TVET CERTIFICATE III

BUSINESS CREATION

CCMBC301

Create a business

Competence

Credits: 3

Learning hours: 30

Sector: All

Sub-sector: All

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Purpose statement

This module describes the skills and knowledge required to start up and operate a business. At the end of this module, the participants will be aware of the characteristics of an entrepreneur, principles and tools behind socio-economic environment assessment. They can apply techniques to recognize business opportunities. They can convert business opportunity into business ideas, determine business requirements and produce a business idea proposal. They are able to organize, follow and record day to day business operations. The participants simulate a market after which they are familiar with the business operations. They can manage relationship with different business stakeholders.

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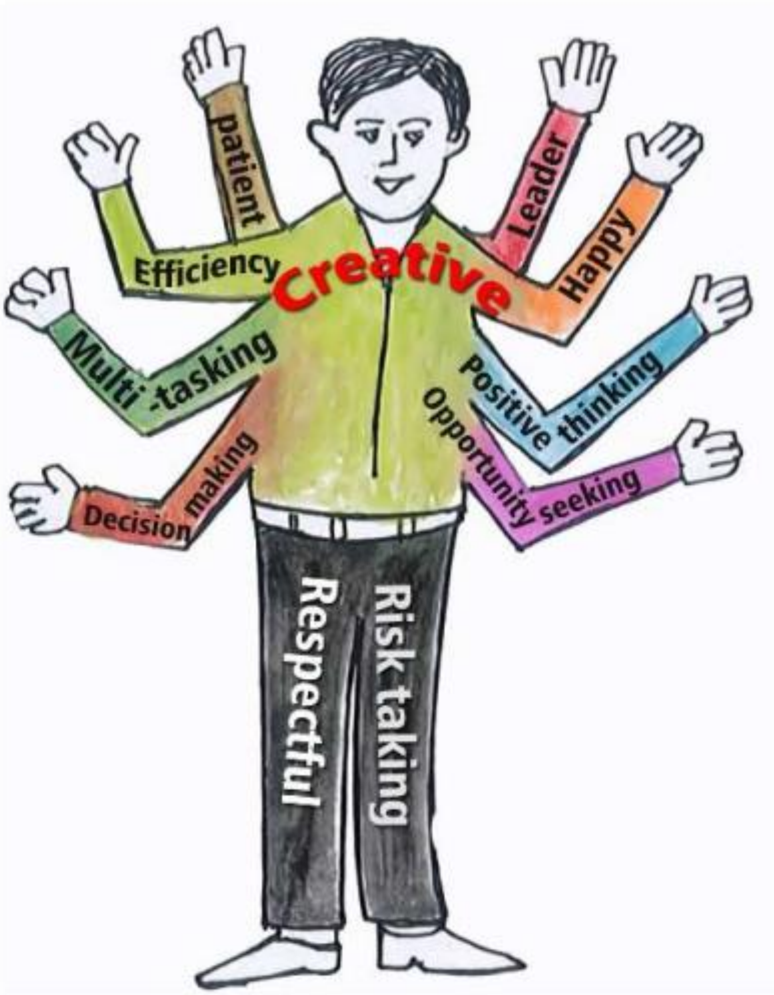
Learning Unit 1 – Identify and describe entrepreneurial characteristics

LO 1.1 – Identify entrepreneurial characteristics.

- Definition of entrepreneurship

Entrepreneurship is an act of being an entrepreneur, or "the owner or manager of a business enterprise who, by risk and initiative, attempts to make profits". Entrepreneurs act as managers and oversee the launch and growth of an enterprise. Entrepreneurship is the process by which either an individual or a team identifies a business opportunity and acquires and deploys the necessary resources required for its exploitation

- Characteristics and competencies of an entrepreneur



Successful business people have many traits in common with one another. They are confident and optimistic. They are disciplined self-starters. They are open to any new ideas which cross their path. Here are ten traits of the successful entrepreneur: disciplined, confidence, open minded, Self-Starter, Competitive, Creativity, Determination, Strong people skills, Strong work ethic, and Passion.

Successful entrepreneurs want to see what the view is like at the top of the business mountain. Once they see it, they want to go further. They know how to talk to their employees, and their businesses soar as a result.

LO 1.2 – Describe entrepreneurial characteristics.

- Description characteristics and competencies of an entrepreneur

Successful business people have many traits in common with one another. They are confident and optimistic. They are disciplined self-starters. They are open to any new ideas which cross their path. Here are ten traits of the successful entrepreneur: disciplined, confidence, open minded, Self-Starter, Competitive, Creativity, Determination, Strong people skills, Strong work ethic, and Passion

1. Disciplined

These individuals are focused on making their businesses work, and eliminate any hindrances or distractions to their goals. They have overarching strategies and outline the tactics to accomplish them. Successful entrepreneurs are disciplined enough to take steps every day toward the achievement of their objectives.

2. Confidence

The entrepreneur does not ask questions about whether they can succeed or whether they are worthy of success. They are confident with the knowledge that they will make their businesses succeed. They exude that confidence in everything they do.

3. Open Minded

Entrepreneurs realize that every event and situation is a business opportunity. Ideas are constantly being generated about workflows and efficiency, people skills and potential new businesses. They have the ability to look at everything around them and focus it toward their goals.

4. Self-Starter

Entrepreneurs know that if something needs to be done, they should start it themselves. They set the parameters and make sure that projects follow that path. They are proactive, not waiting for someone to give them permission.

5. Competitive

Many companies are formed because an entrepreneur knows that they can do a job better than another. They need to win at the sports they play and need to win at the businesses that they create. An entrepreneur will highlight their own company's track record of success.

6. Creativity

One facet of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries.

7. Determination

Entrepreneurs are not thwarted by their defeats. They look at defeat as an opportunity for success. They are determined to make all of their endeavours succeed, so will try and try again until it does. Successful entrepreneurs do not believe that something cannot be done.

8. Strong people skills

The entrepreneur has strong communication skills to sell the product and motivate employees. Most successful entrepreneurs know how to motivate their employees so the business grows overall. They are very good at highlighting the benefits of any situation and coaching others to their success.

9. Strong work ethic

The successful entrepreneur will often be the first person to arrive at the office and the last one to leave. They will come in on their days off to make sure that an outcome meets their expectations. Their mind is constantly on their work, whether they are in or out of the workplace.

10. Passion

Passion is the most important trait of the successful entrepreneur. They genuinely love their work. They are willing to put in those extra hours to make the business succeed because there is a joy their business gives which goes beyond the money. The successful entrepreneur will always be reading and researching ways to make the business better.

LO 1.3 - Demonstrate characteristics of a good and successful entrepreneur

- Characteristics of a good and successful entrepreneur

Being a successful entrepreneur means more than starting new ventures every other day. It means the right attitude towards a business and the determination and grit to achieve success. A successful entrepreneur has a strong inner drive that helps him or her to succeed. Let us take a look at the qualities that go into making a successful entrepreneur.

1. Commitment

Commitment is about doing something when you don't know the plan and having the courage to go through the unknowns. It can be difficult and scary at times, but when we branch out on our own as entrepreneurs, we need to fully commit ourselves to our business and our mission. It's the one thing that will keep us going through all the tough times we will inevitably face.

2. Innovation

Business innovation is when an organisation introduces new processes, services, or products to affect positive change in their business. This can include improving existing methods or practices, or starting from scratch. Ultimately the goal is to reinvigorate a business, creating new value and boosting growth and/or productivity

3. Creativity

Creativity in business is a way of thinking that inspires, challenges and helps people to find innovative solutions and create opportunities

4. Positive thinking

Successful businesses leaders have cited positive thinking and optimism as a strategy for succeeding in work and life. The power of positive thinking is leaving you open to success and happiness. Positive thinkers avoid negative thoughts and self-criticism. Improve your outlook by practicing daily affirmations and always focusing on the positive in any situation.

5. **Moderate Risk taking**

Taking such kind of risk is an absolute necessity for any business. Of course, time, effort and money are at stake when you take the risk, but until you do not stretch your limit and let things take its time, it's quite difficult to expand your business and grow in your career. For instance, taking up a project without payment in advance; this is something that most businesses go ahead with to win customers.

Learning Unit 2 - Assess business environment

LO 2.1 Apply methods, principles and techniques in identification of problems related to economic environment

- Definition of socio-economic environment

Socio-economic environment refers to as a combination of social activities, cultural activities, economical activities, and their impact of business environment. Some factors are internal and others are external.The first step to understanding what socioeconomic factors are is to understand social economics. This is a specialized branch of economics that concerns itself with studying the intimate relationship between economics and social behavior. Such things as ethics, social norms and different social philosophies have an impact on how consumers behave in an economy and the eventual shape that economy will take. The study of social economics seeks to predict what kind of results to expect when the society has been changed. It does this by studying politics, history and other social sciences.

