# TECHNO PRENEURSHIP

ICT 039

# WEEK 05: PLANNING AND ORGANIZING A BUSINESS

# BUSINESS OWNERSHIP

# THE PRINCIPLES AND CONCEPT OF BUSINESS OWNERSHIP

## PRINCIPLES

- The principle is an activity of buying and selling stuff to get profit.
- A service that been provided to get profit is also one of the principles.

# Concept

- This exist because the desire of human is unlimited and different while their ability is limited.

# FACTORS THAT INFLUENCE THE CHOICE OF ENTERPRENEURIAL OWNERSHIP

a) Capital
b) Personal assets
c) Span of control
d) Sharing information

# Capital

- In the financial sense, is the money that gives the business the power to buy goods to be used in the production of other goods or the offering of a service. (The capital has two types resources Equity and Debt)

# Personal assets

- Is an important part of managing one's overall financial situation.
- Personal assets can be a liability or a genuine asset, depending on how they are handled and taken care of, and developing an asset allocation strategy is very important.

# Span of control

- Span of control is a term originating in military organization theory, but now used more commonly in business management, particularly human resource management. Span of control refers to the number of subordinates a supervisor has.

# Sharing information

- information sharing referred to one-to-one exchanges of data between a sender and receiver
- Type of sharing information is one-to-one, one-to-many, many-to-many, and many-to-one

# TYPES AND CHARACTERISTICS OF BUSINESS OWNERSHIP

a) SOLE PROPRIETORSHIP
b) PARTNERSHIP
c) COMPANY

# SOLE PROPRIETORSHIP

- A sole proprietorship, also known as a sole trader or simply a proprietorship
- Is a type of business entity that is owned and run by one individual and in which there is no legal distinction between the owner and the business.
- The owner receives all profits (subject to taxation specific to the business) and has unlimited responsibility for all losses and debts

# Partnership

- Partnerships are defined by the Partnership Act of 1890: "*The relationship which subsists between persons carrying on a business in common with a view of profit*". A partnership is neither incorporated nor registered as a company; generally partnerships consist of ordinary partners who are legally liable for the business.
- By starting this type of business you are able to raise capital more freely. The business is not reliant upon one persons skills. The business can use different persons strong points to their advantage.

# Companies

- There are four main types of companies which are as follows:
  - Private Company Limited by share- members liability is only limited by the amount unpaid on shares they hold. This includes community interest companies (CICs) which are private companies limited by shares.
  - Private company limited by guarantee- members’ liability is limited by the amount they have agreed to contribute to the company’s assets if it is wound up. This includes all RTM (Right to Manage companies, common hold associations and those community interest companies which are companies limited by guarantee.

- Private unlimited company- there is no limit to members' liability.
- Public limited companies (PLC) - the company's shares may be offered for sale to the general public and the members liability is on only limited to the amount unpaid on shares held by them. This also includes community interest public limited companies

# DISTINGUISH THE ADVANTAGES AND DISADVANTAGES OF EACH ENTERPRENEURAL OWNERSHIP

a) Sole proprietorship
b) Partnership
c) Company

# Advantages of Single or Sole Proprietorship

- It is easy to organize. Financial capital is small, and registration requirements are not difficult to comply with.
- The single proprietor is the boss. He makes the decisions and enjoys substantial freedom of action. Possibilities of conflicts or quarrels are minimized.
- The owner acquires all the profits from his business. This gives him more incentives to make his business grow.

# Disadvantages of Single or Sole Proprietorship

- In general the financial resources of a single proprietorship are not enough to transform the business into a large scale enterprise. Considering its small assets, banks are reluctant to grant big loans.
- Benefits of specialization in business management are not present in small scale proprietorship. There is only one manager. In not a few cases, the owner is the only employee.
- The owner has unlimited liability. This means that the owner of the business risks not only the assets of his small enterprise, but also his other personal assets like his piece of land, bank deposits, and other personal properties which are not part of his business. In case of loss, such assets are subject to financial claims by creditors.

