

INTRODUCTION TO ENTREPRENEURSHIP EDUCATION

TOPIC ONE: ENTREPRENEURIAL QUALITIES AND CULTURE

Entrepreneurship refers to the taking a risk to produce or sell products to meet the customer's needs with the hope of earning some profits.

An entrepreneur. This is a person who takes up a risk to produce or sell products to meet the customer's needs with the hope of earning profits

Entrepreneurship education; this refers to the study of how to take up risks to produce or sell products to meet the customer's needs with the hope of earning some profits

Why we study entrepreneurship

- To equip students with business management skills in order to effectively manage their business in life
- To develop and encourage a spirit of self-management i.e. train students become job creators and not job seekers
- To create a sense of creativity and innovativeness among students
- To equip students with necessary skills that can enable them to manage and handle their finances effectively
- It is a strategy towards promoting government programmer e.g. baggagawale
- To encourage students to use the available resource in their community. this helps to avoid idle resources

PERSONAL ENTREPRENEURIAL CHARACTERISTICS (PECS)

Personal entrepreneurial characteristics;

This refers to the qualities/ attributes which an entrepreneur possess in order to be successful in his or her day today business operations. There are generally 3 groups in which we divide these qualities and these include

- ✓ planning cluster
 - ✓ Achievement cluster
 - ✓ Power cluster
1. **Planning Cluster** this is made up of the following characteristics
 - **Goal setting** this refers to the ability of an entrepreneur to set dear goals and objectives
 - **Information seeking** this is having the rage to look for the required information in order to make informed decisions
 - **Systematic planning and monitoring;** this is the ability to develop plans that will be used in implementing, monitoring and evaluating the progress of the business.

2. ACHIEVEMENT CLUSTER

- **Opportunity seeking;** this is where an entrepreneur sees and acts on new business opportunities even where other people see nothing but problems.
- **Commitment to work contract.** Entrepreneurs should be committed to their work. this is because customers expect them to honor their commitments e.g. a taxi driver has to take his /her passengers to the final destination
- **Persistence.** This is where an entrepreneur is determined to have a job at all costs. Although one may not be successful at first he will continue to operate until he/ she achieves his /her goals.
- **Risk taking;** Entrepreneurs are people who level taking manageable risks, however, before they commit their resources, they assess the risks that are associated with the business opportunity
- **Efficiency and quality;** this is what enables an entrepreneur to do things that meet or go beyond existing standards or improve on performance

3. POWER CLUSTER

- **Persuasion;** this is the ability to make the public aware of the goods and services produced and also encouraging them to buy. This is to help expand the market for the goods and services.
- **Networking;** this is ability to link convince and influence other individual and agencies in order to maintain business contacts at a high level
- **Self-confidence;** this refers to having a strong belief in oneself and the ability to complete a difficult task to overcome challenges
- **Entrepreneurial self-awareness;** This aims at enabling a person to become aware of his /her weaknesses and strength, achievements, motivation, accentuation, fears and aspirations.

RISKS IN BUSINESS

A **risk;** this is a situation where a person takes on an activity with uncertain outcome. Or it refers to a possibility of suffering harm or loss.

TYPES OF RISKS

1. Law risks; these are risks that yield low profits to the business.
2. Moderate risks; these are risks that can be forecast, calculated and managed by the entrepreneur. It is possible to ensure that such risks do not take place e.g. machine breakdown, burglary etc.
3. High risks; these are risks whose chances of happening are very high and yet the entrepreneur has very little or no control over them. If such risks occur, they may cause a heavy damage to the business.

EXAMPLES OF RISKS

- Accidents occurring from transporting delicate products such as eggs pots and glasses
- Unexpected fall in prices of goods
- Failure to attract enough customers for business products
- Change in customer's tastes and prices
- Wrong decision making that may cause loss to the business
- Outbreak of fire that may destroy the business.
- Unexpected harsh climatic changes for farmers.
- Tuff of cash or property.
- Death of the owner loss or profit
- Machinery breakdown

ASSESSING RISKS

This refers to the process of analyzing the potential success or potential loss of the business. This is because the outcome of taking a risk is normally not known but must be evaluated. It involves potential success and potential loss.

FACTORS THAT AFFECT RISK ASSESSMENT

Risks can be assessed basing on the following factors;

1. Experience and abilities of the person/ persons involved in the business

If these persons are highly experienced, potential success will be high but if they are inexperienced then there will be a high potential loss

2. The political climate; A favorable political climate leads to high potential success for the business, while unfavorable political climate leads to a high potential loss.

3. The viability of the business idea; viable /profitable businesses have a high potential success while unprofitable businesses have a high potential loss.

4. Availability of market; businesses whose market is readily available have a high potential success and those with limited market have a high potential loss.

5. The prang polices and strategies; favorable prices and pricing strategies will lead to high potential success, while unfavorable pricing policies and strategies will lead to high potential loss for the business.

6. Cash flow and capital requirements of the business;

7. Flexibility of the business; if the business is flexible the potential success will be high, however potential loss will also be high if the business is not flexible

8. Honesty and reliability of the business owners and employees; when they are honest and reliable, potential success will be high. However unreliable employees increase the potential loss of the business

MANAGING RISKS

Risks can be managed in the following ways

- **Risks avoidance** from occurring e.g. driver should not drink and drive
- **Risk reduction**; this involves taking measures to minimize the likely loss or chances of the risk from occurring e.g. putting in place fire extinguisher, having a standby generator etc.
- **Risk anticipation**. This is forecasting the likely risk that could happen in the business e.g. putting in place burglar proofs, employing security guards, regular servicing of machines etc.
- **Risk transfer**; this is when the burden of taking responsibility of risk is shifted to another party e.g. taking an insurance policy against fire, accident theft etc. Risk taking an activity in certain outcome

TYPES OF RISKS

Low risk –Risks that can be forecasted, calculated and managed by the entrepreneur. It is possible to make sure they do not happen e.g. machine break down

High risks-these have a high chance of happening yet the entrepreneur has little control with them. When such risks happen they cause heavy damage to the business.

Examples of risks

- Failure to attract enough customers
- Change / fall in price of goods
- Failure to attract enough customers to business products
- Accidents from transporting delicate products
- Wrong decision making
- Change in customer's preferences
- Outbreak of fire
- Breakdown in supplying materials

DECISION MAKING

Decision making is the process of making a choice between two or more alternatives in order to achieve business objectives

FACTORS THAT INFLUENCE DECISION MAKING

1. **The nature of the situation**; if the situation is favorable, decision making will be easily made. In case of unfavorable situation decisions will take long to be made.
2. **Availability of resources**; if resources are readily available, decision making will be easily made, absence of resources will delay the decision making process.
3. **Environmental factors**; A favorable environment will lead to easy decision making while unfavorable environment will delay the decision making process.

4. **Possible benefits and challenges;** where possible benefits are high, decision making is easily made. Low benefits may lead to delay in decision making.
5. **Costs involved;** where low costs are involved, decisions are easily made. However in case of high costs, decision making takes long to be made.
6. **Time pressure;** when the time is available, necessary consultations can be made and binding decision are made. However, in case of limited time than limited consultations are made and poor decisions are likely to be made

STEPS THAT ARE INVOLVED IN DECISION MAKING

The following are steps involved in decision making;

- Problem identification i.e. knowing the exact item on which the decision is to be made.
- Getting more information about the problem i.e. trying to make sure that you are well acquainted with the problem.
- Identifying the main causes of the problem.
- Determining the possible solutions to the problem.
- Analysis all the possible solutions.
- Selecting the best solutions.
- Implementing the selected solutions.

Examples of professional work are,

- Teaching
- Driving
- Accountancy
- Lawyers (legal practices)
- Engineering
- Treating people (medical doctors)
- Secretarial etc.

Nonprofessional work; this is work where one is not required to possess prior knowledge and skills before performing a task. The person involved may acquire basic knowledge and skills through repetitive execution of the work. Examples of such work include,

- ❖ Digging
- ❖ mixing mortar
- ❖ Making bricks manually etc.

DIGNITY OF WORK.

Dignity of work refers to the respect and value that one attaches to work.

Importance and values of doing work;

It is important to work because of the following reasons,

- Work gives social recognition i.e. people who are engaged in doing work are respected and recognized in their communities.
- Monitoring and evaluating the implementation to verify that the selected solution was the best.

Revision questions;

1 (a) What is decision making?

(b) Explain the various factors influencing decision making.

(c) Describe the steps that are involved in the decision making process

DIGNITY OF WORK, BELIEF AND VALUES ABOUT BUSINESS

Work; this is the use of physical body or mental ability or both for the purpose of producing a good or a service

Types of work

There are mainly two types of work i.e. professional work and nonprofessional work.

Professional work; this is where one is required to undergo training to acquire skills in order to perform a certain task. It also helps to increase people's income who work and earn salary, wage as profits for those who work in business

1. It helps to improve on people's standards of living. As people work, they earn income which they can use to access their needs, hence improving on their standards of living.
2. It helps people to use resources, talents, knowledge and skills productively without work such talents and knowledge would remain idle.
3. It makes people become useful and helpful to their communities. They can be in position to contribute to community development activities because of work.
4. It helps people to meet their family requirements for example paying school fees for their children and buying day today family requirements.
5. Work gives people independence and self-reliance. As people work, they develop the ability to depend on themselves and also support others.
6. It also creates a competitive spirit which enables people to acquire property and progress in their lives
7. Work also helps to save and prepare for their old age

MYTHS AND BELIEFS ABOUT WORK AND BUSINESS.

A myth is a fable idea (tale) that society has towards work / about doing a certain thing.

Examples of myths.

- Construction is only for men.
- Cooking is only for women.
- Business is normally a last resort after one has failed in life.
- Child care is work for women
- All people who work in breweries are drunkards.
- A teacher or carpenter will never become rich.
- Women should not climb on trees.
- Women should not go fishing.

Negative beliefs about work.

- If you open a business on Sunday you get bad luck.
- If you sell salt at night you get bad luck
- Business is for people who have failed to get paid employment
- Business people are thieves and never tell the truth.
- To succeed in business one needs to practice witchcraft
- Do not offer credit facilities to first customers in business this brings bad luck.
- To succeed in business one must go under the water for blessings
- To succeed in a business, one must first sacrifice a cow / goat

Ways of overcoming negative beliefs about work.

- ❖ Ignore the beliefs and work as long as what you are doing is legal, socially acceptable and profitable.
- ❖ Train to acquire necessary skills, knowledge for the business work.
- ❖ Develop self-confidence and apply knowledge and skills effectively
- ❖ Work hard in order to succeed
- ❖ Analyze the business failures objectively in order to get better solutions.
- ❖ Persevere in business as this can lead to success in the long run

SOCIAL STATUS TO VARIOUS TYPES OF WORK

Personal qualities leading to success in business;

Personal qualities are attributes or characteristics which a person possesses, that he or she can use to work and succeed in life. These include the following

- ✓ **Hard work;** this is when a person voluntarily does whatever it takes to do the work he/she is supposed to do. The person does the work willingly therefore complete it correctly and on time.

- ✓ **Persistence;** this means the person does not give up on any work he/she is supposed to do. One does work with a commitment even when fails, tries again up until when she succeeds
- ✓ **Loyalty;** this means the respect, commitment or dedication that one puts towards work. This should be excellent if the business is to succeed.
- ✓ **Creativity and originality;** one should be in position to come up with better ways of solving business problems including developing new and better products that are less costly.
- ✓ **Result oriented;** one should be in position to do whatever it takes to ensure that results are achieved.
- ✓ **Innovation and intuitiveness;** one should use all his / her knowledge and skills to do and complete the job(s) excellently.
- ✓ **Concern for quality and the efficiency;** to be successful, one needs to perform and get results which are more than average. This means that in the course of doing work, one must be conscious of the quality of his / her products.

FACTORS THAT PROMOTE STATUS IN SOCIETY;

Some of the factors that promote status in society include the following;

- ❖ **Values that are possessed;** E.g. honesty, hard work, integrity, compliances with laws etc. a person who has these values is given more respect than a person without such values.
- ❖ **The way one serves customers.** A person who serves customers diligently to meet their needs at all the time is accorded a high status than the one who does not.
- ❖ **Serving selflessly;** people who serve others are accorded relatively high status than those who are self-minded.
- ❖ **Leading by example;** entrepreneurs who lead by example are always accorded high status especially by their followers than those who don't lead by example.
- ❖ **Excellent performance;** society accords high status to people who perform excellently. Poor performance (performers) is always accorded low status.
- ❖ **Level of education;** high education people are accorded high status unlike poorly educated people who are accorded a low status.
- ❖ **Family background;** people from history or society known and respected families are accorded a relatively status than those from least known families
- ❖ **Holding hereditary position;** individual hereditary position like traditional kings are always accorded a high status compared to those without such position
- ❖ **Political attachments or positions;** holding political positions like president members of parliament, ministers etc. are accorded high status unlike those without success position who are accorded low status

CAREER OPPORTUNITIES IN UGANDA (TOPIC 3)

A career is an activity that one gets involved in in order to serve and achieve one's future goals.

For example a doctor, a lawyer, a business person etc.

FACTORS THAT INFLUENCE THE CHOICE OF A CAREER.

- **The personal interest of an individual;** people always chose careers that can enable them satisfy their personal interest and wants.
- **Family influence and background;** some individuals choose some careers because they have been advised by their parents, old brothers/ sisters.
- **Academic preferences and attainments;** academic students tend to choose careers depending on performance in different subjects e.g. A student who performs well in biology would like to become a doctor.
- **Ability of a person;** people usually choose careers where they can actually perform well.
- **Government policy towards employment;** the government may directly or indirectly influence people's choice of a career e.g. currently the government of Uganda is encouraging science subjects therefore it is most likely that students will pursue science related careers.
- **Influence from friends and teachers;** the friends that people highly influence them in their choice of a career, students usually choose careers as a result of encouragement from friends and teachers.
- **Benefits associated with the career;** people usually choose careers whose benefits are relatively high leave out careers whose benefits are relatively low.
- **The job opportunities available for the career;** careers with readily available opportunities are always preferred than those opportunities are rare.
- **Religious, influence;** students choose careers that are in line with their religions.
- **Inspiration of their role models;** most students today tend to admire different people who have been successful in different areas and they wish to become like them.

TYPES OF JOB CAREERS IN UGANDA

Sectors	Career opportunities
Education	Nursery teacher, primary teacher, secondary teacher university lecture etc.
Health	Doctors, nurses, midwives laboratory assistants, dentists, pharmacists etc.
Security	Army men and women, police officers, prison officers, private security companies e.g. Saracen Securicor
Law	Advocates, lawyers, magistrates, judges, prosecutors
Hotel and tourism	Receptionists, marketers, chefs, travel agents, flight ticketing, cashiers, tourist guides etc.
Media	News readers, journalists, news reporters, TV camera men/women, type setters, editors etc.
Construction sector	Architects, engineers, surveyors, plumbers, electrical engineers, constructors, site Workers.

COMPETENCIES REQUIRED IN THE JOB MARKET

(Supportive skills needed for different careers)

Employers are interested in employing people who have particular abilities that enable them to perform tasks well.

They include the following;

- **Communication skills;** this is the ability of a person to use good ways to interact with other people both verbally and through writing. This skill enables the employee to understand and be understood by the employer and the customers.
- **Adopting skills;** this is the ability of a person to easily learn or respond to changes i.e. the ability to be flexible. This enables workers to learn new things easily
- **Decision making skills;** this is the ability of a person to make appropriate decisions whenever necessary. Employers/ entrepreneurs always prefer employees with a good decision making skills
- **Interpersonal skills;** this is the ability to easily relate or work with others this enhances team work to effectively and heinously perform tasks for the success of an entrepreneur.
- **Technical skills;** this refers to the various ability of a person to understand and fully participate in the production process of the business. E.g. machine operators
- **Creativity and innovativeness;** this is the ability to develop new ideas, method etc. Employers need workers with this ability especially where the nature of work needs problem solving ability.
- **Stamina;** this is the person's ability to work hard or put in much effort for a long time without getting tired quickly
- **Cultural diversity;** this is the ability to work in an environment with people from different cultural back grounds.

UNEMPLOYMENT

Unemployment refer to a situation where people are looking for jobs and are willing to take whatever is offered as salary or wage but cannot find the jobs

CAUSES OF UNEMPLOYMENT IN UGANDA

- ❖ **High population growth rate;** many children are born in the country every day and when they reach the working age, they fail to get jobs.
- ❖ **Discrimination in the job market;** this may be based on age, sex, religion, tribe etc. in this case the disadvantaged group remain unemployed.
- ❖ **Rural-urban migration;** many people move from rural areas to towns like Kampala, where they end up becoming unemployed.

- ❖ **Inappropriate education and training;** the education system in Uganda mainly trains job seeker nit job makers, such people remain unemployed even after graduating from university
- ❖ **Poor attitude towards work;** some people for example those rich families and those who are lazy tend to undermine some jobs. They therefore remain unemployed.
- ❖ **Lack of information about the available job opportunities;** some people do not know where the jobs exist, therefore they become unemployed.
- ❖ **Political instability in some parts of the country;** people for example those in northern Uganda were driven away from their job areas because of political instability.
- ❖ **Seasonal changes especially in agriculture sectors;** farmers become unemployed during some seasons e.g. during the dry season and after harvest.
- ❖ **Physical and mental disabilities;** some people with disabilities e.g. the lame and the blind may not find jobs where they can easily be accepted.
- ❖ **Use of advanced technology;** some workers in the country are laid off from their jobs and are replaced by machines such as computers
- ❖ **Poor nature of land ownership;** some landlords own large pieces of land especially in rural areas leaving other people without land where they would get employed.
- ❖ **Changing jobs;** some people get unemployed during such time of looking for another job after leaving the previous job e.g. the builders.
- ❖ **Shortage of capital;** some people do not have funds with which to start business on their own.

HOW TO REDUCE UNEMPLOYMENT

The following are some of the suggestions on how to reduce unemployment in Uganda,

- The parents / teachers and other relevant authorities should provide students with the proper career guidance. This will enable students to do subjects leading to courses that can provide students with skills needed in Uganda’s current job market.
- Encouraging students to have a positive attitude towards science and technical subjects. This is because these subjects help them to be job makers and seekers etc.
- Measures such as the use of family planning should be put in place to reduce high population growth rate.
- Credit facilities (loans) at favorable terms should be provided to local investors.

- Government should devise measures to ensure political stability and security in all parts of the country.
- The government should set up improved infrastructure such as roads in order to encourage entrepreneurs to set up enterprises.
- Public enterprises should be privatized so that they can be expanded by private enterprises.
- Sensitizing the youth on the importance of work. This will help to reduce laziness and undermining jobs.
- Employment bureaus / job information centers should be put in place and given responsibility to collect information on the available jobs and advertise those jobs to the general public.
- Rural electrification should be encouraged to enable rural people to start small businesses which will enable them to create jobs.