Socioeconomic factors are, therefore, the social and economic factors that shape and determine the dynamics a society will experience. These are factors that affect the behavior of a particular group, also known as a socioeconomic class. Perhaps the most interesting behavior of members of a socioeconomic class is their behavior as consumers. Different socioeconomic classes will generally have different priorities, and this will affect how they spend their money.

- Types of problems linked to economic environment

The economic environment consists of microeconomic and macroeconomic factors. The microeconomic environment refers to things that happen at the individual company or consumer level. Microeconomic factors do not affect the whole economy. The following are some microeconomic factors that may influence a business: **Competitors**, **Demand**, **Market size**, **Suppliers**, and **Supply**. How you supply your goods, i.e., the distribution chain. For example, through retail stores, distributors, the Internet, etc.The macroeconomic environment, on the other hand, refers to things that affect the entire economy. Macroeconomics is concerned with general or large-scale economic factors, such as: **Unemployment, Inflation, Interest rates**, **Taxes**, and **Exchange rates**.

- Environment screening methods, principles, techniques and process.

Environmental scanning is a process that systematically surveys and interprets relevant data to identify external opportunities and threats that could influence future decisions and should be used as part of the strategic planning process. Components of external scanning that could be considered include:

Trends: What trends are occurring in the marketplace or industry that could affect the organization either positively or negatively?

Competition: What is your competition doing that provides them an advantage? Where can you exploit your competition's weaknesses?

Technology: What developments in technology may impact your business in the future? Are there new technologies that can make your organization more efficient?

Customers: How is your customer base changing? What is impacting your ability to provide top-notch customer service?

Economy: What is happening in the economy that could affect future business?

Labour supply: What is the labour market like in the geographies where you operate? How can you ensure ready access to high-demand workers?

Political/legislative arena: What impact will election outcomes have on your business? Is there impending legislation that will affect your operations?

The next step is to conduct an internal scan of the organization. Review the company's vision, mission and strategic plan. Examine the organization's strengths and weaknesses. Consider where the company is now and where it plans to be in five or 10 years. Interview or survey leaders of the company.

Once an organization has gathered information about the external world, its competitors and itself, it should then develop strategies to respond to impacts when the need arises.

When conducting an environmental scan, a variety of methods should be used to collect data, including **reviewing publications**, **conducting focus groups**, **interviewing leaders inside and outside the organization**, and **administering surveys**.

Environmental scanning is an important component of strategic planning as it provides information on factors that will affect the organization in the future. The information gathered will allow leadership to proactively respond to external impacts.

LO 2.2 Recognize business opportunities.

- Definition of market

A market is a place where two parties can gather to facilitate the exchange of goods and services. The parties involved are usually buyers and sellers. The market may be physical like a retail outlet, where people meet face-to-face, or virtual like an online market, where there is no direct physical contact between buyers and sellers.

The term market also takes on other forms. For instance, it may refer to the place where securities are traded—the securities market. Alternatively, the term may also be used to describe a collection of people who wish to buy a specific product or service such as the Brooklyn housing market or as broad as the global diamond market.

Technically speaking, a market is any place where two or more parties can meet to engage in an economic transaction—even those that don't involve legal tender. A market transaction may involve goods, services, information, currency, or any combination of these that pass from one party to another.

Markets may be represented by physical locations where transactions are made. These include retail stores and other similar businesses that sell individual items to wholesale markets selling goods to other distributors. Or they may be virtual. Internet-based stores and auction sites such as Amazon and eBay are examples of markets where transactions can take place entirely online and the parties involved never connect physically.

Markets vary widely for a number of reasons, including the kinds of products sold, location, duration, size, and constituency of the customer base, size, legality, and many other factors. Aside from the two most common markets—physical and virtual—there are other kinds of markets where parties can gather to execute their transactions.

- Definition of business opportunity

Are you thinking of becoming an entrepreneur? Or, are you already self-employed and looking for new ways to earn more? If the answer to any of the two questions is positive, what you actually need is a good business opportunity. Luckily, the choices are becoming greater by the day. You can opt for home, online, federal or any other type of business opportunity.

A business opportunity is not an easily definable term. For starters, it is often confused with a business idea. But an idea is just the beginning. We can compare it to a seed.

On the other hand, an opportunity is an idea that has already been thought through. Our seed has started developing. Of course, that does not happen automatically.

A business opportunity consists of four elements all of which are to be present within the same timeframe and most often within the same domain or geographical location, before it can be claimed as a business opportunity. These four elements are:

- **A need,**
- **the means to fulfill the need,**
- **a method to apply the means to fulfill the need**, and
- **method to benefit.**

With any one of the elements missing, a business opportunity may be developed, by finding the missing element. A desirable characteristic is for the combination of elements to be unique.

- Business opportunities recognition Process

Opportunity recognition is a crucial process of a venture creation. In this stage, entrepreneurs perceive a possibility of initiating new businesses or improving existing businesses (Christensen, Madsen and Peterson, 1989). Past research indicates three basic steps in opportunity recognition, namely, perception, discovery and creation in which entrepreneurs perceive about the opportunity and create a new business concept matching their resources with the identified market needs (Shane, 2000).

Christensen and Peterson (1990) have stated that sources of venture ideas are specific problems and social encounters. In addition relevant business knowledge develops entrepreneurial mind set and ability to recognize the problems and exploit the problems into opportunities. Such mind set is characterized by the capacity to sense, act and mobilize within dynamic environments (Haynie, Shepherd, Mosakowski and Earley, 2010). For opportunity recognition and evaluation of potential business opportunities entrepreneurs need to be alert to notice factors in their domain of experience (Ardichvili, Cardoza and Ray, 2003). Therefore, opportunity recognition involves a process from perception to creation of a successful business and the intricacies of skills and behavior of entrepreneurs in different stages in the process. However, research on how a specific person identifies opportunities is not known (Baron, 2007). In addition there is less empirical research in this theme of entrepreneurship especially in developing countries like Nepal which is characterized by dynamic and uncertain business environment. In addition, entrepreneurship practices in South Asian countries are multi-cultural specifics.

The main objective of this research was to explore the opportunity recognition model that successful entrepreneurs used in their entrepreneurial process and corresponding factors and their relationships. This study investigated the factors that inspire entrepreneurs to opt for the particular business idea, the factors that determine the entrepreneur's business ideas generations, the process that entrepreneurs sense the business opportunities, discover fit between the business opportunities and their resources and convert the ideas into successful ventures and finally sustain the entrepreneurial ventures through adjustment and readjustments.

- Innovation and creativity techniques of converting business opportunities into business ideas

How do organizations come up with new ideas? And how do they use those ideas to create successful new products, services, businesses, and solutions? Author Robert Tucker outlines seven proven strategies for unearthing breakthrough business innovations.

  - Invite everyone in the quest for new ideas.
  - Involve customers in the process of generating ideas.
  - Involve customers in new ways.
  - Focus on the needs that customers don’t express.
  - Seek ideas from new customer groups.
  - Involve suppliers in product innovation.
  - Benchmark idea-creation methods.

- Techniques of selecting the best business idea

1. Focus on your skills, experience and passion

Go with what you already know or don’t mind learning fast. You don’t need to be an expert right away, but leveraging skills and experience you’ve gained can increase your chances of success. Ask yourself whether you’re passionate about running this company. Without that drive, it may be hard to stick it out through tough times.

2. Evaluate business-lifestyle fit

If balancing work and family life is important to you, then avoid businesses that could require working 60 hours a week. If you hate being stuck in an office, then look for businesses that can be operated remotely. Matching the business idea to your lifestyle can prevent burnout.

3. Test your idea

Before jumping in, make sure you’ve done your due diligence. Ask yourself: Is there enough demand for the product or service in your market? Can you afford the startup costs? How will you stand out from competitors?

No matter what business idea you decide to pursue, it's smart to write a business plan that details your goals and how you plan to achieve them. A business plan forces you to examine the validity of your business idea, giving you a better shot at success.

4. Check the Business Capital

There is no gainsaying the fact that to kick start any sort of business, be it online or offline, the number one thing to look out for is the financial status and the available capital to incur in the business.

5. Feasibility

Prior to choosing whether or not an idea is ready to be part of your strategy, make sure you assess whether it has high chances of being implemented. Do ask yourself questions like, how much will it cost to implement? What are the other resources required? Is there any legal constraints? Big and good business ideas shouldn't be ordinary dream, they must be realistic ideas that will create impact and move your organization forward.