# Disadvantages of Partnership

- Conflicts or quarrels between or among the partners regarding the management or policies of the business.
- It lacks stability. The death or withdrawal of one partner dissolves the partnership. To continue its operation, a complete reorganization is needed.
- Like the single proprietor, the partners are also subject to unlimited liability.

# Company
# Advantages of a company

- In case the corporation becomes bankrupt, only the capital contributions of the members are affected. The other personal properties of the stockholders of a corporation are excluded from financial claims of creditors of the corporation.
- It has the most effective means of raising money capital for its operations, by selling stocks. Stocks are certificates of ownership.

- It has permanent existence. The death withdrawal of some officers and members does not affect the existence of the corporation. The corporation can easily get officers or managers from inside or outside the organization. Transfer of corporate ownership may take place any time through a sale of stocks, but this does not disrupt the continuity of a corporation.
- It is capable of getting the most efficient management considering its huge resources and large scale-corporations.

# Disadvantages of a company

- It is not easy to organize a corporation, there is much paperwork involved in securing a charter. A charter is a written document which contains the objectives and activities of the corporation, among other things. It takes a longer time to secure the approval.
- Abuses of corporation officials are likely to emerge in situations where many stockholders do not participate actively in the affairs of their corporation. Not a few stockholders do not exercise their voting rights during important meetings. Either, they are absent or they let others cast their votes (proxy voting). Examples of abuses of corporate officials are large salaries and fat allowances for them.

- Some corporations are engaged in questionable activities. For instance, they pollute the environment or sell substandard goods. In short, they do not comply with their social responsibility.
- There is a very impersonal or formal relationship between the officers and employees of a corporation. In the case of single proprietorship and partnership, constant and close contact between owners and employees create a very personal and friendly atmosphere. Everybody knows everybody. In a giant corporation, it is not possible for the president or the board chairman to meet personally all his employees in a year.

