm would formulate a general business strategy for a firm. However, this general business strategy would be interpreted and implemented in different contexts throughout the firm.



## Learning Guide

### Self-Check -1

### Written Test

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

1. What is marketing? (3 point)
2. Explain the types of marketing Research? (5 points)

**Note: Satisfactory rating – 4&above points    Unsatisfactory - below 4points**

You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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



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

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

### Short Answer Questions

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Information Sheet- 2**

**Obtaining physical and human resources**

### Determining financial, human and physical resources





## Resources of a business

"Resources" are things that a business needs to put in place to pursue its chosen strategy.

Business resources can usefully be grouped under several categories:

### Financial Resources

Financial resources concern the ability of the business to "finance" its chosen strategy. For example, a strategy that requires significant investment in new products, distribution channels, production capacity and working capital will place great strain on the business finances. Such a strategy needs to be very carefully managed from a finance point-of-view. An audit of financial resources would include assessment of the following factors:

<b>Existing finance funds</b>	- Cash balances
	- Bank overdraft
	- Bank and other loans
	- Shareholders' capital
	- Working capital (e.g. stocks, debtors) already invested in the business
	- Creditors (suppliers, government)
<b>Ability to raise new funds</b>	- Strength and reputation of the management team and the overall business
	- Strength of relationships with existing investors and lenders
	- Attractiveness of the market in which the business operates (i.e. is it a market that is attracting investment generally?)
	- Listing on a quoted Stock Exchange? If not, is this a realistic possibility?

### Human Resources:

The heart of the issue with Human Resources is the skills-base of the business. What skills does the business already possess? Are they sufficient to meet the needs of the chosen strategy? Could the skills-base be flexed / stretched to meet the new



## Learning Guide

requirements? An audit of human resources would include assessment of the following factors:

<b>Existing staffing resources</b>	- Numbers of staff by function, location, grade, experience, qualification, remuneration
	- Existing rate of staff loss ("wastage")
	- Overall standard of training and specific training standards in key roles
	- Assessment of key "intangibles" - e.g. morale, business culture
<b>Changes required to resources</b>	- What changes to the organisation of the business are included in the strategy (e.g. change of location, new locations, new products)?
	- What incremental human resources are required?

### Physical Resources:

The category of physical resources covers wide range of operational resources concerned with the physical capability to deliver a strategy. These include:

<b>Production facilities</b>	- Location of existing production facilities; capacity; investment and maintenance requirements
	- Current production processes - quality; method & organization



## Learning Guide

	- Extent to which production requirements of the strategy can be delivered by existing facilities
<b>Marketing facilities</b>	- Marketing management process
	- Distribution channels
<b>Information technology</b>	- IT systems
	- Integration with customers and suppliers

### Intangible Resources:

It is easy to ignore the intangible resources of a business when assessing how to deliver a strategy - but they can be crucial. Intangibles include:

<b>Goodwill</b>	The difference between the value of the tangible assets of the business and the actual value of the business (what someone would be prepared to pay for it)
<b>Reputation</b>	Does the business have a track record of delivering on its strategic objectives? If so, this could help gather the necessary support from employees and suppliers
<b>Brands</b>	Strong brands are often the key factor in whether a growth strategy is a success or failure
<b>Intellectual Property</b>	Key commercial rights protected by patents and trademarks may be an important factor in the strategy.



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

1. Write at least 3 examples of physical resource? ( 3 point)
2. Write at least 3 examples of intangible physical resource? ( 3 point)



**Note: Satisfactory rating – 3& above points**

**Unsatisfactory - below 3 points**

You can ask you teacher for the copy of the correct answers.

## Answer Sheet

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

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

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

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

### Short Answer Questions

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## Learning Guide

2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Operating units are not associated with legal entities. Operating units are assigned to ledgers and a default legal context. Information is secured by operating unit for these applications using responsibilities.

Operating Unit profile option only provides access to one operating unit. You can define operating units from the Define Organization window in HRMS or from Accounting Setup Manager in General Ledger.

- Operating unit segregates and partitions data within Sub ledger Products such as purchasing, receivables, and Order Management.
- All data within these applications can be segregated by Operating unit except for certain data like Customer and Supplier Headers.
- Each OU passes data to one and only one Primary Ledger.
- Multiple OU can pass data into same ledgers.

An Operating Unit is definition in EBS is driven by the below considerations:

- Data Security
- Payables
- Receivables
- Purchasing
- Order Management
- Material transfers at cost or transfer pricing
- Transfers within OU happen at cost and transfers across OUs happen at transfer price
- Document Sequencing
- Receivables
- Invoice voucher numbering (includes credit/debit notes, guarantees, deposits)
- Receipts voucher numbering
- Order Management
- Sales order numbering
- Internal orders



- Purchasing
- Requisition
- Purchase orders

### **3.1 Office location:**

Are you considering listing your property or business as a film or stills location?

- To find a step by step guide on how to submit your property or business for consideration.
- There you will find a step by step guide on how to submit your property or business for consideration.

### **3.2 Home-based site:**

You will be able to tend to your kids (or pets), avoid having to plan outfits every morning, and save on commute time and gas money.

You could also reside where the cost of living is lower or have the ability to travel more.

### **Work-from-home websites to help you find a remote job:**

To help you start working from home, we collected this list of job search sites that feature remote work opportunities.

- a) The Penny Hoarder Work-From-Home Job Portal
- b) Zip Recruiter
- c) Angel List
- d) Flex Jobs
- e) Glass door
- f) Indeed
- g) Jobs presso





## Learning Guide

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

1. Write Considerations driven by Operating Unit? ( 3 point)
2. Define operational unit? ( 3 point)

*Note:* Satisfactory rating – 3 & above points      Unsatisfactory - below 3 points  
You can ask you teacher for the copy of the correct answers.

## Answer Sheet

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

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

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Information Sheet-4	Developing and implementing monitoring process
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### Developing and implementing monitoring/controlling process



## 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 process

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-

- a) Controlling is an end function- A function which comes once the performances are made in conformities with plans.
- b) Controlling is a pervasive function- which means it is performed by managers at all levels and in all type of concerns.
- c) Controlling is forward looking- because effective control is not possible without past being controlled. Controlling always looks to future so that follow-up can be made whenever required.
- d) Controlling is a dynamic process- since controlling requires taking review methods, changes have to be made wherever possible.



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- e) 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 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 criteria 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 causes which have 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
- b. 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



### Learning Guide

comes to an end. Follow up is an important step because it is only through taking corrective measures, a manager can exercise controlling.



## Learning Guide

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

1. What is controlling? ( 2 point)
2. Write the steps of controlling? ( 4 point)

**Note:** Satisfactory rating – 3 & above points      Unsatisfactory - below 3 point points  
You can ask you teacher for the copy of the correct answers.

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

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



## Answer Sheet

## Learning Guide



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

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

### Short Answer Question

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





### 5.1 Partnership agreement

A partnership agreement allows you to structure your relationship with your partners in a way that suits your business. You and your partners can establish the shares of profits (or losses) each partner will take, the responsibilities of each partner, what will happen to the business if a partner leaves, and other important guidelines.

Here's a list of the major areas that most partnership agreements cover. You and your partners-to-be should consider these issues before you put the terms in writing:

- Name of the partnership
- Contributions to the partnership
- Allocation of profits, losses, and draws
- Partners' authority
- Partnership decision making Management duties
- Admitting new partners
- Withdrawal or death of a partner
- Resolving disputes

### 5.2 Constitution documents:

The constitutional documents of an organization are a set of standard form documents governing its formation and authorizing its operation. The constitutional documents of an organization include the Charter, Memorandum, and Articles of Association or by-laws.

This section contains the Centre of constitutional documents governing the organization activities. The constitutional documents of the organization may also include a statement and statistical summary report from the State Registry, tax registration certificate, and non-profit status certificate, if applicable.

### 5.3 Statutory Books



## Learning Guide

Statutory Books are the official records kept by the company relating to all legal and statutory matters. A company's statutory books are usually kept at the registered office of the company. The books should be available to the general public for inspection during reasonable office hours.

The typical contents of a company's statutory book are:

- \* The register of shareholders
- \* The register of company directors and secretaries
- \* The register of company directors' interests
- \* The register of charges
- \* The register of interests in shares if the company is a PLC.

### 5.4 Certificate of incorporation:

A **certificate of incorporation** is a legal document relating to the formation of a company or corporation. It is a license to form a corporation issued by state government. Its precise meaning depends upon the legal system in which it is used.

### 5.5 Franchise agreement:

This document is the legal binding contract between the franchisor and the franchisee. It is a meaty document and covers the nitty-gritty detail pertaining to the obligations of the parties (franchisor and franchisee), financial intricacies, operational procedures, length and validity of contract and renewal rights.

### 5.6 Financial records software:

#### Using bookkeeping software to manage your financial records

Startups need accurate and timely financial records in order to make key operational decisions. Bookkeeping software can streamline this process. Without proper bookkeeping, you risk costing products incorrectly or not having the inventory to fill a crucial order.

#### Startups can manage their financial records cheaply and efficiently

Having quality financial records does not mean you need complicated bookkeeping or accounting software. Bookkeeping records for small businesses can be managed



## Learning Guide

cheaply, efficiently and quickly. For startups, spreadsheets offer an easy means to record revenue, expenses and other accounts; they can also be used to complete any reconciliation and prepare financial statements. As your business grows, the data you record will increase and become more complex, so it is important to consider if the software you are using can provide all of the users of your bookkeeping data with the information that they will need.