6. Check the Sales Assessment

This criterion for a good business idea is trying to project an ideal idea of having an insight on various way sales have taken place and the necessary places that might be needed to improve upon.

7. Usability

To generate a great business idea, check if the idea really fulfills the practical aspects of it. Look if the business idea is utilitarian, if it does answer correctly some particular problem or if it is going to meet some major market demand.

8. Check the Business Market Data and Competition

Why don't you consider the market data and carry out a research to check if the business idea to choose is highly saturated or less patronized. Do consider going for business where large players don't fill strong positions. Also, researching and analyzing the price per points of your to-be competitors will also aid and give you more insight into the reason why people might be seriously patronizing a particular good or service.

- Macro screening

When the number of ideas collected is large, we need to screen them, narrowing down the number of ideas through a process where unwanted ideas are eliminated while retaining more suitable ideas. The final outcome is a less number of qualified business ideas that can be further evaluated and screened. Screened business ideas should be evaluated for their respective position in terms of degree of effectiveness as a good business idea. This process is called business idea evaluation.

- Micro screening

It is effective tools for teaching students opportunity recognition and evaluation skills. Evaluating business opportunities, how it fits key criteria for such a framework, and following ... of entrepreneurship screen and evaluate venture opportunities. Further ... Factors in SWOT analysis applied to micro, small-to-medium and large.

- SWOT

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats, and so a SWOT Analysis is a technique for assessing these four aspects of your business. You can use SWOT Analysis to make the most of what you've got, to your organization's best advantage. And you can reduce the chances of failure, by understanding what you're lacking, and eliminating hazards that would otherwise catch you unawares. Better still, you can start to craft a strategy that distinguishes you from your competitors, and so compete successfully in your market.

LO 2.3 – Apply techniques to generate a business idea.

- Definition of market

A market is a place where two parties can gather to facilitate the exchange of goods and services. The parties involved are usually buyers and sellers. The market may be physical like a retail outlet, where people meet face-to-face, or virtual like an online market, where there is no direct physical contact between buyers and sellers.

- Definition of business opportunity

A business opportunity, in the simplest terms, is a packaged business investment that allows the buyer to begin a business.

- Business opportunities recognition Process

A business opportunity is not an easily definable term. For starters, it is often confused with a business idea. But an idea is just the beginning. We can compare it to a seed. On the other hand, an opportunity is an idea that has already been thought through. Our seed has started developing. Of course, that does not happen automatically. A business opportunity consists of four elements all of which are to be present within the same timeframe and most often within the same domain or geographical location, before it can be claimed as a business opportunity. These four elements are: a need, the means to fulfill the need, a method to apply the means to fulfill the need, and a method to benefit.

- Innovation and creativity techniques of converting business opportunities into business ideas

Creativity is the capability or act of conceiving something original or unusual. Innovation is the implementation of something new. Invention is the creation of something that has never been made before and is recognized as the product of some unique insight.

- Techniques of selecting the best business idea

Business idea selection process involves the following:

a. Identification of the 1st , 2nd and 3rd ranked business ideas from micro analysis
b. Identification of the evaluation criteria
c. Collection of information related to the above criteria for determined business ideas through field research
d. Micro analysis of the three business ideas using the identified criteria
e. Selection of the best business idea

- Macro screening

Macro analysis is the step where selected ideas are assessed against a few vital criteria using an evaluation matrix and then ideas are ranked according to the total score given. In the micro analysis, the same process is followed, using a broader set of criteria which include the criteria used in macro analysis. Ideas are then ranked accordingly. If there is a significant difference in ranking by macro analysis and micro analysis, we should re-check where the mistake is. The following example will provide practical insights in this regard.

LO 2.4 Use tools and techniques to identify business requirements.

- Techniques and process of business requirements analysis

A business requirement is not something a **system** must do. It is something that the **business** needs to do or have in order to stay in business.

- Data collection techniques

There are different strategies for collecting quantitative data. Some involve simply asking customers for information. Others include monitoring your interactions with customers or observing customer behavior. Here are probably the most well-known data collection techniques used today.

1. Surveys

Surveys are one manner by which you can legitimately approach customers for information. You can utilize them to gather either quantitative data, or qualitative data, or both. A survey should include questions respondents can reply in only a couple of words. You can lead surveys online, over email, via telephone, or face to face. Perhaps the least demanding technique is to do an online survey on your website or with a third-party website. You could also share a link to your survey on social media, over email and in pop-ups on your site.

2. Quizzes and Questionnaires

Quizzes can be helpful to gather information about customer behavior, personal preferences, and motivations. Online quizzes are not just an approach to connect with your audience or create leads – they are additionally an important wellspring of data about your customers. You can collect data using quizzes, and also catch people's attention, convert leads to sales, and draw in new customers.

3. Online Tracking

Your website or mobile app are phenomenal tools for collecting client data. When users visit your website, they create a myriad of data points, such as time spent on certain pages. Accessing this data permits you to perceive what number of individuals visited your site, to what extent they were on it, what they engaged with, and much more. Your website host may gather this kind of information for you and you can also utilize third-party analytics programs, such as Google analytics.

4. Transactional Data Tracking

Regardless of whether you sell products in-store, online, or both, your transactional data can give you significant insights about your customers and your business. This data may originate from your online store or your in-store record keeping framework. This information can give you insights about what number of items you sell, how frequently certain individuals buy from you, and even what days and times are most profitable for your business.

5. Online Marketing Analytics

You can also gather essential data through your marketing efforts, regardless of whether you are running marketing campaigns on search engines, your website, or even via email. You can even import information from offline marketing efforts that you run. Through your marketing campaigns, you can collect data about who clicked on your advertisements, what time of day they were clicked, what device they were using, and much more.

6. Social Media Monitoring

Social media is another amazing wellspring of client data. You can glance through your social media accounts to see who follows you and what attributes they share. Using this data, you can increase your understanding of who your target market is. You can also use these tools to monitor brand mentions and your online reputation. Various social media tools will give you analytics about how your posts perform. Third-party tools can offer you much more insights from social media data.

7. Collecting Subscription and Registration Data

Offering customers something in return for providing information about themselves can assist you with gathering relevant client data. You can do this by adding a small questionnaire for customers or site visitors who sign up for your emails, newsletters, rewards program, or other programs you are running.

One advantage of this strategy is that the leads you get from it have a higher chance of conversion, since these people have already exhibited an interest in your products or services. While creating the structures used to gather this information, it's essential to balance the amount of data you request. Asking for an excess amount datacan dishearten individuals from participating. At the same time,not asking for enough information can leave you with incomplete data.

8. In-Store Traffic Monitoring

If you have a physical store, you can collect data from monitoring your in-store activity. The clearest approach to do this is with a traffic counter at the entrance to keep track of the number of individuals that come into your store each day. This data can help uncover what your busiest days and hours are and help you understand what is drawing customers to your store during those periods.

- Use cases

A case study in psychology is a descriptive research approach used to obtain in-depth information about a person, group, or phenomenon. It is different from survey research, which involves asking a group of participants questions through interviews or questionnaires. Cast studies also tend to be far more in-depth than observational research in that they use multiple measures or records and focus on a single subject.

- Building prototypes

Data Prototyping is a term used to describe a technique whereby single or multiple data sources are transformed into a resultant dataset without any operational systems being impacted.

Why is Data Prototyping important?

A common reason for carrying out data prototyping is to deliver a more agile approach to data management. By regularly refining rules and observing the final dataset created, you can arrive at a higher quality output dataset.

What is an example of Data Prototyping?

Data migration analysts may wish to verify what will happen when one or more data sources are consolidated together to create a new target data source using various transformation rules. Data prototyping allows the consolidated data source to be created and then interrogated, typically using data profiling and data quality assessment tools. Where problems are found, they can revise their source transformation rules or adapt their target structures to ensure an optimal data migration process.

- Categories of business requirements

To make analysis easier, consider grouping the requirements into these four categories:

Functional Requirements – These define how a product/service/solution should function from the end-user's perspective. They describe the features and functions with which the end-user will interact directly.

Operational Requirements – These define operations that must be carried out in the background to keep the product or process functioning over a period of time.

Technical Requirements – These define the technical issues that must be considered to successfully implement the process or create the product.

Transitional Requirements – These are the steps needed to implement the new product or process smoothly.

- Transitional

Transitional Requirements – These are the steps needed to implement the new product or process smoothly

- Functional

Functional Requirements – These define how a product/service/solution should function from the end-user's perspective. They describe the features and functions with which the end-user will interact directly.

- Operational

Operational Requirements – These define operations that must be carried out in the background to keep the product or process functioning over a period of time.