TYPES OF WORK

There are mainly two types of employment i.e. paid employment and self-employment

PAID EMPLOYMENT

This is where a person gets employed by another person, business, government or non-Governmental Organization and is paid a salary or wage periodically

BENEFITS OF PAID EMPLOYMENT

- Specific duties and responsibilities are performed by the worker. He/ she therefore only contracts on his/her duties and responsibilities.
- Steady income is enjoyed by the worker. The count earned as salary or wage is fixed by the employer as negotiated by both the employer and the employee.
- There is a chance for the worker to enjoy fringe / additional benefits like transport, medical care, meals, terminal benefits etc.
- The hours of work tend to be fixed may even be favorable to the worker.
- The employee normally works under set and well organized systems of control or administration
- The worker may be assured of promotion and a certain future as long as the employer is operating well.
- There are minimum risks of loss on the paid worker because the employer bears most of the risks.

CHALLENGES OF PAID EMPLOYMENT;

1. Loss of independence of the worker. One is required to follow the strict schedules orders and instructions
2. Fixed payment / income where the worker is subjected to already set salary or wage that may not be changed regardless of the effort put in
3. Difficulty in implementing ideas provided by the employer. The worker must struggle to implement ideas provided by the employer because it is not easy to implement another person's creation.
4. There may be limited job security for the worker. He / she should be prepared to lose the job in case of inefficiency.

SELF EMPLOYMENT

This is where a person or a group of people start their own income generating activity where they work for survival.

BENEFITS OF SELF EMPLOYMENT

- ✓ People who are self- employed are admired and respected because of their business contributions to the society.
- ✓ Improvement of the person's standard of living due to income earned from the established income generating activity.
- ✓ Provision of satisfaction resulting from the creation of one's own employment.
- ✓ Goods and services are provided to the public by the established income generating activity.
- ✓ Developing self confidence and self-esteem because the person develops the attitude of managing activities.
- ✓ Creating of employment for the owner where he / she earns a living.
- ✓ One is able to become independent and a boss of him / her-self when performing work.
- ✓ Creation of employment opportunities for others i.e. one can employ others at his/her own terms.

CHALLENGES OF SELF EMPLOYMENT;

- **Long and irregular working hours.** A person needs to work hard and in most cases for long hours to ensure success. At times, family or community activities interfere with working hours

- **Uncertainty of income.** A self-employed person is sure of steady flow of income at the end of a given period of time e.g. month, as his/ her earnings and profits depends on performance of the business.
- **Low life style due to hard work;** a self -employed person normally spends most of her/his time at work and may not have enough time to relax, enjoy leisure activities etc.
- The business of a self-employed person is exposed to unfavorable government policies, unfair competition from other businesses etc.
- A self-employed person incurs all the costs and risks involved in his / her business.

BUSINESSES THAT HELP TO CREATE EMPLOYMENT IN UGANDA

There are mainly four types of businesses that help to create employment in Uganda namely,

- Trading businesses
- Manufacturing businesses
- Service businesses
- Agri-businesses

SERVICE BUSINESSES

These are businesses that provide intangible products such as education and communication services to the customers for a fee.

Service businesses provide a variety of job opportunities which include;

- i) Education services for nursery, primary and secondary schools, universities etc.
- ii) Provide employment opportunities for teachers and nonteaching staff.
- iii) Transport services such as boda-boda, taxis, bus services, transporters, etc. create employment for the owners and the operators (drivers).
- iv) Entertainment services such as music, dance and drama also help to create employment for the different related people.
- v) Beauty services such as hair dressing, wedding decorations, skin treatment etc. this is an area that provides continuous employment opportunities as long as people continue living
- vi) Medical services including clinics, drug shops, hospitals, laboratories etc. help to get employment to the different medical practitioners.
- vii) Other areas may include, utility services providers such as telephones services, electricity service postal services, water supply

Trading businesses

These are businesses that deal with the buying and selling of goods. These kind of businesses are grouped in to two;

- i. Retail trading and
- ii. Wholesale trading businesses

Retail trading business

These are business that buy goods from wholesalers or producers and sell to the final consumers.

Wholesale trading business

These are business where the traders buy good in relatively large quantities from the producers, which they in turn sell to the retailers.

AGRIBUSINESS

These are businesses that are involved in the production and selling of agricultural products for profit. Agribusiness can take the following forms;

- (i) Crop production

This involves the growing of different crops for sell such crops include the following, rice, cotton, fruits, bananas etc.

- (ii) Livestock production

This involves the rearing of animals for sell. Animals reared may include the following goats, sheep cattle, rabbits etc.

- (iii) Horticulture -growing of vegetables
- (iv) Apiculture- keeping of bees
- (v) Aqua-culture -which deals in fish, crocodile farming etc
- (vi) Floriculture -is growing of flowers

MANUFACTURING BUSINESS

These are business that transform or change raw materials into finished or semi-finished goods.

Examples of manufacturing business include the following;

- Metal fabrication business such as makers of doors, windows, furniture bicycles etc.
- Carpentry and joinery which involve making furniture for sell and construction work.
- Agro-processing business which transform agricultural raw materials into different final products such as cooking oil, juice, flour etc.

- Extractive manufacturing business which extract materials like clay, grass, papyrus, stones, etc. and transform them into different semi-finished or finished products.
- Textile manufacturing business which are involved in the production of clothes. Entrepreneurs in this field are employed in tailoring, weaving etc.

THE RELATIONSHIP BETWEEN BUSINESS, SOCIETY AND THE NATURAL ENVIRONMENT

The natural environment

Natural environment refers to things that can both be seen and the unseen that are around our business and were created by God. They exist naturally e.g. land, water, plants and animals.

Components of the natural environment

They include the following

- Plants
- Animals
- Land and minerals
- Water
- Air

Man through his activities including business affects either negatively or positively. Most effects are negative in nature. This is because of man's activities like cutting down trees, dumping business wastes in water bodies, industrial fumes etc.

DEPENDENCY OF BUSINESS ON THE NATURAL ENVIRONMENT

(How the natural environment supports business)

Business get spaces where they can be established from the natural environment i.e. business are established on land which is part of the natural environment.

Businesses also get their dumping ground from the natural environment where they can dispose the waste.

Labour that is used in business is also got from the natural environment. This is because man is part of the animals that contribute to the natural environment.

Air which is a component of the natural environment enables business chemical and biological processes to take place.

Water is also useful for both domestic and industrial use.

Plants also provide food, raw materials, oxygen and carbon dioxide that are required for different business activities.

Man from the natural environment provide market to the goods produced by different business

BENEFITS OF BUSINESS TO SOCIETY

These are several ways in which business benefits the society. They include the following

- Business help in production of goods and provision of services that are needed by the society.
- Provision of employment opportunities to members of the society
- Contribution to the community development programs e.g construction clean water sources, roads etc.
- Payment of taxes to the local or central government which is in turn used by the government to construct roads, schools etc
- Participating in the cleaning of the environment. This can be done through community cleaning programs or even initiating the cleaning process.
- Business may also be used as study center for example research can carry out their research in different business
- Business may also act as entertainment centers to the society e.g. bars, clubs, theatres, hotels etc.

WAYS IN WHICH BUSINESS BENEFITS FROM SOCIETY

Society is important for the success of the business. The following are the various ways in which business benefits from the society.

- Society is a source of market. Members of society buy business product hence facilitate and enable business to continue operating
- Source of labour for business. People who work in business are got from the society. Without society therefore, business would not have individuals to work there.
- Source of raw materials. Most business get the raw materials which they need from society, specially the manufacturing business
- Society to business. People who provide society to the business are got from the society; therefore business would have got a problem with their security if society did not exist.
- Source of capital. Members of society contribute to the capital of the business by buying shares. This is so, especially for public limited companies.

EFFECTS OF BUSINESS ON THE NATURAL ENVIRONMENT

Business interact with the natural environment directly. The following areas are some of the ways in which the business affect the natural environment.

Land degradation:

This is the spoiling of the soil fertility, soil nutrients composition and soil structure arising from different form of land usage e.g. overgrazing cultivation, quarrying etc.

Deforestation

Most business requires timber for construction, furniture, firewood and other industrial applications. As a result of trees cut down at a faster rate than replanted.

Air pollution

Manufacturing business usually pollutes the air by emitting harmful gases such as carbon dioxide and sulphur dioxide into the atmosphere.

Water pollution

They pollute water by using as a dumping ground for their wastes and effluent.

Displacement of people

When some business are established some people are displaced e.g. construction of an electricity dam, gazette lining of populated areas as natural parts etc.

Noise pollution

A number of manufacturing business produce noise which result into a noisy and polluted environment e.g. theatres video halls, some churches etc.

EFFECTS/CONSEQUENCES OF A DEGRADED NATURAL ENVIRONMENT

A degraded natural environment has many harmful effects on the surrounding such as the following

Health:

A pollute environment causes ill health of the labour force making it less productive in business

Drought and famine

A degraded environment causes drought which reduces agricultural activities and productivity. This may lead to famine

Lack of raw materials

Over exploitation of natural resources may cause the depletion and business using them as raw materials may close down

Extinction of some species:

Destruction of habitual and feeding zone of some plants and animals leads to their extinction. This leads to their shortage to businesses that use them as raw materials.

Change in climate

Activities like deforestation, overgrazing, pollution, swamp reclamation etc reduce on the reliability of rainfall in the area.

Reduction of soil fertility

Poor farming methods such as over cultivating tress on steeps, deep pouchingetc make the soil less fertile and reduce on the production of the soils.

MEASURES TO SOLVE THE HARMFUL EFFECTS OF BUSINESS ON THE NATURAL ENVIRONMENT

- Proper choice of raw materials and other inputs. An entrepreneur should select raw materials and other inputs that have less or degradation effect on the environment.
- Waste treatment. Plan to treat waste and select a proper waste disposal ground that does not adversely affect the health people, animals and plants
- Choose proper packaging materials. Such as proper bags or cloth in of polythene bags that do not after alter change the soil structure
- Practicing good and modern farming methods like crop rotation mulching, applications of fertilizers etc.
- Putting in place strict laws by the government against poor use of natural resources
- Identification of government places to locate industries e.g sparely populated areas to avoid over displacement of people.
- Putting appropriate warning labels and sign posts on business operations sites to warn people about the danger zones or packing materials
- Re-afforestation to reduce effects of deforestation and loss of soil fertility water catchment areas and change of climate
- Conserve wetlands to reduce on climate changes.
- Have environmentally friendly business that do not pollute the environment e.g. agro-forestry
- Planting grass and covers to protect loss of soil

- Natural environment seen and unseen things around our businesses that were created by God
Examples – plants, animals, water bodies, air land.

SUCCESS IN BUSINESS

Success refers to the realization of the worthy intention. May also refer to the process of achieving one's desired goal.

INDICATORS OF SUCCESS IN BUSINESS

These are signs that can be used to show the level of achievement the business goals. They include the following:-

1. Increase in assets.

A successful business will have its volume of operations increasing significantly overtime. This directly leads to increase in the number of assets owned by the business.

2. Increase in profits.

A business whose volume of operation is increasing likely to have its profits increase.

3. Expansion of the business

A business that is successful will have the volume of the business operations and profits growing and expanding overtime.

4. Increase in the number of employees

When the business expands, the business will be in need of both skilled and unskilled labour increase production.

5. Recognition in the community

How much respect and recognition an entrepreneur and his/her business receives from e.g the community reflects how well the business is doing

6. Reduced operational costs

A successful business will have the capacity to reduce the costs per unit of output produced. For example a school that has increased the number of students will be able to reduce the number of costs e.g food cost.

7. Increase in production lines and quality products that is to say a number of product will be produced and their quality improved

8. Expansion of the market shares and opening of more brands also indicate how successful a business is

FACTORS LEADING TO SUCCESS IN BUSINESS

There are several factors that lead to success in a business and they include the following:-

- i. Personal and entrepreneurial qualities of the business owner and service management (PEC's). A business to be successful, the owner and some management staff must possess good entrepreneurial qualities. This helps to provide the business with good, efficient and effective leadership and management.

ii. **Clear objectives:** If a business is to be successful it's necessary to have clear and definite objectives. Once set, the entrepreneur shall ensure that the business operation and management guidelines are set to achieve the objectives.

iii. Efficiency and effective business planning

This enables the business set its targets, methods of achieving them and resources to use in the process.

iv. Proper location and plant layout. Appropriate location helps the business in securing the required inputs at minimum possible costs. Most important, however, the location helps the business to secure and access markets at low costs.

v. Availability of business support services. For example financial services, business information, transport, communication etc. this enables the business to acquire facilities that are necessary for its success.

vi. Availability of market. This helps to ensure that the business sells whatever it produces hence market.

vii. Conducive government policies e.g. fair taxation. If the government policies conducive for the business growth, then business will thrive.

BENEFITS OF A SUCCESSFUL BUSINESS TO AN ENTREPRENEUR

Self-reliance and fulfillment

When an entrepreneur operates a successful business he/she gets to do things for him/herself, maintain self-confidence and make independent decision.

Increased income and further investment

A successful business generates more profits part of which the entrepreneur can use for personal purposes. The entrepreneur can also use part of the profit to make further investment.

Recognition in the community

A successful business and its owner are highly respected in the community because of the goods and services being provided. This further help to attract more customers.

Improved standard of living. A successful business generates a lot of profits, which is the entrepreneur's income. With this income therefore, the owner may be in position to meet most of his/her needs and as such improve on the standard of living.

Permanent address for the entrepreneur and workers. A successful business is one which is well established and provides a permanent address for the owner and the workers.

COMMON MANAGEMENT MISTAKES THAT CAUSE BUSINESS FAILURES

Many businesses have failed because they have been poorly managed. The following are some of the common management mistakes that cause most businesses to fail;

Mistaking cash for profit

Owners of some business at times tend to mistake the cash received from the sale of goods or services to be profit. Under this mistake belief that take and use it for purposes that may not be related to business.

Uncontrolled credit given to customers

A business needs regular flow of funds if it's to maintain its operations and succeed too much credit makes a business to run out of cash needed to replenish its stock and meet its operating expenses.

Poor record keeping

Without records, it is difficult for an entrepreneur to tell if a business is in trouble or not. In such circumstances, he/she will know it when it's too late.

Poor customer care

If customers are not handled well, they will go to other business where they are treated better, as a result, the business loses its market, its products do not get bought while expenses continue being incurred, hence collapse in the long run.

Neglect

Some businesses fail due to little attention given to them by their owner. This may result from loss of personal interest, poor time and self-management limited supervision and guidance to employees .

Incompetence

This is the inability of the business owner and to manage the business operations efficiently and effectively.

Theft of business funds, stock, assets etc.

The business may suffer from loss of its assets (cash stock etc.) through theft either by employees or thieves from outside.

Interference of the family members in the running of the business.

For example family members withdrawing funds taking credit which they do not pay etc.

Death of the business owners

If the owner dies and there is no one competent to take over the management business or where the business is subjected to family business.

TOPIC SIX: INCOME AND ITS USES

Income refers to the financial proceeds that one gets after participating in a legal gainful activity. All businesses continue surviving because they earn income.

TYPE OF INCOME

There are different types of income which include the following:

Salary

Paid periodically to mainly skilled workers

Wages,

Paid to mainly unskilled workers after performing a particular piece of work.

Profits

Which is earned from carrying out a business activity

Interest which is earned on bank deposits or after use of other physical assets (capital)

Bonus which is an additional payment mainly granted when there is a surplus after good work has been done.

Fees received which are earned after providing services

Commission received

Which is earned from providing technical, professional services e.g. acting as a middle man / woman

Rent received

Which is earned from allowing other people or businesses to use our resources.

Fare. This is income earned by entrepreneur engaged in transportation services e.g. air transport, tax, bus, boda-boda.

SOURCES OF INCOME

They include the following:-

Farming activities

This involves the growing of crops, rearing of animals or poultry and selling their products. When products from these farming activities are sold, farmers get income

Trading

Trading refers to the process of buying and selling goods with an aim of making profits. The profits earned constitute income for entrepreneurs.

Manufacturing businesses

Some entrepreneurs earn income from manufacturing and selling goods. For example weaving baskets producing household consumables etc.

Rendering services

People get income through providing services which other people need and are willing to pay for e.g. teaching, driving.

Paid employment

People in paid employment earn income commonly known as wages or salaries.

Talents

Exploiting and developing one's talents like playing football singing etc can one income

Education

Highly educated people are more paid than the semi-skilled

WAYS OF USING INCOME

There are four major ways in which one can use income, they include the following

Consumption

This refers to the process of using income to satisfy one's needs. Consumption ranges from buying household items paying children's school fees, clothing, drinks, food etc.

Savings

This refers to reserving of one's income for future use. Savings requires one to reduce his/her levels of consumption to reserve a balance that can be used in future.

Investment

This refers to the commitment of one's earned income to productive activities. People may invest their income by starting their business, buying productive resources such as land, houses, buying shares etc.

Meeting precautionary needs

People at times save their income in order to meet their anticipated needs in future e.g old age accidents, sickness etc.

WAYS OF INCREASING SAVINGS AND INVESTMENTS

Reduction of consumption

When individuals reduce on their consumption they remain with enough income that can be saved and later invested

Provision of banking facilities

If secure banking facilities are provided to the people to make deposits, people will be encouraged to do so.

Improvement of environmental factors

Savings and investments encouraged and increased if the lives of the savers are secure. This will give them confidence about the future and encourage them to save more

Creation of investment opportunities

When some businesses are established in an area, they create further investment opportunities. For example establishment of a construction firm may lead to the establishment of metal fabrication businesses, restaurants etc.

Develop attitudes of saving

If investment is to be increased people need to develop a saving culture. This could be done through the media, workshops or training programmes.

Budgeting

This involves forecasting business expenses and income this enables the business to use realistic expenditure budgets.

IMPORTANCE OF SAVING AND INVESTMENT

The reasons for making savings and investments include the following:-

As a precaution for future needs, people save income to prepare for unforeseen problems that may arise in the future that will require money e.g illness accidents.

For transactions

Income is also saved in order to have cash to meet transactions of personal and business nature i.e. to facilitate buying personal and business day to day requirements.

Self-employment

One an individual invests his/her savings he/she will create employment opportunities for him/herself. This enables him/her to become self- reliant.

Exploitation of idle resources

Investing in business enables entrepreneur to use resources that may be idle. These can be converted into goods and services to meet people's needs.

Employment of others

If investments being made are to use more labour than capital, then a number of people will be employed

Utilization of resources

By establishing enterprises, whether small or large, it will help in tapping resources e.g human resources land, plants, animals etc.

The equality, argument, investment helps in creation of waste by producing more goods and services as well as income for both the investors and employees. Investment therefore to bring more people into economic activities and in a way help in the distribution of income.

Savings

Investment helps people and others business to increase the incomes. This makes it possible for people who previously did it and therefore be able to start saving.

Exploiting opportunities

One can easily exploit opportunities that a rise in the course of running a business when sheathe has outstanding savings.

FORMS OF SAVINGS

Individuals can save their money/resources in various ways which include the following

- i. Opening savings accounts in the bank
- ii. Deposit his/her savings on this account
- iii. Buying property e.g. land, houses etc.
- iv. Buying shares in other businesses
- v. Investments in business so as to generate in are profit
- vi. Non cash investments e.g. treasury bills, bonds.