### 5.7 Record keeping

**Definition:** One of the main parts of accounting is recordkeeping or bookkeeping. Recordkeeping is the process of recording transactions and events in an accounting system. Since the principles of accounting rely on accurate and thorough records, record keeping is the foundation accounting.

#### What Does Record Keeping Mean?

Many times accounting and record keeping are used interchangeably, but this is incorrect. Accounting has a much more broad definition than simply recording transactions in an accounting system. Accounting is used to identify events that need to be recorded, recording the transactions of these events, and communicating the effects of these transactions with people inside and outside of the company. As you can see, record keeping is only a small part of the broader definition of accounting.



## Learning Guide

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

1. Define statutory books? ( 3 point)
2. What is certification incorporation?(**3points**)
3. What is franchise agreement mean? (**2 points**)

**Note: Satisfactory rating – 4& above points Unsatisfactory - below 4 points**

You can ask you teacher for the copy of the correct answers.

## Answer Sheet

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

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

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Date: September 2019

Author: Federal TVET Agency

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

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

### Short Answer Questions

1. \_\_\_\_\_  
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2. \_\_\_\_\_  
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3. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**Definition:** One of the main parts of accounting is recordkeeping or bookkeeping. Recordkeeping is the process of recording transactions and events in an accounting system. Since the principles of accounting rely on accurate and thorough records, record keeping is the foundation accounting.

### Example

An example of an accounting event would be the purchase of a company vehicle. The accounting or recordkeeping department would record the purchase of the vehicle as a debit to the vehicle asset account and a credit to cash or liability accounts in the general ledger. Computerized accounting systems can then use this data to generate asset and liability reports.

### What Does Record Keeping Mean?

Many times accounting and record keeping are used interchangeably, but this is incorrect. Accounting has a much more broad definition than simply recording transactions in an accounting system. Accounting is used to identify events that need to be recorded, recording the transactions of these events, and communicating the effects of these transactions with people inside and outside of the company. As you can see, record keeping is only a small part of the broader definition of accounting.

Good record keeping can help you protect your business, measure your performance and maximize profits. Records are the source documents, both physical and electronic, that specify transaction dates and amounts, legal agreements, and private customer and business details.

Developing a system to log, store and dispose of records can benefit your business by allowing you to:

- plan and work more efficiently
- meet legal and tax requirements



- measure profit and performance
- generate meaningful reports
- protect your rights
- Manage potential risks.

Most businesses use an electronic record keeping system to make it easier to capture information, generate reports, and meet tax and legal reporting requirements.

If you are unsure whether to keep certain records, retain them and seek advice from your accountant or financial adviser.

### **Why is Important to Keep Financial Records? Records**

The one area of business that all enterprises have in common is accounting. No matter what your business is, you need to know what your financial status is on a regular basis and you need to meet your financial obligations to local, city, state and federal taxing authorities. There are several reasons for keeping financial records and getting help from a bookkeeper:

#### **Reason two: meeting your tax obligation**

You are responsible for meeting your monthly, quarterly and annual federal, state and city tax obligations. These obligations include payroll taxes employee withholdings and company share for federal income tax, social security and local sales taxes, local business taxes, and licenses and fees to do business in the jurisdiction your company is located.

Your company must file timely monthly, quarterly and annual tax returns including federal, state and city annual income tax returns, quarterly 941 and annual 940 returns, state and city sales tax returns (these may be monthly or quarterly), quarterly state unemployment tax returns.

#### **Why You Should Hire a Bookkeeper?**

A bookkeeper can ease the burden of the above responsibilities so you can focus on building your business. He/she has the knowledge and experience to help you



## Learning Guide

understand the financial aspects of your business, knows what taxes are due and the filing dates of returns.

If you have a high volume of customer billing and/or vendor payments, you may want to consider hiring a clerk to process customer invoicing, collect receivables and pay bills. The bookkeeper may come in monthly or quarterly to make sure everything is handled properly.

We use the term bookkeeper but depending on the size of your business you may need to consider an accountant to oversee the financial aspects of your business. This person may also be helpful in devising strategies to protect your income.





## Learning Guide

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

1. Define record keeping ? (3 points)
2. Why is Important to Keep Financial Records? (3 point)

**Note: Satisfactory rating – 3 & above points below 3points**

**Unsatisfactory -**

You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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



## Short Answer Questions



Information Sheet-7	Negotiating and securing contracts with relevant people
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## What is negotiation?

**Negotiation** is a technique of discussing issues among one selves and reaching to a conclusion benefiting all involved in the discussion. It is one of the most effective ways to avoid conflicts and tensions. When individuals do not agree with each other, they sit together, discuss issues on an open forum, negotiate with each other and come to an alternative which satisfies all. In a layman's language it is also termed as bargaining.

You want to go for a movie but you know that your parents will never agree to your decision. Will you fight with your parents? Obviously NO, instead you will sit with them and try your level best to convince them and negotiate with them without fighting and spoiling everyone's mood. Probably you will spend the coming weekend with your parents if they allow you today for the movie else you will negotiate with your friends so that they agree for a noon show. **Negotiation helps you to achieve your goal without hurting anyone.** Your goal in this case is to go for a movie and you negotiate either with your parents or friends to achieve the same.

Negotiation is essential in corporate as well as personal lives to ensure peace and happiness.

Your boss asks you to submit a report within two working days and you know that the report is a little critical one and needs more time. Will you say a yes to your boss just to please him? Your yes might make the boss happy then but later you will land yourself in big trouble if you fail to submit it within the desired time frame. It's always better to negotiate with your boss rather than accepting something which you know is difficult. Ask for some more time from your boss or probably don't make an exhaustive report. Negotiation is better as it would prevent spoiling your relation with your superiors later.



## Negotiator

An individual representing an organization or a position who listens to all the parties carefully and comes to a conclusion which is willingly acceptable to all is called the negotiator.

### Skills of a negotiator

A negotiator ideally should be impartial and neutral and should not favour any one.

He needs to understand the situation and the parties well and decide something which will benefit all.

It is not always that people will easily accept the negotiator's decision; they may counter it if they feel their personal interests are not satisfied. In such a situation, where the negotiator is left with no choice, he must use his power to impose his ideas on all, after all one can't please everyone.

### Models of negotiation

1. **Win Win Model** - In this model, each and every individual involved in negotiation wins. Nobody is at loss in this model and every one is benefited out of the negotiation. This is the most accepted model of negotiation.

Let us understand it with the help of an example:

Daniel wanted to buy a laptop but it was an expensive model. He went to the outlet and negotiated with the shopkeeper to lower the price. Initially the shopkeeper was reluctant but after several rounds of discussions and persuasion, he quoted a price best suited to him as well as Daniel. Daniel was extremely satisfied as he could now purchase the laptop without burning a hole in his pocket. The negotiation also benefited the store owner as he could earn his profits and also gained a loyal customer who would come again in future.



## Learning Guide

2. **Win Lose Model** - In this model one party wins and the other party loses. In such a model, after several rounds of discussions and negotiations, one party benefits while the party remains dissatisfied.

Please refer to the above example once again where Daniel wanted to buy a laptop. In this example, both Daniel and the store owner were benefited out of the deal. Let us suppose Daniel could not even afford the price quoted by the storeowner and requests him to further lower the price. If the store owner further lowers the price, he would not be able to earn his profits but Daniel would be very happy. Thus after the negotiation, Daniel would be satisfied but the shopkeeper wouldn't. In a win lose model, both the two parties are not satisfied, only one of the two walks away with the benefit.

3. **Lose Lose Model** - As the name suggests, in this model, the outcome of negotiation is zero. No party is benefited out of this model.

Had Daniel not purchased the laptop after several rounds of negotiation, neither he nor the store owner would have got anything out of the deal. Daniel would return empty handed and the store owner would obviously not earn anything.

In this model, generally the two parties are not willing to accept each other's views and are reluctant to compromise. No discussions help.

### Negotiation skills

An individual needs to adopt certain skills for a successful negotiation. An individual before starting with the negotiation must be very clear with the agenda (topic) of the negotiation. Ask yourself - why this negotiation? What is the objective of the negotiation? One must be well informed. Try to find out more about the competitor's products or services.

Let us suppose you want to buy a Parker pen for your friend's birthday. Before purchasing, it is always better if you check out the prices of other brands as well for instance Mont Blanc. Also check out its features; it will help you in better negotiation with the store owner. Don't go blank; the other party might fool you.



## Learning Guide

Before any important deal, do make it a habit to go through as many details as you can. The second party might ask you anything, you must be well prepared to clear all their doubts and convince them. If you yourself are confused, he would never bother to listen to you.

- **React sensibly** - A good negotiator must react sensibly. He should never lose his temper or over react. If you are unhappy with the deal, show your displeasure. Don't keep things to yourself or assume that the others will understand it on their own. One has to voice his opinions. Make the other person realize that you are not satisfied with the deal and it must be revised. Show your unhappiness to others.

If your boss assigns you a project you are not very comfortable with, show your displeasure to your boss in a polite way and ask for something else. But make sure you are not rude; otherwise your job might be at risk.

- **Patience** - One needs to be patient enough for a good negotiation. It is not always that the other person will accept your suggestions in the first attempt itself. You need to convince him and it needs patience. Never be in a hurry to close the deal.

**Confident** - One needs to be confident enough for an effective negotiation. You might need something but never show your desperation to anyone. They will take undue advantage of your helplessness. Take care of your facial expressions. Never be nervous in front of the second party.

