

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

1. Conducting market research
2. Selecting appropriate operational unit
3. Business operation monitoring
4. Maintaining legal documents
5. Ownership criteria

After the completion of this course you will able to:-

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

## **Learning Instructions:**

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described in number 3 to 7.
3. Read the information written in the “Information Sheet 1”, “Information Sheet 2”, “Information Sheet 3”, “Information Sheet 4” and “Information Sheet 5”. Try to understand what are being discussed. Ask you teacher for assistance if you have hard time understanding them.
4. Accomplish the “Self-Check 1” in page 9; “Self-Check 2” in page 17; “SelfCheck3” in page 23; “Self-Check 4” in page 28 and “Self-Check 5” in page 33.
5. Ask your teacher to correct.
6. Do the “LAP Test” in page 34 (if you are ready). Request your teacher to evaluate your performance and outputs. Your teacher will give you feedback and the evaluation will be either satisfactory or unsatisfactory. If unsatisfactory, your teacher shall advice you on additional work. But if satisfactory you can proceed to next Learning Guide.

## **Marketing Research**

To undertake marketing effectively, businesses need information. Information about customer wants, market demand, competitors, distribution channels etc. All these information can be generated through a Market research.

Market research consists of testing the market to determine the acceptance of a particular product or service, especially amongst different demographics. It is used to establish which portion of the population will or does purchase a product, based on age, gender, location, income level and many other variables. Market research allows companies to learn more about past, current and potential customers, including their specific likes and dislikes.

Based on market research data, businesses can develop a "target audience." A target audience is a specific group of customers that has a distinct need or desire for a product or service. Market research is used to determine how often the target audience will buy a particular item, how much they are willing to pay for it, and their overall satisfaction with it. By analyzing market research information, manufacturers and service providers learn where to focus their resources most effectively.

For example, mature men and women are most likely to buy a hair product that covers gray. Advertising for such a product would obviously target adults, perhaps those 30 and older. It makes no sense to waste money and effort advertising it to teen girls.

Market research also helps companies develop information regarding new

products or product lines and learn how well new items will be received. It can also help businesses learn how the public responds to a comparable product already on the market. In this way, business can stay in the loop, keeping in touch with the wants and needs of potential consumers. They can stop production of a product that the public shows little or no interest in, or change it, improve it, or lower the price as necessary based on market research information.

Marketers need all the above information to launch a product. The sources of this information are:

***(1) Internal company information***

E.g. sales, orders, customer profiles, stocks, customer service reports

***(2) Marketing intelligence***

This can be information gathered from many sources, including suppliers, customers, distributors, newspapers and other media inputs like Facebook etc. Marketing intelligence is a catch-all term to include all the everyday information about developments in the market that helps a business prepares and adjust its marketing plans.

***(3) Market research***

Management cannot always wait for information to arrive in bits and pieces from internal sources. Also, sources of market intelligence cannot always be relied upon to provide relevant or up-to-date information. In such circumstances, businesses often need to undertake specific studies to support their marketing strategy - this is market research.

**Conducting Market Research**

Depending on the situation facing a business, particularly the resources allocated

### **(1) Do it yourself - personally**

This is often the case in smaller businesses. Here, marketing staff do the research themselves. Sample sizes tend to be small - which may be appropriate if there are a relatively small number of customers like a car dealer in a town etc.

### **(2) Do it yourself - using a marketing research department**

By employing a marketing research manager, a business may benefit from specialist research skills. Normally single brand, small time producers take this route.

### **(3) Do it yourself - using a fieldwork agency**

Often the design of a piece of market research can be completed using internal resources -particularly if the business employs a marketing specialist with knowledge of research techniques. However, the scope of the research (for example, interviewing a large sample of consumers in various locations) may be beyond the resources of a business. In this case, the fieldwork can be carried out by a marketing research agency.

### **(4) Use the full services of a marketing research agency**

Where resources permit, a business can invest in the full range of skills offered by marketing research agencies. A complete service would include:

Preparation of the market research proposal (survey design, costs, timetable, method of feedback) Conduct exploratory research Design the research questionnaire

Select the sample

Choose the survey method (e.g. telephone, postal, face-to-face)

Conduct the interviewing

Analyze and interpret the results

Prepare a report Make a presentation

## **Two main Types of Market Research**

In terms of the data capture and analysis there are two main types of market research:

### **Qualitative Research**

Qualitative research is about investigating the features of a market through indepth Research that explores the background and context for decision-making.

There are two main qualitative methods - depth interviews and focus groups.

However qualitative research can also include techniques such as brainstorming sessions.

#### **(a) Depth Interviewing**

Depth interviews are the main form of qualitative research in most business markets. Here an interviewer spends time in a one-on-one interview finding out about the customer's particular circumstances and their individual opinions.