CHARACTERISTICS OF PEOPLE WHO PREFER SAVING MOST OF THEIR INCOME (SAVING ORIENTED PEOPLE)

- a) There are very careful with their spending
- b) Every expenditure they make has to be justified
- c) They normally tend to live a simple life i.e. they do not engage in spending their income on luxury goods and services
- d) They have a high motivation of save and invest. They tend to give their priority to saving most of their earned income.
- e) They tend to looks for every opportunity that is available for them to save.
- f) They tend to fore-go a lot of things in the beginning at times even necessities of life preferring savings for future consumption.

CHARACTERISTICS OF PEOPLE WHO PREFER CONSUMING MOST OF THEIR INCOME (CONSUMPTION ORIENTED PEOPLE)

- a) They are very extravagant
- b) They spend most of the income that comes their way on things they need or may not need immediately.
- c) They live a luxurious way of life by purchasing luxurious and expensive goods and services that they come a cross. Some of these may not even be necessary but they just want to show off.
- d) They have a low desire to save, such people rarely save and invest their income
- e) They have got no investment plans for the future. This is because their income is always spent as soon as they get it.
- f) Their income normally tend to be used for paying debts that were incurred prior to earning the income
- g) Whenever they earn some money they become unstable the tie waiting to go and spend it. They only became stable after the money has been exhausted.

CHARACTERISTICS OF PEOPLE WHO PREFER INVESTING (INVESTMENT ORIENTED PEOPLE)

- They always look out for available investment opportunities
- They tend to give priority to investment and much of their income is reserved and used for investment
- Such people work hard and for long hours to earn more income so that they can increase their savings and subsequently invest.
- They normally tend to lead/live a simple life because they spend most of their income on capital goods and services that will lead to further investment.

MAKING SAVINGS AND INVESTMENT PLANS

Making plans for savings and investments require one to forecast how, when, and how much income he/she will receive during a given period. The next step is to develop a budget and in so doing prioritize his/her needs. This will entail following particular steps as indicated below:-

1. Identification of needs
2. Setting saving targets
3. Prioritizing the needs
4. Finding out the cost of each need
5. Finding out the difference between the total cost of the needs and income and establishing whether the balance meets the saving targets.

6. Carrying out a review of the prioritized needs, their cost and saving targets to ensure that they can all be accommodated within the income packages
7. Choosing how the saving of income can be done
8. Making the savings
9. Spending part of the income on the priority list item that have been provided with the budget.

REVISION QUESTIONS

1. a) What is income?
b) State any six types of income.
c) Explain the various sources of income to an entrepreneur.
2. a) Explain the various ways of using income
b) How can an individual increase his savings and investment?
c) What is the importance of savings and investments.
3. Explain the characteristics of;
 - a) Consumption oriented people
 - b) Saving oriented people
 - c) Investment oriented people
4. Describe the various steps that an entrepreneur may follow when making the savings and investment plan.

BUSINESSES IN UGANDA

A business is any economic activity carried out with the aim of making profits.

TYPES OF BUSINESSES

There are mainly four types of business is;

- Trading businesses
- Manufacturing businesses
- Service businesses
- Agri-businesses

Service businesses

These are businesses that provide intangible products such as education and communication services to the customers for a fee.

Trading businesses

These are businesses that deal with the buying and selling of goods

Agri-businesses

These are businesses that are involved in the production and selling of agricultural products for profits.

Manufacturing businesses

These are business that transform or change raw materials into finished or semi-finished

Business sizes

Business enterprises are of different sizes depending on a number of factors. They include the following:-

- a) Micro businesses
- b) Small businesses
- c) Medium sized businesses
- d) Large size businesses

Micro businesses

Are usually very small e.g kiosks, hawking and grocery shops. These are businesses with the following characteristics.

- They employ one to two people
- Their capital is relatively low i.e. employ a maximum three million shillings as their capital
- They are in most cases non registered businesses
- They are owned as sole proprietor businesses i.e. owned and managed by one person.
- Their sales are very low
- Their level of technology is very low
- They have no premises where they exist, they are temporary
- They normally do not use electricity
- They are very easy to start.

SMALL BUSINESSES

There are relatively bigger than micro businesses

They have the following characteristics

- They are relatively, small amount of capital i.e. maximum of 50,000,000 shillings
- They employ 3-20 people
- They may or may not be registered with the registrar of businesses
- Their sales volume is low
- They use simple technology but at times the owners are highly skilled
- They use simple premises which are at time semi-permanent or permanent in nature
- They may be owned as sole proprietor, limited liability companies as partnerships
- They mainly rely on muscle power i.e. use of human being as their main source of labour
- They are easy to start because few legal formalities are followed

MEDIUM BUSINESSES

- These are well established businesses which have the following characteristics
- They employ between 21-100 employees (workers)
- They use high amount of capital but not exceeding 500million shillings
- They are in most cases registered businesses
- They are owned as limited liability businesses or as partnerships
- Their sales volume are relatively high
- They use modern technology with skilled hired labour
- They have good and permanent précises
- They use power/electricity for basic activities e.g. lighting, freezing e.t.c
- They are required to comply with formal legal requirement before they commerce business operations

LARGE BUSINESSES

There are businesses which operate on a large scale and they have the following characteristics;

1. They employ over 100 employees (workers)
2. They operate using very large amount of capital i.e. over 500,000,000 cover fire hundred million Uganda shillings.
3. They are always registered businesses.
4. They operate as limited liability companies, but some of them are partnerships.
5. They use highly automated technology and highly skilled hired lab ours.
6. Their sales are very light.
7. Their premises are specifically designed and permanent in nature.

8. They use a lot of energy i.e. Most of their activities depend on energy.
9. It must comply with rigid procedures before they are started

A GUIDE TO DETERMINING THE SIZE OF BUSINESSES.

INDICATORS	BUSINESS SIZE			
	Micro businesses	Small businesses	Medium businesses	Large businesses
No of employees	1-2 employees	3-20 employees	21-100 employees	Over 1000 employees
Size of capital	Up to sh. 3,000,000	Up to sh. 50,000,000	Up to 500,000,000	Over sh. 500,000,000
Registration	Not necessary therefore not registered in most cases	May or may not be registered	They are always registered as limited liability companies	Registered as limited liability companies
Legal form of business	Sole proprietors (one man's business)	Sole proprietors/ Partnerships or limited liability business	Limited liability companies or partnership	Limited liability businesses or partnerships
Sales volume	Very low	Low	Relatively high	Very high
Level of technology	None or just basic and simple improvisation	Simple but in turn with highly skilled owners.	Modern technology with hired skilled labour.	Highly automated and highly skilled hired lab our
Premises	None/ just temporary	Simple but seamier permanent	Good permanent premises	Specially designed and permanent premises
Energy	Not necessary	Relies on mused power.	Basic for lighting and freezing.	Use a lot of energy.
Ease of being started	Very easy	There are easy with basic or few formalities.	Must comply with formal legal requirements	Rigid procedure to be complied with.

QUESTIONS

- a. Explain the importance of businesses.
- b. Explain the various challenges that businesses face in Uganda today.
- c. How can the above challenges be overcome?

IMPORTANCE OF BUSINESSES

- a. Businesses employ people hence a source of income to them.
- b. Business promotes work in the society hence preventing idleness.
- c. They promote use of resources hence making them be put in use not soled.
- d. They are a sources of foreign exchange of when the business products are sold
- e. Businesses have led to the development of infrastructure like roads leading to the business areas.
- f. Businesses have stimulated research in the process of locking for ways of improving business products.
- g. Businesses have provided market for raw materials especially agro based industries.

Various challenges that businesses face in Uganda today

- I. At times the weather does not favor some businesses like agricultural businesses are affected during drought.
- II. Stiff competition; some businesses compete for customers just because there are many businesses of that kind
- III. Businesses are at times affected by lab our like agri-businesses are affected during the harvesting season because most people are harvesting.
- IV. Some businesses don't have enough capital to modernize their businesses
- V. Limited market for business products because every other time new businesses with better products are set up.

Solutions to the above challenges.

Credit facilities at favorable terms should be provided to local investors.

IMPROTANCE AND CHALLENGES OF BUSINESSES TO THE STAKEHOLDERS.

Businesses are important to both the environment and the society.

They play a big role in our lives as individuals since our lives are support and revolve around businesses. This is because the goods and service we use are all produced or provided by businesses are important in the following ways,

- ❖ They are sources of income to the owners from salaries they earn as dividends.
- ❖ They provide goods and services needed by their customers.
- ❖ They add value you the local produce and convert some resources in to products demanded by customers e.g. from timber to furniture leather shoes, from coffee beans to coffee.

- ❖ They provide employment opportunities to people
- ❖ They bring goods and services nearer to people transporting them, stocking them etc.
- ❖ They make use of resources such as lime for cement, fire wood for timber etc.
- ❖ They provide market for people's produce e.g. coffee processors for farmers of coffee Mukwano buys sun flowers and soya beans etc.
- ❖ They pay taxes to the government thus providing revenue needed for social services like roads, schools, hospitals etc.
- ❖ They contribute to the social and economic development program
- ❖ Many of them participate in the construction of schools, health centers road while others pay school fees for the needy any vulnerable children

CHALLENGES OF BUSINESSES

Businesses experience a number of challenges in the course of conducting their operations as the following.

1. Limited/shortage /inadequate market for business products.
2. Raising capital for financing the operations is often difficult
3. Inadequate raw materials.
4. Poor infrastructure i.e. bad roads
5. Indecently for example wars, theft and robbery.
6. Customers' change in tastes and preferences/fashions.
7. Lack of appropriate storage facilities especially for perishable products.
8. Competition from other businesses
9. Lack of skilled man power manage business operation

WAYS OF OVERCOMING CHALLENGES FACED BY BUSINESSES

- Produce good quality products in order to attract customers.
- Advertise business products so as to get market.
- Acquire loans from financial institutions/banks.
- Join financial associations like co-operation (SACCOS)
- Partner with suppliers of raw materials to ensure constant supply.
- Government should develop social economic infrastructure e.g. roads
- Government should everything possible e.g. recruiting security presumed to ensure that there is security in all parts of the country.

- Entrepreneurs should carry out market research to ensure that they are in position to produce goods that meet the changing tasks and preferences of business of the customers.
- Construct storage facilities for business products.
- Other entrepreneurs may also be encouraged to establish public ware houses for hire.
- Retrain existing man power to equip them with up to date business skills

FACTORS TO CONSIDER WHILE DETERMINING THE BUSINESS SIZE

Businesses are categorized according to how they measure against certain indicators commonly used for determining their size. They include the following

1. The amount of capital invested in the business

Generally the higher the amount of capital invested the larger the business.

2. The number of employees.

Usually the larger the number of workers employed, the larger the business.

3. The level of technology being used in the business.

Big businesses with the lot of resources are able to purchase the equipment they require in the business. Therefore large businesses use high level of technology while small businesses use low level of technology.

4. The volume of sales of over given period;

Small businesses have low sale volume while large businesses have high sale volume.

5. The size of market

If customers are few then the business is small in size. Many customers will mean having large business.

6. The legal form of business

Small businesses are always owned as sole proprietors while most large businesses are limited liability companies.

7. The type of premises used;

Small businesses always use temporary premises while large businesses use specially designed premises.

8. The amount of energy used

Small businesses require less or no energy at-all while large businesses require a lot of energy.

9. Ease of being started;

Small businesses are easy to start while large businesses are relatively hard to start.

Revision questions

1a) .What is a business?

b). Explain the various types of businesses

c). Describe the various business sizes.

2a). what are characteristics of;

i). Small businesses

ii). Large businesses

b) What factors are used to determine the size of business?

BUSINESS IDEAS

A business idea is any thought that an entrepreneur may come up with for the purpose of developing it into a business and published / communicated.

Business ideas can be got through;

Conducting surveys to find out what is happening and the latest thinking and preferences of customers, entrepreneurs, community members etc.

Having discussion with other entrepreneurs about business issues, here one can get their views, suggestions etc. on different situations and be made out of them and then sell them at a profit.

Observing the available human resources and their skills. Business ideas can be developed and find a way of making use of such skills

Observing the available raw materials and finding what products can be made out of them and then sell them at the profit.

Finding out people's problems and examining how best the problems could be met through provision of the required goods and services at profitable prices.

Using individual creative minds and innovative skills in this case entrepreneurs may figure out new businesses that could be introduced in to the target communities this is how the many new products we use today were invented.

SOURCES OF BUSINESS IDEAS

Entrepreneurs can develop business ideas from either the following;

- The technical skills and experiences that one possesses; this gives them an opportunity to think about a given institution and develop business ideas.
- Personal contact which exposes them to different situations; Out of these exposure business ideas can be generated.
- Study government policies and development plans; such policies present business opportunities to prospective entrepreneurs
- People's hobbies i.e. individual can develop business ideas basing on their hobbies for example people who like singing can take on the business of music , dance and drama.
- Observations of the developments and changes taking place in and around them.
- Through the press for example newspapers, magazines, radios, televisions etc. where most development policies and priorities

EXPLORING THE ENVIRONMENT FOR BUSINESS OPPORTUNITIES.

What is a business environment?

This refers to the socio- economic activities surrounding the business which enable it to survive and carry out its functions successfully.

ELEMENTS OF A BUSINESS ENVIRONMENT.

The population of the area which provides market and labour to the business.

The competitors i.e. other businesses which operate in the area.

The government which makes the laws, rules and policies which businesses must observe.

The social – economic infrastructure for example roads, electricity, water, buildings etc.

CREATIVITY

Creativity is the ability which enables entrepreneurs to come out with new exciting business ideas.

BUSINESS OPPORTUNITIES

A business opportunity is an identified situation or chance that can be turned in to a real and profitable business.

An opportunity is evidence that the entrepreneur's idea can be turned into reality.

Business opportunities start as ideas which are generated by an entrepreneur.

MARKET SURVEY/ RESEARCH

This is the process of collecting information from the general public in order to identify the likely customers for business products, their preferences and ability to pay.

Market research therefore helps entrepreneurs identify the customers and their behaviors. It may in addition help the entrepreneurs to determine existing market trends.

POTENTIAL MARKET/ MARKET POTENTIAL

Potential market refers to people's businesses or institutions that are in need of business products and able to buy them but not yet willing to buy.

Factors to consider when assessing the market potential of a product;

The following factors are used in assessing market potential for a business.

i. The level of demand;

Demand is the amount of the business product that people are willing and able to buy at a given period of time. The higher the demand, the higher the market potential and vice versa.

- ii. **The level of competition;** competitors are other businesses selling similar goods or services to those of the business. They therefore share customers; if the level of competition is low then the potential market will be high.
- iii. **The price of the product;** the potential market for expensive products is always low while cheap products have a high potential market.
- iv. **Availability of substitutes,** substitutes are alternative products that buyers can use to satisfy the same need for example a coke and Pepsi, kitchen and liver, potatoes and cassava, beans and cow peas etc.

A business producing products without substitutes has a higher potential market than one with many substitutes.

- v. **Income level;** potential market depends on the ability of the target customers to purchase or buy business products at profitable prices. The higher the income level, the higher the potential market will be.
- vi. **The location of the business;** a business which is strategically location in relation to its target customers will have a higher market potential than the one which is not.
- vii. **The number of people, businesses and institutions operating from the target area;** potential market of any business will depend on the number of people, businesses and institutions operating from the target area. The higher the number, the higher the potential market.
- viii. **Government policies;** these may affect operation of businesses for example opening hours for a business and closing hours.

MARKET ASSESSMENT

Market assessment is the process of collecting and using market information in order to determine the market of products of the business and also identify the role/potential problems.

FACTORS TO CONSIDER WHEN CONDUCTING MARKET ASSESSMENT

- a) **The target market for the products;**

Target market refers to the people's businesses, and institution the business intends to serve. This helps to provide a boundary within which the assessment should be done. This may involve defining their age, income, education levels etc.

- b) The nature of the products to be produced and what the market wants, the variety, quality, package design of the products to be produced etc. should be checked against what the customers would wish to have
- c) The competition and substitute products to be faced / encountered and how this affects their market. Entrepreneur should identify the products of the competitors and determine how such products will affect the market for their products
- d) The target market trends and their implications on the business market. The entrepreneur should know the market he /she intend to serve or join i.e. is the market expanding or contracting, how does market treat new entrants? The major factors driving the market trends etc.

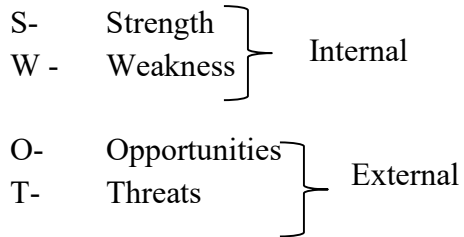
INFORMATION TO LOOK FOR WHEN CONDUCTING MARKET ASSESSEMENT

- **About the customers;** their personal information for example their occupation, family size material status, place of residence, income levels, interest and hobbies.
 - **The need of the customers;** i.e. whether they need a product for a long time or not , how often they need the product and the nature of the product that is needed.
 - **About the competitors;** the entrepreneur may wish to know the following about the competitors
 - i. Knowing who the competitors are
 - ii. Where the competitors are located
 - iii. The strength and weaknesses of the competitors
 - iv. The products of the as compared to those of the entrepreneurs
 - **The market activities;** these may focus on the following.
 - i. The business market structure and whether it is favorable or not
 - ii. How the goods are supplied or distributed to the customers
 - iii. The strength and weaknesses of the business sells literature or information.
 - iv. The competitors market share.
 - **The market trends;** the target market trends and their implications on the business market trends are;
 - I. Whether the market is expanding or contracting.
 - II. Whether the market is stable or volatile/unstable
 - III. How the market treats new entrants
 - IV. The major factors driving market trends e.g. prices, seasons population income etc.

USING SWOT ANALYSIS IN DETERMINING THE COMPETITIVE ADVANTAGES OF A BUSINESS

In market assessment, an entrepreneur can use the SWOT analysis to determine the competitiveness of his /her business.

SWOT stands for;



STRENGTH

These are things features and qualities that put the entrepreneur business in an advantage when compared to those of the competitors. They include the following

- a. Having high quality products
- b. Having a commodity that has ability to the customers tastes
- c. Having customers friendly and affordable prices
- d. Efficiency and effectiveness at serving customers
- e. Ability to attract customers
- f. Good and trained marketing staff
- g. Having a high and effective entrepreneurial spirit

WEAKNESS

These are constraints that a business products may face in the market. They include the following

Being new in the market and having a weak market image

- Weak distribution image
- Poor marketing skills that are below the average
- Higher overall unit costs relative to those of the key competitors
- Inability of finance needed marketing changes
- Having a narrow product line i.e. limited type of products
- Poor business location i.e. one that is not close to the customers
- Sudden negative changes in government policies
- New competing businesses being started
- Competitors reducing their prices.