- **Be dignified** - One should maintain the decorum of the place and should not stoop to any level for getting the best deal. Present your ideas in a dignified way. Remember it is just a discussion, not a battle field. Avoid shouting or using derogatory statements against anyone. If you are not satisfied with the deal, its better to quit rather than fighting and using abusive languages.
- **Be very clear in your communication** - Stay firm on your quotes and do not change statements quite often. Don't play with words or try to confuse others. One needs to be straightforward from the very beginning.



## Learning Guide

- **Be a good listener** - Don't jump to conclusions; instead listen to what the other party offers. Understand his situation well. It's okay to think about your personal interests but don't be mad for it. If the deal is not benefiting the other party, he will obviously not accept it, don't be after his life. If you don't listen to others, they would obviously not respond to you.

When a customer goes to purchase something, he must not forget that the store owner also has to earn his profits. The store owner should also understand the customer's needs and pocket. Negotiation depends on mutual understanding.

- **Be reasonable** - Don't quote anything just for the sake of it. Be reasonable. Don't quote imaginary or unusually high figures. Don't ask for anything you yourself know is not possible. It will just be wastage of time and no one would benefit out of it.

### 4.7.1. Owners and suppliers

A party that supplies goods or services. A supplier may be distinguished from a contractor or subcontractor, who commonly adds specialized input to deliverables. Also called vendor

- The **supplier** was contacted as we wanted to make a change to our order and fortunately they were kind and willing to help.
- You need to keep a good relationship with your **supplier** so they will make sure to help you when you need it.
- The main **supplier** was now out of business, so I was on my own from now on and that made me really concerned.

### 4.7.2. Employees and landlords

A person working for another person or a business firm for pay



## Learning Guide

An individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties. Also called worker.

### Definition of *landlord*

The owner of property (such as land, houses, or apartments) that is leased or rented to another

The master of an inn or lodging house

### 4.7.3. Agents and distributors

What is an agent?

An agent is an intermediary you appoint to negotiate and, if required, conclude contracts with customers on your behalf so you have the contract with the customer. Agents are paid commission on the sales they make, usually on a percentage basis.

#### What is a distributor?

A distributor is essentially an independent contractor. In distributor agreements, you sell your products or services to the distributor, who then sells them on to their customer, adding a margin to cover the distributors own costs and profit. The distributor has the contract with the customer.

### 4.7.3. Customers

A customer (sometimes known as a client, buyer, or purchaser) is the recipient of a good, service, product or an idea - obtained from a seller, vendor, or supplier via a financial transaction or exchange for money or some other valuable consideration.





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

3. What is negotiation? (**3 points**)
4. Write at least 5 skills of negotiation? (**5 points**)

**Note: Satisfactory rating –4 & above points                      Unsatisfactory - below 94points**

You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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

### Short Answer Questions



<b>Information Sheet-8</b>	<b>Identifying leasing/ownership options</b>
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With both avenues demanding equal amounts of attention and planning, it is important you understand what each option involves. It is recommended you make a decision whether to lease or buy before you actually start looking for premises. This way you will know what you are looking for in terms of financial investment in your business premises.

### Advantages and disadvantages

Understanding the advantages and disadvantages of each option is also critical to your decision-making process. The following tables briefly outline the general advantages and disadvantages of both leasing and buying premises.

LEASING		BUYING	
Advantages	Disadvantages	Advantages	Disadvantages
No capital required.	Because you are subject to a lease you are also subject to variations in rent, including	In times of inflation, real estate is a good investment. Rising rents become an asset rather than a danger to the owner.	Ownership of premises generally ties up capital which may be better invested elsewhere in the



## Learning Guide

	increases. This is despite how well your business is doing.		business.
If the business is terminated, the tenant may be able to sublet, so the financial loss is minimised.	The landlord may decide to sell the premises. As a result you may be forced to move your business elsewhere. Disruption and loss of customer base may ensue.	Any improvements to the premises become the owner's property, and add to the value of the owner's investment.	You are tied to one spot. You cannot move easily, especially if you find the market isn't there or the area changes.
The tenant may not be responsible for property tax, fire insurance, maintenance and repairs.	You do not have an investment in the property.	Mortgage loans may be used to finance the purchase, so that the actual monthly cash needed from the business may not be that much greater than a lease.	
If the premises becomes unsuitable, they can be abandoned on expiry of the lease, with no further commitment.		An owner may deduct capital costs on the building as well as maintenance and repair expenses.	



### Learning Guide

Remember to consider your options very carefully when deciding to buy business premises. Make sure you seek the advice of a financial adviser, accountant or bank manager to assess your financial position before entering into any contracts.



## Learning Guide

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

5. Write the advantages of leasing options? ( 5 point)
6. What is leasing?(3points)

**Note: Satisfactory rating –4 & above points                      Unsatisfactory - below 4 points**  
You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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

### Short Answer Questions



Information Sheet-8	Completing leasing/ownership contractual arrangement
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**Procurement**:-is the process of obtaining goods and services from preparation and processing of a requisition through to receipt and approval of the invoice for payment. It commonly involves (1) purchase planning,

- (2) Standards determination,
- (3) Specifications development,
- (4) supplier research and selection,
- (5) Value analysis,
- (6) Financing,
- (7) Price negotiation,
- (8) Making the purchase,
- (9) supply contract administration,
- (10) Inventory control and stores, and
- (11) Disposals and other related functions.

Procurement is the acquisition of goods and/or services. It is favorable that the goods/services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location. Corporations and public bodies often define processes intended to promote fair and open competition for their business while minimizing exposure to fraud and collusion.



## Learning Guide

<b>Self-Check -8</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:

4. What is procurement? ( 3 point)

**Note: Satisfactory rating –1.5 & above points point**

**Unsatisfactory - below 1.5**

You can ask you teacher for the copy of the correct answers.

### Answer Sheet

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

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

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

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

### Short Answer Questions



Learning Guide

# **VEHICLE SERVICING AND REPAIRING Level II**

## **Learning Guide#58**

**Unit of Competence: Develop Business Practice**

**Module Title: Developing Business Practice**

**LG Code: EIS VSR2 M15 LO4-LG-58**

**TTLM Code: EIS VHP2 M TTLM 0919v1**

**LO4 .Review implementation process and take corrective measures**

<b>Instruction Sheet</b>	<b>Learning Guide #58</b>
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## Learning Guide

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics

- 5.1 Developing and implementing review process
- 5.2 Identifying business operation improvement
- 5.3 Identifying management process
- 5.4 Implementing and monitoring process improvements.

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

### Learning Instructions:

6. Read the specific objectives of this Learning Guide.
7. Follow the instructions described in number **3 to 5**.
8. Read the information written in the information “Sheet 1, Sheet 2, Sheet 3, Sheet 4” respectively.
9. Accomplish the “Self-check 1, Self-check 2, Self-check 3 and Self-check 4” in page - 5, 8 11 and 16 respectively.
10. If you earned a satisfactory evaluation proceed to “Learning Guide # 40”. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Guide #39.



## Introduction

Implementation is the process that turns strategies and plans in to actions in order to accomplish strategic objectives and goals. It explains the details of the policies and procedures, which are required to accomplish the strategies of the firm. These plans produce immediate and tangible results in relatively shorter period.

What is an Implementation process?

An Implementation process is a management tool for a specific policy measure, or package of measures, designed to assist organizations to manage and monitor implementation effectively.

Implementation plans are intended to be scalable and flexible; reflecting the degree of urgency, innovation, complexity and/or sensitivity associated with the particular policy measure.

In other words, implementation Planning is the process of determining how a policy will be implemented in sufficient detail for an organization to make an informed judgement about whether to proceed in the light of the risks and requirements involved.

Implementation planning has a strong management focus which requires best practice approaches, skills and experience to be applied in the following seven areas:

- a) Management Control and Program/Project Management
- b) Governance and Accountability
- c) Planning
- d) Resource Management
- e) Risk Management
- f) Stakeholder Engagement
- g) Review, Monitoring and Evaluation



## Learning Guide

Effective implementation planning requires a structured approach to thinking and communicating in these seven areas. This will create a shared understanding among those who will drive implementation, from the most senior leaders to the most junior managers, and across boundaries between and within an organization.

An implementation plan breaks each strategy into identifiable steps, assigns each step to one or more people and suggests when each step will be completed.

If there is no effective method to carry out the strategic plan, the strategic plan is likely to collect dust and can lead to planning backlash, the feeling that planning is a waste of time. In an industry where the scarcity of resources is always a key limiting factor, good planning is essential.

However, creating an implementation plan is challenging. It requires the planner to identify each step required to mount a particular strategy. This activity in itself is a good test of the plan. If one does not know how to implement a given strategy, then the strategy is likely not going to be implemented.

Creating an implementation plan does far more than simply test the ability of the organization to make a strategy happen, however.



**Self-check-1**

**Written Test**

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

1. Define the term implementation? (1point).
2. Define the term implementation process. (1point).
3. List at least 5 areas where implementation planning is highly applied. (5 points).

**Note:** Satisfactory rating – 4.5 and above points      Unsatisfactory - below 4.5 points  
You can ask you trainer for the copy of the correct answers.



## Answer Sheet

### Learning Guide



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

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

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

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

### Short Answer Questions

5. \_\_\_\_\_

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6. \_\_\_\_\_

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7. \_\_\_\_\_

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

e. \_\_\_\_\_



Different businesses may be improved by increasing profits, reducing losses, getting more customers expanding the markets, becoming more visible in the community, going public or a number of other items deemed desirable. The key is have a vision of what you want to achieve, where you want to go and what you want the business to become.