- Technical

Technical requirements are the technical issues that must be considered to successfully complete a project. These are aspects such as performance, reliability, and availability that your project must meet on in order to proceed with a project. In software projects, technical requirements typically refer to how the software is built, for example: which language it's programmed in, which operating system it's created for, and which standards it must meet.

- Macro screening

With a macro perspective, you take a long-term view of your company's strategies. With a micro perspective, you focus on all the details in how you are implementing your existing strategies. Macro Means the Big Picture. When you adopt a macro perspective, you are analyzing how your business is performing using big-picture concepts such as sales growth, number of new customers, and number of products or services sold. You are also looking at your company's position in the marketplace relative to your competition, how the economy and other external influences are affecting your business, employee diversity, and employee satisfaction.

Learning Unit 3 – Assess and react to play incidents

LO 3.1 – Identify business idea proposal components

- Identification and description of elements of components of the proposal:

Identification of the owner

Owner Identification means (a) the name, image and likeness of Owner, and (b) any and all copyrights, marks, trade names, trademarks, design marks, logos or other items of intellectual property owned or controlled by, or in any way affiliated or associated with, Owner or his Affiliates, other than the Mark.

Business idea description

A business idea is a concept that can be used for financial gain that is usually centered on a product or service that can be offered for money. An idea is the base of the pyramid when it comes to the business as a whole. The characteristics of a promising business idea are:

- Innovative
- Unique
- Problem solving
- Profitable

A business idea is often linked to its creator who needs to identify the business' value proposition in order to launch to market and establish competitive advantage.

Product/service description

When writing your product description, please focus on:

1. Know Who Your Target Audience is
2. Focus on the Product Benefits
3. Tell the Full Story
4. Use Natural Language and Tone
5. Use Power Words That Sell
6. Make it Easy to Scan
7. Optimize for Search Engines
8. Use Good Product Images

Market

When starting a company, it is important to determine who your potential customers are and what their needs look like. You must get a handle on the market. Who are your main competitors and what could you do better or differently? Writing a market description is a good way to place your product appropriately. Potential investors and customers will garner a better sense of how your product fits into its target market

Cost of the project

By implementing efficient cost management practices, project managers can:

- Set clear expectations with stakeholders
- Control scope creep due to transparencies established with the customer
- Track progress and respond with corrective action at a quick pace
- Maintain expected margin, increase ROI, and avoid losing money on the project
- Generate data to benchmark for future projects and track long-term cost trends

Feasibility

A feasibility study is an analysis that takes all of a project's relevant factors into account—including economic, technical, legal, and scheduling considerations—to ascertain the likelihood of completing the project successfully. Project managers use feasibility studies to discern the pros and cons of undertaking a project before they invest a lot of time and money into it.

Feasibility studies also can provide a company's management with crucial information that could prevent the company from entering blindly into risky businesses.

- Guidelines in elaborating a business proposal

Business proposals are designed to sway potential clients to buy a particular service or product. When clients request bids for a project, they intend to read each of the proposals looking for the best one. However, if your proposal is unsolicited, as many are, it needs to grab the client's attention to make it through the front door and have a chance at success.

Your business proposal should contain cover letter, title page, table of contents, executive summary and procedures. The cover letter provides an overview of your proposal and a concise introduction of your company and qualifications. The title page includes your name and the name of your company, the name of the person or company to whom the proposal is submitted and the date of submission, Reference for Business notes. The executive summary is the main argument for your proposal; keep it short and to the point. The procedure section includes technical details and explanations and is the longest part of the proposal.

Successful proposals show the client that you understand his needs and put genuine thought and effort into your work. Gather all the information you can and think up any questions you need answered or additional information you need. Talk to the client and ask questions, he will often be happy that you are working to understand exactly what he needs ahead of time. The better you understand your client, the better you can help him achieve his vision.

LO 3.2 – Develop a business idea proposal.

- Identification and description of elements of components of the proposal:

A business proposal is a document you'd send to a prospective client, outlining the service you're offering, and explaining why you're the best person for the job. It's a pitch by a business or individual to complete a specific job or project, to supply a service, or, in some instances, to be the vendor of a certain product. A business proposal can be either solicited or unsolicited. With a solicited proposal, the prospective client will put out a request for proposals; with an unsolicited business proposal, you are approaching a client in hopes of attracting their business, even though they did not explicitly request a proposal. While both are commonplace, a solicited proposal is an easier sell, as your prospective client has already decided that they want to make a purchase or use a service, and they're evaluating possible vendors or businesses.

Components of a business idea proposal

Title page, Table of contents, Identification of the owner, Executive summary, Statement of problem, issue, or job at hand, Approach and methodology, Qualifications, Schedule and benchmarks, Cost, payment, and any legal matters, Benefits

- Guidelines in elaborating a business proposal

Title page

Your business proposal should start with a title page, which should include your name, the name of your company, the name of the person to whom you're submitting your proposal and the date submitted.

Table of contents

Depending on how long your business proposal is, a table of contents is a nice touch. Include it after your title page, and before you launch into any details. If you're delivering it as a PDF, including anchor links down to each section, so it's easy to get to specific areas.

Executive summary

Introduce your proposal with a great executive summary, one that really sells your business and the products or services you provide—it's about why you're the right company for the job. You can draw from your business plan's executive summary here, too.

Following your executive summary, go on to discuss the problem that the client is currently facing. Think of "problem" or "issue" loosely; after all, their main problem may just be finding the right person to complete their project. But be sure you understand why they want the product or service they're seeking. If the proposal is for developing a brand new website, make sure you understand what they want to get out of the site—better sales, more content management flexibility.

This is the place to show your new client that you understand their needs, and fully grasp the issue they are trying to solve. Take this opportunity to restate the issue they are facing in your own words so that they know you understand what they are looking for.

Approach and methodology

This section shows how you plan to tackle your potential client's problem, and the steps you'll take to carry out your plan. This is where you'll get into the nitty-gritty of how you actually plan to fulfill your client's needs. While earlier sections might have been a bit surface-level, this section of the business proposal is where you'll go into detail about what steps you'll take to solve their problem. Be careful of going into too much detail, though—keep the jargon to a minimum. Your client should be able to follow along and get a clear sense of your plan, but you don't want to drown them in minutiae.

Qualifications

This is the section of your business proposal where you get to convince your potential client why you are the most qualified person to take on the job. You can mention any relevant education, industry-specific training, or certifications you have, your past successful projects of a similar nature, years of experience, and so on.

Schedule and benchmarks

Be clear with your potential client: How long will your proposed project take? Making sure you and your prospective client are on the same page from the outset will help make sure that the relationship stays positive for both of you, and that you don't set your client up with unrealistic expectations. While you might be tempted to underestimate how long it will take you to complete the project, don't. Don't promise what you can't deliver! If you're offering a product, this section might not be applicable to you, so feel free to omit it. The business proposal format is flexible, so tailor it to suit your business and industry.

Cost, payment, and any legal matters

Here is where you get down to brass tacks and state the cost, and payment schedule if necessary. How you structure this section will largely depend on the particular project or service you are offering. A section entitled "Fee Summary" may be sufficient if one-time payment is required; otherwise, a "Fee Schedule" list or pricing table might be more appropriate.

Always refer back to the client's RFP whenever possible, to make sure you're supplying them with all the information they need to help make their decision.

If there are any legal issues to attend to, such as permits or licensing, include this information here. Feel free to add a section entirely devoted to handling the legal side of the project if need be.

Benefits

This is your final sell—don't be afraid to detail for your prospective client all they have to gain by choosing you to complete the project. Impress upon your clients why you are the best choice, and all the ways in which their business will benefit from choosing you and your business as their solution.

How long should a business proposal be?

When it comes to the format of a business proposal, this is the million-dollar question without an answer. Remember in school, when you'd ask your teacher how long an essay should be, and they'd reply, "as long as it takes to answer the question"?

The same applies to your business proposal. It ultimately depends on your industry, the scope of the project, and the client's specifications in terms of detail and elements included. However, if you follow the business proposal format above as a guide, you'll be well on your way to creating a winning business proposal—and securing new clients.

LO 3.3 – Present business proposal

- Identification and description of elements of components of the proposal:

When you present your business idea proposal, your presentation mush include information about: Identification of the owner, Business idea description, Product/service description, Market, Cost of the project, and Feasibility

- Guidelines in elaborating a business proposal

Your business proposal should contain five sections: cover letter, title page, table of contents, executive summary and procedures. The cover letter provides an overview of your proposal and a concise introduction of your company and qualifications. The title page includes your name and the name of your company, the name of the person or company to whom the proposal is submitted and the date of submission, Reference for Business notes. The executive summary is the main argument for your proposal; keep it short and to the point. The procedure section includes technical details and explanations and is the longest part of the proposal.

