



Textile chemical processing

NTQF Level – II

Learning Guide#35

Unit of Competence: Develop Business Practice

Module Title: Developing Business Practice

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LO1. Identify business opportunity



Instruction Sheet

Learning Guide #35

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

1.1 Investigating and identifying business opportunities

- 1.1.1 Expected financial viability
- 1.1.2 Operator skills
- 1.1.3 Finance types and amount
- 1.1.4 Returns expected
- 1.1.5 Likely return on investment
- 1.1.6 Finance required
- 1.1.7 Lifestyle issues

1.2 Undertaking feasibility study of business viability

- 1.2.1 Opportunities
- 1.2.2 Market competition
- 1.2.3 Timing/ cyclical considerations
- 1.2.4 Skills
- 1.2.5 Resources
- 1.2.6 Location or place
- 1.2.7 Risk of business opportunity
 - 1.2.7.1 Occupational Health and Safety
 - 1.2.7.2 Environmental considerations

1.3 Undertaking product or service market research

1.4 Seeking specialist and relevant parties for feasibility study

- 1.4.1 Chamber of commerce
- 1.4.2 Financial planners
- 1.4.3 Financial institution representatives,
- 1.4.4 Business planning specialists and
- 1.4.5 Marketing specialists
- 1.4.6 Accountants
- 1.4.7 Lawyers
- 1.4.8 Government agencies
- 1.4.9 Industry/trade associations
- 1.4.10 Online gateways
- 1.4.11 Business brokers/business consultants



1.5 Evaluating impact of changing technology on business operation

1.6 Assessing practicability of business opportunity

1.7 Completing business plan

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

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

- Investigate and identify business opportunities
- Undertake feasibility study to determine likely business viability
- Undertake market research on product or service
- Seeking assistance with feasibility study of specialist and relevant parties as required
- Evaluate impact of emerging or changing technology including e-commerce, on business operations
- Seek practicability of business opportunity assessed in line with perceived risks, returns and resources available
- Complete business plan for operation

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, 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.



Information Sheet-1

Investigating and identifying business opportunities

Introduction:

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.

1.1 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.

1.2 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 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 customers to 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.

1.3 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:**

Entrepreneur can 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:**

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.

1.4 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:

$$\text{Expected return} = (50\% * 20\%) + (-50\% * 10\%) = 0.1 - 0.05 = 0.05 = \mathbf{5\%}$$

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.

1.5 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:

$$\mathbf{ROI = Net Income / Cost of Investment \text{ or}}$$

$$\mathbf{ROI = Investment Gain / Investment Base}$$



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:

$$\text{ROI} = (1,000,000 - 500,000) / (500,000) = 1 \text{ or } 100\%$$

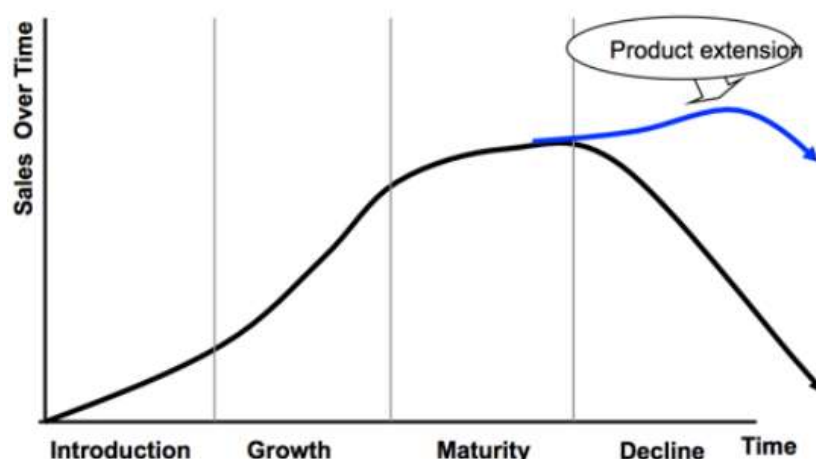
1.6 Finance required

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 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.

1.7 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 more awareness 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.

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.

**Self-Check -1****Written Test**

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.