Learn ten ways you can improve your business:

- Start your day in high gear
- Dust off your business plan
- Rekindle your relationship with your customers
- Evaluate your pricing
- Find ways to cut your costs
- Resolve to improve your weak spots
- Institute measures assess the performance of your business
- Keep employees involved
- Explore new markets or improve marketing
- Find out how you can live a more balance

**Self-check-2****Written Test**



## Learning Guide

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

- a. List down at least 5 ways of improving business. (5 points).

**Note:** Satisfactory rating – 3.5 and above points      Unsatisfactory - below 3.5 points  
You can ask your trainer for the copy of the correct answers.

## Answer Sheet

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

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



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

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

### Short Answer Questions

1. \_\_\_\_\_
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
  - c. \_\_\_\_\_
  - d. \_\_\_\_\_
  - e. \_\_\_\_\_

**Information sheet - 3**

**Identifying management process**





## Learning Guide

Identifying management is the organizational process for identifying, authenticating and authorizing individuals or groups of people to have access to applications, systems or networks by associating user rights and restriction with establish identities. The managed identities can also refer to software process that needs access to organizational system.

Management process is a process of setting goals, planning and controlling the organizing and leading the execution of any type of activity, such as a project or a process.



Self-check-3	Written Test
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. Write down at least 4 roles of management process. (4 points).

**Note:** Satisfactory rating – 3 and above points      Unsatisfactory - below 3 points  
You can ask you trainer for the copy of the correct answers.



## Answer Sheet

### Learning Guide



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

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

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

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

### Short Answer Questions

1. \_\_\_\_\_
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
  - c. \_\_\_\_\_
  - d. \_\_\_\_\_



<b>Information sheet - 4</b>	<b>Implementation and monitoring process improvements</b>
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With the implementation of the strategic program and the action plan, the management cycle reaches its very core: all the proceeding assessment planning has the over plan objective of improving the way the city functions in terms of sustainable development. The implementation, the demanding task in terms organization and coordination of all there parallel actions that will take place.

### Monitoring

Good management practices include regular monitoring of both a short and long term bases. An effective monitoring process provides ongoing, systematic information that strengths project implementation. The monitoring process provides an opportunity to:

- Compare implementation efforts with original goals and target
- Determine whether sufficient progress is being made toward achieving results
- Determine whether the time schedule is observed

Monitoring is not an event that occurs at the end of a management cycle, but rather is an ongoing process that helps decision makers to better understand the effectiveness of the action or system.

An effective monitoring and evaluation program requires collecting and analyzing important data on periodic bases throughout the management cycle of a project.

An effective monitoring and management system records the performance of all institution responsibilities.



## Why strategic plan fails?

Here are the most common reasons strategic plans fail:

- **Lack of ownership:**

The most common reason a plan fails is lack of ownership. If people do not have a stake and responsibility in the plan, it will be business as usual for all but a frustrated few.

- **Lack of communication:**

The plan does get communicated to employees, and they do not understand how they contribute.

- **Getting mired in the day-to-day:**

Owners and managers, consumed by daily operating problems, lose sight of long-term goals.

- **Out of the ordinary:**

The plan is treated as something separate and removed from the management process.

- **An overwhelming plan:**

The goals and actions generated in the strategic planning session are too numerous because the team failed to make tough choices to eliminate non-critical actions. Employees don't know where to begin.

- **A meaningless plan:**

The vision, mission, and value statements are viewed as fluff and not supported by actions or do not have employee buy-in.

- **Annual strategy:** Strategy is only discussed at yearly weekend retreats.



- **Not considering implementation:**

Implementation is not discussed in the strategic planning process. The planning document is seen as an end in itself.

- **No progress report:**

There is no method to track progress, and the plan only measures what easy, not what important. No one feels any forward momentum.

- **No accountability:**

Accountability and high visibility help drive change. This means that each measure, objective, data source, and initiative must have an owner.

- **Lack of empowerment:**

Although accountability may provide strong motivation for improving performance, employees must also have the authority, responsibility, and tools necessary to impact relevant measures. Otherwise, they may resist involvement and ownership.



Self-Check – 4	Written Test
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**Directions:** Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. Define what is monitoring? (1 point).
2. List and discuss at least 5 common reasons for strategic plans fail. (5 points).

**Note:** Satisfactory rating – 4 and above points      Unsatisfactory - below 4 points  
You can ask your trainer for the copy of the correct answers.



## Answer Sheet

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

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

## Short Answer Questions

2. \_\_\_\_\_

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3. \_\_\_\_\_

a. \_\_\_\_\_

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b. \_\_\_\_\_

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c. \_\_\_\_\_

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d. \_\_\_\_\_

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e. \_\_\_\_\_

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Information sheet 1	Maintaining welcoming customer environment
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## Welcoming and greeting customer warmly

### Greeting Customers Professionally

Greeting customers , your crucial first impression Whether you are in a retail store, hotel, receptionist in a company or in any customer facing situation those first few seconds set the tone and create that crucial first impression that your customer will have about you and your company. This may sound simple but it is one of the most important skills you should acquire to be a professional service or customer care agent. And by the way, this applies also if you provide service over the phone you must work on developing a good warm greeting to your customer. Always remember that you only have a few seconds to make a great first impression.

### Why is greeting so critical?

A lot of things happen. They all take place within the first couple of minutes after a customer enters your store/company/hotel...etc.. They immediately do a visual assessment: How does your place of business look? Is the merchandise appealing? Is the place welcoming?

When you first greet the customer you are selling yourself first, your business second, the experience third, and the merchandise/service last. You want to get the customer feeling comfortable as soon as they walk into your place of business.

Remember these 3 greeting rules :

1. Good Eye Contact
2. Great Smile
3. Great Opener

So now lets look closer into how to make a professional greeting and introduction that can increase sales of your business as we said previously if you are in retail or providing any kind of service or in any professional business setting where you are tasked with greeting customers, here is how to do it professionally. We will look into two different scenarios , the first one is when a customer is approaching you at your work station. And the second one where you have to move and approach the customer to greet him/her and offer assistance or help.

**Step 1. First Scenario** : when a customer is approaching you at your work station/desk

**Step 2.** Introduction statement

**Step 3.** Gather info.

**Step 4.** : Engage them in conversation

**Step 5.** Build bridges to the next step (whether it's making a sale or serving the customer )

**Greeting step 1-** Your introduction statement : How about opening up with something like “ Thanks for coming in!”

Think about it. Your customer has an infinite number of choices and a limited amount of time. They could have done anything and yet they came into your store/company



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**Greeting step 2** - Gathering Free Information After your warm, inviting and professional greeting, you want to engage the customer in conversation. This is how we recommend you do it. You want to exchange names for the sake of personalizing the interaction.

**This is an example of how this might sound :**

“Hi! Thanks for coming in! , John at your service sir , Is this your first time in our store/company?”

**This welcome accomplishes a number of things:**

It welcomes the customer and puts them at ease. It expresses gratitude for their presence. It is also a form of compliment, because you are complimenting the decision they have made in coming into the store/place of business. It provides the sales associate's name. It collects the customer's name, which can be used again throughout the sales process. This strengthens the relationship. There is nothing sweeter to the ears than hearing one's own name. But, the key aspect of the above exchange is asking the customer if they have been in the store/business before – that is good information that can be useful to you later on in the conversation.

However, during this step of the greeting, your customer is providing all kinds of free information you can use during the upcoming conversation. You can use this free information to help you customize and personalize the offerings you make during the sales process. Which leads you to step 3 and 4 to engage customers into conversation.

**Second Scenario :** When you approach customers wondering around in your work location/store/company...etc.

Imagine this scenario

The customer enters your store/place of business and a sales person approaches them and asks a question such as:

Can I help you?

Do you want any assistance?

Are you okay there?

**Come on honestly what do you think the customer's answers will be ?**

No, thank you

I'm just browsing

I'm okay

### **Approaching Potential Customers**

The point here is that you will get a greater response to sales questions if you first give the prospect a reason why they should answer. You will close more deals and increase sales. Before asking a question you should state your credentials and give the buyer a potential benefit that they can gain from talking to you. This can take just a few seconds, but it sets the scene and gets the customers talking.

When you first approach a retail customer tell them what you can do for them. Tell them something, briefly about your experience, position in the business, qualifications, and how you can help them. Introduce yourself as an expert, an advisor, and someone that can help them to make informed choices.

**So let's see how we can change that**

Here's how to increase sales by doubling the number of customers that talk to you. Write a new, brief, introduction that you will now use when approaching customers.

**The key elements of your new introduction are:**

1. Your name
2. How you can help them ( Experience, qualifications ,...etc.)
3. An open question to start the conversation



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### 6 Important things to remember about greeting :

1. Make the customer feel welcome and appreciated.
2. Make eye contact when greeting the customer.
3. Never address a customer from behind – that's scary and creates unwanted pressure.
4. Address customers from a reasonable distance -- no shouting across the store/work station.
5. Create your unique, memorable greeting
6. Never stop greeting! If you pass customers/colleagues in the store/company, make sure to acknowledge them with a friendly smile!

Good luck with your new customer encounters, remember these first few seconds are crucial so try to make the best of them and create your own unique great warm greeting.

**Positive customer experiences start with a warm welcome**



They say that you never get a second chance to make a first impression. This is especially true in the business world, where a bad **customer experience** can deter consumers from purchasing from a specific brand or company. Building customer loyalty depends on creating friendly and professional interactions every time, regardless of the channel.