Identification

Successful proposals show the client that you understand his needs and put genuine thought and effort into your work. Gather all the information you can and think up any questions you need answered or additional information you need.

Talk to the client and ask questions, he will often be happy that you are working to understand exactly what he needs ahead of time. The better you understand your client, the better you can help him achieve his vision.

Features

Your proposal should be professional, clear and concise. If you use multiple writers, make sure they all present the material in the same logical and consistent manner. Use simple paragraphs with obvious topic sentences and don't add extra words. Avoid subjective opinions and stick to verifiable facts.

Format

If your client requests a specific format, follow those requirements precisely. If not, no standard format exists for business proposals, but you should stick to these general rules to make the best impression. Use colour wherever possible to draw attention to important points. Employ graphics including pictures and charts to help the client visualize the outcome. Bind the proposal using a three-ring binder and tabs to separate the sections and topics.

Time Frame

Never submit the first or even the second draft of your proposal. Conduct at least two reviews or more if your proposal is of any length or especially complex. The review team should be different from the writers and look at the proposal from the client's viewpoint. Be harsh, since any mistake could be the difference between success and failure. This is the most important step, so leave enough time to evaluate, write and re-evaluate multiple times before submission.

Learning Unit 4 – Run a business

LO 4.1 – Plan business operations

- Planning of operations of the business

Activities

In your business plan, the operations plan section describes the physical necessities of your business' operation, such as your physical location, facilities, and equipment. Depending on what kind of business you'll be operating, it may also include information about inventory requirements, suppliers, and a description of the manufacturing process.

Allocation of resources

Effective allocation of resources is what forms the crux of a business organisation. There is no way a business can thrive without having the right skills to manage whatever resources it has at its disposal. The scale of operation does not matter; however, what matters is how well you allocate each resource to put them to its best use.

Milestones

The Milestones table is one of the most important in your business plan. It sets the plan into practical, concrete terms, with real budgets, deadlines, and management responsibilities. It helps you focus as you are writing your business plan, and then, the Milestones table and plan-vs.-actual management analysis helps you implement your plan as you grow your business.

Put some bite into your plan and management by listing specific actions to be taken. Each action becomes a milestone. This is where a business plan becomes a real plan, with specific and measurable activities, instead of just a document.

Time period for the achievement

Set as many milestones as you can think of to make it more complete. Give each milestone the following: name, due date, budget, and person responsible. Then make sure that all your people know that you will be following the plan, tracking the milestones, and analysing the plan-vs.-actual results. If you don't follow up, your plan will not be implemented.

LO 4.2 – Classify business operations

- Financial activities

Accounting procedures and principles

Accounting is the cornerstone to a successful enterprise, and according to Texas A&M University's business school, it is one of the most critical roles in business. Executives rely on accounting procedures to accurately record the business's finances, a process known as "bookkeeping." By adopting some simple and easy accounting procedures, your company can minimize financial losses and operate at a profit

Accounting books

As your new business starts to make transactions, you must keep records. Your financial books are a place for you to review your business's income and expenses. By keeping your books organized, you can take control of your finances and make smart decisions. You need to know how to set up accounting books for small business.

Accounting documents

Some of the important types of Documents Used in Accounting are as follows:

1. Cash Memo:

Sales and purchases are the main features of any business enterprise. For recording cash sales and cash purchases, cash memos serve as source documents. Cash memo is a source document in which all transactions pertaining to cash sales or purchases are to be recorded.

2. Invoice and Bill:

Invoice or bill records the credit transactions related to sale or purchase. This is prepared when a firm purchases or sells the goods on credit. At the time, when the goods are sold by the business enterprise on credit, sales invoice is prepared in which all details of the credit sales viz. the quantity, rate and total amount etc. are mentioned.

3. Receipt:

Receipt is an evidence of making the payment on account of any business transaction. This source document is prepared for showing the proof of giving any cash to the party (who receives the cash) on account of any business transaction. At least two copies are made of any receipt. The original copy is prepared for giving it to the party who makes the payment and another copy is kept for record.

4. Pay in Slip:

This document serves the purpose of providing an evidence that on particular date, a specific amount has been deposited in the bank. When a depositor deposits money in the bank account, he fills up a form provided by the bank containing the information about the date, amount to be deposited and the name of the depositor etc.

5. Cheque:

A cheque is an instrument drawn upon a banker and payable on demand. The bank issues a booklet containing cheque forms to its account holders.

Digits mentioned on the bottom of the cheques denote code of ‘State’, ‘Bank’, ‘Branch’, ‘Cheque’ and ‘Type of Account’ respectively.

6. Debit Note:

A debit note is a document which shows that the business enterprise has raised debit against the party to whom this document is sent in respect of any business transaction other than the credit sale. Business enterprise may make a debit note against the supplier for an amount which is to be recovered from him, when the business enterprise returns some goods which are defective in nature or not as per specifications

7. Credit Note:

A credit note is a document which shows that the business enterprise has given the credit to the party to whom this document is sent in respect of any business transaction other than credit purchase. When a business enterprise receives back the goods sold earlier then it makes a credit note in favour of the purchaser showing that his account has been credited in the books of business enterprise.

8. Vouchers:

The documents prepared for the purpose of recording business transactions in the books of accounts are known as vouchers. Voucher is prepared on the basis of source documents. For recording business transactions in the books of accounts, source documents are further analyzed and conclusion is drawn as to which account is to be debited and which account is to be credited. The document on which this conclusion is written is known as voucher or accounting voucher.

Identification of income and expenses to create a profit and loss statement

The profit and loss (P&L) statement is a financial statement that summarizes the revenues, costs, and expenses incurred during a specified period, usually a fiscal quarter or year. The P&L statement is synonymous with the income statement. These records provide information about a company's ability or inability to generate profit by increasing revenue, reducing costs, or both. Some refer to the P&L statement as a statement of profit and loss, income statement, statement of operations, statement of financial results or income, earnings statement or expense statement.

Identification of business assets and liabilities

In its simplest form, your balance sheet can be divided into two categories: assets and liabilities. Assets are the items your company owns that can provide future economic benefit. Liabilities are what you owe other parties. In short, assets put money in your pocket, and liabilities take money out!

Identification of the timing of income and expenses to create a cash flow forecast

A cash flow forecast can be derived from the balance sheet and income statement. We begin by forecasting cash flows from operating activities before moving on to forecasting cash flows from investing and financing activities. Operating activities include revenues and operating expenses, while investing activities include the sale or purchase of assets and financing activities with the issuance of shares and raising debt. From forecasting all three activities, we will arrive at the forecast net cash movement.

Ways of spending money effectively

As a business owner, there are often so many needs that you have to spend money on. From your startup costs to investing in your business and maintaining day-to-day operations, it's important to properly manage your money. Cash flow is as essential as your product or services. If you can't manage your money — how well you run the other parts of your business won't matter.

Saving and loan management

As your savings start to grow, you can put more money into your pension. It's a great way to make sure you'll be able to live more comfortably later in life and make an investment plan based on your goals and timeframes. Often, the hardest part of paying off your debts is taking the first step.

- Sales activities:

Sales daily operations and techniques

Grabbing your buyer's attention and opening the door to more fruitful sales conversations is the key to effective sales prospecting. Use these three sales prospecting techniques to build your pipeline and have more productive conversations with your prospects. 1. Make Your Customer The Hero. 2. Don't Over-Personalize Your Campaigns. 3. Use "You" Phrasing, Not "We" Phrasing

Sales system

If growth is a growing concern in your business (and it should be), it's time to look at ways to improve your sales process. A small business sales system can help you create a highly effective sales funnel that helps you funnel leads in either from your website or from your own prospecting activities. This sales funnel can effectively guide your workflow in a way that helps you maximize your time and nurture leads and deals so that they result in revenue.

Marketing and advertising costs

Advertising costs are a type of financial accounting that covers expenses associated with promoting an industry, entity, brand, product, or service. They cover ads in print media and online venues, broadcast time, radio time, and direct mail advertising. Advertising costs will in most cases fall under sales, general, and administrative (SG&A) expenses on a company's income statement

- <u>Operational activities:</u>

Functions of your business

A typical business organisation may consist of the following main functions: production, marketing research and development, purchasing, marketing, human resource management, and accounting, and finance.

Production process

Theory production process is a component appearing under the operating plan of the overall business plan. The production process is the process a product or service takes in order for it to become ready for customers to buy. Production will certainly depend on the type and nature of your proposed business.

Technology, equipment and raw materials

Technology has a big impact on business operations. No matter the size of your company, technology can bring many benefits that will help you increase revenue make and produce the goods your customers demand. The main role of technology in business is to drive growth and improve operations.