BUSINESS START UP PROCESS

Before starting any business one has to undergo certain steps and these include the following;

- ❖ Generating the business ideas
- ❖ Spotting and selecting a business opportunity
- ❖ Conducting a market survey
- ❖ Selecting a legal form of business
- ❖ Preparing a business plans
- ❖ Source of business funds
- ❖ Selecting technology and machinery
- ❖ Selecting location of the business
- ❖ Registering and infrastructure in place
- ❖ Putting the infrastructure in place
- ❖ Commencing business operations

CONDUCTING MARKET SURVEY/ RESEARCH

A **market survey** is a situation where entrepreneurs collect information from the market analysis it in order to make it better. This information is deliberately collected from the customer suppliers and competitors of the business.

OPPORTUNITIES

These are external chances that may happen and benefit the business; the business has no control over such happenings and they may or may not happen. Such possibilities may include the following;

- ✓ Possibilities of landing in to big orders e.g. from the government an sing out of changes in government policies.
- ✓ Sudden shifts in tastes and fashions of customers in favor of the entrepreneurs products.
- ✓ Change is market trends due to new developments e.g. AGOA – African Growth Opportunity Act by the USA.
- ✓ Removal of trade barriers
- ✓ Faster market growth
- ✓ Weakness of the competitors

THREATS

These are undesirable happenings that may occur in the market to the disadvantage of the business. They include the following;

- Entry of lower cost foreign companies

- Raising sales of substitute goods
- Adverse shifts in foreign exchange rates and trade policies
- Costly regulatory power of customer's suppliers
- Changing buyers' needs and tastes
- Adverse demographic changes

IMPORTANCE OF CONDUCTING A MARKET SURVEY

Market survey is important in the following ways;

- a. It enables the entrepreneur to know whether there are enough customers willing to buy the products of the business regularly
- b. It enables the entrepreneur to forecast the level of demand in future
- c. To It helps the entrepreneur to establish the location of the target of the customer
- d. To establish the income level of target customers
- e. To determine the strength and weaknesses of the customer
- f. To establish the suitable distribution channels for the business
- g. To determine the effective marketing strategies for the business
- h. To determine the gap of unsatisfied customer

PREPARATION FOR CONDUCTING A MARKET SURVEY

- Where to obtain the information required
- The amount of time required for survey
- Before conducting a market survey you need to find out the following;
- The amount of needed
- The method you will use gather information
- The tools required to gather information
- How you will interpret the information

METHODS OF COLLECTING INFORMATION IN THE MARKET SURVEY

Interview; this involves talking to people interview is like a conversation with people where you ask them for information or their opinion

Observation; this involves watching and studying how things work in the areas you are interests

Questionnaire; a questionnaire is a document with a list of questions where you can ask people to complete without your assistance it enables you to collect a lot of information.

Writing for information; An entrepreneur can collect information by writing to different organizations and businesses requesting for particular information, relating to business.

SOURCES OF MARKET INFORMATION

- a) **Associations** like Uganda manufacture's association (UMA)
- b) Uganda National Trading chamber of commerce and Industry.
- c) District commercial Offices
- d) Government agencies like export promotion board Uganda investment authority, Uganda Berea
- e) Publications such as magazines, newspapers etc.
- f) The community including friends, customers, supplier's competitors etc.
- g) Regional private sector development centers etc.

PREPARING A BUSINESS PLAN

A business plan is a written document of proposed business venture including its operational and financial details.

A business plan always contains the following;

Goals and objectives of the business- Business promotion plan, financial plan including forecast of profit and cash flow statement action plans that show how the business plan will be implemented, general description of the business.

QUALITIES OF A GOOD BUSINESS OPPORTUNITY

Not all identified opportunities can be turned into businesses some are viable and others are not

For a business opportunity to be viable; it should possess the following qualities

- **Sufficient demand;** the products and services should have sufficient demand to enable the entrepreneur maximizes production.
- **Affordability;** the products and service should be affordable i.e. the customers should be in position to buy them.
- **Competitiveness;** the business should be in position to compete favorably with the existing ones in terms of price quality and quality etc.
- **Profitability;** the business should generate maximum returns on investment i.e. yielding high profits

- **Availability of resource;** the raw materials, capital equipment, land , labour etc. should be readily available to start the business.
- **Entrepreneur skills;** the entrepreneur should have an understanding of the running of the business and necessary skills and attitudes to manages it.
- **Legality;** a good business opportunity should be accepted by the community in which it is set up.

SELECTING A LEGAL FORM OF BUSINESS

- Legal form of business; this refers to the various ways in which businesses are owned and managed. They include the following;
- Sole proprietorship
- Partnership
- Joint stock companies/ limited liability companies
- Co-operative societies

SOLE PROPRIETORSHIP

This is a legal form of business that is owned and manages by one person.

It has the following characteristics.

Capital is contributed by the owner alone

The owner is engaged in the day today running, manages it alone though may be helped by family members at times

The owner enjoys all the profits and suffers all the losses alone.

The owner suffers from unlimited liability i.e. in the event of losses he/she can sell his/her personal property to cover the loss

They are mostly found in small scale retail business

ADVANTAGES OF SOLE PROPRIETORSHIP

- They are easy to start due to limited capital required and easy formalities.
- Decision making is quick since the owner has nobody to consult
- It is easy to raise capital because most sole proprietorship businesses need a relatively low level of capital since they operate on a small scale

- Sole proprietorship businesses are flexible i.e. they can easily change from one line of business to another.
- There is a close contact between the owner and the customers. This is because of the small scale model of operation and therefore knows the type of goods needed by the customer's from their complaints and opinion.
- The entrepreneur has personal interest in the business therefore the sole trader tends to work hard in order to realize more profits
- He/she enjoys the profit of the business alone and may be his / her family members
- There is a high level of confidentiality in the business. The sole proprietor can keep the secrets of success to him/ herself since he/she owns the business alone
- There is close supervision. The sole proprietor is in condition to enjoy high quality supervision; this is because he/ she deals with a relatively small numbers of employees.
- The sole proprietor is in position to get advice from the customers especially regarding the handling of certain goods. This is very common with new goods in the market.

DISADVANTAGES OF SOLE PROPRIETORSHIP

- The sole proprietor suffers from unlimited liability sole proprietors suffer all the losses for the debts of the up to the extent of losing their personal property
- The life of the business depends on the owner's life the existence of the business. Depends on the life of the sole trader i.e. once him/she dies the business is also likely to die
- There is relatively little capital raised, this is because the capital is contributed by the owner alone
- It may not be easy to acquire bank loans, this is because the sole proprietor lacks adequate security which is necessary to raise loans from financial institutions
- The business is very tiresome since the sole proprietor works alone and for long hours.
- There is no proper accounting system and therefore the sole proprietor operates in darkness without knowing whether he/she is making losses or profits
- Poor business managerial skills. Many sole traders lack skills in running businesses they tend to do everything their selves which may weaken the progress of the business
- In the event of losses, the sole trader suffers alone
- Wrong decision may be made due to lack of advice from the outsiders
- There is lack of specialization hence limited experiences by the sole trader

PARTNERSHIP

A partnership is a relationship which exists between two or more persons restricted to twenty members with the exception of professionals with the aim of making profit.

CHARACTERISTICS OF PARTNERSHIP

- Membership is between 2-20 members for non -professional and between 2-50 members for professionals
- Partnership operates under an agreement know as a partnership deed /act
- Management is carried out by all partners in case of ordinary partnership
- Each partner is an agent of the firm i.e. he/she is bound by the activities of others
- Each partner has unlimited liability except in a limited partnership
- A partnership business has no separate legal existence or entity
- Major decisions are made by the majority of the partners
- Losses, profits and other certainties of the business are shared amongst the partners on agreed basis
- The business is registered with the registrar of business names
- The business has limited life i.e. it may end at the time when an active partner dies, withdraws, becomes bankrupt, incapacitated

ADVANTAGES OF PARTNERSHIP BUSINESS

1. Partnership rises more capital than sole proprietorship the burdens of losses are shared to all the partners and this reduces the burden on each partner
2. The work is divided among partners therefore specialization and division of labour is encouraged and this reduces work load on each partner.
3. Partnership can have a better combination of talent as compared to a sole trader.
4. The business can easily be expanded as new partners can easily be admitted to bring in more capital
5. The formation is fairly simple since it requires few legal formalities as compared to a joint stock company
6. There is shared decision making and this results to better decisions made as compared to sole trade
7. Business accounts can be kept secret unlike public limited liabilities company

8. The partnerships have better chances of acquiring loans unlike sole proprietorship since they have more assets
9. In case of limited partners, they have limited liabilities while a sole trader has unlimited liabilities

DISADVANTAGES OF PARTNERSHIP

1. Decision making is not quick because partners have to consult each other before passing a resolution
2. Little profits are earned; profits are shared among the partners which reduces the amount received by each partner
3. They experience unlimited liability in case of ordinary partners there is unlimited liability which means a partner stands to lose even his personal property to cater for debts.
4. Limited expansion. Chances of expansion are limited under partnership form of business since members are restricted to 20 and 50 for professionals
5. Active partners may be discouraged since profits got are shared by the dormant partners. The hard – working partners may be discouraged.
6. It may result in to misunderstandings. Disagreements are common and this may draw down the progress of the business.
7. Dissolution of the business in case of the death, insanity, bankruptcy or withdrawal of a key partner may lead to dissolution of entire business (bring it to an end)
8. One partner's mistake or misconduct affects all partners and the entire business and all partners have to suffer such a consequence
9. No separate legal entity. A business cannot exist on its own.

JOINT STOCK COMPANIES (LIMITED LIABILITIES)

This is an agreement where people come together by bringing their capital to form a business organization.

Limited liability companies therefore are legal forms of businesses that are formed by people who contribute capital in form of shares. As noted above, the owners of the limited liability companies have limited liabilities and they cannot lose their personal property to recover the debts

TYPES OF LIMITED LIABILITY COMPANIES

There are two types of limited liability companies these are;

- a. Private limited liability companies
- b. Public limited liability companies

PRIVATE LIMITED LIABILITY COMPANIES

These are usually family businesses which have preferred to form themselves as a company to get the advantages of limited liability.

CHARACTERISTICS OF PRIVATE LIMITED LIABILITY COMPANIES

- The members are between 2-50 shareholders excluding employers. However of recent it may go up to infinity.
- They restrict the right to transfer shares, i.e. the shares cannot easily be transferred to another person.
- It prohibits any offer of shares or debentures to the members of the public for subscription. NB. A share is a unit of capital in a company while a debenture is a unit of loan in the company.
- It commences businesses soon as it acquires a certificate of corporation / registration.
- It is not required to publish its books of accounts for public consumption.
- The promoters prepare both a memorandum of association and articles of association.
- They operate with a minimum of one director.

PUBLIC LIMITED COMPANY.

This is a type of company where membership and holding of capital is open to all members of the public

CHARACTERISTICS OF PUBLIC LIMITED COMPANY

- Membership ranges from the minimum of 7(seven) member and maximum of infinity i.e. has no maximum number of members.
- The shares can be offered to members of the public for subscription.
- The shares are freely transferable i.e. people who own the shares can sell them to others.
- The annual audited accounts reports must be published for public viewing analysis.
- It can commence business on receiving certificate of trading on top of a certificate of incorporation.
- It carries on activities with a minimum number of two directors.

THE DIFFERENCES BETWEEN PRIVATE LIMITED COMPANY AND PUBLIC LIMITED COMPANY

Private limited companies have between 2-50 persons as share- holders while public limited companies have a minimum of seven and the maximum number of shareholders is limited.

Private limited company	Public limited company
Minimum number of members is 2 only and a maximum number is 50, excluding employees	They minimum number is 7 and maximum infinity
Shares are not freely transferable	Shares are freely transferable i.e. they can easily be sold to members of the public
It is not allowed to call upon the public for funds in form of selling shares and debentures	It is free to call upon the public for funds inform of selling shares and debentures
It commence business as soon as it acquires the certificate of incorporation	It commences the business on acquire both certificate of trading and certificate of incorporation/ registration
It is not a requirement for it to public consumption/ viewing/ scripting	It is a requirement for it to publish its audited back of acceptor reports for public consumption
The owners have direct control over the affairs of the business	Control of the business is done the directors
It operates with a minimum of one direction	It operates with a minimum of two directors
It must prepare both memorandum and articles of association	It may only use the established company law.

ADVANTAGES OF LIMITED LIABILITY COMPANIES

1. Large capital is raised in limited liability companies more capital can be raised for future expansion of the business since the members are many and therefore can contribute much money
2. Enjoyment of limited liability. Members enjoy limited liability because they are sure that their personal property is safe even when the company fails to pay its debts.
3. Expansion of the business is easy. There are higher chances companies to expand their capital through the sale of shares and debentures to the members of the public especially for public limited companies.
4. Continuity is assured. There is a continuity of a business in case of debts, bankruptcy, or insanity of any member therefore such cases can not affect the existence of the business.
5. Management is done by experts. Since companies make large sums of profits, they are capable of employee direction who are experts and skilled in managing.

6. Employees can become owners. In these companies employees may be allowed and encouraged to buy shares and this becomes an incentive for them to work hard so that efficiency and high returns can be realized.
7. Easy transfers of shares in case of public limited company's shares are freely transferable therefore members can easily change their share into cash.
8. Confidence is instilled among the members in published and therefore members are safeguarded against fraud hence getting confidence in investing in these companies
9. Democracy is exercised or practiced during the annual general meeting when share-holders meet to head the report concerning the performance of the business, they may be also elect democratically the office bearers.

DISADVANTAGES OF LIMITED LIABILITY COMPANIES

- ✓ **Lack of direct control over the business;** the shareholders or the owners of the business don't have direct control over the running of the business therefore customers complains and opinions may not be handled clearly they appoint director who play an active part in the day today running of the business.
- ✓ **Conflicts of the interests;** the directors may have their own interests that may conflict with those of the share-holder and these may hinder the progress of the business
- ✓ **Formation involves long procedures;** the formation of a company involves long and expensive procedures since it involves producing various documents like articles of association memorandum of association etc.
- ✓ **Delay in decision making;** decision making is slow and often expensive due to many levels of management and therefore many consultations to be made before important decision are made.
- ✓ **Minimum personal contact;** there is minimum personal contact between the customer, the worker and shareholder and therefore the personal relationship is lost which is the most important item in business.
- ✓ **Lack of flexibility;** it may not be easy for a company to change from one line of business to another since it involves many procedures.
- ✓ **Diseconomies of scale are incurred;** this is because a company operates on a large scale thereby incurring high costs of production
- ✓ **There is lack of secrecy or confidentiality;** this is due to the publicity of certain documents including the annual audited accounts / reports by public limited companies.

- ✓ **High taxes are imposed.** Companies pay corporation tax and they reduce on the profits earned by the company.

CO-OPERATIVE SOCIETY

Co-operative society is a body of people who have agreed to co-operate with each other to attain a common objective.

TYPES /FORMS OF CO-OPERATIVE SOCIETIES

There are three major types of co-operative societies and they include

- i. Consumer co-operative
- ii. Producer co-operatives
- iii. Savings and co-operative societies

CONSUMER CO-OPERATIVE SOCIETIES

This is a voluntary association of consumers who agree to contribute capital to set a retail business so as to purchase and distribute goods to members at relatively low prices and profits are shared amongst themselves according to the purchases made.

PRODUCER CO-OPERATIVE SOCIETIES

This is a voluntary association of volunteers who contributed capital towards the establishment of the society that will help in buying processing and market the members

Products profits made are shared according to the amount of sales that each member had with the society or according to the level of participation.

SAVINGS AND CREDIT (THRIFY) CO-OPERATIVE SOCIETY

This is a voluntary association of individuals who have agreed to save money towards a common pool from which credits or loan are given to members. The main objective of savings and credit companies is to develop a saving culture among the members especially the low income earner and avail credit facilities to them.

PRINCIPLES/ CHARACTERISTICS/ FEATURES OF CO-OPERATIVE SOCIETIES

Open and voluntary membership; The memberships in a co-operative must be open to all who fill full the by-laws of the society and should be limited by political social tribal or religious differences.

Democratic administration; The management is elected democratically by all members on the basis of one vote irrespective of the shares held and the contribution done by a business

Dividend payment; profits made by a co-operative society are distributed amongst members in form of dividends at the end of the season according to one's contribution towards a co-operative society

Limited interest on share capital; members get interest from the co-operative society according to their capital contribution which is at fixed rate. However, it is not given priority.

Support from education activities; co-operative societies provide education to members on co-operative affairs and successful business techniques according to the set objectives

Co-operation with other co-operative society's co-operative society should co-operate with each other at local national and international levels. This is because they have a lot in command can learn from each other's experience

Capital is contributed by members through buying shares

PROBLEMS FACED BY CO-OPERATIVE SOCIETIES IN UGANDA

Lack of committed administrators; there is poor organization (lack of good leadership) due to limited skills by administrators

Financial difficulty; this makes them unable to secure loans due to little subscription fees from members and embezzlement of funds

Poor transport/ transport bottlenecks; poor roads and limited equipment (vehicles) makes it difficult for the societies to coordinate their activities in the entire country.

Poor storage facilities; there are poor storage facilities the products which reduces the quality

Government interference; government interferes through state control and supervision of co-operative operations and this discourages members

Conservativeness of the farmers; this is common in case of producer societies that may want to introduce better methods of production and they are resulted

Unfavorable natural conditions; co-operatives face unstable natural factors like climate, unreliable rainfall and language barrier

Small markets of primary products; Most co-operatives supply feed stuffs which almost the majority grow hence a lot of it is left unsold

Political instability; some parts of the country face in science and as such co-operatives have failed to take off in such

Price fluctuations/instabilities; this has discouraged members most of them are farmers and prices of the produce keep on changing.

PREPARING A BUSINESS PLAN.

A business plan is a written summary of a proposed business venture including its operational and financial details.

It helps entrepreneurs to answer the following questions

- ✓ Can I do it?
- ✓ Can I earn from it?
- ✓ Can I see the product?