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. _____



Information Sheet-2

Undertaking feasibility study of business viability

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.

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 end 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.

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:

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 four sections describe 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 outline 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 man considers 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.
- 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 batter 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 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 don'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 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

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-3

Undertaking product or service market research

Introduction

The important procedures taken in to consideration to do market research for a new business idea are listed as below.

1. Identify your target market

Your target market is the group of people you will promote, advertise and eventually sell your product or service to. To define your market, you need to answer certain questions, such as the following.

- What are the demographics of the locality you're running your business in?
- What is the age range of your target market?
- Are you targeting males or females, or both?
- Are you targeting married or single individuals or both?
- What are their interests?
- How often will they need your product? Every day or only at specific times?

Giving answers to these and other relevant question will help you define your target market.

2. Analyze the need to be filled

Chances are that you already defined the need, but you still need to analyze it to figure out if the need is really felt by your target market and if your product or service is capable of filling that need.

List the features and benefits of your product or service that make it the perfect solution your target market needs. In addition, list the factors that will prompt your target market to buy your product or service. This could be low price, convenience, higher quality, and other factors.

3. Ask questions from potential consumers

This is getting in touch with target market and gathers relevant information about their needs and preferences to your product or service. This is do using interviews, surveys or questionnaires.

Some important questions to ask might include the following:

- What factors do you consider when purchasing this product or service?
- What do you like or dislike about products or services currently in the market?
- What suggestions do you have for improvement?



- What do you think is the most appropriate price for this product or service?
- Asking questions like this will help you better understand what your target market expects from your product or service.

4. Analyze the competition

This is finding out more about similar products or services already in the market. Questions to be answered here are:

- What are their prices?
- What are their strengths and weaknesses? And
- How will your own products and services compete against them?

This last step helps you figure out the competition's weak areas that you can capitalize on. These are your unique selling points.

**Self-Check - 3****Written Test**

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

1. List and discuss the 4 procedures to undertake product or service market research. (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

Score = _____

Rating: _____

Name: _____

Date: _____

Short Answer Questions

1. _____

a. _____

b. _____

c. _____

d. _____

**Introduction****4.1 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.

4.2 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.

4.3 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.

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

4.5 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.

4.6 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 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 Business brokers/business consultants:

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.

**Self-Check - 4****Written Test**

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 Sheet-5

Evaluating impact of changing technology on business operation

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 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 - 5****Written Test**

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: _____

1. _____

a. _____

b. _____

c. _____

d. _____

e. _____



Information Sheet-6	Assessing practicability of business opportunity
---------------------	--

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.

**Self-Check – 6****Written Test**

Instructions: Perform the following tasks. Write your answers in the answer sheet provided:

1. List at least 5 factors to consider for evaluating practicability of business opportunities.
(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: _____

1. _____

a. _____

b. _____

c. _____

d. _____

e. _____



Information Sheet - 7

Completing 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

Preparing 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 mini plan 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.



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.



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?



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 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 – 7

Written Test

Instructions: Perform the following tasks. Write your answers in the answer sheet provided:

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

1. _____

2. _____

a. _____

b. _____

3. _____

a. _____

b. _____

c. _____

d. _____

e. _____

f. _____

g. _____

h. _____

4. _____

a. _____

b. _____

c. _____



Lists of Reference Materials

1. <https://www.finance.gov.au/procurement/procurement-policy-and-guidance/buying/contract-issues/assessing-financial-viability/practice.html>
2. [https:// 5-most-important-business-skills-every-entrepreneur-must-have.html](https://5-most-important-business-skills-every-entrepreneur-must-have.html)
3. <https://www.businesswealthglobalresources.net/sources-of-capital.html>
4. <https://corporatefinanceinstitute.com/resources/knowledge/trading-investing/expected-return/>
5. <https://www.tutor2u.net/business/reference/product-life-cycle>
6. <https://www.differencebetween.com/difference-between-feasibility-and-viability/>
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15. https://en.wikipedia.org/wiki/Chamber_of_commerce
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17. <https://www.bing.com/search?q=role+of+marketing+specialists&form>
18. <https://www.reference.com/business-finance/role-financial-accountant-87b5fd236f6aa885>
19. <https://www.bing.com/search?q=role+of+lawyers&form>
20. <https://williambruce.org/2013/09/05/what-and-who-are-business-brokers/>
21. <https://tweakyourbiz.com/technology/8-major-impacts-of-information-technology-on-businesses>
22. <https://mfishbein.com/evaluating-business-ideas/>
23. <https://www.wikihow.com/Write-a-Business-Plan-for-a-Small-Business>