Forbes noted that customer satisfaction often **depends on the type of greeting customers receive**. The right welcome can put upset clients at ease, while also enhancing the experiences of new customers. The source stated that top customer service firms train their employees on how to welcome customers so that each transaction gets off on the right foot and potential conflict is avoided.

Customers appreciate it when companies make the effort to reduce wait times and provide personalized services. Venture Beat reported that **this was one of the advantages to mobile platforms**. The technology allows businesses to collect data on consumer behavior that can be used to improve services and personalize messages. Even with these advantages, friendly customer service still depends on training employees to deliver an inviting greeting that set the tone for a long-lasting, positive relationship.

Boosting customer loyalty requires employee engagement programs that empower employees to resolve problems effectively and provide consistently superior customer service.

**Gathering and providing information for customers**

Understanding your customer better isn't as complex as you might think, but it does require a thoughtful analysis of where and how you can collect meaningful data. By better defining which aspects of their behavior or profiles are most significant to your business, you can start to measure and analyze better ways to engage them and ultimately sell more.

**What is one important area of customer data that I should look to clean up or improve in order to reach my customers better? Why?**

Their best answers are below:

**1. Key Factors That Set Your Customers Apart**

Everyone has different customer types. Not all customers are created equal. Identify what key factor(s) set one apart from another and segment your users from one another. It could be geography; it could be specific products they buy or it could be a demographic detail. Once you understand that, you are better able to target messaging, develop product and drive value for both the customer and your business.

**2. Customers' Real-Time Behavior**

To understand your customers better, you have to get greater insight into how they actually behave. Surveys are fine and generalizations drawn from basic demography are still important, but businesses today need to gather as much data as possible on the way that customers are behaving in real time.

How long are they staying on your site? What links are they clicking? What triggers them to share your content on social media? What are they uploading or downloading and at what times? The holy grail that Big Data seeks to discover in industries of all shapes and sizes is needs anticipation. The businesses that are ahead today are the ones who can harvest, blend and analyze real-time customer data to identify patterns and predict customer needs before they're even aware of them themselves.

**3. Customer Service Records**

When people call to return products, get more information and the like, it is the perfect opportunity to ask them a few questions about what they like/dislike, how they found you and how they are using their product or service. Have a list of questions on hand for your customer service representatives and make them use it!

**4. Referral Source**

Many times on a sales call you are busy tracking all the information about the client that is relevant to them closing a sale, but you forget to track the referral source of the lead. Without the referral source, it's hard to understand how you can better reach your customers because you don't have clear data about where your existing customers are coming from.

**5. Personal Tastes and Preferences**

At Pushily, we specialize in collecting data about consumers' tastes and preferences. We use this consumer intelligence to create content that resonates with our users. In particular, you can use aggregated statistics about your customers to provide information that's more engaging than any other content types.



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We love to keep our members as part of the conversation on Integral, for example, by using the information they provide in real time to spark conversations around the newest trends. For instance, we can say that “Seventy-five percent of you love metallic nails,” provide a captivating image of the newest metallic nail art trends from fashion week and provide entertaining content for users grounded in their interests. Look for opportunities to create a feedback loop with your customers using data

### 6. Website Activity

Although it may seem obvious, many companies do not keep a close eye on the activity that their customers have on their website, especially if this activity doesn’t directly lead to conversion. The activities and click-through that happen outside of a purchase or a conversion are also incredibly important.

Which pages do customers seem to go to and from? Are they pleased with the pages that each of your links leads to, or do they revert away from them? Paying close attention to these details will allow you to understand and reach your customers better, while also making their online experience more enjoyable.

### 7. Social Media

Statistics show that millennial are on social media on average 5.4 hours a day. That’s one-fifth of each day. Clearly the best place to reach consumers is where they spend their time. However, the challenge is that social insights are often fractured, confusing and incomplete. In order to hone in on user data in social, subscribe to a tool or platform that aggregates user data across all streams.

Tweak your messaging to appeal to your customers. Let your new analytics tool guide you as you build your database. Tip: Statistically, the majority of social users hate ads. Try running a compelling, authentic campaign that involves real people plus a “social impact” element. You’ll add users to your database and affinity to your brand.

### 8. Comprehensive Contact Information

An accurate and informative contact list is one of the most powerful marketing tools. Once you’ve closed a deal, you need to keep the lines of communication open with each client. Relationship marketing and CRM is important to keeping business, and you want to be able to reach the right customer with the right message through the right channel. This means that every piece of customer data is important to build a rich customer profile.

### 9. Demographic Information

If you don’t collect demographic and interests for your customer database, you should start right now. This allows you to provide highly targeted marketing efforts to your customers for things that are relevant and they are interested in. If you do not have this information, send them a survey that they can fill out. The more segmented your customers are, the better you can sell them

#### HOW DO YOU COLLECT THIS INFORMATION?

So, how do you go about finding this information?

There are two ways to go about it: you can use information that’s already out there (after all, there’s no sense in reinventing the wheel); or, if what you are looking for just doesn’t seem to exist, you can collect new information yourself. Either way, there are ten steps you will want to go through, to help make your information collecting as efficient and as painless as possible.

#### Ten steps in information collection

1. Agree on the value and purpose of the information that you will collect.
2. Determine when you want to use this data

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3. Determine exactly what you want to know
4. Determine who will find the information
5. Identify possible sources of information
6. Set limits as to how much information you want to collect.
7. Collect the data
8. Identify gaps in your knowledge
9. Redo the process to try to fill those gaps -- or collect your own data
10. If possible, you might want to compare data for your community with that of other communities, or that of the nation as a whole or to trend out your own community's data over time.



**Maintaining Customer data to ensure database relevance and currency.****Introduction**

The module aims to provide the learners with the knowledge, skills and right attitudes required to how to Maintain and utilize a **customer data base**

- ▶ Customer confidentiality maintained as required by **store policy and legal requirements**.
- ▶ **Customer records** accurately developed, regularly maintained and securely stored according to store policies and procedures.
- ▶ Regular customers accurately identified and followed up according to store marketing policy.
- ▶ Customer records accurately utilized to advice customers on products and services of possible interest.
- ▶ Customer clubs and reward schemes implemented where required according to store promotional activities.

**1.Store policy and producers**

- Store have clearly **defend policy and producers** in place and it is the supervisor responsibility to ensure inventory **control efficient** as loss of stock and damage results in loss profit
- Store policy is a set of **principles ,rules ,guide lines and formulated** or adapted by the organization. To **reach long term goals** typically published in booklets or other forms that are easily accessible.
- Policy and producers are establish to influence and determine **all major decisions and actions**
- Producers are specific methods employed to express in **policies in action** in day to day activities (operations ) of an organization

**Legal and Organizational Policy/Guidelines**

✚ Legal and organizational policy

**A policy is a general framework to attain the organizational objectives.**

- ✓ Policies focus on how organizational objectives will be achieved.
- ✓ Policies provide a general guideline to action.
- ✓ It is a framework for administrators to follow in making decisions and handling problem situations.
- ✓ Policy statement should be clear and
- ✓ Understandable, stable over time and communicated to everyone involved.

**Organizational guidelines**

The agency is responsible for providing policy and procedural guidelines that support the practice of services

Policy is influenced by

- **Ideology**—the values and beliefs that the organization holds about the issue). These impacts on what the policy will focus on. For instance, a disability service believes that people with disabilities are in an unequal relationship with some members of the rest of the community who do not treat them as individuals and adults, so they may develop policies around providing people with disabilities with support and information to





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empower them to become more independent and to live meaningful and fulfilling lives. Ideology is also influenced by community attitudes.

- **Incidents**—sometimes policy is developed to address problems experienced by an organization, such as an increasing number of incidents where people with disabilities are discriminated against in the workplace.

### The policy should be:

- Stated in clear, unambiguous, and unequivocal terms.
- Signed by the incumbent Chief Executive Officer.
- Kept up-to-date.
- Communicated to each employee.
- Adhered to in all work activities.

**A strategy-** it is a broad task or general plan of action for the achievement of organizational objectives in uncertain and competitive environment.

It determines the long term goals of the organization, the courses of action, and the resources necessary to achieve those objectives.

. **A procedure-** is a series of steps to be used in achieving certain objectives. It sets the activities needed to accomplish a specific goal in an established order. Compared to policies, procedures leave little room for discretion.

### Procedures provide the following advantages:

- Help in identifying gaps and avoiding duplications of work;
- Lay down a mechanism for the orderly performance and coordination of activities done by different people in various locations and departments;
- Enables every one to understand his/ her forward and back ward linkage in performing the work;
- Save time
- Promote efficiency through division of work and specialization;

**Rules-** are statements that either prescribe or prohibit action by specifying what an individual may or may not do in a given situation. Compared to policies and procedures, rules are **narrow in scope**, specific in their application, and allow few or no deviations from a stated statement..

E.g. No smoking, no drinking etc

**Methods-** are standard ways of performing tasks involved in **operation**. It is the prescribed manner of performing each task in the best way by considering the nature of the task, expenditure of time, effort and other resources involved.

**Standards-** are units for measuring performance. They are established to **measure the time, quantity, quality or wastage level, and cost of work**. Qualitative and quantitative standards are established and used when performance can be measured. Standard provides a number of advantages:

- Increase the size of production runs and reduce expenditure of time, money, and materials;

**Programs-** are large scale planned activities, which have distinctive **mission, time schedule and assignment of responsibilities**. They are typically intended to **accomplish a specific goal** within a fixed time and designed to carry out a major course of action for the organization although their nature and complexity vary widely.



