

CCMBO502: Entrepreneurship

Competence: Organize a business

Purpose statement

This module covers the skills, knowledge and attitude to organize a business, which is linked to organizational strategic outcomes and facilitates the achievement of service delivery. The module will allow the learners to Identify activities to be accomplished before real business operations, create a productive working environment, run real business operations, monitor and evaluate the business.

Learning outcomes

At the end of the module, the learner will be able to:

1. Perform business opening activities
2. Create a productive working environment
3. Run real business operations
4. Respond to customer needs
5. Monitor and evaluate the business

Learning outcome 1: Perform business opening activities

L.O 1.1 Verification of Business start-up requirements

Meaning of business requirements

Business requirement is something that business needs to do or to have in order to stay in business; they help the business to deliver highest value to the customer.

A business requirement can be:

- Process they must complete
- A piece of data they need to use for that process
- A business rules that governs that process and that data.

Different office equipment is like office Equipment's, Office Furniture's, offices supplier raw material and financial resources.

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Steps of business requirements estimations or analysis

Def: A business requirements analysis is all about identifying, analyzing, and documenting the key requirements related to a business problem that needs to be solved or an organizational objective that needs to be met

A requirements analysis process involves the following steps:

- Step 1: Identify Key Stakeholders and End-Users
- Step 2: Capture Requirements
- Step 3: Categorize Requirements
- Step 4: Interpret and Record Requirements.

Steps guiding to starting a business

1. Evaluate yourself
2. Think the business idea
3. Do market research
4. Get feedback
5. Make it official
6. Write your business plan
7. Finance your business
8. Develop your product
9. Start building your team
10. Find a location
11. Start getting some sales
12. Grow your business.

Business location

DEF: Location of business is a place where it is situated.

It is made of:

- Working place layout
- Office equipment
- Office furniture

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The business person in order to choose location, he/she has to make careful assessment of cost. The ideal location would be one where cost is minimized, Where had to offer as well the benefits.

Factors to consider when choosing business location.

1. Availability of raw materials

If you intend running a manufacturing or production business, then availability of raw materials is a factor you must not joke with when choosing your business location. If your business is not sited close to these raw materials, then sourcing and transportation will reduce your profit margin

2. Nearness to market

The next important factor to consider is the nearness of your business to its customers. Are your customer's resellers or end users? Answering this question will help you determine the best area to locate your business. Remember that for your business to succeed, you must make it easy for customers to find your product.

3. Availability of basic infrastructure

Availability of basic infrastructure can affect your choice of small business location. Infrastructure such as water supply, power supply, good road network and security are things to consider when locating your business.

4. Economic policy

The economic policy or system of a particular region may also affect your decision and choice of location. Some economy favour capitalists and others are driven by socialism; where the government controls all businesses. Other sub-factors to consider are government's policy, fiscal and monetary policy, exchange rates, taxes, levies and duties.

5. Demographics

Demographics as a factor can have a big influence on your choice of business location. The type of product or service your business offers and the status of the customers will play a vital in your choice of small business location. I will share an example:

Suppose you are into the business of selling stationeries. That means your demographics should be made up of students, so your best bet of location should be within school vicinity.

6. Psychographics

The mind set of your customers or the aura of a particular region is also a factor to consider when choosing a location for your small business. For example; if you site your business in a region where tribalism thrives, then you are doomed if you are not a member of the tribe.

7. Industrial Clusters / areas

Some entrepreneurs may decide to site their business in industrial areas or clusters due to the infrastructure and amenities already on ground. Industrial areas are areas mapped out specifically for commercial purposes especially manufacturing firms. These areas are sometimes given special attention such as good road network, constant power supply, etc. In some certain regions, heavy duty manufacturers are forced by the government to site their companies in these industrial areas.

8. Export processing zones

Locating your business in an export processing zone may be a smart choice for you especially if are an exporter. Locating your business in such regions means a reduction in transportation cost, faster inspection and clearance of your products by custom officials and so on

9. Free trade zones International free trade zones and trade fair centers

are also good places to site your business because it is accessible and normally receives wide publicity.

10. Distributive channel

If your business does not deal directly with end users or final consumers, then it's wise to put your distributive channel into consideration when choosing a location for your small business. The more you make it easier for your distributors to access your products, the better for your business. Starting up business require both office furniture's, office equipment and network equipment. All these requirements should be well arranged in order to ensure goods working place layout.

Essential office equipment:

- Business telephones system,
- Computer and different software,
- Computer network and internet
- Printer, smartphone, mailing, furniture, stationery office suppliers.

In order to start –up business, entrepreneur must identify the following issues:

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Raw material for initial storage

Raw material for initial storage include:

Production equipment and machinery, production consumable

Start-up finances

Start-up finance is the finance needed when starting a business

When starting a business, the entrepreneur must think on the following:

1. **Quantity of financial needs:** to ensure you have adequate funds, it's important to estimate your financial needs before starting a new business. The first step is to figure out your expenses. These can be divided into one-time start-up costs and recurring expenses.
2. **Financial sources:** they include Personal investment, Debt financing, Grants and subsidies from the government; family and friends contributions; retained profits, sales of stock, sales of fixed assets, saving of the owner, trade credits, commercial bank loans, secured loans, government grants, donors from outside...)
3. **Allocation of finance resources:** financial resource allocation is the process of assigning and managing money assets in a manner that supports an organization's strategic goals.
4. **Importance of financial management:** Financial management is strategic planning, organising, directing, and controlling of financial undertakings in an organisation or an institute. It also includes applying management principles to the financial assets of an organization, while also playing an important part in fiscal management
5. **Evaluating sources of business capital:**Such as, monitoring well where the finances will come from?