The majority of business depth interviews take place in person, which has the added benefit that the researcher visits the respondent's place of work and gains a sense of the culture of the business. However, for multi-national studies, telephone depth interviews, or even on-line depth interviews may be more

Feedback is through a presentation that draws together findings across a number of depth interviews. In some circumstances, such as segmentation studies, identifying differences between respondents based on age, cultural, economic and educational background etc. is very important.

#### **(b) Group Discussion**

Focus groups are the mainstay of consumer research. Here several customers are brought together to take part in a discussion led by a researcher (or "moderator").

These groups are a good way of exploring a topic in some depth understands their likes and dislikes of the product presented the competition products etc. This gives ample information to marketers to decide an appropriate strategy to market their products.

Online research can also be done, where participants chosen at random, can give their opinions and inputs on various aspects of products and services.

### **Quantitative Research**

Quantitative research is about measuring a market and quantifying that measurement with data. Most often the data required relates to market size, market share, penetration, installed base and market growth rates.

However, quantitative research can also be used to measure customer attitudes, satisfaction, commitment and a range of other useful market data that can tracked over time.

Quantitative research can also be used to measure customer awareness and attitudes to different manufacturers and to understand overall customer behavior in a market by taking a statistical sample of customers to understand the market as a whole.

At the heart of all quantitative research is the statistical sample. Great care has to be taken in selecting the sample and also in the design of the questionnaire and the quality of the analysis (statistical analysis) of data collected.

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

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

**Instructions:**

Write all your answers in the provided answer sheet pages 10.

**Test : Short Answer Questions**

*Directions:* Answer all the questions listed below. Examples may be necessary to aid some explanations/answers.

1. What are the goals of market research? (4 points)
2. Marketing information is gathered from 3 main sources, what are they?  
(4 points)
3. List out 2 qualitative methods of market research? (2 points)

Score = _____
Rating: _____

**Answer sheet**

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

**Test : Short Answer Questions**

1. \_\_\_\_\_  
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2. \_\_\_\_\_  
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**Note:** Satisfactory rating= 6 and above;  
Unsatisfactory rating= below 6 points.  
You can ask your teacher to correct your work

## Selecting Appropriate Operational Unit

There are many forms of business available to choose from. Choosing a particular business form, depends on mainly the capital available, size of the operation, the skill set available, the ownership design etc. The following are the types of business forms available to choose an appropriate business operation.

There are five major types of business operations available:

- Sole Proprietorship,
- Partnership,
- Close Corporation,
- Limited Liability Company and
- Corporation.

### 1. Sole Proprietorship

The sole proprietorship is perhaps the most common form of business ownership. Conducting business as a sole proprietor has distinct advantages and disadvantages. *Sole proprietorship is an unincorporated business owned by one person (hence, the term sole).* The owner of a sole proprietorship is known as a sole proprietor.

The most important feature of a sole proprietorship is that the law makes no distinction between the sole proprietor, and the business. Virtually all the legal and tax consequences associated with sole proprietorships flow from this essential element.

A sole proprietorship firm is run under owner's name or under the trade name.

He may employ others who will be part of the business but ownership will remain with one person.

**The advantages:**

All profits remain with the owner. The owner pays taxes on income from the business as part of his personal income. Sole proprietor can open a business quickly and with relative ease, without much formality other than the licensing formalities. There is less paper work a sole proprietor has complete control and decision-making power over the business. Sale or transfer can take place at the discretion of the sole proprietor. Minimal legal costs to forming a sole proprietorship.

**The Disadvantages:**

The sole proprietor is personally liable for all the debts of the business. The owner bears all the risks and losses. The owner has to source for capital additionally; this risk extends to any liabilities incurred as a result of acts committed by employees of the company. All responsibilities and business decisions fall on the shoulders of the sole proprietor.

**Partnership**

Where two or more persons pool their capital and form a business with an agreement to share the profit of the business.

The Business Partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, how future business partners will be admitted to the partnership, how partners can be bought out, or what steps will be taken to dissolve the partnership when needed.

There is no legal personality for the business and partners are jointly and severally liable to claims. In a general partnership liability is unlimited. Also, each partner is taxed in his own personality capacity.

**Limited Liability partnership:**

It is another form of partnership where one partner with management rights but also with unlimited liability and one or more limited partner with no rights of involvement in managing the business.

A limited partner contributes a fixed amount of capital or property to the partnership and is liable to the business debts or liabilities only up to the amount contributed.