Textile chemical processing

NTQF Level – II

Learning Guide#36

Unit of Competence: Develop Business Practice

Module Title: Developing Business Practice

LG Code: IND CHPO2 M11 0919LO2-LG36

TTLM Code: IND CHPO2 TTLM11, 0919v1

LO2. Identify personal business skills



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

- 2.1 Identifying financial and business skills
- 2.2. Assessing and matching personnel skills/attributes
 - 2.2.1 Technical or specialist skills
 - 2.2.2 Business knowledge and skills
 - 2.2.3 Entrepreneurship
 - 2.2.4 Willingness to take risks
- 2.3 Assessing and identifying business risks
 - 2.3.1 Occupational health and safety and environmental
 - 2.3.2 Considerations
 - 2.3.3 Relevant legislative requirements
 - 2.3.4 Security of investment
 - 2.3.5 Market competition
 - 2.3.6 Security of location
 - 2.3.7 Supply and demand
 - 2.3.8 Resources available

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 individual role and responsibilities within the team environment.
- Identify and recognize roles and responsibility of other team members.
- Identify reporting relationships within team and external to team.

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, Sheet 5 and Sheet 6**” respectively.
4. Accomplish the “**Self-check 1, Self-check 2, Self-check 3, Self-check 4, Self-check 5 and Self-check 6**” in page -5, 9, 14, 17, 20 and 25 respectively.
5. If you earned a satisfactory evaluation proceed to “Learning Guide # 37”. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Guide #36.



Information sheet-1

Identifying financial and business skills

Developing a small business into a successful enterprise, demands more than passion. Unfortunately, facts speak for themselves. Over half of new businesses fail mainly because the entrepreneur is unable to translate their passion/desire into practical business skills. Success demands more than hard work, resilience, and expertise in your field. In order to succeed, you need to understand and to become proficient in a set of fundamental business skills.

Running a small business requires that you become a jack-of-all-trades. It is important to know early on which skills that you have and those that you will have to learn or delegate to others. When it comes to the skills that you lack, you can learn these skills over a period of time by yourself, you can hire employees who are strong in specific areas, or you can engage the help of a professional business advisor.

Available financial and business skills needs to be carefully identified taking into account business opportunities encountered.

Financial and business skills refer to:

- **Financial management** - Being able to effectively manage your finances is critical. You will need to be able to forecast your cash flow and sales, as well as, monitor your profit and loss. Having sound financial management skills will help you to run your business profitably and protect your financial investment.
- **Marketing, sales and customer service** - It is important to be able to promote your products or services effectively. Providing good customer service and having a marketing strategy in place will help you to generate sales.
- **Communication and negotiation** - You will need to communicate and negotiate with your suppliers, potential investors, customers and employees. Having effective written and verbal communication skills will help you to build good working relationships. Every communication should reflect the image you are trying to project.
- **Leadership** - If you employ people, leadership will be a key skill. You must be able to motivate your staff in order to get the best out of them and improve productivity. Allocate time to mentor and coach your employees.



- **Project management and planning** - Knowing how to effectively manage your resources, including time, money and staff will help you to achieve your goals.
- **Delegation and time management**- Managing your time effectively may mean delegating responsibility to someone else in the business or outsourcing. Identifying who you can delegate tasks to, allows you to concentrate on those tasks that generate revenue.
- **Problem solving** - However much you plan, you will encounter problems in your business. This means you need to be able to make good decisions, sometimes under pressure.
- **Networking** - Building good relationships through networking will help you to grow your business and give you the support you'll need.