LO1.2 Recruit employees in line with task requirements

Meaning of employee recruitment

Recruitment is a process of finding and hiring the best-qualified candidates from within or outside of organization for job opening in timely and cost effective manner. The main purpose is to select those who are the best to meet the needs of organization.

Process of employees' recruitment

1. **Staffing Plan and forecasting (Recruitment Planning)** Recruitment planning is the first process of the recruitment process, where the vacant positions are analyzed and

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described. It includes **job specifications** and its nature, experience, qualifications and skills required for the job, etc

2. **Recruitment Strategy (Write job description and job Specifications)** Recruitment strategy is the second step of the recruitment process, where a strategy is prepared for hiring the resources. After completing the preparation of job descriptions and job specifications, the next step is to decide which strategy to adopt for recruiting the potential candidates for the organization. The development of a recruitment strategy is a long process, but having a right strategy is mandatory to attract the right candidates. The steps involved in developing a recruitment strategy include **Setting up a board team; Analyzing human resource strategy; Collection of available data Analyzing the collected data**
3. **Searching the Right Candidates Searching** is the process of recruitment where the resources are sourced depending upon the requirement of the job. searching involves attracting the job seekers to the vacancies. The sources are broadly divided into two categories: Internal Sources and External Sources
4. **Screening / Shortlisting Screening** is an integral part of recruitment process that helps in removing unqualified or irrelevant candidates, which were received through sourcing.
5. **Evaluation and Control Evaluation and control** is the last stage in the process of recruitment. In this process, the effectiveness and the validity of the process and methods are assessed. Recruitment is a costly process; hence it is important that the performance of the recruitment process is thoroughly evaluated.

Recruitment stages.

- Define your need for recruiting
- Plan carefully
- Write an awesome job description
- Searching/sourcing
- Screening/shortlisting Identify the best candidates
- Interview
- Offer
- Hiring
- Integration or On boarding

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Function of employee's recruitment (recruitment steps)

1. Job Design and Development

In order to find someone to work for a company, a recruiter first has to know exactly what the company needs. The first function of recruitment thus is to identify what the new employee will do and what qualifications and experience is necessary to complete the work tasks. From the identified points, the company develops a formal job description and sets a basic pay scale.

2. Identifying and Seeking Candidates

Once the recruiter knows what type of employee the company needs, he figures out what segments of the population might be able to do the job and where to recruit. For instance, if the company needs an information technology professional, then the recruiter may consider recruiting through information technology programs, journals or conferences, as well as computer repair stores

3. Receiving and Tracking Applicants

Potentially hundreds or even thousands of people can apply for a single job. The recruiter keeps track of the applications that come in through spreadsheets and databases. He tries to organize the information so that the candidates who appear most qualified are easy to find and contact.

4. Reference and Background Checks

Another function of recruiting is verifying the experience and work ethic of the candidate. Recruiters do this by contacting the references the candidates list on their applications. They also do a basic background check to see if the candidate has any criminal history that might indicate the employee would not be able to perform the job properly or would pose a risk.

5. Testing

When the recruiter has narrowed down the pool of applicants, he invites applicants to take basic tests. These tests are additional tools the company uses to determine if the applicant has the knowledge and competence necessary to do the job. The test may be hands-on or oral, but more often it is written.

6. Interview

When a company has a pool of applicants that are qualified, experienced and who score well on aptitude tests, managers set up interviews. The interview gives the managers a chance to get a sense of what each candidate is like and talk with each applicant in depth about his experience and qualifications. Interviews are very important because they show the managers how the employee might interact with others on the job and how professional he can be.

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7. Evaluation and Hiring

The final functions of recruitment are the evaluation of all the information gathered about the candidates managers still are considering. Based on this data, the managers think critically about what they have learned about the applicants and what the company needs. They make a final hiring decision and contact the person they want to have the job. If the applicant selected accepts the job, then the managers proceed to negotiate a salary and handle the formal aspects of hiring, such as filling out human resources paperwork.

Principles of strategic employee recruitment

The following is a list of principles, laws, or guidelines to help you design and implement effective recruiting **strategies** and approaches:

1. A well-defined strategy.
2. Pipeline approach
3. Competitive
4. Global
5. Target employed “non-lookers
6. Sourcing is critical
7. Build a recruiting culture.
8. Prioritize jobs and targets
9. Diversity.
10. Selling applicants.
11. Technology.
12. Integration.
13. Talent shortages.
14. Remote work options.
15. Metrics and rewards influence recruiting

Methods/sources of recruitment personnel

Advertising

Advertising is the practice and techniques employed to bring attention to a product or service. Advertising aims to present a product or service in terms of utility, advantages and qualities of interest to consumers.