# Gather information in the procedure of registration of business ownership

**Come up with a good business idea**

**Write a business plan**

**winning name for your business**

**form of business ownership**

**your business name**

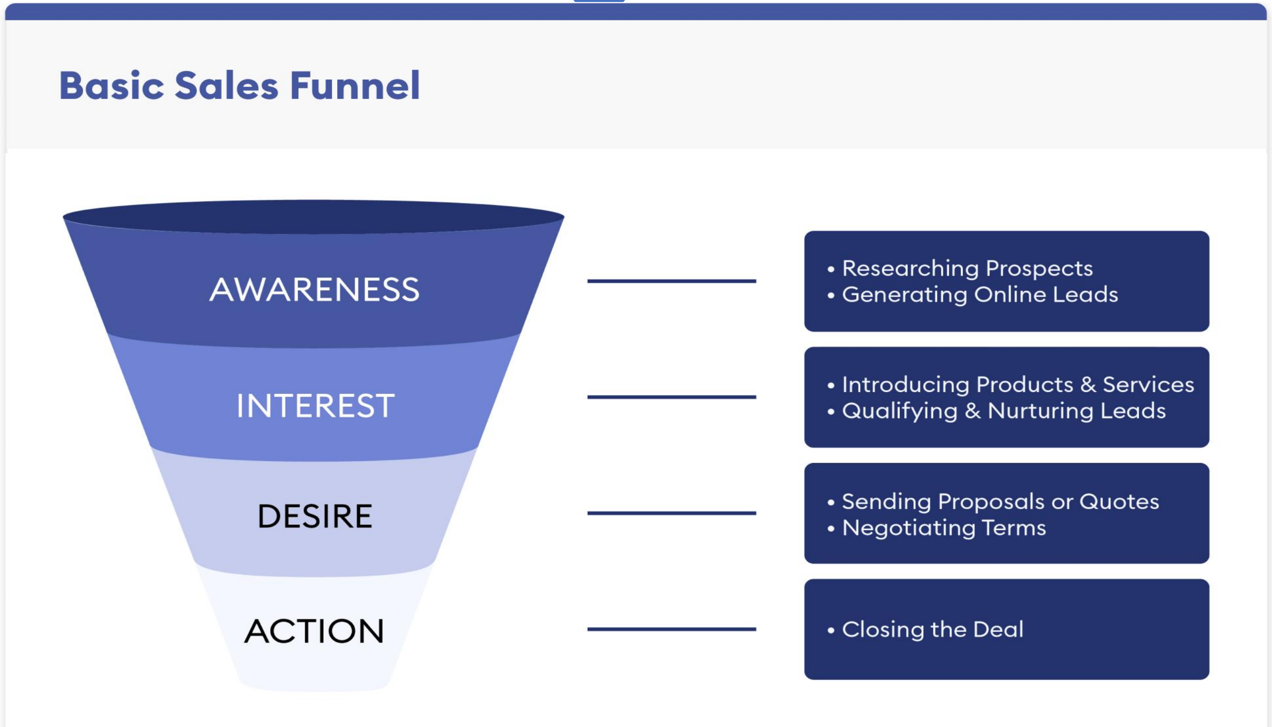
**Find small business financing**

**Get a business license.**

Start your business

# Business Development Plan

# Sales Funneling, Revenue Management



# Sales-Order Life Cycle

**1. Prospect**

Explanation: The prospect stage is the initial phase where potential customers (prospects) are identified. These are individuals or companies that have shown some level of interest in your products or services but have not yet engaged deeply. At this stage, your goal is to gather basic information about these potential customers and understand their needs and how they align with your offerings.

Key Activities:

Market research to identify potential leads.

Initial outreach through marketing campaigns, networking events, or referrals.

Gathering contact information and basic details about the prospect.

# Sales-Order Life Cycle

**2. Lead**

Explanation: Once a prospect expresses interest or fits your target criteria, they are converted into a lead. Leads are more qualified than prospects, having shown a clear indication of interest or engagement. This stage involves further qualification to determine if they have the potential to become a paying customer.

Key Activities:

Engaging with leads through personalized communication.

Assessing the lead’s needs, budget, and decision-making process.

Nurturing the relationship through follow-ups and providing additional information.

# Sales-Order Life Cycle

**3. Opportunity**

Explanation: When a lead demonstrates a strong interest and has a high likelihood of making a purchase, they are considered an opportunity. This stage focuses on deeper engagement with the potential customer to understand their specific requirements and how your solution can meet those needs.

Key Activities:

Conducting in-depth discussions or meetings to identify specific needs.

Customizing solutions or proposals based on the opportunity's requirements.

Evaluating the opportunity’s budget, timeline, and decision-making process.

# Sales-Order Life Cycle

**4. Quotes**

Explanation: In the quotes stage, you provide a detailed proposal or quotation to the opportunity. This document outlines the products or services offered, pricing, terms, and any other relevant details. The purpose is to present a formal offer that the opportunity can review and decide upon.

Key Activities:

Preparing a detailed and accurate quotation or proposal.

Discussing the quote with the opportunity to address any questions or adjustments.

Negotiating terms and conditions if necessary.

# Sales-Order Life Cycle

**5. Invoice**

Explanation: Once the opportunity accepts the quote and agrees to proceed, an invoice is generated. The invoice is a formal request for payment based on the agreed terms and conditions. It marks the transition from the sales process to the fulfillment phase.

Key Activities:

Creating and sending an invoice to the customer.

Ensuring the invoice reflects the agreed-upon terms, including pricing and payment terms.

Tracking the invoice to ensure it is received and acknowledged.

# Sales-Order Life Cycle

**6. Collection**

Explanation: The collection stage involves following up to ensure payment is received as per the invoice terms. It is crucial for maintaining cash flow and ensuring that the financial aspects of the sales process are completed effectively.

Key Activities:

Monitoring payment deadlines and following up on overdue invoices.

Handling any disputes or issues related to payment.

Recording and reconciling received payments with the invoices issued.

# Sales-Order Life Cycle

## Summary

The sales order life cycle begins with identifying potential customers and progresses through stages where the prospect is qualified, offers are made, and financial transactions are completed. Each stage requires specific activities and focuses on moving the customer from initial interest to finalized purchase and payment. Proper management of each stage ensures a smooth and efficient sales process, leading to successful customer transactions and positive business outcomes.

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