BUSINESS START UP PROCESS

- 1. Sourcing business funds (capital);** there are several sources which business can obtain funds and finance their day to day operations. They include.
 - i. **Using the owners' personal savings;** the entrepreneur may invest a business using the money that is saved over a time.
 - ii. **Loans from financial institutions;** entrepreneurs can obtain capital by getting loans from the bank which they later pay back with interest
 - iii. **Selling of shares to the public;** this is possible especially public limited companies. Capital raised in this case is known as share capital
 - iv. **Donations and grants from relatives and friends;** some entrepreneurs may get free donations and grants which can used to start and finance business activities
 - v. **Selling of personal assets;** the entrepreneurs can sell his/her personal assets in order to get business funds
 - vi. **Acquiring trade credits;** entrepreneurs may obtain goods on credit which they can sell and pay for them later
 - vii. **Borrowing from friends and relatives;** the main advantage of this source is that money obtained is willing to lend money to their friends
 - viii. **Obtaining bank overdrafts;** this mainly applies to already existing business where an entrepreneur is allowed to withdraw more money from their account than what he actually has on his/her account. this helps him to finance his business activities
 - ix. **Leasing property;** the business may opt to acquire some business asset by leasing them in this case they will pay a relative lower figure than they would have actually paid if they were to rent or buy the asset

1. **Selecting technology and machinery;** technology refers to the techniques that are used by certain business enterprise in the production or supply of its goods and service machines on the other hand refers to the machines in general that get the work done. Business enterprises normally operate in a competitive situation. They structure therefore select technology and machinery that can produce good quality products that can compete favorable
2. **Locating business and promises;** the location of the business has a great effect on its success that is to business locations determine how easy it is for a business to get customers, raw materials and other economic services. It is important for an entrepreneur to ensure that his /her business is strategically located

FACTORS THAT CONSIDER WHEN DETERMINING THE LOCATION OF A BUSINESS

- ✓ **Availability of raw materials;** extractive industries are always located at the source of raw materials e.g. cement industries located at Tororo and Hima.
- ✓ **Nearness to marker.** Most businesses especially those who finished products furniture works are located in urban areas.
- ✓ **Availability of labour.** Most entrepreneurs prefer locating their business in areas where they can easily access cheap labour.
- ✓ **Availability of other social economic services;** for example health centres, retreating centres etc. The entrepreneurs prefer locating their businesses in areas where they can easily access such services.
- ✓ **Availability of power(electricity);** entrepreneurs especially for manufacture businesses prefer locating their industries in areas with adequate power supply this is because power is used for driving / running the machines, lightening the premises etc.
- ✓ **Availability of water;** water plays important role in the production process because it is used as s raw material in ramous industries like soft drinks, beer, daily farming brick making etc. such business therefore have to be located near permanent sources of water.
- ✓ **Access to transport and communicate;** whenever possible, business should be located a long all-water roads to facilitate the movement of products and customers all the times.
- ✓ **Availability of premises to be purchased or leased;** affordable premises are required by the business and therefore they should be available either venturing purchasing or leasing.

- ✓ **The government policy on location of businesses;** the government may direct the location of some enterprises in a given region. This may be done for different reason for example providing employment opportunities, balancing industrial growth in the country and protection of the national environment.
- ✓ **Security;** many people prefer to locate their businesses in area that are safe for their life and this partly explain why few businesses were established in northern Uganda during the time of turmoil/ instability.

REGISTERING AND LICENSING THE BUSINESS.

It is a requirement by law for businesses to register with authority's joint stock companies while sole proprietors and partnerships are expected to register with the local government in the area of their operation. Likewise, businesses are expected to secure a trading license before they start operations.

A trading license is a document that serves a formal and legal permission for the business to carry out its operations.

Putting infrastructure for the business in place.

These refer to the process of installing machinery and placement of necessary equipment in the business. This may also involve creating path ways and communication lines for example intercom within the business.

Commencing or starting business operations.

This will involve the following steps,

- i. Mobilize and line up the necessary funds.
- ii. Secure and clean the business premises.
- iii. Procure the necessary stock of goods to be sold.
- iv. Acquire bank accounts and arrange the books of account.

Revision questions

1. Explain the different steps that are followed when starting the business
2. Explain the various factors that are considered when selecting the location of a business.

Explain any five advantages of sole proprietorship form of business over partnership business.

- i. Sole proprietorship is easy to start unlike partnership which requires a lot of procedures.
- ii. Sole proprietorship business owner enjoy all profit unlike partnership where profits are shared.
- iii. Decision making is easy in sole proprietorship unlike partnership which requires all members to be around.

- iv. The business in sole proprietorship is run by the owner alone unlike partnership that is run by all partners.
- v. There is confidentiality in sole proprietorship business whereas partnership business details are exposed to the public.

GOALS IN BUSINESSES

What is a goal? This is the aim of achieving something within a defined time from what is to be achieved should be achieved, measurable and defined with a specific time and give amount of resources.

TYPES OF GOALS

There are two types of goals namely;

- Specific goals
- Long term goals

SPECIFIC GOALS

These are targets or tangible outputs that are to be realized within a short period of time for example within two months to one year. Example of specific goals include,

- To increase sales of the business by 5% in a period of 6 months
- To produce more types of goods or brands.
- To improve the plant productivity
- To increase the business market share by 10% in one year
- To open a new store in a year
- To increase profit to 15% in a year

LONG TERM GOALS

These are the targets, aims or outputs that are to be achieved or realized after a long period of time for example between three to five years.

Examples of long term goals include;

- To increase sales by 10% per annum or by a five years period
- To maximize profits in a business
- To achieve goods will and respect from the community within three years

FEATURES / CHARACTERISTICS OF GOALS

A goal is one that has characteristics that are summaries in the word **SMART**'

1. Specific- a good goal should be specific it should be clear in terms of what should be achieved, when and how it will be achieved. For example becoming a market leader, reducing operational costs etc.
2. Measurable- a good goal should have indicators or show whether it is being achieved and it achieved how much of it is being realized or how much is not realized for example to attain a forty percent market share, to increase profit margin by 40% to reduce operational costs by 20%
3. Attainable- this means having what it takes to achieve the set goal for example the required capital labour etc.
4. Realistic- a good goal should be given the available resources capacity of entrepreneur and workers. The entrepreneur should avoid setting goals that are not attainable.
5. Time bound- a good goal should have a target time frame with which it should be achieved.

The importance of setting goals

- ✚ It provides targets that are to be achieved; goals provide entrepreneurs and their workers with aims to work towards achieving the set targets. This is because the goals are well known measurable etc.
- ✚ It leads to maximum utilization of resources, since goals are set bearing its mind that resources are scarce. The entrepreneur is forced to optimize the scarce resources in order to achieve his /her goals
- ✚ Helps in decision making, setting goals helps an entrepreneur to make decisions that are in line the set goals
- ✚ It helps in evaluation of the performance when the business goals are well set the entrepreneur will find it easy to evaluate his /her own performance, she/he will be able to find out the extent to which the business has been successful in achieving its goals.

Time frame and time schedule.

Time is an important aspect in formulation of goals. A goal should be achieved within a specific period of time

Time schedule this is prepared to insure timely implementation and completion of the business goals. At times frame work schedules are prepared which should be designed to make work happen.

Study questions.

- a. What is a goal?
- b. Explain any two types of goals

- c. Briefly describe the various characteristics of business goals
- d. What do you understand by the phrase time schedule, as used in goal setting?
- e. What is the importance of goal setting?

Stocks) shares- unit of capital

Debenture- unit of loan

Bond- agreement between and lenders

CAPITAL MARKETS IN UGANDA

These are markets that deal in financial products such as company shares and bonds. Shares and bonds are financial products and can also be referred to as securities on a stock exchange market. In Uganda, the market where securities are traded is called Uganda Security Exchange (USE). Here buyers and sellers meet and trade in securities at a negotiable price through licensed brokers or dealers

TYPES OF INSTRUMENTS USED IN UGANDA CAPITAL MARKETS (U.S.C)

- Share-unit of capital to a limited liability company or it is a financial contribution made to a company with a view or aim of obtaining returns or divided when a business makes profits and agrees to share it among the shareholders.
- Debentures- unit of loan to a company or it is a document that evidences that a company has borrowed a certain amount of money from a person named on it a person who has lent money becomes a debenture holder and the company pays him or her a fixed amount of interest for his or her loan.
- Bond-an agreement between the borrower (e.g. the government or company and the lender e.g. the public) acknowledging a borrower received I get money from the lender and will pay it back at a certain time with interest. The borrower is the bond it is also a unit of a loan in this case
- Commercial papers this is a short time unsecured promissory note issued by a company or a bank. The area an alternative commercial borrowing for major companies. This is because commercial papers can be sold very quickly at a low cost than bank loans.

ROLE OF CAPITAL MARKET IN BUSINESS

- Enables the businesses to raise funds through the sale of shares on the capital markets, companies are able to raise funds easier and faster.
- Provision of market to buy and sell shares. Capital market provides the public and interested companies a chance s to buy shares as an alternative method of involving their savings.

- Promotes in-flow of international capital foreign investors who may wish to invest in the country will find it easily buy shares. This leads to in flow of international capital (foreign exchange) which is vital in the growth of country.
- Improves on people's standards of living capital markets enable people who save income to buy shares that can earn them dividends. These dividends are used to increase on consumption and standard of living.
- Creates employment opportunities, it creates employment opportunities to the brokers; agents and other engaged in it.
- Control of money in circulation/ control of money supply capital markets help the government to control and regulate the amount of money in circulation through the selling and buying of security by the central bank for example bonds
- Helps in determining the company performance. They help the shareholders at the price in the capital market indicate good performance while /over prices indicate bad (peer) performance

DIFFERENCES BETWEEN STOCK EXCHANGE AND CAPITAL MARKETS

A stock exchange market is the one in which the already existing stocks and bonds are exchanged that is to there are the markets that deal in shares and other financial instruments of the already exciting businesses while capital markets are the ones that deal in stocks and bonds of newly floated companies that is to say new stocks and bonds. In other words capital markets are the ones where new stocks and bonds are sold

MAJOR PLAYERS IN THE CAPITAL MARKET INDUSTRY

Different people, groups or companies play different roles in the stock exchange market. Each one role is very important for the smooth running of these markets as explained below

- i. Brokers – these are the licensed, financial professionals authorized to buy and sell shares on behalf of their customers.
- ii. Clients- they receive a commission for linking buyers and sellers.
- iii. Dealers- these are the professionals who buy shares and later sell them for profits.
- iv. A registrar- this is a person in charge of keeping recur in respect of stocks and shares of a floated company. A floated company is the one which gees public by issuing its shares to the general public.
- v. Investment adviser- this is a licensed person who a devises the clients about whether it is advisable to invest, purchase or sell securities. They also carry out analysis concerning analysis
- vi. Shareholders; these are the individuals or companies that purchase shares in a company or a business and even pert of that company. They earn dividends for the share bough.
- vii. Capital market authority; this is a government / established bond which ensures the regulations and the development of the capital market industry.

BENEFITS OF SHAREHOLDERS IN CAPITAL MARKETS.

- Income in form of dividends; a shareholder is entitled to a share from the profits of a company in form of dividends which are given periodically.
- Capital gain; this refers to increase in value of the share of a shareholder. Share prices at times increase and therefore value is gained.
- Share certificates; can be used as security. A share certificate is a valuable property which is acceptable to many banks and financial institutions as security against which an entrepreneur can get a loan and expand his business.
- Participating in the decision making of a company. As a shareholder, one has a right to participate in the decision making process of a company especially during the annual general meetings.

CHALLENGES OF BEING A SHAREHOLDER

- Depreciation of investments. Share prices sometimes fall. This could be brought about by the general decline in the economic contributions of a country or when a company's performance declines or profits reduce.
- Rule of the majority; shareholders are expected to contribute to decision making at the behest of the majority shareholders even if an individual shareholder is against them.
- Transfer of share; shares are not readily or freely transferable especially when the company is performing poorly if they were bought in a private limited company the shareholders therefore cannot easily get their money when they need it.
- Fluctuations/ changes in share capital in share capital value. The value of share capital fluctuates since the share value keeps on changing in accordance with the stock market conditions.
- Not being in control of the business; if you are not the majority shareholder then you cannot control the events of the business. More of the events are therefore controlled by other people.

SAMPLE OF A SHARE CERTIFICATE

DEZ LIMITED LIABILITY COMPANY
P.O BOX 530, KAMPALA
Email Dez @ gmail. Com.

SHARE CERTIFICATE	NO;	26785
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This is to certify that CHEDIKOL JOHN P.O BOX 120, KISAKA BUDAKA DISTRICT

Shs. 2 million

 of ordinary shares, fully paid in the above named company subject to the memorandum and articles of association these of.

Date	Transfer number	Number of shares




For And on behalf of Dez company ltd.

.....
Chairman

MANAGING A SMALL BUSINESS ENTREPRISE

Management can be defined as the act of getting things done through people and proper utilization of business resources.




Some of the business resource includes;

-  Raw materials
-  Capital
-  Time

In a small enterprise management include; An entrepreneur as a top manager and the few employees or family members as lower managers.

ROLE OF AN ENTREPRENEUR IN BUSINESS

The role of an entrepreneur in management of a small be business can be categorized as (into);

-  Decision making role
-  Information processing role
-  Interpersonal relationship role

1. DECISION MAKING

Decision making is the process of making the best choice among or between two or more alternatives in order to achieve business goals and objectives using this skill the entrepreneur as a manager is involved in the following

- ❖ Initiating and identifying business opportunities
- ❖ Look for new ideas for improving products to meet the changing needs, tastes and preferences of customers.
- ❖ Holding meeting with project managers, research and development personal
- ❖ Allocating the businesses resources e.g. funds, equipment's
- ❖ Accessing and availing resources necessary for the identified opportunities like capital, human resources etc.
- ❖ Negotiating contracts with suppliers in terms of Prius
- ❖ Transforming and converting the business opportunities into an enterprise to produce goods and services.
- ❖ Arranging for fund to expand or improve the business products

2. INFORMATION PROCESSING

In a small enterprise, the entrepreneur as a manager constantly monitors the environment, collects information and studies it such that he/she understand the market situation. Information can be obtained from media e.g. newspapers, magazines radio etc.

3. AN ENTREPRENEUR AS A DISSEMINATOR.

Interpersonal relationship; having a good enterprise relationship is one of the features of good leadership. The entrepreneur can make good inter personal relationship playing the role of a leader, network offices and figure head role.

IMPROTANCE OF MANAGEMAENT IN A SMALL ENTERPRISE

Management is important to various stake holders who include the following;

- a. Shareholders
- b. Employees/workers
- c. Consumers
- d. Government
- e. Community

(a). Shareholders;

Management plays an important role of investing the shareholders resources (capital) in to business activities that produce quality products and services that can meet customer's needs and enable the business to make profits.

(b). Employees/ workers;

The importance of management to workers or employees include the following,

- Assigning the right jobs to the workers as per their knowledge, experience, attitudes and interests

- Communication to the workers about the business policy, procedures and objectives and the strategies to be used achieve the stated objectives.
- Ensuring that the work conditions of workers are deadliness, light ventilation, heat etc. should be adequate and acceptable.
- Provision of social services which help to boost the workers moral and dedication to the services
- Provision of fringe benefits in addition to salary such as medical insurance, sick leaves, maternity leaves, free education for workers children, pension benefits etc.
- Involvement of workers to participate in business affairs builds a sense of belonging and dedication among the employees to more towards success of the business.

(c) Customers;

Management tries to ensure that a customer is a business king or queen and is always right therefore management produces quality products and saves them at competitive prices as well as providing good after sales services like quality guarantee to meet customer's needs

Management also ensures correct advertising which does not mislead customers



(d) To other businesses; some businesses produce products and sell them to other businesses like whole sales, retailers therefore management helps to maintain the inter business relationships through trade prices like fair prices, good methods of payments, good quality products, proper quantity of the products, fast model of delivery.

(e) To the government; management ensures that its business operates within the provision of the law and regulations of the state (government). This becomes important to the government in that.

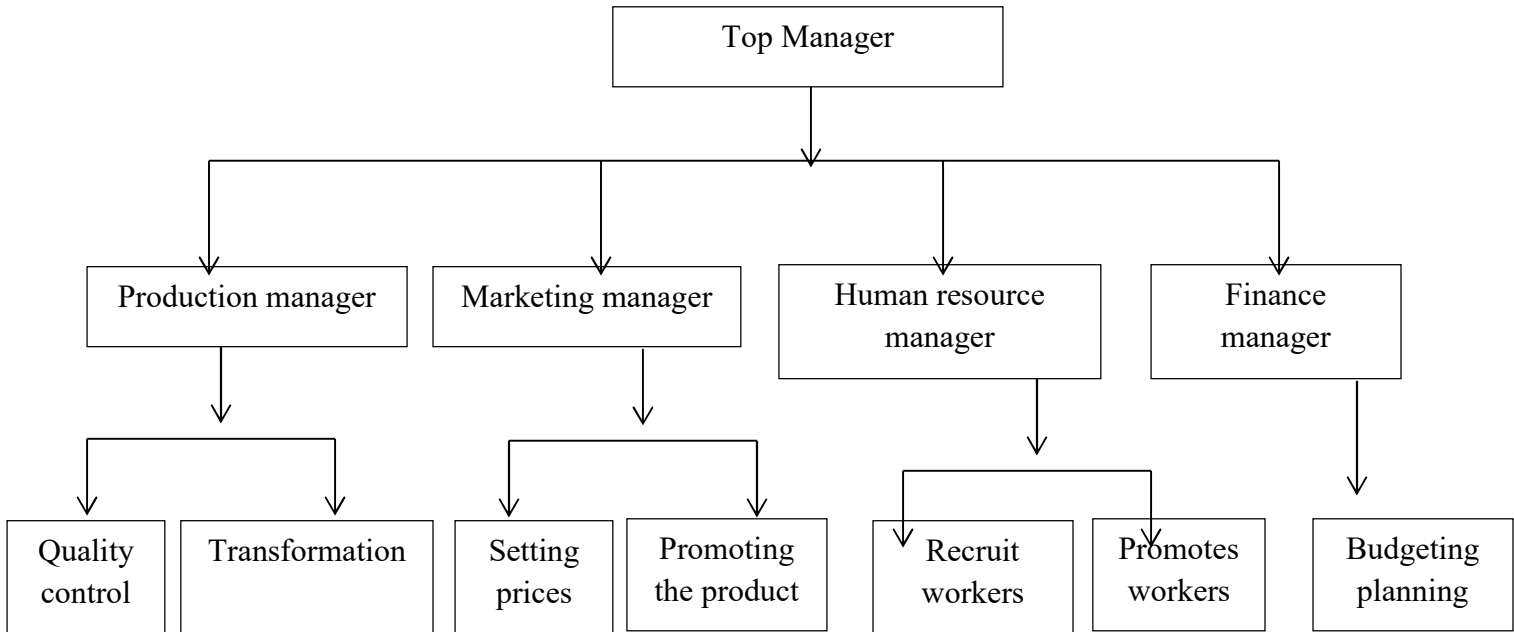
- There is provision of employment to the people
- There is proper and timely payment of taxes
- Environment laws are respected and this reduces air nose and water pollution dumping of chemical wastes.
- It contribute funds for public activities such as regions hospitals, schools etc.
- Management organizes sports tournament's and cultural for the society
- It provides goods and services needed by the community
- Provides business opportunities to the community members example selling their products to the business or agents dealers, or distributors of the business products

MANAGEMENT TASKS

Management tasks; refers to the activities organized in production units for particular purposes in a small enterprise the management tasks may include;

-  Production management
-  Personal management

- Marketing management
- Financial management



Production management

This deals with planning and controlling production activities so as to meet the business marketing plain production managements include acquiring inputs capital, raw materials, and transformation of inputs delivering the output to the consumer.

Marketing management;

This concentrates on meeting customer’s needs driver the production function to ensure that it the required products in desired quantitation and qualities

Marketing functions include; Setting price that customers are willing to pay, providing goods and services at customer needs, Finding out customer’s need and guiding the production department to produce them.