**The Advantages:**

- Flexible structure based on the agreement of partners;
- Less paper work vis-à-vis legislation and taxation;
- Sharing risks, losses and management responsibilities;
- Availability of more diversified skills;
- Possibility of raising more capital; and
- No risk of take-over by other businesses

**The Disadvantages:**

- Business Partners are jointly and individually liable for the actions of the other partners.
- Profits must be shared with others.
- Since decisions are shared, disagreements can occur.
- The partnership may have a limited life; it may end upon the withdrawal or death of a partner.

**Close corporation (or Private Limited company)**

A close corporation status is in between a partnership and a company/corporation status. The size of membership can go up to 50.

Ownership of members is expressed as percentage of total capital and each member receives a certificate of ownership.

Basic conditions to be satisfied are that (i) founding statements need to be deposited with the Registrar and (ii) application ought to be submitted for name of the close corporation. Other registration requirements are required.

**The advantages:**

Is a separate legal entity and is therefore not affected by the death of a member  
The members are only liable for debts of the corporation under a number of specified circumstances.

Registration of a close corporation is relatively simple and inexpensive when compared to a company. Members will not pay tax on all the profits of the close corporation as is the case with a partnership or sole proprietorship. The close corporation will pay tax at a flat rate, where after the profits can be distributed to the members as a dividends.

There are laws which govern meetings and procedures of the closed corporation.

The running of a close corporation is much simpler than that of a company.

**The Disadvantages:**

Under certain circumstances, the members can be held personally liable for the debts of the close corporation.

All the members have to give their consent for the disposal of a member's interest and they have to be given preference to third parties to acquire the interest.

**Limited Liability Companies:**

Shareholders own Limited Liability Companies whose percent of ownership is based on the amount of their capital contributions. This form of business status opens the way for acquisition of funding. Shareholding members have limited liability to the company's debts up to the values of their shares and they are not personally liable to the debts.

**The advantages:**

Shareholders cannot be held liable for the liabilities of the company, as the company is a separate legal entity.

Public company can have unlimited shareholders. Shares in a company are easily transferable. A trust can own shares in a company.

**The Disadvantages:**

It is very difficult to form a company. Too many paper works, to cover various legislations. Winding up also difficult.

Self check 2	Written test
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**Name:** \_\_\_\_\_

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

**Instructions:**

Write all your answers in the provided answer sheet pages 18.

**Test : Short Answer Questions**

*Directions:* Answer all the questions listed below. Examples may be necessary to aid some explanations/answers.

1. List out major forms of business operations available? (4 points)
2. List out advantages of Sole Proprietorship (3 points)
3. List out disadvantages of Partnership. (3 Points)

**Answer sheet**

Score = _____
Rating: _____

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

**Test : Short Answer Questions**

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**Note:** Satisfactory rating= 6 and above;  
Unsatisfactory rating= below 6 points.  
You can ask your teacher to correct your work.

**Business operation monitoring** is a set of management and analytic processes that enables the management of an organization to monitor the performance against the pre-set goals.

Business operation monitoring has three main activities:

1. Selection of goals,
2. Collecting operational data to analyze the organization's progress against these goals (metrics),
3. Actions taken by managers based on this information (metrics) to improve future performance.

The challenges involved are:

- Collecting data - both internal and external
- Analyzing the data
- Coming to an appropriate conclusion
- Taking corrective actions

Prior to the start of the computerization, before 1970s, the businesses sometimes took the trouble to laboriously collect data from non-automated sources. As businesses started automating more and more systems, more and more data became available. But accuracy of data is still a challenge.

Then comes analyzing the data. For instance a bank management may want to analyze the data to find out:

- New customers acquired
- Status of existing customers
- Attrition of customers (customers who left the bank)

- Turnover generated by segments of the customers – (Retail/ corporate customers)
- Loan outstanding by customer segments
- Collection of bad debts
- Potential customers applying to become customers, and the levels of
- approval, rejections and pending numbers
- Delinquency analysis of customers behind on payments
- Profitability of customers from each segment and so on.

Based on the analysis, the management may develop strategies regarding – what is to be done to improve the profitability; to increase the customer base; to retain the customer etc.

Then the management takes actions to implement those strategies to achieve the pre-set goal.

There are some tools available in the software domain to help the businesses to monitor the operations like, Balance Score Card, Business Intelligence etc.

Self check 3	Written test
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**Name:** \_\_\_\_\_

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

**Instructions:**

Write all your answers in the provided answer sheet pages 23.

**Test : Short Answer Questions**

*Directions:* Answer all the questions listed below. Examples may be necessary to aid some explanations/answers.

1. What are the three main activities of business operation monitoring?  
(3 points)
2. What are the challenges involved in business monitoring? (3 points)
3. Give an example of data analysis by a bank? (4 points)

Score = _____
Rating: _____

**Answer sheet**

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

**Test : Short Answer Questions**

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**Note:** *Satisfactory rating= 6 and above;  
Unsatisfactory rating= below 6 points.  
You can ask your teacher to correct your work.*

Maintaining financial records is very important for the effective planning and management of your micro-business, as well as making sound business decisions.