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Programs consist of objectives, **policies, procedures, and methods** so arranged and designed to provide a **course of action to achieve goals**. Programs are means's of achieving some desired result **within the scheduled time**.

An **objective** or **goal**- is a single-use plan that specifies the end toward which business activity is directed.

### How to Build Your Customer Database

According to By Craig Huey

- Your database is the key to **survival in bad times**. And it's the key to **maximum profits in good times**. The goal of your database is to maximize customer value through **conversion, retention and repeat sales**. And, it allows you to create new **marketing opportunities**. Here's what you need to know about database marketing.
- Everyone is collecting data on who is, or should be, buying their **products or services**. This data does not just consist of names and addresses. It includes buying history: what people **bought, when they bought, and how much they bought**. It also includes birth **dates, anniversary dates, marriage status, number and age of children, likes and dislikes**.
- It **opens up** new ways to market more products and services for both consumer and business-to-business marketers.

#### It means:

- New ways to market smarter and reduce costs.
- New ways to market additional products or services.
- New ways to keep customers—through extended product usage.
- The business market today is changing rapidly. Those who properly master the understanding of how, what and why customers make purchases, and those who are able to influence **buying decisions** with highly targeted marketing efforts—mail, video, telemarketing, etc.—are going to come out on top.
- A database is not just a collection of names. It's a collection of **individualized, consumer behavioral information, isolated to each customer**.
- The database concept **inputs data and generates information** that allows for **selective targeted marketing**. It provides comprehensive, up-to-date and relevant information about prospects and/or clients, and will pay for itself quickly with visible, measurable sales

### Ways a Customer Database to Improve Your Business

A customer database can eliminate a great deal of **paperwork for a business**, providing a single repository for valuable client information that can be used by sales teams, customer support personnel and even the **accounting team**. While it is possible to buy **software products** that provide basic formats for this type of **database**, customized databases can be created by keeping a few basics about form and function in mind.

#### Steps

1.purchase data base creation soft ware

2.determin the **types of information** that will housed in customer data base

Most designs will include information such as company name, mailing address, physical address, contact name, telephone and fax numbers, and email addresses. Additional data such as information on contract terms, pricing, and notes on pending tasks associated with each client are often included in the data captured and maintained in this type of electronic resource.

3. **Consider the possible uses for the database**. Along with providing a **centralized resource** to retrieve important data, think in terms of what types of **reports could be created** using the



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data, or if the database is intended for use as a resource in generating mailing labels, email lists, or even lists to use in fax broadcasting.

4. **Organize the data fields.** Create a simple template that follows a **logical sequence** when it comes to **entering names, addresses, and other contact information**.

5. **Set authorizations on each of the fields.** This includes identifying which fields will be included on report formats as well as which can serve as the basis for **sorting or searching the database entries**. Assigning the **right authorizations** to each field will expedite retrieval of the right data when and as it is needed.

6. **Prepare report formats.** A few basic formats that can be used frequently will often be sufficient, although key users can be granted the ability to create **customized reports** that include fields relevant to the user's job position and level of access to customer data.

7 **Establish login credentials and access rights.** A workable customer database includes the ability to create **login credentials** that allow only authorized employees to access the **information**. Going further, assigning different levels of rights makes sure that each user is able to view, change and enter data relevant to his or her **job responsibilities**, but is not able to view other information that is of use to other personnel.

8. **Review and test the customer database before release.** Try using the data version with a small group of employees to make sure each of the functions work as envisioned. Use the findings of this test group to iron out any issues with **performance**, format and ease of use. Once all the issues are addressed and resolved, the final version can be **rolled out to the entire company**.

A customer database may not seem like the coolest thing you can be thinking about for your business. However, collecting better information about your customers, and then acting on that info, can really **improve your bottom line**.

### Building Your Database

As you start your database, the most elementary data collected is your customer's buying history: what they bought, when, how much and the source of the order. Here is an example of a typical database structure. An element of information about the customer is called an attribute—a fact about the individual or company.

**The following attributes are common to most direct marketing databases:**

Name	Service needs
Source of original inquiry	Job function/title
Potential profitability	Sales materials supplied
Company name	Readiness to buy
Company address	Promotion medium
(mail, video, etc.)	Prospect/customer/friend
Company phone	Decision-maker or
Influential	Home address
Data record entered	

**Assessing customers need against the products or service of the enterprise****Learning About Customer Needs and Preferences**

The more a business knows about its customers and their needs and preferences, the more successful its sales strategies will be. Taking the time to learn about customers – what they know, what they value and what their communication preferences are – can help the effectiveness of sales strategies.

Businesses need to build **relationships with customers so they will keep coming back and refer others**. **Building relationships requires attention to the customer relationship at all stages, from the initial point of contact through upcoming sales and through times when sales are minimal or lacking.** It is more costly to acquire a new customer than to retain an existing one, so efforts spent on building relationships can pay off significantly.

**Five Needs of Every Customer****Customers may include:**

- regular and new customers
- people from a range of social, cultural or ethnic backgrounds and physical and mental abilities

While individual customer's wants and needs are frequently hard to identify and may occasionally be unrealistic, all customers have the following five basic needs:

1. **Service** Customers expect the service they consider is appropriate for the level of purchase that they are making. A small, spontaneous purchase may have a smaller service need than a larger purchase that has been carefully planned and researched.
2. **Price** The cost of everything we purchase is becoming more and more important. People and businesses want to use their financial resources as efficiently as possible. Many products previously considered unique offerings are now considered commodities. This makes price even more important to the customer.
3. **Quality** Customers are much less likely to question a price if they are doing business with a company that has a reputation for producing a high quality product.
4. **Help & Backup** Customers need help when a problem or question arises – customer support telephone lines, flexible return policies, etc.
5. **Appreciation** Customers need to know that you appreciate their business. So let them know – make this a conscious and sustained part of how you do business.

**How Building a Strong Relationship With Your Customers**

Customers are the lifeblood of a business, so building a strong rapport with them is imperative to the success of almost any company. Through good times and bad, a solid relationship with your customer base will help ensure that your business continues to flourish. Developing strong relationships can take time and dedication, so employing the right customer relations strategies is critical.

**Here are five steps toward establishing better customer relations for your business.**

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### 1. Make every customer interaction count

While you may have spent time and money establishing a credible reputation, your relationship with a customer is only as good as your last interaction. Just one negative experience may be all it takes to alienate a client and send them running for a competitor. Always be courteous and try to give each interaction a personal touch. Sending a thank you e-mail after a completed deal or transaction will leave the customer with a positive impression of your company.

### 2. Establish connections

Establishing connections with your customers is an important step towards improving customer relations. Providing information on products, events and deals via email, social media or websites will help keep customers connected to your business, but it's important not to be invasive. Your business website should be user friendly, easy to navigate and contain all the relevant information customers need.

### 3. Listen to your customer

People respond well when they feel someone has a sincere interest in them. This is as true for business interactions as it is for personal ones. When it comes to your customers, be as inquisitive as possible, and always listen to what they have to say. If there's something they want done or changed, it's important that you address their concerns in a timely and interested manner.

### 4. Reward loyalty

Always remember, it costs much less to take care of your existing customers than it does to attract new ones. One of the best ways to improve and strengthen your relationship with customers is to make them feel appreciated. Sending a thank you note, vouchers, or other tokens of appreciation for staying with your company are sure fire ways to build brand loyalty. Introducing added incentives like a loyalty program can help market your business and entice customers to return.

### 5. Employee Training

Employees are the ambassadors for most businesses, and many customers' opinions will be formed by their interactions with your personnel. That's why it's crucial to ensure your staff is well-trained, knowledgeable and experienced in customer service. Although ongoing training can be costly, it is an important step towards building stronger ties with your customers and a better reputation for your business.

### Customer needs and preferences

#### Consumer preference to products/services

- ✓ Customer needs and preferences or requirements may include:
  - Product type
  - Brand
  - Size
  - Product characteristics
  - Customer physical needs
  - - price
- ✓ **Consumer preference" is a marketing term meaning a consumer likes one thing over another.** For instance, a trend may indicate consumers prefer using debit cards over credit cards to pay for goods. Companies rely on surveys, information and data in order to customize products and services based upon **consumer preferences**





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- ✓ Consumer preferences are becoming increasingly known through **online sources**, according to Maritz. Younger people expect companies to communicate online through **forums and social media**. Companies also attempt to listen to consumers' needs through online sources as well. Young consumers between **18 and 24 prefer generic online** messages rather than private communications through email.
- ✓ Consumer preference is a general term applied to **all facets of marketing products and services**. This is not to be confused with the more-specific term brand preference, which relates to consumers **preferring one brand over competing** brands. If one brand is unavailable, consumers will likely choose another brand to fill the gap.

A revealed preference is also a subset of consumer preferences in that companies determine consumption behavior based upon sales numbers. The theory is that companies can change strategies if consumers buy one product over another

### The Importance of Researching your Customers Needs and Preferences

Identifying your customers' needs and preferences allows you to shape the **strategies and methods you use in your marketing plan**. This will help you with:

- Attracting a **greater amount of customers**
- Setting the best **price for your products**
- Increasing the amount your **customers spend**
- Increasing how often your customers spend
- There by increasing **your sales**
- **Decreasing your costs**
- Enhancing **your customer service**.

### Identifying and Segmenting Customers

Not all customers are the same – different segments will have **different needs**. The more precisely businesses can identify the specific customer segments they want to sell to, the better they will be able to **address unique customer preferences**.