Administrative procedures and tasks

Implementing new administrative processes can be challenging, but the efficiency gains and company-wide improvements are worth working toward.

- **Meetings**

A business meeting is a gathering of two or more people for the purpose of making decisions or discussing company objectives and operations. Business meetings are generally conducted in person in an office, however with the rise of video conferencing technologies, participants can join a business meeting from anywhere.

- **Correspondences**

Business correspondence means the exchange of information in a written format for the process of business activities. Business correspondence can take place between organizations, within organizations or between the customers and the organization. The correspondence refers to the written communication between persons. Hence oral communication or face to face communication is not a business correspondence.

Stakeholders' relationship

Stakeholder relations is the practice of forging mutually beneficial connections with third-party groups and individuals that have a "stake" in common interest. These relationships build networks that develop credible, united voices about issues, products, and/or services that are important to your organization.

Dealing with suppliers

A supplier is defined as the person or organisation that provides a product or service to another business. Finding a reliable and competitively-priced supplier is vital to the success of your business. The terms that you negotiate with your supplier need to be based on: the way that you pay them – bank draft, commercial bill paid for by bank, foreign currency potential costs - administration, taxation, transport, general payments and transactions possible risks - late payment to supplier, or faulty, late or undelivered goods. This guide explains how to build strong business relationships with your suppliers, through good negotiation, collaboration, management and performance review skills. Get quality service from your suppliers, Building good relationships with suppliers, How you can help your key suppliers, Use technology to improve efficiency, Service level agreements, Review your suppliers' performance, Ending supplier contracts.

Dealing with customers

Your company's most vital asset is its customers, so you need to make sure you're dealing with your customers properly. Without them, you would not, and could not, exist in business. Sure, you can attract new customers with unique products, free gifts, or reducing your prices; but if you're not creating relationships with them, they're not going to return or recommend you.

Sometimes it can be challenging to build those relationships. The questions you get asked in a customer facing role can be in equal parts interesting, monotonous, funny and challenging. The key is to make each customer feel welcome and helped.Here are ten tips for dealing with customers and delivering excellent customer service:

1. Listen to Customers

Sometimes, customers just need to know that you're listening. If they're confused or have a problem, by lending a listening ear, you're showing that you care and that you're not dismissing them.

2. Apologize

When something goes wrong, apologize. It's amazing how calming the words "I'm sorry" can be. Don't engage in fault-finding or laying blame, but let them know you're sorry they had a problem. Deal with the problem immediately and let the customer know what you have done.

3. Take Them Seriously

Make customers feel important and appreciated. No matter how ridiculous a question may sound to you; it's important to the customer. If they feel like they're being laughed at, or spoken down to, they will not purchase anything. Customers can be very sensitive and will know whether or not you really care about them.

4. Stay Calm

Difficult as it is sometimes, it is important to stay calm. Your calming approach will help your customer stay calm too. They will feel like you're in control of the situation and that you can help solve their problem.

5. Identify and Anticipate Needs

Most customer needs are emotional rather than logical. The more you know your customers, the better you become at anticipating their needs. Communicate regularly so that you're aware of problems or upcoming needs.

6. Suggest Solutions

Have a menu of calming remedies which you and your employees can use. Whether it's purely a refund or return, or if it's coupons or a free service. By agreeing in advance the scenarios where you will provide these remedies, and how much you're willing to spend, you will be able to speak calmer and more confidently when offering the solution.

7. Appreciate the Power of "Yes"

Always look for ways to help your customers. When they have a request (as long as it is reasonable) tell them that you can do it. Figure out how afterwards. Look for ways to make doing business with you easy. Always do what you say you're going to do.

8. Acknowledge Your Limits

Yes is a powerful word but if you're unable to fulfil a request: know your limits. You can't be everything to everyone. If you don't think you can fulfil the request, help them find an alternate remedy. Whether that remedy is your business or another, they will appreciate the extra mile you went to help them, and will recommend your business to their network.

9. Be Available

Customer service is no longer just about face-to-face contact and telephone. If you're working in an industry or marketplace where customers are constantly online, you need to amend your service delivery to incorporate that. It does not need to be a dedicated

helpdesk Twitter handle , simply make sure you respond promptly and informatively to clients on your main business Facebook page or to your Twitter account.

10. Get Regular Feedback

Feedback is a great way to grow both your business and your skills. Provide ways for customers to give feedback, whether it's a follow up email or phone call, a suggestions box or something more fun and innovative.

Dealing with employees

In every group, there seems to be at least one person who saps morale, slows productivity and stirs up anger in other team members because of his or her bad attitude, refusal to play by the rules or just plain disturbing behavior. And you know you can't let these situations fester.

To give you some practical tips on what to do, we asked HR professionals to share their stories about difficult employees and what they learned from dealing with problem people over the years. Here's what your peers had to say.

The major categories of financial institutions include central banks, retail and commercial banks, internet banks, credit unions, savings, and loans associations, investment banks, investment companies, brokerage firms, insurance companies, and mortgage companies.

Financial institutions

The major categories of financial institutions include central banks, retail and commercial banks, internet banks, credit unions, savings, and loans associations, investment banks, investment companies, brokerage firms, insurance companies, and mortgage companies.

Local government

Did you know your local government is one of the best small business marketing resources available to you? Your business, after all, pays taxes, so you'll want to make sure that the money goes going towards projects that improve your business's surrounding area and increase commercial opportunities.

Whether you work with your local neighborhood representative or city officials, remember their job is to help business like yourself drive more commerce and to improve the town experience for residents. Here are six ways your local government can help your business.

LO 4.3 – Record day to day business operations

- Financial activities

Accounting procedures and principles

The accounting procedures used today are based on those developed in the late 15th century by an Italian monk, Brother Luca Pacioli. He defined the three main accounting elements as assets, liabilities, and owners' equity.

Accounting books

The journal and ledger both play an important role in the accounting process. The business transactions are primarily recorded in the journal and thereafter posted into the ledger under respective heads. While many financial transactions are posted in both the journal and ledger, there are significant differences in the purpose and function of each of these accounting books.

Accounting documents

Common source documents include:

- Cancelled checks
- Invoices
- Cash register receipts
- Computer-generated receipts
- Credit memo for a customer refund
- Employee time cards
- Deposit slips
- Purchase orders

Identification of income and expenses to create a profit and loss statement

A P&L statement, also referred to as an income statement, measures your business revenue (income or sales) and expenses during a given time period. Put another way, a profit and loss statement tells you whether or not your business is making money. Small business owners can use a P&L statement to assess business performance, identifying room for improvement and new strategies for growth. It's the "best tool for knowing if your business is profitable"

Identification of business assets and liabilities

Assets are anything valuable that your company owns, whether it's equipment, land, buildings, or intellectual property. When you look at your assets, you're trying to answer a simple question: "How much do I have?" If it has value, and you own it, it's an asset.

Some common asset types include:

- **Accounts receivable**: any payments that your clients and customers owe you.
- **Cash**: the money you have in your business bank account.
- **Inventory**: any goods you have in stock that you intend to sell.
- **Property and equipment:** any buildings or tools that you need to operate your business.

Assets are generally divided into two categories:

Current assets: cash and anything that can be converted into cash within a year (like inventory, for example).

Fixed assets: Things like land, trademarks, and the value of your "brand."

Your liabilities are any debts your company has, whether it is bank loans, mortgages, unpaid bills, or any other sum of money that you owe someone else. When you look at your accounting software or spread sheets and look at your liabilities, you're asking: **"How much do I owe?"** If you've promised to pay someone in the future, and haven't paid them yet, that's a liability.

Some popular examples include:

- **Accounts payable:** payments you owe your suppliers.
- **Bank loans:** the principal you owe investors
- **Salaries and wages payable:** what you've agreed to pay your employees in the future, but haven't paid out yet.

Again, there are two main kinds of liabilities.

1. **Current liabilities:** debts you owe within the next 12 months.
2. **Non-current liabilities:** long-term debt that ranges beyond 12 months.

Combine them, and you get your total liabilities.

Identification of the timing of income and expenses to create a cash flow forecast

The cash flow forecast is a financial planning tool that shows the predicted flow of cash in and out of a project or organization each month. Forecasting will enable you to plan ahead so that you can anticipate periods of cash shortage and take corrective action. The cash flow forecast shows a month by month breakdown of the cash that we expect to receive and pay out for a project over a time period. The difference between the cash in and out of an organisation each month is called the **net cash flow**.