Personnel management /human resource management;

This is the managing of people and getting them to do all activities required in the enterprise.

Financial management; this involves the routine activities which are performed by the enterprise to ensure availability and efficient use of funds

MANAGEMENT FUNCTIONS

In small enterprise management also carries out special designed as functions and are shown in the figure below



Planning; this is a management function which involves establishment in which the goals and objectives will be achieved.

Planning therefore answers questions like;

- What to be done?
- When it will do it?
- Who will be done it?
- How it will be done?

Organizing; this refers to identification of what activities are to be done, grouping these activities in to sections/ departments and designing or delegating the activities to particular individuals to carry them out.

Staffing; this refers to the recruitment of people who will do the identical tasks and activities it involves the process of recruiting, training developing, compensating and evaluating the employees who do the identified tasks it.

It also involves giving employees incentives like goods salaries wages, housing

Leading; this involves motivating and guiding employees about procedure and methods of work in an organization. An entrepreneur should therefore lead through open communication

Communication; this is a process of passing information from one person to other. Through communication, an entrepreneur transmits share ideas, opinions, facts and information to his/her supple workers, and customers etc. this will ensure a successful performance of the business

Controlling; this deals with monitoring the goods purchased in and out, stock and other property of the business

Motivation; this is the process of encouraging people to give their efforts towards the achievement of desired goals of an enterprise. Entrepreneurs motivate their employees through different ways like paying them fairly well to meet their basic needs, giving them allowances like job security, promotions etc.

Budgeting; a budget is a document showing expected income and expenditure of an enterprise. Managers are therefore expected to budget for their business activities.

Example of a budget

Budget for Bugisu high school student’s canteen worth shs.5, 000,000

Requirements	Quantify	Unit costs ugshs	Amount Ugshs
Fixed capital requirement			
Furniture and fittings			800 000
Promises/buildings	I room		1 000 000
Equipment’s			200 000
Delivery motorcycle			1 200 000
Fridge			180 000
Total fixed capital			3 380 000
Working capital requirement			
Stock of goods			1,120,000
Labour (canteen attendant)			20,000
Electricity			80,000
Transport			70,000
Advertising			30,000
Other			100,000
Total working requirements			1,620,000
Total			

Question. Prepare a budget for a poultry business worth 1,000,000

BUDGET FOR JOHN’S POULTRY BUSINESS WORTH 1000,000

Requirements	Quantity	Unit costs (shs)	Amount (shs)
Fixed capital requirements			
Building			Sh. 200,000
Water			Sh. 140,000
Delivery vehicle for mash			Sh. 100, 000
Electricity			Sh. 120, 000

Total fixed capital requirement			Sh. 560,000
Working fixed capital Requirement			
Stock of chicks	15 boxes	Sh 10,000	Sh.50,000
Labour			Sh. 180,000
Equipment (feeders)			Sh. 100,000
Transport			Sh. 60,000
Others			Sh. 50,000
Total working requirement			Sh. 440,000
Total			1,000,000

BENEFITS OF BUDGETING IN BUSINESS

- It provides managers with a way to cost their plans and see the financial implication.
- It provides specific goals and objectives that serve as yardstick for evaluating performance
- It reveals potential problems before they occur
- It coordinates the activities of the entire business by intergrading the plans and objectives of various departments

Exercise. You have got a loan of 10,000,000 from Stanbic bank to start a piggery farm

- (i) Outline the requirements of the business.
- (ii) Prepare a budget for your business

MARKETING IN A SMALL BUSINESS ENTERPRISE

Marketing refers to a series of activities an entrepreneur does to find out who his / her customers are and what they need or want.

MARKETING ACTIVITIES/ STEPS TAKEN OR INVOLVED IN MARKETING

- Finding out who the customers are
- Finding out what customers need or want
- Developing and providing the goods or services that meet the customer's identified needs or wants
- Setting prices which customers can afford and are willing to pay
- Making the products available at places where customers can access them
- Promoting the products by informing and attracting customers to buy them and once they have started buying retain their interest in buying from your business

SELLING

Selling is a two way communication between the buyer and the seller which leads to the exchange of goods

It is usually a person to person dialogue/interaction between the buyer and the seller that leads to exchange of goods.

DIFFERENCES BETWEEN MARKETING AND SELLING

Marketing	Selling
If focuses on customer's need	It focuses on the seller's need
Customer enjoy supreme importance	Product enjoys supreme importance
Product planning and development is done to match with customers' need	There is high pressure of selling goods already produced
There is an integrated approach to achieve the term goals	There is a fragmented approach to achieve immediate goals
There's advertising the customer's needs into products	There is converting of products into cash
Profits are realized through customer satisfaction	Profits are realized through sales volume
In marketing there is a customer (let the seller be aware)	There is a customer (let the buyer be aware)

THE CREATIVE SELLING PROCESS (SALESMANSHIP)

The creative selling process includes the following steps

- ❖ **Prospecting**- this means locating customers, prospects are the people who are likely to buy the products, in prospecting therefore an entrepreneur finds out where to go, who to see and what to do and say.
- ❖ **Pre-approach**- this is a step where the entrepreneur gathers information about his /her own products and the product etc. of the likely customers. This helps an entrepreneur to her customers' needs.
- ❖ **Approaching**, this is first face-face meeting with the a customer or buyer
 - It is the first minute or two of attempting to make a n
 - This stage helps to create a good impression and win a
 - The seller/ entrepreneur here should open with a smile introduction and a hands shakes where possible
- ❖ **Presentation**- this is the stage that aims at attracting and retaining buyers attention, the entrepreneur here is expected to create interest in the customer's mind
- ❖ **Handling objections**- this arises when the buyer say no to the price or design of a product the following method may be used to handle objections.

- Listen to the buyer and do not interrupt him/her as he is raising the objections.
- Use a ‘yes’ but ‘ method e.g. if a customer says ‘your price is too high ‘say’ ‘yes’, the initial cost is a bit high you will save in the long term run if you use the product because it is durable
- Ask the customer what he/her/she does not like about the product and give an alternative to meet his need
- Turn the buyer’s alternation from objection to another benefit of more appeal
- ❖ **Closing a sale-** this involves finding a way of making customers to act or buy the product. it involves on entrepreneur to use either of the following methods;
 - Shall I reserve one for you?
 - What colour do you prefer?
 - Would you like me to deliver to you or?
- ❖ **Post-sales follow-up-** this is the support an entrepreneur gives his/her customers after the sale or purchase of the products this builds up good will and generates repeat of purchase. This can be done through a short letter or telephone call to say thank you for the purchase and in case you need more products please let me know

WAYS OF ACHIEVING CREATIVE SELLING

- Creative selling can be achieved by making a strong part about the product right from the beginning of the presentation
- Mention more of the benefits of a product than its features e.eg. this shoes is comfortable and durable,’ instead if it’ is leather
- Give a customer complete attention
- Involve the buyer in a discussion/ conversation
- Listen to the customer, make him/ her feel important and to understand his/her needs

How to be a successful salesperson

There is a need to improve the selling skills, a salesperson beach to know his/her customers by finding out their needs by giving advice and offering suitable words

There is a need to know how to treat the customers

The following ways are helpful in improving customer treatment.

- Greet the customers and where possible call them by their names.
- When already serving a customer and others come greet the waiting customers and tell them that you will attend to them soon
- Be polite and friendly. This makes customers feel welcome and enjoy visiting the business
- Listen carefully to what customer say and decide what they want to buy
- Look focused and clear
- Be honest and trustworthy
- Do not argue with customers allow them to say **NO** if they don’t want
- Thank the customer for coming to the business even if he/she has not bought your products

- Know the products and how to sell them. Have the answer for the many questions customers may ask about the product.

MARKET RESEARCH

This is the collection of information from the existing and potential customers that can be used in the decision of an entrepreneur

Market research helps an entrepreneur to find out the needs his/her customers, the activities of his/her competition and the gaps to be filled.

When an entrepreneur is carrying out market search him she uses a number of methods but most commonly he/she uses questionnaires.

QUESTIONNAIRES /MARKET SURVEY GUIDE

This is a list of questions prepared by an entrepreneur.

Components/Elements of a Questionnaire/Market survey guide

It must have

- the name and address of the business
- Name of the document ie Questionnaire/Market survey guide
- The salutation
- Opening remarks
- Personal information of the respondent i.e. age, sex income level, place of resistance
- The list of question focusing on the different items depending on the purpose of the survey.
Generally the questions asked should focus on the following
 - Respondent's personal data
 - Products offered in relation to the types of competitors
 - Strength and weakness of the competitors
 - The available opportunities in the market
 - General advice from the respondents

A SAMPLE OF A QUESTIONNAIRE

KYETUME FURNITURE WORKSHOP

P.O BOX 414 MUKONO

TEL 0414708090

QUESTIONNAIRE

Dear respondent,

You are kindly requested to fill this questionnaire. The information collected will be used to improve our products and services for you all. The information collected will be treated confidentially

(1) Age: 10-20 21-30 31-40 40

(2) Income: low High Medium

(3) Resident.....

(4) Do you use furniture products? Yes No

5) If yes where do you buy them from.....

(6) Why do you buy from this business?

(7) Have you ever used Kyetume Furniture workshop products? Yes No

(8) If yes briefly comment on our;

a)

Price.....

b)

Quality.....

c) Service delivery

(9) What advice would you give us to improve on our service delivery to you?

.....

(10) Any other information

THE MARKETING MIX (5Ps)

Marketing mix refers to various elements that must be put in consideration while marketing the business products such elements include, product, price promoting, place and positioning which are referred to as the 5p^s.

1. **PRODUCT**- this refers to anything offered by a business to satisfy the customer's needs it may be a good or a service example of goods include clothes, shoes, backs, plates, vehicles

Example of services includes; education medical services, entertainment products are meant to satisfy customer's needs.

FACTORS TO CONSIDER WHEN DEVELOPING A PRODUCT

- Develop a product in response to the customer's need
 - Decide on the shape colour, brand name quantity and quality depending on what customers want.
 - Uniqueness of the product, decide on whether to make your products the same to that of a competitor or different from them.
2. **PRICE**, this is the monetary value of a product an entrepreneur should sell his/her products at a price that will attract and keep customers

FACTORS CONSIDERED WHEN DETERMINING A PRICE

- The cost of production. Low cost of production leads to low prices, however high cost of production leads to high prices
- The quantity purchased. High quantity purchased may attract lower prices, while small quantities purchased may attract high prices.
- The price of the competitors, an entrepreneur should ensure that the prices charged are in line with those of the competitors or lower than they need
- The profit targets. High profit margin desired by an entrepreneur calls for relatively higher prices. However sales maximization calls for relatively lower prices.
- Season. Seasonal products like Christmas card, success cards etc. are usually sold at high price during particular seasons than products which are not seasonal e.g. salt soap and sugar
- Durability. Products that are durable are always sold at higher prices than those which are perishable.
- The need to make the price more attractive to customers e.g. making special offers and price discounts, this may lead to lower prices
- The target customers to be served, whether producing for the rich or the poor people, for the rich customers attach price to value so the price to them should be higher. However for the poor attach a lower price.

- Level of demand of the product. High demand may lead to high prices, however low demand may lead to low prices of the product.
- Level of competition. High level of competition may lead to low prices, while low level of completion may lead to high prices.

Common methods of pricing

- **Cost oriented pricing-** this is a method of pricing where the price which is set largely depends or is based on the cost of a product e.g. the higher the cost of a product, the higher the price and the lower the cost the lower the price
- **Demand oriented pricing-** this is a method where the price is set basing on the pipo's desire to buy a product. A high price is charged when the demand is strong and low price is charged when the demand is weak
- **Competition oriented pricing-** this is the price which is determined mainly by price of competitors
- **Fashion oriented pricing.** This where the price of the commodity is determined basing on the fashion.
- **Government policy/Price legislation.** This is where the government sets the price above or below the equilibrium and becomes illegal to sell above or below it. Ie maximum and minimum price
- **Bargaining/Haggling.** This where the seller and the buyer negotiate until they reach an agreeable price.
- **Resale price maintenance.** This where the producer fixes the price at which the final consumer is to buy the product. Eg Newspapers, airtime

3. **PLACE-** This is the place/an area where the business of firm is located or established.

Location is the establishment or setting of a business or firm in a particular area or place

FACTORS CONSIDERED WHEN CHOOSING A PLACE (factor that influence the location of a business/firm)

- ✓ **Transport network,** a business should be located where there is sufficient and effective transport network that will enable an entrepreneur to make the products available to customers at all the time
- ✓ **Storage facilities-** this is where goods are kept safely with they are demanded by customers. Good storage facilities protect products from damage
- ✓ **Security-** the place where the business products are being stored and made available should be very secure to ensure their safety this will reduce or minimize risks of losses through theft

- ✓ **Availability of customers/ Availability of market** - most retailers and service operators prefer to operate where customers are located to make it easy for them to access business
 - ✓ **Delivery of product-** the business products should be placed in such a way that they are easy to deliver to customers if observed, it would help to reduce on delivery costs
 - ✓ **Availability of cheap labour.** A business should always be located where there is enough cheap labour to minimize on the cost of production.
 - ✓ **Availability of raw materials.** A business should be located in areas of abundant raw materials to minimize on the cost of transport.
 - ✓ **Availability of water.** A business should be located in areas with enough water which can be used in the cooling of machines or where water is used as a raw material in the production like for a soft drink producing business which needs enough water.
 - ✓ **Availability of land/space for expansion.** Businesses should be located in areas with enough land for future expansion.
4. **Promotion-** this means /involves informing and attracting customers to buy products either for the first time or continue buying. It involves any activities which influence people to buy products and the quantities they will buy. Buyers must be aware of the business products and be motivated to purchase the products.

Ways of promoting products

- Use of intensive advertising; to inform and make customers more aware of the business products and be motivated to purchase the product
- Good display of business products in and outside the business premises
- Use of door to door marketing
- Use of sign pots and neon signs
- Ensuring proper packaging of business products to make them task attractive
- Use of personal selling i.e. recruiting expensed sales personal who can professionally handle customers
- Participating in trade shows and exhibitions in order to make the public aware of the available business products
- Use of attractive light that can easily attract customers especially in hotels restaurants
- Positioning

Assignment

- (i) Identify a business of your choice and give it a name.
- (ii) Design an advert for your business
- (iii) Design a sign post for your business

A sign post for my business

TRUSTED MILLERS LIMITED
P.O BOX 169,
Albania
Contacts: 0704894601
Website: www. TADL. Com
2¹/₂m ahead

TRUSTED MILLERS LIMITED

NEWS	NEWS	NEWS
TRUSTED MILLERS LIMITED WHO GRIND MAIZE, RICE, CASSAVA, POTATOES AND OTHERS INVITE YOU TO THEIR INDUSTRY LOCATED AT ABUYAR TRANSPORT IS OFFERED TO THOSE WHO BUY AND GRIND IN LARGE AMOUNT WE CAN ALSO SELL OUR PRODUCTS AT POVRT FRIENDLY PRICE AND EVEN TO SCHOLLS CONTACT FOR DELIVERY: 0704801915 THANKS. COME ONE COME ALL		
NEWS	NEWS	NEWS
	MGT	

TRUSTED MILLERS LIMITED
We sell and grind maize, potatoes, rice and others
P.O BOX 1600
Abuyar
For quick delivery please call on 0704180915
Free transport if you buy or grind in large amount
2¹/₂m Ahead.

5. **People.** This involves segmenting of customers for whom an entrepreneur amount all his/her products e.g. sweets, chocolate, sweet bananas etc. should be positioned near the shop entrance's to attract purchase from children

In using this component or factor of market mix an entrepreneur may be guided by the following product position list

- i. What products or services do I offer?
- ii. Who are my target buyers
- iii. Where do they want to find the products
- iv. How do customers want to be served
- v. Who are my direct competitors

DISTRIBUTION OF GOODS

This is the process of moving goods and services to the place where they are wanted by customers.

This involves various methods of making products available to the customers getting the right products at the right place and right time this involves transporting storing and stock that the products are available for customers at all times.

The channels through which the products are available to the customers e.g. use of wholesalers, agents, shops

CHANNELS OF DISTRIBUTION

These are the ways through which products are made available to the customers, there are different ways through which an entrepreneur can distribute his/her products to the customers they include;

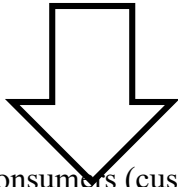
- i. Direct distribution channels
- ii. Retail distribution channels
- iii. Wholesale distribution channels
- iv. Marketing and selling agents

Direct distribution channel: this is the channel where an entrepreneur/ producer/ seller sell his/ her products direct to customers who use the goods and service. It is also known as the short channel of distribution

It is illustrated as below

An entrepreneur (producer)

Sells directly to

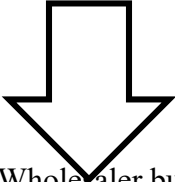


Consumers (customers)

Wholesale distribution channel; this is a channel of distribution which involves an

entrepreneur selling his/her products in large quantities to wholesalers, who in turn sell them to retailers and the retailers then sell goods to the final consumers, it is illustrated as follow;

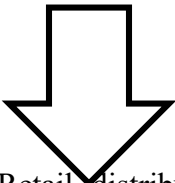
Entrepreneur (producer)



Wholesaler buys from entrepreneur and sells to retailers



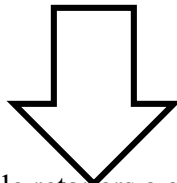
Retailers buy from wholesaler and sell to final consumers.



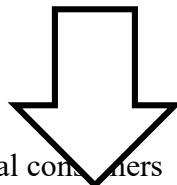
Retail distribution channel; this is channel of distribution where entrepreneur sells his/her products to retailers in large quantities who in turn sell in small and affordable quantities to final consumers.