- **The first step** is to identify your customers and your **potential customers**. Further customer research can help you develop a more detailed picture of them and understand how to target them. It will also emphasize key characteristics that potential customers share.
- Once you've identified who your customers are, you can find out what **motivates them to buy products and services**, to understand why they buy. They may make decisions related to work demands, family needs or budget pressures.
- You will also want to be conscious of how they shop. This will involve monitoring what their habits are, such as **shopping online, over the phone or in store**, and whether or not they make spontaneous or carefully planned decisions.



## **Conducting negotiation and maximize Benefits for all parties in a businesslike and professional manner within appropriate time frame**

### **What is Negotiation?**

Negotiation is a method by which people settle differences. It is a process by which compromise or agreement is reached while avoiding argument and dispute.

In any disagreement, individuals understandably aim to achieve the best possible outcome for their position (or perhaps an organization they represent). However, the principles of fairness, seeking mutual benefit and maintaining a relationship are the keys to a successful outcome.

Specific forms of negotiation are used in many situations: international affairs, the legal system, government, industrial disputes or domestic relationships as examples. However, general negotiation skills can be learned and applied in a wide range of activities. Negotiation skills can be of great benefit in resolving any differences that arise between you and others.

### **Stages of Negotiation**

In order to achieve a desirable outcome, it may be useful to follow a structured approach to negotiation. For example, in a work situation a meeting may need to be arranged in which all parties involved can come together.

The process of negotiation includes the following stages:

1. Preparation
2. Discussion
3. Clarification of goals
4. Negotiate towards a Win-Win outcome
5. Agreement
6. Implementation of a course of action

### **1. Preparation**

Before any negotiation takes place, a decision needs to be taken as to when and where a meeting will take place to discuss the problem and who will attend. Setting a limited time-scale can also be helpful to prevent the disagreement continuing.

This stage involves ensuring all the pertinent facts of the situation are known in order to clarify your own position. In the work example above, this would include knowing the 'rules' of your organization, to whom help is given, when help is not felt appropriate and the grounds for such refusals. Your organization may well have policies to which you can refer in preparation for the negotiation.

Undertaking preparation before discussing the disagreement will help to avoid further conflict and unnecessarily wasting time during the meeting.

### **2. Discussion**

During this stage, individuals or members of each side put forward the case as they see it, i.e. Their understanding of the situation.

Key skills during this stage include questioning, listening and clarifying.



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Sometimes it is helpful to take notes during the discussion stage to record all points put forward in case there is need for further clarification. It is extremely important to listen, as when disagreement takes place it is easy to make the mistake of saying too much and listening too little. Each side should have an equal opportunity to present their case.

### 3. Clarifying Goals

From the discussion, the goals, interests and viewpoints of both sides of the disagreement need to be clarified.

It is helpful to list these factors in order of priority. Through this clarification it is often possible to identify or establish some common ground. Clarification is an essential part of the negotiation process, without it misunderstandings are likely to occur which may cause problems and barriers to reaching a beneficial outcome.

### 4. Negotiate Towards a Win-Win Outcome

This stage focuses on what is termed a 'win-win' outcome where both sides feel they have gained something positive through the process of negotiation and both sides feel their point of view has been taken into consideration.

A win-win outcome is usually the best result. Although this may not always be possible, through negotiation, it should be the ultimate goal.

Suggestions of alternative strategies and compromises need to be considered at this point. Compromises are often positive alternatives which can often achieve greater benefit for all concerned compared to holding to the original positions.

### 5. Agreement

Agreement can be achieved once understanding of both sides' viewpoints and interests have been considered.

It is essential to for everybody involved to keep an open mind in order to achieve an acceptable solution. Any agreement needs to be made perfectly clear so that both sides know what has been decided.

### 6. Implementing a Course of Action

From the agreement, a course of action has to be implemented to carry through the decision.

#### Negotiation Strategies

There are four common strategies that are used in various ways. Here's details.

#### Yielding

A yielding strategy is to not negotiate. A person who yields accepts the first offer or assumes the price is fixed.

A common reason a person yields is to avoid inner discomfort from thoughts of taking advantage of someone else or the fear of breaking social rules that say you must accept what others say as truth. Another reason is fear of some form of conflict or other unpleasantness.

People who use the yielding strategy typically assume other people are more important and powerful than them, and so abase themselves by giving in at the





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earliest opportunity. They put gaining the approval of others well above getting what they want from the situation.

### Compromising

A compromising strategy seeks some fair balance where both parties appear to get an equitable deal. A typical tactic people used by people who adopt this approach is to 'split the difference', which is not necessarily the best way when the other person is using tactics such as highballing or asking for all needs, wants and likes.

People who use compromising tend to see others as worthy and equal to them, and hence seek fair play. They realize that nobody can get everything they want and seek an equitable arrangement. As with yielders, they care about what others think about them but have higher self-esteem and see themselves as equal to others rather than inferior.

### Competing

A classic and more aggressive approach is to treat the negotiation as a zero-sum game where their goal is to get as much as possible at whatever cost to the other party.

People who take this approach often assume they are superior or feel inferior but need to appear superior. They may well use any of the negotiation tactics, including the more deceptive ones, and consider this is not at all wrong (after all, it is a negotiation). They may well generally distrust others, seeing the world as a dog-eat-dog place where you deserve what you can get and also deserve to lose what you lose.

### Problem-solving

The problem-solving approach is closer to Compromising than Competing in that it starts from a position of respect for the other party. A person using this approach does not see the other person as competitor or threat, but rather as a person who has legitimate wants and needs, and that the goal of negotiation is less to make trades and more to work together on an equitable and reasonable solution.

In particular, a problem-solver will seek to understand the other person's situation, explain their own, and then creatively seek a solution where both can get what they need. They will listen more and discuss the situation for longer before exploring options and finally proposing solutions.

The relationship is important for a problem-solver, but mostly in that it helps trust and working together on a solution rather than it being important that the other person necessarily approves of the first person.



Self-Check 5	Written Test
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**Instruction I. give the correct answer for the following question.**

1. Write the 3 greeting rules (3)
2. List Important things to remember about greeting :(3)
3. Write Ten steps in information collection (5)
4. Write steps/Ways a Customer Database to Improve Your Business (4)
5. List five steps toward establishing better customer relations for your business.  
(5)

**10 and above correct answered points are passed marks**



# **VEHICLE SERVICING AND REPAIRING Level II**

# **Learning Guide#60**

**Unit of Competence: Develop Business Practice**

**Module Title: Developing Business Practice**

**LG Code: EIS VSR2 M15 LO6-LG-60**

**TTLM Code: EIS VSR2 TTLM 0919v1**

## **LO6. Develop and Maintain Business Relationship**



## Learning Guide

### Instruction Sheet

### Learning Guide #60

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics

- Describing/ recommending features and benefits of products/services
- Discussing Alternative sources of information/advice
- Reviewing and acting Information needed
- Honoring Agreements
- Making adjustments to agreements
- Nurturing relationships.

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:

- Describe/ recommend features and benefits of products/services
- Discuss Alternative sources of information/advice
- Review and acting Information needed
- Honor Agreements
- Make adjustments to agreements
- Know Nurturing relationships

### Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described in number **3 to 5**.
3. Read the information written in the information “Sheet 1, Sheet 2, Sheet 3, Sheet 4” respectively.
4. Accomplish the “Self-check 1, Self-check 2, Self-check 3 and Self-check 4”
5. If you earned a satisfactory evaluation proceed to “Learning Guide # 40”. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Guide #49.

Information sheet 8

Reviewing and acting Information needed



## Learning Guide

### **Seek, review and act upon information needed to maintain sound business relationships in a pro-active manner**

#### **Introduction**

Assuming you are happy with the agreements you have negotiated with others, you will want to foster and maintain business relationships with those organizations.

It is likely, too, they will seek to maintain a relationship with you providing they are satisfied with the way you have discharged your part of the bargain.

#### **The need to be proactive**

Part of the need to maintain a positive relationship with people and businesses is to proactively seek, review and act upon information needed to maintain sound business relationships.

Earlier notes identified and described opportunities to maintain regular contact with customers and suppliers options include

- Informal social occasions
- Industry functions
- Association membership
- Cooperative promotions
- A program of regular telephone contact
- The point being the onus rests with you to make contact
- It is never sufficient to rely on the other party making contact with you.

#### **Research**

In addition it may be useful to undertake one or several of the following research activities:

Talk to your network of industry contacts to identify what „the other party“ is up to other suppliers and certain guests/customers can provide valuable insight

Keep an eye on the news in the media for details about relationship partners are doing

Be observant about media advertising that is undertaken by your other party what does it tell you they are up to

Obtain and read relevant annual reports

Visit relevant web sites and opposition properties.

#### **Benefits of maintaining sound business relationships**

The rewards of taking the time and trouble to foster and maintain excellent business relationships are many, especially in the realm of the outstanding personal relationships and friendships that can emerge.

Other benefits include:

- Peer support and a network you can use to bounce ideas off
- An opportunity to learn from others and share personal experiences
- Increased business opportunities for your enterprise
- Chances to keep more up-to-date and better informed about the industry
- Increased access to relevant information that is sometimes denied to those who aren't „in the know“.

#### **Need to use the information**

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All new or revised information about customers must be acted on – this is the reason effort is made to obtain it.