Ways of spending money effectively

1. Make a plan. Having a financial plan is about more than figuring out how much of your paycheck is left after the bills are paid
2. Save for the short term
3. Invest for the long term
4. Use credit wisely
5. Choose a reasonable rent or mortgage payment
6. Treat yourself
7. Never stop learning

Saving and loan management

While borrowing money is sometimes unavoidable, it is wise to be certain that you will be able to pay it back once the loan falls due. Otherwise, the interest rate is likely to be punitive in the extreme, and you may find that you owe many times the original amount of the loan in a fairly short space of time.

- Sales activities:

Sales daily operations and techniques

Sales operations refers to the unit, role, activities and processes within a sales organization that support, enable, and drive front line sales teams to sell better, faster, and more efficiently

Sales system

Sales operations refers to the unit, role, activities and processes within a sales organization that support, enable, and drive front line sales teams to sell better, faster, and more efficiently

Marketing and advertising costs

- Operational activities:

Functions of your business

1. Purchase Function:

Materials required for production of commodities should be procured on economic terms and should be utilised in efficient manner to achieve maximum productivity. In this function the finance manager plays a key role in providing finance.

In order to minimise cost and exercise maximum control, various material management techniques such as economic order quantity (EOQ), determination of stock level, perpetual inventory system etc. are applied. The task of the finance manager is to arrange the availability of cash when the bills for purchase become due.

2. Productivity Function:

Production function occupies the dominant position in business activities and it is a continuous process. The production cycle depends largely on the marketing function because production is justified when they are resulted in revenues through sales. Production function involves heavy investment in fixed assets and in working capital. Naturally, a tighter control by the finance manager on the investment in productive assets becomes necessary. It must be seen that there is neither over-capitalisation nor under-capitalisation. Cost-benefit criteria should be the prime guide in allocating funds and therefore finance and production manager should work in unison.

Distribution Function:

As goods produced are meant for sale, distribution function is an important business activity. It is more important because it provides continuous inflow of cash to meet the outflow thereof. So while choosing different distributing channels, media of advertisement and sales promotion devices, the cost benefit criterion should be the guiding factor. If cost reduction in distribution function is effected without compromising efficiency, it will lead to increased benefit to the enterprise in the form of higher profit and to the consumers in the form of lower cost.

Accounting Function:

Charles Gastenberg visualises the influence of scientific arrangement of records, with the help of which inflow and outflow of funds can be efficiently managed and stocks and bonds can be efficiently marketed. Moreover, the efficiency of the whole organisation can be greatly improved with correct recording of financial data. All the accounting tools and control devices, necessary for appraisal of finance policy can be correctly formulated if the accounting data are properly recorded.

Personnel Function:

Personnel function has assumed a prominent place in the domain of business management. No business function can be carried out efficiently unless there is a sound personnel policy backed up by efficient management of personnel. Success or failure of every business activity boils down to the efficiency of otherwise of the men entrusted with the respective function.

Research and Development:

In the world of innovations and competitiveness, expenditure on research and development is a productive investment and R and D itself is an aid to survival and growth of the firm. Unless there is a constant endeavour for improvement and sophistication of an existing product and introduction of newer varieties, the firm is bound to be gradually out marketed and out of existence.

Financial Management and Economics:

Financial management draws heavily on Economics for its theoretical concepts. The development of the theory of finance began as an offshoot of the study of economics. A finance manager has to be familiar with the two areas of economics, i.e. microeconomics and macroeconomics. Microeconomics deals with the economic decisions of individuals and firms, whereas macroeconomics looks at the economy as a whole in which a particular business unit is operating.

Production process

Production process means a process, line, method, activity or technique, or a series or combination of processes, lines, method or techniques, used to produce a product or reach a planned result.

Technology, equipment and raw materials

Technology has a big impact on business operations. No matter the size of your company, technology can bring many benefits that will help you increase revenue make and produce the goods your customers demand. The main role of **technology in business** is to drive growth and improve operations.

Administrative procedures and tasks

Meetings

A business meeting is a gathering of two or more people for the purpose of making decisions or discussing company objectives and operations. Business meetings are generally conducted in person in an office, however with the rise of video conferencing technologies, participants can join a business meeting from anywhere. Six most common types of business meetings, including:

1. Status Update Meetings
2. Decision-Making Meetings
3. Problem-Solving Meetings
4. Team-Building Meetings
5. Idea-Sharing Meetings
6. Innovation Meetings

Correspondences

Business correspondence is a form of written communication used for business purposes. It is usually made between organizations, within the organization, or between clients and the organization. Email can be considered as a form of business correspondence when used to represent a company or for the purpose of the business. Written communication is important in a business for various reasons. It serves as a formal way of exchanging information while maintaining professional relationships between organizations, employees, and clients. It can also serve as future reference for the information being communicated. Next are some types of correspondences

1. Internal Correspondence

Internal correspondence is a written communication between the employees, units, departments, and branches of the same organization. Internal correspondence can either be formal or less formal. Routine internal correspondences are usually less formal, such as quick instructions between a supervisor and a staff, and these are normally in the form of email.

There are other more formal types of internal correspondence which include promotion letter, written reprimand, notice to explain, memorandum, formal requests for approval, and letter of approval or dismissal. These types of communication are ideally printed on paper, signed by the sender, and physically received by the recipient.

2. External Correspondence

External correspondence takes place between different organizations, or between an organization and their individual clients. This is a form of written communication made by a company to those who do not belong to their organization. External correspondence is commonly made to vendors, creditors, suppliers, existing customers, prospective clients, financial institutions, government offices, law and accounting firms, business affiliates, sponsors or donors, and other offices that have either direct or indirect business relationship with the company.

3. Sales Correspondence

Sales correspondence refers to sales-related communications. It is not limited to just selling a product or service, but it also includes other activities relating to sales. Sales correspondence include marketing letters, offer and discount letters, sales proposals, invoices, statement of accounts, sales reports, order confirmation, purchase orders, letters of authorization, collection letters, and such. For the purpose of selling, it is important to know how to write quality sales letters to be able to communicate effectively.

Also, marketing and offer letters should reflect truthful and non-misleading information. Other kinds of sales correspondence — such as invoice, purchase orders, and collection letters — must contain accurate information.

4. Personalized Correspondence

Personalized correspondence involved personal and emotional factors. Despite being labeled as "personalized", this type of correspondence can also be used for business purposes. Examples of personalized correspondence include letters of gratitude, letters of favours or requests, appreciation notes, letters of congratulations of commendation, and such.

This particular type of correspondence doesn't need to have a very formal tone. Though this can be done via email, writing an actual, physical letter is more preferable because it has a sense of personal touch. You may use a regular office paper for this, or perhaps a personalized yet cheap note pads, or a greeting card for a certain purpose (e.g. Thank You card, Congratulations card, etc.)

5. Circulars

Circulars are notices that are communicated to a large number of people within the organization. It is also referred to as office instructions or announcements. Often, general announcements (such as changes in contact information, details about meetings with shareholders, instructions about certain protocols, etc) are being communicated via circulars.

- Stakeholders relationship:

Dealing with suppliers

Supplier relationship management (SRM), in simplest terms, refers to interacting with and managing third-party vendors that provide goods, materials, and services to your organization. It sounds easy enough—you choose suppliers that are cost-efficient and easy to work with to maximize the value of the relationship.

Dealing with customers

Your company's most vital asset is its customers, so you need to make sure you're dealing with your customers properly. Without them, you would not, and could not, exist in business. Sure, you can attract new customers with unique products, free gifts, or reducing your prices; but if you're not creating relationships with them, they're not going to return or recommend you.

Sometimes it can be challenging to build those relationships. The questions you get asked in a customer facing role can be in equal parts interesting, monotonous, funny and challenging. The key is to make each customer feel welcome and helped.

10 Tips for Dealing with Customers

1. Listen to Customers

Sometimes, customers just need to know that you're listening. If they're confused or have a problem, by lending a listening ear, you're showing that you care and that you're not dismissing them.

2. Apologize

When something goes wrong, apologize. It's amazing how calming the words "I'm sorry" can be. Don't engage in fault-finding or laying blame, but let them know you're sorry they had a problem. Deal with the problem immediately and let the customer know what you have done.

3. Take Them Seriously

Make customers feel important and appreciated. No matter how ridiculous a question may sound to you; it's important to the customer. If they feel like they're being laughed at, or spoken down to, they will not purchase anything. Customers can be very sensitive and will know whether or not you really care about them.

4. Stay Calm

Difficult as it is sometimes, it is important to stay calm. Your calming approach will help your customer stay calm too. They will feel like you're in control of the situation and that you can help solve their problem.

5. Identify and Anticipate Needs

Most customer needs are emotional rather than logical. The more you know your customers, the better you become at anticipating their needs. Communicate regularly so that you're aware of problems or upcoming needs.