**Self-Check -1****Written Test**

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

1. List down at least 6 points that refers to what financial and business skills is. (6 points).

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



Answer Sheet

Score = _____

Rating: _____

Name: _____

Date: _____

Short Answer Questions

1. _____

a) _____

b) _____

c) _____

d) _____

e) _____

f) _____



Information sheet - 2	Assessing and matching personnel skills/attributes
------------------------------	---

Personal Entrepreneurial skills or attributes

Starting a business is exciting and will probably be one of the biggest decisions of your life. When entrepreneurs decide to get into business, personal skills/attributes are assessed and matched against those perceived as necessary for a particular business opportunity together with human and physical resources.

Human and physical resources may include:

- software and hardware
- office premises
- communications equipment
- specialist services through outsourcing, contracting and consultancy
- staff
- vehicles

Successful entrepreneurship needs three competencies. These may be defined as:

- A body of knowledge
- A set of skills
- A cluster of traits.

A. Knowledge has been defined as a set or body of information stored, which may be recalled at an appropriate time. Knowledge in the context of business may be manifested by information on, or familiarity with aspects such as:

- a business opportunity
- customers
- production processes
- business management
- sources of assistance
- the market
- competitors
- technical matters



Knowledge of business or entrepreneurship, however, is not enough for success in setting up and operating a business – in the same way as, for example, reading or learning about flying, driving or swimming will not on its own enable you to fly a plane, drive a car or swim in a pool.

B. Skill has been defined as the ability to apply knowledge and can be acquired or developed through practice, e.g. flying, driving or swimming. In the context of business, it is possible to distinguish between skills of a technical and managerial nature. Some examples are listed below:

2.1 Technical or specialist skills

Technical or specialist skills include:

- Engineering
- Computing
- Carpentry
- Mechanics
- Catering

Managerial skills include:

- Marketing (including selling)
- Financial management
- Organization
- Planning
- Leadership

2.2 Business knowledge and skills:

Knowledge and **skills** are relatively easy to acquire or develop. However, traits take time to develop and are not easily changed or acquired.

Traits have been defined as the aggregate of peculiar qualities or characteristics which constitutes personal individuality. In a cross-cultural study of India, Malawi and Ecuador, 14 personal entrepreneurial characteristics (PECs) that appear to depict the behavior of successful entrepreneurs were identified.



2.4 Entrepreneurship:

There is no definite definition for entrepreneurship. The followings are some of the definitions and you can also find different other definitions from different books and articles.

- ❖ Entrepreneurship is a process of searching and exploiting an opportunity.
- ❖ Entrepreneurship is the effort of an individual who goes against the odds in translating a vision into successful business enterprise.
- ❖ Entrepreneurship is the visible ability and willingness of individuals, on their own or in teams to perceive and create new economic opportunities (new products, new production methods and etc.) and to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions."
- ❖ Entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas

In generally, it is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs. It is the capacity and willingness to develop, organize and manage a business venture along with any of its risks to make a profit.

14 personnel entrepreneur characteristics are:

- Takes initiative
- Is persistent
- Is concerned for high quality
- Is oriented to efficiency
- Solves problems in original ways
- Takes calculated risks
- Is persuasive
- Sees and acts on opportunities
- Personally seeks information



- Is committed to fulfilling contracts
- Plans systematically
- Demonstrates self-confidence
- Is assertive
- Uses influential strategies

2.5 Willingness to take risks:

Willingness to take risks determines to what extent an investor is prepared to accept price fluctuation and losses.



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. List down 3 /three/ competencies that a successful entrepreneurship needs to have. (3 points).
2. List down 5 types of skills required for technical or specialist skills. (5 points).
3. List down 5 types of skills required for technical or specialist skills. (5 points).
4. Define the term Entrepreneurship. (1point)
5. List all 14 personnel entrepreneur characteristics. (14 points).

Note: Satisfactory rating – 15 and above points Unsatisfactory - below 15 points
You can ask you trainer for the copy of the correct answers.