It may also be required to present financial and performance records to banks, financial institutions and other potential investors, in order to provide a snapshot of the business.

There are also legal requirements that relate to record keeping.

Therefore, keeping and maintaining up-to-date records in an orderly manner is very essential to managing business.

It is required by the law, that business records and documents that explain all transactions are kept and retained for at least five years.

The records that are required to keep include:

- Purchase and expense invoices
- Sales and income receipts
- Cash register tapes
- Credit card statements
- Bank account statements

For taxation purposes the following records are to be maintained every year:

- Motor vehicle expenses, including logbooks
- Debtors and creditors outstanding
- Records of depreciating assets
- Stock-take records
- Records of business assets uses for private purposes
- Records of business assets sold during the year

There are other records are required by law are:

- Employee musters
- Salary paid records
- Appointment and relieving documents of employees

<b>Self check 4</b>	<b>Written test</b>
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**Name:** \_\_\_\_\_

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

**Instructions:**

Write all your answers in the provided answer sheet pages 28.

**Test: Short Answer Questions**

*Directions:* Answer all the questions listed below. Examples may be necessary to aid some explanations/answers.

1. What are the financial records that are required to be maintained by law? (3 points)
2. What are records that are required for taxation purposes? (4 points)
3. What are the records related to employees that are expected to be maintained? (3 points)

**Answer sheet**

Score = _____
Rating: _____

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

**Test : Short Answer Questions**

1. \_\_\_\_\_  
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3. \_\_\_\_\_  
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**Note:** *Satisfactory rating= 15 and above;  
Unsatisfactory rating= below 15 points.  
You can ask your teacher to correct your work.*

**Ownership Criteria**

The success of a business owner depends on a wide range of criteria

Some of those criteria are listed below:

1. The owner should enjoy doing the business. He should get personal satisfaction in the business activities.
2. The owner should believe in the product and service that he is offering
3. The owner should plan his action and act according to his plan.
4. Owner should be able to handle money wisely and not to dip into business income for personal expenses at least for the first 3 years.
5. The owner should act as a sales person and sell constantly the benefits of the product or service; not to be shy about it.
6. Have a feeling for customers and their special needs and always try to attend to those needs.
7. Have a positive mind set in the face of adversities and hurdles in order to overcome them eventually.
8. Should know how to take advantage of the new technology for the betterment of business, especially information technology.
9. Must have a supporting team to carry out important decisions.

10. Should be thorough with the application and usage of the product and the customer should be able to count on these expertise for their benefits.

11. Must create a competitive advantage, by doing and bringing unique service and products.

12. Must be accessible to the customers and stay as easy for the customers to do business with.

13. Get involved in the community that supports the business and be known in that community.

14. Be able to negotiate cleverly leaving a win-a-win situation on the table.

15. Follow-up constantly to reach out the existing and the potential customers.

Self check 5	Written test
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**Name:** \_\_\_\_\_

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

**Instructions:**

Write all your answers in the provided answer sheet page 33.

**Test : True /False**

*Directions:*

- There are five [5] questions in Test II. Select the best answer for each question and write only the letter that corresponds to your answer in the provided answer sheet.
- A correct answer scores 2 point and an incorrect answer scores 0 point. No marks will be given for a question if more than one answer is supplied.

1. The owner should believe in the product and service that he is offering –

**True or False**

2. The owner should act as a sales person and sell constantly the benefits of the product or service; not to be shy about it. **True or False**

3. Should know how to take advantage of the new technology for the betterment of business, especially information technology. **True or False**

4. Have a positive mind set in the face of adversities and hurdles in order to overcome them eventually. **True or False**

5. Must create a competitive advantage, by doing and bringing unique service and products. **True or False**

**Answer sheet**

Score = _____
Rating: _____

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

**Test : True /False**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

**Note:** *Satisfactory rating= 6 and above;  
Unsatisfactory rating= below 6 points.  
You can ask your teacher to correct your work.*

LAP Test -1	Practical Demonstration
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Name: \_\_\_\_\_

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

Time started: \_\_\_\_\_

Time finished: \_\_\_\_\_

***Instructions:***

Given the freedom to assume things, you are required to perform the following tasks within 2 weeks.

Task 1: Give a plan of market research you may undertake in a leather cluster nearby to establish a unit specializing in machine operations.

Task 2: How do you form a sole proprietorship concern dealing with machinery operations for leather manufacturers who would outsource their machinery works?

***Request your teacher for evaluation and feedback of your work.***