6. Suggest Solutions

Have a menu of calming remedies which you and your employees can use. Whether it's purely a refund or return, or if it's coupons or a free service. By agreeing in advance the scenarios where you will provide these remedies, and how much you're willing to spend, you will be able to speak calmer and more confidently when offering the solution.

7. Appreciate the Power of "Yes"

Always look for ways to help your customers. When they have a request (as long as it is reasonable) tell them that you can do it. Figure out how afterwards. Look for ways to make doing business with you easy. Always do what you say you're going to do.

8. Acknowledge Your Limits

Yes is a powerful word but if you're unable to fulfil a request: know your limits. You can't be everything to everyone. If you don't think you can fulfil the request, help them find an alternate remedy. Whether that remedy is your business or another, they will appreciate the extra mile you went to help them, and will recommend your business to their network.

9. Be Available

Customer service is no longer just about face-to-face contact and telephone. If you're working in an industry or marketplace where customers are constantly online, you need to amend your service delivery to incorporate that. It does not need to be a dedicated helpdesk Twitter handle, simply make sure you respond promptly and informatively to clients on your main business Facebook page or to your Twitter account.

10. Get Regular Feedback

Feedback is a great way to grow both your business and your skills. Provide ways for customers to give feedback, whether it's a follow up email or phone call, a suggestions box or something more fun and innovative.

Dealing with employees

Addressing issues with a difficult employee can be stressful and awkward. Follow these ten tips for managing difficult employees to make the process easier and increase your chances of improving the situation:

11. Critique Behavior, Not People

It's important that you don't make the conversation overly personal or emotional. The end goal is to reach a solution to the problem, not to spark a confrontation. To do that, it's important to focus specifically on inappropriate or undesirable behavior the employee has demonstrated rather than attack them personally. There may not be negative intentions behind their negative behavior. It might stem from confusion, fear or personal problems that you aren't aware of.

12. Listen to Feedback

You should have a two-way conversation with the challenging employee. Listen to their feedback so you can understand where the problem lies and acknowledge any workplace issues that might be contributing to the negative behavior. Sometimes, just feeling listened to is enough for the employee to feel better and improve their behavior.

13. Give Clear Direction

Giving tough feedback can be a difficult task for managers, but it's important that you give clear and specific examples of the negative behavior and explain why it's inappropriate and how it has to change. Focusing on specific examples can help lower the employee's defensiveness and offer useful information that can help them improve their workplace performance.

14. Document Problematic Behaviour

Whenever you witness poor performance or troubling behavior, write it down in detail so you have a record of what happened and be sure to include the date. Proper documentation not only helps you remember and refer to specific events, it also protects your company in the event that the employee is let go and decides to sue the business for wrongful termination.

15. Consult the HR Department

Schedule meetings with the human resources team to discuss the situation. They can give advice on how to deal with the poor behavior, help you understand the documentation you need and provide a course of action for addressing the issue with the employee. HR will understand all the company policies and processes for handling difficult employees and terminating their employment, if necessary.

16. Work Together Toward a Solution

The ideal result when you discuss a difficult employee's behavior with them is that the two of you work together to develop a solution you both agree on. Discuss the negative behavior, what the appropriate behavior looks like and then find out what the employee needs from you to improve. Agree upon a solution to the issue.

17. Write Down Expectations

Detail your expectations for what needs to improve and set a timeline for improvement. Write down a clear plan of action with a specific timeline and evaluation framework for measuring success. Sign the plan and have the employee sign it as well. You should both keep a copy of the document so the employee can use it to enact the plan and you can evaluate performance moving forward.

18. Set Specific Consequences

It's possible that your plan for improvement with a difficult employee will fail if you don't set clear consequences if the behavior doesn't change within the agreed upon timeframe. Consequences can include a formal written warning, not being eligible for promotions or bonuses and in more severe situations, termination of their employment. Employees likely won't change their behavior unless continuing it will affect them negatively.

19. Monitor Progress

Give your employee the time needed to correct their behavior. During that time, monitor their progress and make note of any issues or relapses. Check in as frequently as needed to get a better sense of how they're progressing with the agreed-upon plan and intervene if they get off track. After the timeline from your plan has passed, schedule a full in-person evaluation to discuss how the situation has progressed.

20. Recognize a Hopeless Situation

While the goal is to improve the employee's behavior so that your team can be more happy and productive together, realistically there will be times when that isn't possible. If your previous interventions haven't had the desired effect and the staff member is unwilling to change their behavior, you need to follow your company's termination procedure and cut your losses.

Financial institutions

The major categories of financial institutions include central banks, retail and commercial banks, internet banks, credit unions, savings, and loans associations, investment banks, investment companies, brokerage firms, insurance companies, and mortgage companies.

Local government

Local government is often overlooked as a critical arena for microeconomic reforms. Local councils can influence the decisions of private businesspeople to invest in the local economy and generate the jobs. This is essential for a vibrant, sustainable community. While the private sector creates jobs and drives economic growth, governments set the conditions in which this can occur.

LO4.4 - Perform filing of documents related to business

- Business documents filing system

Learning how to organize office filing systems is crucial for any business that handles a lot of invoices, receipts, and other documents. Paperless offices sound great, but the reality is that many small businesses still need to store easily retrievable paper documents. It's important to know what files are most important, who needs to access them, and how they can be retrieved easily and efficiently.

- Filing techniques and procedures of business operations:

As a small business owner, you need to be able to operate at your desk swiftly and easily . Though setting up a paper filing system sounds difficult, it is a relatively easy task that can be made easier through a few filing tips and tricks.

Type of the operation

Decide on a filing system: What you do as a business will determine, to a certain extent, whether you choose to file numerically, alphabetically, or some other way. For example, do you search for customer information by name or account number? Do you file paperwork by category, such as expenses, financial, marketing, etc.? This is a critical step, as it will determine how you will lay out your filing system. Do this before you buy anything for your filing system. 2.

Calculate storage needs: If you have a large number of files that you access daily, they should be at your fingertips. If you access them less frequently, you might not need them at your workspace, but you still might need them close by. There may be a combination. Some files might be needed daily while others can be filed in long-term storage further away. Allow for growth when looking at filing cabinets—buy something to accommodate twice the files you think you will have now. This will limit the number of times you will have to reorganize your filing system. 3.

Invest in a good labelling system: Being able to read file labels sounds obvious, but clarity in labeling will save you more filing time than you can imagine. Most companies who make labels provide templates that integrate with the most popular word processing software. You may want to consider one of the small label-making systems that also can print out individual mailing labels. Items that perform double duty are usually a wise investment.

Purchase file folders: The best investment is to purchase colored hanging folders with plastic label tabs and plain manila file folders. Colored hanging folders are easily available and easily recognizable. For example, if you put all of your client files in yellow hanging folders, financial information in blue folders, and anything related to marketing in red folders, you easily can see roughly where you should be searching for a particular file

Existing filing system

If you are trying to green your business and make the shift to a "paperless office" you can scan expense receipts and store them with your other digital accounting information. Some cloud-based accounting software applications facilitate this by having mobile apps that allow you to take a mobile phone snap of an expense receipt and record it on the fly.

LO 4.5 - Identify business laws and regulations

- Legal framework

Commercial law

Commercial law is a body of law that regulates the conduct of persons, merchants, and businesses who are engaged in trade, merchants, and businesses who are engaged in trade, sales, and commerce.

Labour law

Labour law (also known as labor law or employment law) mediates the relationship between workers, employing entities, trade unions and the government. Collective labour law relates to the tripartite relationship between employee, employer and union.

Tax law

Tax law, body of rules under which a public authority has a claim on taxpayers, requiring them to transfer to the authority part of their income or property. ... The power to impose taxes is generally recognized as a right of governments

Tax registrations in Rwanda and business structure

Every taxable business activity with a turnover exceeding Twenty Million Rwanda Francs (Rwf20m) in the previous fiscal year or Five Million (Rwf5m) in the preceding quarter is required by law to register for VAT within a period of seven (7) days from the end of the year or quarter respectively. Based on the above point, a business that has registered for VAT is legally obliged to acquire an EBM with immediate effect because issuing any other invoice other than the electronic one or not issuing it attracts penalties.

- Legal issues and implications of business contract

A written contract documents an agreement between two parties under which both must perform. To form a contract, one party must make an offer to another party. If the second party accepts the offer, both will need to exchange consideration to make the contract legally binding. The legal implications stemming from entering a contract depend on the terms of the contract.

Breach of Contract

Each party to a contract has a duty to perform. If one party performs, and the other party doesn't, the nonperforming party could face legal consequences. Failure to perform under the contract amounts to a breach of the contract.

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