Illustration

An entrepreneur (producer)



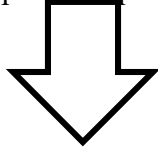
Large scale retailers e.g supermarkets buy and sell to final consumers



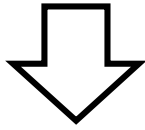
Final consumers

Marketing and selling agents; these are the agents who sell products on behalf of entrepreneurs and are paid a commission base on the values or the amount of goods sold illustration

An entrepreneur (producers)



Appoints agents

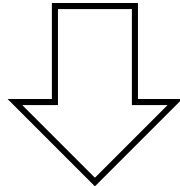


Customer/ consumers

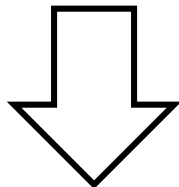
Retail distribution channel; this is a channel where an entrepreneur sells his/her products to retailers in large quantities who in turn sell in small and affordable quantities to final consumer

Illustration

An entrepreneur (producer)



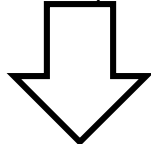
Large scale retailer's e.g. super markets buy and sell to final consumer



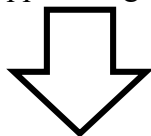
Final consumers

Marketing and selling agents; these are the agents sell products on behalf of entrepreneurs and are pour a commission based on the value or the amount of sold illustration

An entrepreneur (producer)



Appoints agents



FACTORS CONSIDERED WHEN CHOOSING A CHANNEL OF DISTRIBUTION

Nature of the product perishable goods like tomatoes, milk, veges, fruits and expensive items like distribution channel durable products should be sold in any other channels

Cost effectiveness- an entrepreneur should choose a channel which is less costly or likely to reduce his /her operational costs in order to maximize his/her profit for example a direct channel

Reliability of the channel and its image; An entrepreneur should choose a channel which is able to provide and avail goods and services to customers whenever need arises the economy of customers to makerespect purchase e.g. wholesale and retail channels

Location of target customers- if the customers are near business an entrepreneur should choose a direct or short distribution channel in order to reduce operational costs, however if customer are far and dispersed then other channels of distribution may be used

Availability of storage facilities-if producers, whole sale and retailers have good storage facilities for their products, the consumers or customer can buy from a depending on their convenience

Nature of the business- manufacturing and trading business can use all distribution channels while age businesses and single products firms can use a direct channel since it is more appropriate to them

Nature and size of the market- to a small market

Nature of middle men-the existence of the required middle men are willing and able to provide relevant services to customers call for the use of medium/ long channels hover with absence of middle men a direct channel is appropriate

Distribution policies/ costs to an enterprise- firms that require to control the distribution of products and are financially stable through middlemen in order to reduce the distribution costs

Levels of competition in the market- high level of competition in the market require direct selling to the final consumer in order to ensure that goods are delivered in time however, low level of competition allows the entrepreneur to use the medium and long channels involving the middle men

Amount of goods to purchase- producers whose customers buy in large quantities use short channel of distribution however, the medium and long channels are suitable for producers whose customers buy in small quantities

ROLE OF MIDDLE MEN IN THE CHANNEL OF DISTRIBUTION

Middlemen are individuals or traders that help to link the producers to the consumers of goods and services. They include the wholesale, traders, sales and marketing agents etc.

They play the following reasons in the channel of distribution.

They help in providing storage facilities for the goods especially where the producers do not have their own storage facilities

They help in the transportation of goods i.e. they transport goods from the producers and take them nearer to the final consumers.

Breaking bulk – middlemen buy in large quantities and sell them in small affordable quantities to the final consumer

Advertising the entrepreneur's products-the middlemen advertise products on behalf of the producers thereby enabling customers to get information on the available goods and services

They act as financiers to the producers. The middlemen buy goods in cash from the producers and store them by doing so they help to finance the producers to continue with the products process

They facilitate continuous supply of goods i.e. they buy in bulky and continue supply to the customers in small quantities even when the producer does not supply

They facilitate choice on the side of the consumers; they do so by buying a variety of products from different producers which they offer to the consumers

SALES PROMOTION; This refers to the various strategies that are employed by the entrepreneur in order to encourage the customers to buy and continue buying the business products

METHODS OF SALES PROMOTION

Entrepreneurs can employ a number of methods to improve sales which include the following

- ✓ Offering after sales service to the customers for example free of charge repair for a specific period, transportation of goods for the buyer's premises etc.
- ✓ Offering credit facilities to trust worth customers
- ✓ Personal selling which involves use of experienced sales person
- ✓ Giving free samples to the customers
- ✓ Producing good quality products
- ✓ Giving free gifts to the customers
- ✓ Ensuring strategic location of the business

WAYS OF ADVERTISING FOR A SMALL BUSINESS

Use of print media; this includes advertising in newspapers magazines, direct mail

Use of outdoor media; this involves use of bill boards, sign posts, borderers

Use of direct marketing activities; this can be done through telephone and direct contact between buyers and sellers.

Use of broad cost media; this is a form of advertisement of a TV sets, radios, phones etc.

FACTORS TO CONSIDER WHEN CHOOSING THE MEDIUM OF ADVERTISING IN AN ENTERPRISE

Cost of the media- the medium should be relatively cheap products should be advertised through posters banner's, radios etc.

Expensive and technical goods should be advertised through expensive media like television, newspapers, and magazines

Nature of the target customers – illustrate pipe can best be reduced through radios, while rich and literate may be reached through magazines, newspapers.

Age group of the customers- products for the youth or teenagers should be advertised through videos, and newspapers

Availability of the medium- an entrepreneur should use a medium which is available and affordable by his/her business

Geographical area to be covered- advertisement to be made to wide geographical area should be done through newspapers radios and telephones while advertisement's targeting customers in a small or local area should be done using banners, posters

Speed and urgency- urgency information on goods and services in a market is advertised through the fast media like radios and televisions while trade fairs and exhibitions and magazines take long.

Language to be used in advertising; for effective communication, entrepreneur should usually advertise in long. Which is easily undverstion by the target customers?

Channel of distribution; an entrepreneur should ___use for distribution of products e.g. media should be ___ mention the entrepreneur's whole sales, retailors, agents

Media used by the computer; one should use better media than his/her competitors for a competitive advantage

One should therefore aim at beating the competitors by first studying what they are doing

PLANING PROMOTIONAL PROGRAMME (steps taken when planning promotional programs)

Determine the target customers; this can be in form of sex, age, income etc.

Determine the unique features of the product; this can be in terms of quality, shape, price, and packaging.

Determine the best message to communicate the product the target buyers; the desire should be to lose by not buying the products e.g. “you have tired the rest but you haven’t be the best”

Determine the production and advertising option of the available budget; the entrepreneur should use a cheap or choose advertise promotional budget.

Sample question

Explain the factors considered while choosing a medium advertising.

Outline the steps involved when promoting a product.

(b) After sales services; this is provided mostly by manufacturing of machines, equipment’s, vehicles, electrons.

The main forms of after sales service

- i. Free of charge repair for a specific period of time e.g. six months or one year
- ii. Cleaning or servicing the equipment at regular intervals
- iii. To ensure availability of spares
- iv. Testing the product to ensure that it is alright
- v. Delivery of goods to the customer’s prerace

(c). Credit facilities

Some firms give credit facilities to increase their sales. The following are the forms of credit facilities

- i. Commodity credit; this is when a seller of a good allows buyer to take the good and pay at a later date
- ii. Hire purchase agreement; this is where a seller allows a buy to installments.

Capital is rewarded with interest

Land is rewarded with rent

Labour is rewarded with salary

Entrepreneurship is rewarded with profit

Time frame is rewarded with commission

Merchandise is good bought for reselling at a profit

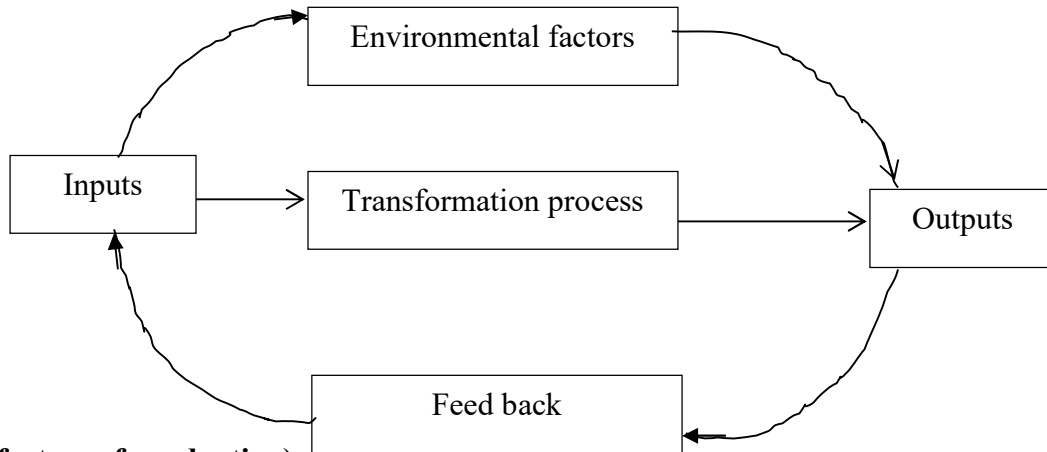
PRODUCTION MANAGEMENT

Production refers to the process of transforming raw materials in to outputs or finished products

Production process on the other hand refers to the steps involved in producing a good or service and these includes;

Acquiring inputs and transforming them in to out puts.

Illustration of production process



Inputs (factors of production)

These refer to things which must be there in order for production to take place.

Examples of inputs include;

Labour	land
Capital	entrepreneurship
Organization (management)	time frame
Information etc.	

- **Land;** refers to all natural resources that are used in production process. They are always resource and include H₂O, air and sunshine all these provide raw materials agricultural produce, minerals, fish, fish crude oil etc.
- **Capital;** refers to manmade resources that are used in the production of other goods and services e.g. buildings, machines, and tools equipment's vehicles money.
- **Labour;** this refers to human effort that is used in production process. This may either be skilled or unskilled labour
- **Information;** refers to the feedback about the inputs transformation process and output to ensure quality products and cost effectiveness at all stages for a competitive advantages in market.
- **Time frame;** this is the time within which a job can be done. The duty of an entrepreneur is to ensure that time frame of the job is adequate and observed
- **Entrepreneurship;** this is concernect with putting resources together to ensure that the required goods and services are produced with profit

- **Organization/ management;** there are the profitable goods that are put in place to direct the entire production process
- **Transformation process;** this refers to the processing of raw materials to produce goods and services that are for an entrepreneur to carryout proper transformation process, production managers should do the following;
 - a. Control the organization of the process e.g. placement and use of the machines and equipment's
 - b. Acquire physical assets like machines and equipment's to be used in the production management
 - c. Control the integrated activities in the process i.e. country human resource, machinery equipment, technology, energy actual production of outputs
 - d. Plan and control production process to ensure that they meet the customers' needs and avoid excess production reduce costs and losses

Feedback; this refers to the information of the business goods about its production process e.g.

- i. Quality of inputs and outputs as a basis of competition for customers
- ii. Flexibility of the production process to meet the changes of customers
- iii. Reliability of in terms of delivery of inputs to the and outputs to the customers
- iv. Costs i.e. whether the cost of production will enable pricing of product at a rate customers can and profitable one
 - **Environmental factors;** these are the external factors affect the business decision in its production.

These factors include the follow;

- 📊 **Competitors;** these are the businesses production of goods and services for the same customer. If many competitors it implies that the buying many competitors, it implies that the buying faced with a threat of losing customers
- 📊 **Final services,** availability of financial services _____ while lack of financial service implies that it is difficult to borrow funds for the business

Changes in customer's tastes and preferences, when customers' tastes and preferences change, the business too must change in order to produce goods and services needed by customers

Reasons why an entrepreneur should know the production process

There are two main reasons as to why producers or entrepreneurs should know the production process.

1. In order to make profit knowing the production process enables the entrepreneur to produce goods quality products that can maintain the old customers', attracts new ones and beat off competitors

2. To satisfy customers. An entrepreneur can satisfy customers by making quality products which are reliable, affordable and available

Importance of observing the steps of the production process

It helps to ensure the quality of the business products by observing the necessary steps

It enables the entrepreneur to control the course of production by focusing on raw materials and other inputs that are in position to meet the set targets

It controls the production capacity to ensure that what is produced meets the demand of the customers.

Role of an entrepreneur in the production process

There are four main role that are played by the entrepreneur during the production process and they include;

Production planning

Inventory control

Purchasing

Quality control

Production planning; in production planning, the entrepreneur carries out the following;

Identifies the required materials

Scheduling work

Carrying out maintenance

Identifying the required materials; these includes the following;

Identify the source of raw- materials

Examine feasibility of transporting them to the production site access the availability of the inputs and the passivity of their continuous supply.

Determine how the inputs will be purchased

Determine how long it will take to receive the goods after their purchase or order.

Seducing work; this involves the entrepreneur addressing the issue of how the production work would be done

It involves the following;

Organizing the production process

Minimizing effects of break down on total production continuous menacing of production /one to ensure that set production targets are made

Building flexibility to accommodate some changes in the product itself

Ability to accommodate specific product mainly to order

All waiting adequate work to employees to maximize wage of their time and machines

Carrying out maintenance; machines, tools and equipment's are very expensive and at the same time control to the successful operation of the business

An entrepreneur therefore carries out routine maintenance in order to achieve the above

B. inventory control

This is concerned with controlling the stock of goods or items that are kept in the business

Types of inventory maintained by the business

Raw materials i.e. items that are not yet the used in the production process

Finished products i.e. items that have already under-gone the production process and are waiting for distribution to the customers

Merchandise i.e. items that have been bought by the business with the aim of reselling them but have not yet been sold

Unfinished products or work in progress These are the items which are still undergoing the transformation process

Inventories cost a lot of money and therefore an entrepreneur should ensure that they are adequately managed to avoid wastage

Are ready available for production to take place

Helps an entrepreneur to examine the passivity of taking quantity discount through large orders, prompting payment, repeat of purchase

It helps to ensure timely delivery of items and avoidance of shortages and intimations in the business operation

It helps on stabilizing product supplies i.e. ensuring continuous supply of products.

It helps to ensure stability in prices i.e. prices remain stable in situation where supplies are not interrupted (continuous supply)

TERMS USED IN INVENTORY CONTROL

Lead time; this refers to the average time that passes from the time an entrepreneur places an order for supply of items up to the time he/she receives the delivery of such items

If it is long then he/she has got to keep a lots tock to avoid stock out situations or should always order in time

Usage rate; this refers to how fast the inventories are being used or sold, if it is too long then the business has to carry out a lot of inventories and may keep small quantities if the usage rate is law

Re-order point; this is appoint at which a new order for inventories should be placed in order to receive it before the inventories at hand are finished

Re-order point= usage rates lead time

Example

Mr. Kaduna's business uses five iron sheets per day; it has two suppliers, calculate Mr. Kaduna's re-order level

Re-order point = usage rate \times lead time

5×8

40 iron bars

Example two.

Sarema Christian High school uses 500kg^s of posho per day, it is a school's policy to order for fresh supply of posho whenever they remain with 6000kg^s of posho, calculate the lead time for posho at Sarema Christian high school

Lead time = $\frac{\text{Re-order point}}{\text{Usage rate}}$

Usage rate

$\frac{6000 \text{ kg}}{500 \text{ kg}}$

12 days

Lead time = 12 days

Example three

Mr. Okech uses 5 packets of wheat flour per day. It takes him 10 days to receive fresh supplies level

Re-order level = usage rate \times lead time

5×10

Re-order level = 50 packets of wheat.

PURCHASING

This refers to the process of buying various items that are to be used in the business. When purchasing, an entrepreneur should ensure that he/she purchases the goods that are of the right quality, at the right time, right price, and from the right source.

To achieve this, an entrepreneur should do the following;

- Develop a good purchaser/buyer relationship
- Should have detailed specification for the purchase i.e. a list of items to be purchased with their details
- Should have an insight in the market price and price fluctuations/changes
- Should have a correct assessment of the inventory
- Have the ability to manage financial needs
- Have good will and creditworthiness
- Should know the alternative sources of supply

- Avoid the tendency of buying from one seller
- Stick for some basic standards on the quality of purchase.

Documents used in the purchase of goods.

When purchasing the goods an entrepreneur may use the following,

1. Letter of inquiry
2. Catalogue
3. Price list
4. Price cement
5. Quotation
6. Purchase order form
7. Dispatch note/advice note
8. Delivery note
9. Invoice
10. Credit note
11. Debit note
12. Cheque
13. Receipt
14. Statement of account
15. Cash sale

LETTER OF INQUIRY

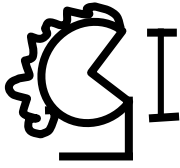
This refers to a document written by a prospective seller asking for details about the goods that are available for sale and the terms of sale

Letter of inquiry contains the following;

1. It must be framed
2. The name and address of the prospective buyer
3. Salutation (dear sir/ madam)
4. The business logo
5. What the business deals in_____
6. The body
7. Complementary douse (your faithfully)
8. The name and address of a prospective seller
9. Signature, name and title of the after writing the inquiry

SAMPLE OF A LETTER OF INQUIRY

You are providing insurance services to the customer, write a letter of inquiry to the potential supplier of office materials (i.e. mpolampola stationers)



Uganda General Insurers
P.O Box 234
Mukono
17/09/2014
Dealers in general insurance service
Tel 0752824489

THE SALES MANAGER
MPOLAMPOLA STATIONERS
P.O BOX 48, KAMPALA

Dear Sir/Madam,

RE: INQUIRY ON THE AVAILABLE OFFICE MATERIALS

Uganda general insurers is a newly established company located on Bugerere road Mukono district we are interested in stocking your products.

The aim of this communication is to request you to avail us with the necessary details of the items you have in stock, this should include price terms of sale, terms delivery

We look forward to receiving your position response

Yours faithfully,

.....


CATALOGUE; this is a document showing details of goods supplied by the business including their pictures. The unique features that a catalogue has are the pictures of the items sold.

You own a furniture workshop in your home town and you wish to purchase timber from a nearby supplier, write a letter to the supplier inquiring about the availability of and the prices that are likely to be charged

Exercise

Write an example of o letter of inquiry



Ntake Bakery
P.O BOX 841, JINJA
23/09/2014
Dealers in all kinds
Tel 04134892003

Inquiry

THE SALES MANAGER
NGANO MILLERS
P.O BOX 169,KAWEMPE

Dear Sir/Madam,

RE: INQUIRY ON THE DIFFERENT TYPES OFFLOUR

Ntake bakery is a brand new set up company located in Jinjaon Gulu highway. We are interested in using your baking flour because of its quality

The aim of this communication is to request you to avail us with the necessary details of the price and size of baking flour. Please include the terms of sell and delivery

Looking forward for a positive response from

Yours faithfully

.....

CHEDIKOL JOHN

Price list; this is a document by the seller/ supplier showing the list of items and their respective price

A sample of a price list



Aristock bookshop
P.O Box 567, Kampala
Tel: 0777687229
Dealers in all forms of writer literature
Date 18/09/2014

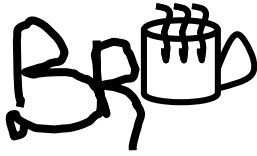
PRICE LIST

NO	ITEMS	PRICE (Ugx)
1	Entrepreneurship education for secondary school by NCDC; Book 1, book 2, book 3, book 4	8,000 10,000 15,000 50,000
2	Advanced learners' dictionary	50,000
3	English for secondary school	22,000
4	Mathematics in fractions	18,000
5	Understanding chemistry	6,000

Prepared by

.....
Chedikol John
SALES MANAGER

You are operating a restaurant in a given urban area prepare a menu for your astomers



Blessed Retainable

P.O BOX 890, _____

Tel.0782485600

Dealers in all kind of Food both local area and internationally

18th September,

MENU

NO	KIND OF FOOD	PRICE (Ugx)
1	Chapati and milk tea	5,000
2	Chicken and chips	15,000
3	Glass of soda	2,500
4	Portage (katogo)	8,000
5	Greens	3,500
6	Pork	4,500
7	Sophaghati	3,000
8	Fruit juice	5,000
9	Irish potatoes	4,000

Come and be blessed with your only money

Prepared by.....