Examples of action based on information gained may include:

Contacting them to congratulate them on something they have done such as an award they have won, a contract they have secured, milestones they have achieved

Contacting them to say you have noticed them in the newspaper, on TV or on the radio their „public“ appearance is a good and legitimate reason for making contact and growing the relationship

Contacting them to say you were talking to someone who mentioned their name this indicates a

common link between you and them, and indicates the value you place on them

Revising previous offers or suggestions made to them to accommodate the new information you have obtained

Providing them with new or different materials – to reflect the new or different offers made

Making contact with a new person – who has joined the other organization, been promoted to a new position or who has moved into a role where they may need to use the services your business provides

Updating internal records and files – this may include:

- ✓ Changing telephone numbers, email addresses as required
- ✓ Modifying personal details of contacts – for example, recording their date of birth if it is identified (so a Birthday card can be sent); changing family details if they have a child (so conversation can include this fact)
- ✓ Including news about products or services they have bought from other businesses into in-house files – as this nonetheless contributes to an overall understanding of their needs, wants, preferences, and experiences.
- ✓ Mention what you have learned to others in your organisation – so the knowledge is shared.

### **4.2 Honor agreements within the scope of individual responsibility**

After an agreement is confirmed, it is then up to you to honour the agreement within the scope of your individual responsibility.

This Section accepts and acknowledges you are not responsible in most cases for the total discharge of the agreement so you can usually only have limited liability in this respect, and it also raises the concept of business ethics.

#### **Scope of responsibility**

It is standard practice in businesses for all employees to have prescribed „scopes of authority“.

This scope defines the action the staff member can take without the need to consult with other people, or without the need to obtain specific approval for decisions or action.

Your individual scope of responsibility will:

Be explained to you when you join a business – as part of your Induction and orientation

Be relatively small to begin with – there may even be no scope of authority for the first few weeks and months



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Grow as your experience grows – and enable you to do more without reference to other people.

Important points to note regarding your scope of authority:

Fully understand what you are allowed to do and not allowed to do – clarify any ambiguities, talk to management and ask for workplace examples of what is allowed

Never act outside your scope of authority – ever: if you believe there is need to act outside your scope of authority:

- ☐ Refer the matter to a more senior person for their consideration and action
- ☐ Ask a more senior person for direction, guidance and advice.

Failure to adhere to existing scope of authority guidelines can result in all scope of authority permissions being revoked

### **Customer expectations**

Customers expect you and the business to honour agreements made.

Honouring an agreement from the customer's perspective means:

Doing what you said you would do

Doing it when you said you would do it – or by the stated point in time

Doing it for the promised price

Doing it to the expected, stated or agreed standard

Doing a little bit extra – that is, going beyond the strict

interpretation of the agreement.

This applies whether the arrangements were made verbally or are part of a contract.

Failing to meet these expectations:

Reduces levels of satisfaction – creating negative sentiment

Harms the trust and rapport that has been established – because the business is seen to be lying and untrustworthy

Creates the impression your business is only interested in their part of the agreement (the cash, the booking) – and not focussed on fulfilling agreed requirements

Can give rise to legal action – such as damages and or enforced undertakings

Can result in adverse publicity – where the matter is raised in the media or otherwise made public

Destroys the potential for on-going relationships.

### **Business ethics**

Business ethics are the standards, values and beliefs applied within a business context. Suitable business ethics underpin the majority of business dealings within the community and between people and organisations every day: without proper business ethics, business would grind to a halt.



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In practice, correct business ethics mean the business operates fairly and in accordance with laws and community expectations and standards.

The business will not seek to take illegal or immoral advantage of another party, and functions according to the standards and practices commonly accepted by others in business.

For example, if the other party makes a mistake and supplies extra goods or services that were not requested (and fails to charge for them), the organisation is faced with a decision. Because you know you have been oversupplied, and not charged, what do you do?

Keep the goods and say nothing?

Act as if you do not know what happened?

Go on as if nothing happened?

Proper business ethics require you (of course) to notify the other party and either return the goods or pay for them.

If you do not do this – and this may be a very tempting alternative at times – you must realise at some time your deceitful and dishonest behaviour will be uncovered and your personal and business reputation will suffer irreparable damage.

Those who expose your poor behaviour will tell others (the network within the industry is strong, and word spreads very quickly) and you will find yourself quickly shunned by others, perhaps dismissed, and perhaps even facing legal charges.

The moral of the story is pretty simple – do the right thing: all the time, every time, no matter how appealing the alternative may seem.

You may „get away with it“ for a short time, but you have been warned things will always catch up with you.

Also, be aware the conditions you bargain for during negotiations – in an open and honest exchange where others know you are trying to drive a hard deal – are one thing and taking advantages of mistakes are something else.

The end result may be the same, but how you arrived at it is the differentiating factor.

### **Agreed terms and KPIs (Key Performance Indicators)**

Honouring agreements must occur within the spirit of the relevant agreement and in compliance with applicable terms agreed to.

These terms may relate to:

- ✓ Money to be paid
- ✓ Dates for payments
- ✓ Services to be provided
- ✓ Action to be taken
- ✓ Conditions to be met.

### **KPIs**

Some agreements may contain KPIs.

KPIs are usually statistically-based targets each party is expected to attain as part of the agreement.

The nature of KPIs will vary depending on what the contract/agreement relates to.

Examples include:

The venue may agree to buy a nominated amount of a product within a given period

The client may agree to purchase a set number of rooms over a given period





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The agency may agree to sell 50% of tickets through a nominated carrier

The venue may agree to generate \$X of sales through a joint-venture partner

The supplier may agree to make 95% of its deliveries within 24 hours of orders being placed.

KPIs tend to be theoretic or projected benchmarks against which actual performance is judged throughout the life of a contract or relationship.

Actual performance is gauged against these KPIs at set dates/times and action is taken to address situations where actual performance is falling short of expected/promised performance.

### **4.3 Make adjustments to agreements in consultation with the customer/supplier and share information with appropriate colleagues**

#### **Introduction**

Even the best plans can go wrong.

The same applies to agreements and arrangements, so there will be instances where adjustments – in consultation with the customer or supplier – need to be made from time to time, in order to achieve the mutually desired outcomes originally agreed on.

This Section addresses adjustments which may be made to agreements.

#### **Making adjustments**

In effect „making adjustments“ alters the original agreement.

This may necessitate alterations to be written into a new or revised contract, and signed by both sides.

In most cases though, a brief discussion usually resolves the situation and identifies remedial action to be taken: a handshake arrangement frequently seals the modifications.

While this approach is easier and highly attractive, you should always check with others before committing to such an arrangement.

Very often, deals which required a legal approach in the first place, will also require the services of a legal advisor when changes are being made.

Your approach to the issue of changes must be the same as your approach to the initial negotiation – you need to be flexible, polite, friendly, and aware of the facts, know the revised outcome you want to achieve, aware of the constraints and parameters.

In lots of ways, factoring in adjustments throughout the period of the formal agreement is very similar to entering fresh negotiations.

Never make changes to existing arrangements, agreements or formal contracts without consulting the other party.

Keys when making adjustments are to:

Clarify revised arrangements – so there is genuine, mutual agreement and understanding

Obtain approval for changes

Determine if extra charges (or refunds) need to be made – to reflect the revised agreement

Advise others (as necessary) about the revised arrangements – so they can plan and deliver as required.



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### 4.4 Nurture relationships through regular contact

#### Introduction

Business relationships must be nurtured.

They will not flourish – or even simply continue to exist – unless you spend time caring for them.

This Section identifies ways to cultivate existing relationships.

#### The keys to nurturing

The two keys to nurturing business relationships are simple:

Regular contact

Effective communication.

It is problematic in so many instances that these basic keys are often over-looked or not implemented.

Sometimes you seem to just get „caught up“ in running the business, doing the required and repetitive tasks, looking after various things. And then one day you realise six months have gone by and there has been no meaningful contact (which may just mean „social“ contact) with the other party.

During that time a very small problem, issue or misunderstanding has assumed monumental proportions and the relationship is in jeopardy, if not already beyond saving.

In reality you can often spend too much time working in the business, rather than working on it.

In effect this small section is all about not taking people, customers or suppliers for granted.

Do you like being taken for granted?

Then what makes you think *they* do?

#### Practices to consider

The following will help ensure you pay necessary attention to nurturing relationships:

Prepare a contact schedule – and implement it

Set aside time each day or week to make contact with important customers

Diarise promises made – for follow-up calls/action

Stay polite and respectful – in all conversations and contacts

Ask for permission – to call in, telephone, make contact, provide a quotation, and supply information

Use a variety of contact options – telephone, email, face-to-face

Respect contact preferences identified or requested by the other party

Be prepared to call back and or try again – an attempt to contact someone that is unsuccessful *is not an actual contact*

Talk about non-work related topics – spend some time talking (as appropriate) about their career, general business, their family



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Thank them – for making an enquiry, for taking your call, for responding, for making a purchase, for making a booking

Meet with people in „out of work“ situations – such as industry events and social occasions

Follow-up – after the other party has made a purchase,  
attended an event or taken a trip make contact and enquire how things went

Focus on the important things – for example:

- ✓ Spend more time with more important clients/bigger accounts
- ✓ Spend time fixing problems – problems never fix themselves
- ✓ Keep all promises made.
- ✓ Share the load – introduce the other party to other workplace staff. This:
- ✓ Demonstrates the value you place on the other party
- ✓ Allows someone else to handle the other party if you are unavailable.

Review personal performance and adjust as required on the basis of feedback and/or reflection – what can you/should you do differently or better? What should you spend more or less time on? Where should your focus be?