Answer Sheet

Score = _____

Rating: _____

Name: _____

Date: _____

Short Answer Questions

1. _____

a. _____

b. _____

c. _____

2) _____

a. _____

b. _____

c. _____

d. _____

e. _____

3) _____

4) _____

a. _____

b. _____

c. _____

d. _____

e. _____

5) _____



- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____
- g. _____
- h. _____
- i. _____
- j. _____
- k. _____
- l. _____
- m. _____
- n. _____



Information sheet- 3

Assessing and identifying business risks

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

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:

- how attractive the alternative is,
- the extent to which the risk taker is prepared to accept the potential loss,
- the relative probabilities of success and failure, and
- 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 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.

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 the 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.

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
- 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 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.

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 risk taking 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

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) _____

- 2) _____

- 3) _____

- 4) _____



Lists of References

Reference

- 1- KAB (2008), International Labour Office, Geneva International Training Centre of the ILO, Turin (Revised edition)
- 2- [/http://www.Wikipedia](http://www.Wikipedia), 2019 .com
- 3- <https://ecommerce-platforms.com/glossary/ecommerce>



Textile chemical processing

NTQF Level – II

Learning Guide#37

Unit of Competence: Develop Business Practice

Module Title: Developing Business Practice

LG Code: IND CHPO2 M11 0919LO3-LG37

TTLM Code: IND CHPO2 TTLM11, 0919v1

LO 3: Plan for establishment of business operation



Instruction Sheet

Learning Guide #37

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
 - 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

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.
- 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:

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.

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

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.

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.



Personal touch: The proprietor can maintain personal contact with his employees and clients. Such contacts help in the growth of the enterprise.

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

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.

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.

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

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:

- a) Where small amount of capital is required
- b) Where quick decisions are very important
- c) Where limited risk is involved
- d) Where personal attention to individual tastes and fashion of customer is required.
- e) Where the demand is local, seasonal or temporary
- f) Where fashions change quickly
- g) 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.

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

- a) Association of two or more persons
- b) Contractual relationship
- c) Existence of lawful business
- d) Sharing of profit and loss
- e) Mutual agency among partners
- f) No separate legal entity of the firm
- g) Unlimited liability
- h) Restriction on transfer of interest
- i) Utmost good faith

Advantages:

- a) Ease of formation
- b) Larger financial resources
- c) Specialization and balanced approach
- d) Flexibility of operation
- e) Protection of minority interest
- f) Personal incentives and direct supervision
- g) Capacity for survival
- h) Better human and public relation
- i) Business secrecy.

Disadvantages:

- a) Unlimited liability
- b) Limited resources
- c) Risk of implied agency
- d) Lack of harmony
- e) Lack of continuity
- f) Non-transferability of interest
- g) 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:

- a) Ability and willingness to assume unlimited liability
- b) Willingness to be active in management
- c) Willingness to be known to the public
- d) Willingness to be actually involved in partnership
- e) Share of the partnerships profit or loss.

3. Corporations

Characteristics:

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

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

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



1. Cooperatives

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

- a) Open and voluntary membership
- b) Democratic control
- c) Limited interest on capital
- d) Division of net surplus
- e) Cooperative education
- f) 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;
- 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.



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 – 4 and above points

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

Unsatisfactory - below 4 points



Score = _____

Rating: _____

Answer Sheet

Name: _____

Date: _____

Short Answer Questions



Information Sheet- 2

Developing and documenting business operation procedures

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.

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,

- a) They simplify work by eliminating unnecessary and overlapping steps,
- b) Procedures relieve managers of much detail in directing subordinates,
- c) They avoid chaos and random activity by ensuring consistency in operations
- d) A procedure indicates a standard way of performing a work leading to higher level of performance,
- e) It ensures uniformity of action by laying down a well thought out course of action,
- f) A procedure facilitates delegation of authority and executive control by laying down the sequence and timing of each task,
- g) 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.



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 - 4 & above points
point**

Unsatisfactory - below 4

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



Answer Sheet

Score = _____

Rating: _____

Name: _____

Date: _____

Short Answer Questions



Information Sheet-3

Securing financial backing

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 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.



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: _____



Information Sheet-4

Identifying and compiling business legal and regulatory requirement

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;
- 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:
 - 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.



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



Information Sheet-5

Business operation resources

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 lines of credit may be grand 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 need 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.



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.