Chedikol John

CHIEF

(4). Price current; this is a list of items sold and their respect current prices, a price current is similar in outlines the price list the only difference is that the price shows current prices, this means that it is prepared there are changes in prices

(5). Quotation; this is a written response to a letter of ___ indicating the terms and conditions under which the _____ to the buyer



Purchase order from

This is a written document from the buyer to the retailer requesting for the supply of the stated amount of the goods at the stated conditions.it is at times called a local purchase order(LPO)


A local purchase order which is also known as LPO can be the following

- i. it must be framed
- ii. the name and address of the business placing order
- iii. the date
- iv. Business logo
- v. What business deals with
- vi. the name and address of the supplier

- vii. A request to supply (please supply the for allowance)
- viii. Table showing the following
 - ✓ Description of goods
 - ✓ Amount of shillings
 - ✓ Quantity required
 - ✓ Total amount
 - ✓ unit price
- ix. The signature, name and title of the office placing order
 - Prepare local
 - Sample of a purchase order form

 Dealers in all Scholastic Materials 2/09/2014	MUKONO STATIONRY SHOP P.O BOX 15781, Mukono. Tel 0414827936	LPO NO 561		
PURCHASE ORDER To The Manager Aristoc Bookshops Mukono stationary shop P.O BOX1235,kampala Please supple the following				
No	Description	Quantity	Unit price	Amount
1.	Oxford dictionaries	20	1000	20,000/=
2.	Oxford mathematics sets	100	4000	40,000/=
3.				
Terms: payable upon delivery date required 30/09/2014 				
AKIROR WINNIE PURCHASING MANAGER				

DESIGNED LOCAL PURCHASE ORDER

	<p>MUKONO STATIONARY SHOP P.O BOX 5781 MUKONO Tel 0414827934</p>			
Dealers in all scholastic materials				
Date _____	PURCHASE ORDER			
LPO NO_560				
TO; _____ _____				
Please supply the following				
No	Description	Quantity	Unit price	Amount
	Total			
Terms _____		date required.....		
Purchases manager _____				

As above business documents can either be designed or prepared. Designing a business document means presenting it without including the necessary details preparing a business document in their hand means failing in all the required information as seen in the first illustrate

Dispatch / advice note; this is a note written by the buyer to the seller informing the buyer that the goods ordered for have been dispatched or about to be dispatched.

Delivery note; this is a document prepared by the seller and sent to the buyer by the transport officer (driver) who is expected present it to the buyer with goods

The buyer is expected to check the goods and accordingly to acknowledge that the goods have been received in good order

A delivery note contain the following

It must be framed

Name and address of the seller

The business logs

What the business deals in

Date

Name and address of the layer


Name of the document

An instruction to receive the goods

Details of the goods being delivered

The signature name and title of the office sending the goods

A provision for the receiver to sign

	ARISTOC BOOKSHOP P.O BOX 1235, KAMPALA.									
Dealers in all form of written literature										
23/09/2014										
Delivery note										
The purchases manager`										
Mukono stationary bookshop										
Please receive the following										
<table border="1"><thead><tr><th>No</th><th>Description</th><th>Quantity</th></tr></thead><tbody><tr><td>1</td><td>Oxford dictionaries</td><td>20</td></tr><tr><td>2</td><td>Counter books</td><td>50</td></tr></tbody></table>	No	Description	Quantity	1	Oxford dictionaries	20	2	Counter books	50	
No	Description	Quantity								
1	Oxford dictionaries	20								
2	Counter books	50								
Received by;										
..... OKWALINGA JOHN										

10. AN INVOICE

This is a document that is written by the seller to send to the buyer showing details of goods that have supplied on credit for a given period of time

An invoice is an indirect request for payment of goods supplied on credit it contains the following;

1. It must be framed
2. Name and address of a seller
3. Business logos
4. What the business deals in
5. Date

6. Discount if any
7. The terms and conditions under which the goods/items were sold
8. Name of the document
9. The L.P.O
10. Invoice number
11. Details of goods that were supplied, quality and quantity
12. Provision of error and omission expected (E\$OE)
13. Signature name and title of a person sending, this is always done by the sales manager

An illustration of an invoice

ABs	ARISTOC BOOKSHOP P.O BOX 1235, KAMPALA.			
Dealers in all form of written literature				
25/09/2014				
CREDIT NOTE	Tel: 031489346			
TO purchases manager`				
Mukono bookshop				
Your account has been credited as follows due to an over charge in the invoice				
No	Description	quantity	price	amount
1	dictionaries	20	sh 20 000	sh 400 000
Total credit; forty thousand only				
SIGN.....				
Name				
Title ; sales manager				

10. Debit note

This is a document sent by a seller to the buyer to correct an undercharge in the invoice it therefore indicates the total amount with which the invoice been undercharged

In the example below mukono bookshop have been undercharged by shs. 10,000 on each copy of the entrepreneurship books that have been bought

An illustration of a debit note

INVOICE NOTE

To _____

NO	Description	Quantity	Unit price
E\$ EO	Total		

TERMS _____

Prepared by _____

Sales manager

Adjustments in the invoice

At times, the seller may commit some errors writing the invoice, these may be additional errors or poor price set in this case, two documents are prepared to correct such an error i.e. credit and debit note

11. A credit note; this is a document prepared by a seller and sent to the buyer to correct

an over charge invoice, it therefore highlights all the amount with which the buyer has been over charged

In the illustration below, Aristos bookshop had over charged mukono bookshop by shs. 2000 per dictionary bought.



ARISTOC BOOKSHOP
P.O BOX 1235, KAMPALA

Dealers in scholastic materials

Date ; 25/09/2014

DEBIT NOTE

TO purchasing manager`

Mukono bookshop

Your account has been debited as follows due to an under charge in the invoice

No	Description	Quantity	Price	Amount
1	EntrepreneurshipBK ₂	21	sh 10 000	sh 21000

Total Debit; Two hundred ten thousand only

SIGN.....

Name; CHEDIKOL JOHN

Title ; sales manager

THE SETATEMENT OF ACCOUNT

This is a document that is sent by the seller to the buyer indicating the following details

Balance brought forward 4m the previous period i.e. the amount of money that remained outstanding (unpaid) in the previous period, details of goods supplied on credit, total payments received during the period debit note and credit notes issued during the period the outstanding amount.

NB; the statement of account services as a general request for effecting payments.

Upon the receipt of the statement of account the buyer will arrange to pay for the goods supplied , this can be effected using two methods.

THE CHEQUE

This is a written order from account holders to the bank instructing the bank to pay a specified sum of money to the named person.

A cheque should contain the following

- ✓ Must be framed
- ✓ Bank name and motto
- ✓ Bank logo
- ✓ The cheque number
- ✓ The account number
- ✓ Name of the person to be paid (payee)
- ✓ The amount to be paid in words and figures

- ✓ The signature of the person using a cheque
- ✓ The name of the person or business
- ✓ The date


Sample of a cheque

Centenary bank	2789345
	3020048420
Our bank	Date _____
Pay _____ or order shillings _____	
<div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div>	_____
2789345	3020048420
	Mukono Bookshop

A RECEIPT; this is a document used by the seller to the buyer to audience that cash or cheque has been received. It contains the following

- i. Must be framed
- ii. The business logos
- iii. What the business deals in
- iv. The receipt number
- v. The name of the customer
- vi. The amount received in words
- vii. The purpose of payment
- viii. The mode of payment i.e. whether cash or cheque
- ix. If the cheque, then the cheque number
- x. Balance of any
- xi. Amount received in figures
- xii. Signature of the receiving officer
- xiii. Name of the organization
- xiv. Receiving on behalf of

A sample of receipt

	ARISTOCK BOOKSHOP P.O BOX 1782 KAMPALA
Tel. _____	
Email antoc @ gmail	
Dealers in scholastic materials	
	RECEIPT
	Date: _____
Received with thanks from _____	
Shillings _____ being payment _____	
_____ cash/ cheque number _____	
	Balance _____
	Sign; _____
	For and on behalf of Aristoc bookshop

CASH SALE SLIP

This is a document that is used by the seller to the buyer when goods are bought in cash

A cash sales contains the following;

It must be framed

It must have name and address of the business

The business logo

Maintain these parameters at all costs

Be aware that any vacations should be in tolerable limit

WHY AN ENTREPRENEUR SHOULD DO TO IMPROVE QUALITY

An entrepreneur should use goods quality inputs / raw materials

He/ she should use better quality labour/ skilled labour

Should use advanced level of technology.

The business should have clear guidelines in as far as the quality of the products is concerned.

The entrepreneur should ensure adequate and better storage facilities.

Good quality packaging material should be used.

SELECTION OF MACHINERY, EQUIPMENT AND

Machine on the other hand refers to device each part works together with the other to some function e.g. a sewing machines counting in washing machine etc.

Equipment's; these are things needed to do some machines that are specific for particular are also referred to as equipment's counter's calculators type measures, weighing scales etc.

Tools; a tool in any instrument or operator which is held in hands for doing some work e.g. an axe, spade, hammers etc.

Factors considered when selecting machinery, tools and equipment's;

- **The initial cost** of the equipment and machinery. The machines whose cost is relatively low and affordable are purchased more than those which are very expensive
- **Capacity of the machine** i.e. how many units /items it can produce it has got to be made in most cases machinery with higher production capacity that enables the entrepreneur to meet his /her demands will be selected compared to the one with low capacity
- **The ease in maintenance** and repair machinery that his spare parts and repair services available are more selected than those whose spare parts are scarce and expensive
- **Flexibility for adjustment** in changing tastes and prefers an entrepreneur usually selects machinery that can be easily adjusted to the changing needs of customers
- **Availability of other equipment's** required to operate the machinery i.e. complementary machines
- If machinery has other complementary machines which are available then an entrepreneur purchase it however machines without other complementary machines is always not considered when purchasing machines
- **Productivity and efficiency** of machinery is easily selected compared to inefficiency
- Complexity of task to be done if a producer is to do a complicated of work such as constructing a term road in a mountainous area then a complicate machine will be chose to do the task
- Life span; machinery which is more lasting / durable should be selected to reduce on un necessary costs of buying or replacing other machinery
- Guarantee given by the manufacture; in terms of efficiency durability, maintainers and safety device. This will encourage business to select a particular kind of machinery as compared to those without guarantee
- Source of machinery and equipment; if the source from which the machinery is purchased is reliable an entrepreneur will be more likely to buy from it than from less reliability sources
- The ease and simplicity to use ;

- Machinery and equipment which are easy and simple to use are more likely to be selected compared to these which are difficult and complete

LABOUR REQUIREMENT OF A BUSINESS

An employee is a person who works for a business in return for a salary or a wage an employee provides skilled semi -skilled or unskilled labour for the business activities or operations

FACTORS CONSIDERED WHEN DECIDING ON THE NUMBER OF AND TYPE OF EMPLOYEES TO WORK IN A PLANNED BUSINESS

The following factors may be considered when deciding on the number and type of employees to work in a planned business

The types of the skilled required; and the work they do in relation to the production process for example carpentry skills for carpentry business negotiation and communication skills for marketing

The number of jobs available; this may vary with the size of the business and that the smaller the business, the less the jobs available and hence the fewer the employees

The number of family members supporting the business; if the family members can support the business fewer employees will be recruited

The costs of hiring labour; in relations to business outputs and profits if the cost involved are high fewer employee will be

The level of demand for the products; if products have a high demand and if the demand is low few workers will be employed

Level of technology used in the business; if high technology is used the level of machinery which be high

After analysis the above factors an entrepreneur should decide on the type of employees to recruit considering the following factors,

Qualifications of the employees; that can enable him/her to perform the required task

Age of employees, in most cases medium aged employees are considered

Working expenses of the employees; He/she must have performed such a task in some other business. This will make him/her suitable for the job applied for

Source of employee, i.e. where the employee is being got from e.g. university, college employment agency etc.

Use of personal relations i.e. how the employee interacts with others

SELECTION OF RAW MATERIALS

Raw materials refer to the best materials from which products are made through a transformation process

Examples of raw materials include cotton for clothes sugar canes for making sugar and toilet papers

FACTORS TO BE CONSIDERED WHEN SELECTING RAW MATERIALS FOR MANUFACTURING BUSINESS

1. **Source of raw materials;** i.e. where the raw material for the production process can be acquired raw materials that are near the business are preferred to those from far.
2. **Cost of raw materials;** cheaper raw materials are affordable are preferred by an entrepreneur to that which are expensive
3. **Quality of raw materials;** manufacturer's usually select good quality raw materials in order to produce high quality products needed by the customers
4. **Terms of purchase;** manufacture tend to select raw materials from suppliers who tend to suffer from favorable terms purchase like discounts credit facilities than those which do not offer such terms
5. **Lead time** i.e. how long it takes for the supplier to deliver raw materials needed or demanded manufacture tend to select raw materials from suppliers who are reliable can deliver within the shortest time per possible
6. Amounts / units of raw materials to be maintained the inventory; this depends on the policy of the business and the rate at which goods are bought. If goods that are produced are sold off immediately an entrepreneur will store more raw materials for continuous produce. However, less raw materials will be stored if goods are not sold immediately
7. Availability and reliability of raw materials; an entrepreneur must check to ensure that raw materials to be selected for a business are available whenever he/she needs them to ensure continuous production
8. Risk of damage; business usually prefer using raw materials which have fever damages as compares those with heavy damages wastes

PACKAGING

Packaging refers to the wrapping, crafting or compression of goods to protect them/ handle them, transport, use and preserve them easily.

Importance of packaging

Protection; good packaging materials are usually strong enough to protect the contents from rough handling and external conditions

Provide relevant information; packaging provides information to the public which is useful to the customer e.g. Ingredients of the product, date of manufacture and expirer date

Portability; well packaged goods are easy to handle and transport up to the consumers especially liquids, cereals and flour e.g. putting soda bottles in a crate

Provide name of the producer; packaging provide the name of the producer which makes the producer much responsible when producing goods and in case of any problem, the producer can easily be soled

Preservation; packaging helps in the preserving of contents/goods especially food products and chemicals, they are protected against atmospheric germs and contamination

Promotion; goods packed well and attractively create a good product image, this facilitates the selling identify the product through its appearance

Portioning; the products may be packed in relatively small sizes according to weight, length, volume, common usage etc. this makes it easy to handle and use and better still pricing

Distribution; packed goods can easily be delivered customers for example by mail order service

Ease of selling; some packed goods can easily be sold to automatic vending machines

Self-service; this is made possible through packaging it would be relatively hard for super markets operate if goods were not packed

Instruction labels; instructions are always printed as guide to educate the customers about the importance and uses of the product

Product differentiation; packaging makes products to look different from those of the competitors

Types of packaging

The common types of packaging include;

Bottling i.e. putting contents in bottles

Tuning i.e. putting contents in tines

Bagging i.e. putting contents in bags

Boxing i.e. putting contents in boxes/ car tents of different types

NB the nature of goods determines the type of materials used for packaging

The different type of materials used for packaging include;

Metals e.g. aluminum, steel tins plates

Plastics e.g. polythene papers, jerry cans, bottles

Wood e.g. cartons, packaging cases etc.

Paper e.g. trays, boards

Glass e.g. bottles

Laminates e.g. aluminum foils, plastics films etc.

Polyesters

Jute e.g. bags

Factors considered when dosing the packaging materials to be used for a product

Source of packaging materials and supply

Entrepreneur should use packaging materials whose source are reliable

Availability of packaging materials in large quantities or amounts; entrepreneurs should use packaging materials that are readily available in quantities that are desired by the business

The unit cost of the packaging materials required per production; cycle and inventory levels to be maintained entrepreneurs should choose materials whose unit cost is low

The cost of packaging in relation to the goods being packaged; on average, the packaging cost should not exceed 10% of the value of the products being packaged required special type of packaging material like bottles, jerry cans etc. likewise for solids

The purpose of packaging; for example if the purpose is promotion then attractive packaging materials are selected

Means of transport to be used for transporting packaged goods e.g. if a rough means of transport like rail way is to be used then hard packaging materials like wood should be selected

The nature of the product to be packaged; e.g. shapeless products may need huge where they can easily fit

UTILITIES AND SERVICES

Utilities; these are goods and service needed to support the productive and business operation when they are available, business function efficiently and are able to effectively meet their product targets

Example of utilities include the following

Electricity, transport, communication, financial services, insurance water and security

Importance of utilities and services in business

Communication service helps entrepreneurs to convey information to their workers, customers, suppliers etc., through the different modes of communication.

Banking services assist the public with financial services such as insurance services protect the business from the effects of insured risks if they are to materials

Transport services move people and goods from one place to another

Electricity provides power to run machinery and other processes used in production of goods and services

Warehouse services help in storing and protecting raw materials and finished goods against atmospheric conditions and theft they also help the business to keep enough of the required stocks

Security services protect the property against thieves

Advertising services help to promote goods and services by informing the public about them their purpose and why they are necessary for the consumers

Repairing services help to restore the productive capacity of machines and equipment's

TRANSPORT IN BUSINESS

Transport refers to the physical movement of people or goods from one place to other

In a business transport helps in the moving of goods to the customers/ getting raw materials from their service up the business premises

Modes of transport used by different business

- i. Road
- ii. Railway
- iii. Water
- iv. Air
- v. Pipeline

Factors influencing the mode of transport

1. Size of the load; bulky goods may be transported/railways, lorries if goods are crossing continuing oceans; water transport would be used however, goods are light, they can be transported by air or road
2. Distance to cover; long distance can be easily covered by short distance
3. Value of goods valuable goods like precious mineral i.e. gold diamond etc. may be transported easily by air
4. Flexibility of the mode of transport; if the goods are to be solid ion the road transport would be the most preferable system because it is easily controlled by the entrepreneur i.e. bakery, milk deal use this mode of transport
5. Speed and urgency; when goods are required urgently, requires a fast mode of transport like air transport.

Importance of Transport

Facilitates movement of materials from their source to manufacturing firms for example tea leaves are transport to the factories to be transformed into tea, sugar canes to be manufactured to sugar

Bridges the gap between the producer and the customer brings goods produced to customer where they

Helps in moving goods from areas of plenty to areas of scarcity thereby eliminating black-marketing (illegal selling of goods and over charging) by ensuring that goods needed by the customers are available

Transport links entrepreneurs to markets wherever they may be

With good transport system, entrepreneurs are able to get rid of surplus stocks to areas with high demand for it

Encourages development of enterprises anywhere since entrepreneurs are motivated to locate their ventures in areas with good transport system

Transport leads to movement of goods from various places which avails customers with a variety from which to choose

PERSONNEL MANAGEMENT AND ADMINISTRATIVE EXPENSES IN A SMALL BUSINESS ENTERPRISE

Personnel management is concerned with how an entrepreneur handles and gets along with his/her workers and how well his workers meet the customer needs

Or personnel management involves the effective control and use of workers to do activities required in an enterprise

The role of an entrepreneur as a personnel manager in business

The entrepreneur performs the following roles as a personnel manager in small business enterprise

Dealing with disciplinary problems an entrepreneur should be able to handle any conflict that arises between the workers or between workers and their supervisors.