Score = _____

Rating: _____

Answer Sheet

Name: _____

Date: _____

Short Answer Questions



Information Sheet-6

Determining human resources

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
- **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 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

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

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 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).



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 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 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.



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*



Textile chemical processing

NTQF Level – II

Learning Guide#38

Unit of Competence: Develop Business Practice

Module Title: Developing Business Practice

LG Code: IND CHPO2 M11 0919LO4-LG38

TTLM Code: IND CHPO2 TTLM11, 0919v1

LO 4: Implement establishment plan



Instruction Sheet

Learning Guide #38

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
- 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

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- 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. 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.

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:

- **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.



Self-Check -1

Written Test

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

3. What is marketing? (3 point)
4. 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:

Existing finance funds	- Cash balances
	- Bank overdraft
	- Bank and other loans
	- Shareholders' capital
	- Working capital (e.g. stocks, debtors) already invested in the business
	- Creditors (suppliers, government)
Ability to raise new funds	- 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 requirements? An audit of human resources would include assessment of the following factors:

Existing staffing resources	- 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
Changes required to resources	- 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:



Production facilities	- Location of existing production facilities; capacity; investment and maintenance requirements
	- Current production processes - quality; method & organization
	- Extent to which production requirements of the strategy can be delivered by existing facilities
Marketing facilities	- Marketing management process
	- Distribution channels
Information technology	- 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:

Goodwill	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)
Reputation	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



<i>Brands</i>	Strong brands are often the key factor in whether a growth strategy is a success or failure
<i>Intellectual Property</i>	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. _____

2. _____



Information Sheet - 3	Establishing Operational unit
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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

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- 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) Â Indeed
- g) Jobs presso



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

Score = _____

Rating: _____

Name: _____

Date: _____

1. _____

2. _____



Information Sheet-4

Developing and implementing monitoring process

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



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.



Answer Sheet

Score = _____
Rating: _____

Name: _____

Date: _____

Short Answer Question

1. _____

2. _____



Information Sheet-5

Maintaining Legal documents

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

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 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.



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: _____

Name: _____

Date: _____

Short Answer Questions

1. _____

2. _____

3. _____



Information Sheet- 6

Keeping and updating records

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 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.



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.

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.

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.
- **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

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
94points**

Unsatisfactory - below

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



Answer Sheet

Score = _____

Rating: _____

Name: _____

Date: _____

Short Answer Questions



Information Sheet-8	Identifying leasing/ownership options
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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 increases. This is despite how well your business is doing.	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 business.
If the business is terminated, the tenant may be able to sublet, so the	The landlord may decide to sell the premises. As a result you may be	Any improvements to the premises become the owner's property, and add to the value of the	You are tied to one spot. You cannot move easily, especially



financial loss is minimised.	forced to move your business elsewhere. Disruption and loss of customer base may ensue.	owner's investment.	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.	

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.



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
points**

Unsatisfactory - below 4

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**

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.



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:

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



Textile chemical processing

NTQF Level – II

Learning Guide #39

Unit of Competence: Develop business practice

Module Title: Developing business practice

LG Code: IND CHPO2 Mo5 0919LO5-LG039

TTLM Code: IND CHPO2 TTLM11, 0919v1

LO5 .Review implementation process



Instruction Sheet

Learning Guide #39

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.



Information Sheet - 1 Developing and implementing review process

Introduction

Implementation is the process that turns strategies and plans into 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 a 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

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

Score = _____

Rating: _____

Name: _____

Date: _____

Short Answer Questions

5. _____

6. _____

7. _____

a. _____

b. _____

c. _____

d. _____

e. _____



Information sheet - 2

Identifying business operation improvement

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

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 you 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

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

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

Score = _____

Rating: _____

Name: _____

Date: _____

Short Answer Questions

1. _____
 - a. _____
 - b. _____
 - c. _____
 - d. _____



Information sheet - 4	Implementation and monitoring process improvements
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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. _____

3. _____

a. _____

b. _____

c. _____

d. _____

e. _____



Lists of References

- 4- <http://www.Wikipedia, 2019 .com>
- 5- <https://ecommerce-platforms.com/glossary/ecommerce>
- 6- www.localmanagment.eu