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Social media

Social media are interactive technologies that facilitate the creation, sharing and aggregation of content amongst virtual communities and networks. Common features include: Online platforms that enable users to create and share content and participate in social networking

Employee referrals

Employee referrals as a source of potential candidates. Employee referrals are a valuable source of potential candidates for organizations

Employment exchanges

Have been set up by the government for bringing together job seekers and employers who are looking for employees.

Employment website

An employment website is a website that deals specifically with employment or careers. Many employment websites are designed to allow employers to post job requirements for a position to be filled and are commonly known as job boards (Job boards are websites that display job vacancies across a wide range of sectors)

Considerations when recruiting employees in a business

These are eight(8) critical factors to consider when hiring an employee

1. Loyalty

It costs a lot of money to hire and train people. You need to find people who you believe will stay with you for a long period of time. They will learn more than other employees in this time. A loyal employee will also work harder for you than a disloyal employee. A good employee won't help you much if they are ready to leave at the scent of something slightly better somewhere else. You need to consider how candidates have shown their loyalty to previous employers. One of the best ways to see loyalty, though, is through their work history. How long has the candidate worked for one employer before moving on?

2. Personality

An employee's personality can really affect the mood in the office. You want someone who exudes positivity and happiness as opposed to someone who is always stressed or rude. You also want someone who fits into the culture you're trying to create in your office. Get a sense of a candidate's personality with simple small talk. You will also get a sense of their personality through their body language and their general aura. You also need to hire people with the right personality for the job. A customer service

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employee will likely have a different personality than an aggressive sales associate. Yet, an IT tech will have a different personality all together.

3. Experience

No matter how nice a person is, you need to know that they can do the job. A good way to determine a person's ability to get the job done is by looking at their experience. Have they done similar work at other positions? How long have they been performing these duties? Do they have education in the area of work? The more experience someone has, the more they will be able to contribute with the least training. Of course, you also want to find someone who is trainable and is willing to adapt to your systems and processes.

4. Hard Working

You aren't going to get to the next step in your business by being lazy. You can't let your workers get lazy, either. You need to hire people who work hard and put their all into whatever they do. A hard worker is the person who will stay late or find things to do when work is somewhat slow. These are also the people who will reach out to customers to do the extra mile, ensuring those customers come back to your store again. You can tell a candidate is hard working by asking about a time that they went above and beyond at work.

5. Common Sense

There are certain things you just cannot teach. One of the most important things that people just need to learn on their own is common sense. The perfect employee for you should know how to get things done in the most efficient way possible. They should also be able to figure out basic things for themselves instead of running to you for every little thing. It can be hard to tell if someone has common sense. Try asking trick questions that will make the candidate really think. You can also ask about some of their previous processes at work.

6. Remuneration package to ensure the requested amount matches to the company's budget for the position

7. Expertise and level of competency this refers to the ability of an individual to perform well tasks and to a satisfactory level

8. Education background of the candidate is believed to have great influence outcome of the tasks assigned to employees

Other factors to consider when hiring employees

9. Age of the employees

10. Health status of an employee

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11. Number of employees needed by the organization

12. Cost of the employee

13. Gender of the employee

Factors influencing employee's recruitment

Employee recruitment are influenced by:

Internal and External factors

A. Internal factors

- Budget constraints
- Expected or trend of employee separations
- Production levels
- Sales increases or decreases
- Global expansion plans

B. External factors

- Changes in technology
- Changes in laws
- Unemployment rates
- Shifts in population
- Shifts in urban, suburban, and rural areas
- Competition

LO 1.3 Purchasing of business requirements

Meaning of purchasing

Purchasing is the activity of acquiring goods or services to accomplish goals of an organization.

Purpose of purchasing

- Maintain the quantity and value of company's product
- Minimize cash tied-up in inventory.
- Maintain flow of inputs and outputs
- Strengthen the organization competitive position

Types of purchasing

Mainly there are two types of purchasing:

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Centralized Purchasing

A purchasing system in which all the departments of a company with a wide geographical distribution can make purchases through a common purchasing organization.

Decentralized Purchasing

Decentralized purchasing refers to purchasing materials by all departments and branches independently to fulfil their needs. Decentralized purchasing helps to purchase the materials immediately in case of an urgent situation.

Merits of centralized purchase

The following are the **merits** of centralized purchase.

- Better material control
- Better layout of storage space.
- Utilization of high technical skill.
- Minimum finance required.
- Better supervision of materials usage.
- Less clerical work.
- No duplication of purchase.
- Better facility for stores audit.
- Quick stocktaking.
- Lower cost of insurance.

Demerits of centralized purchase

The following are the demerits of centralized purchase.

- High cost of internal transport.
- Non-availability of materials for production in time.
- Greater risk of obsolescence.

Merits of decentralized purchasing

The following are the merits of decentralized purchase

- Less cost of internal transport.
- Timely availability of materials
- Lower chance of obsolescence.

Demerits of decentralized purchase

The following are the demerits of decentralized purchase.

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- Poor layout of space
- More finance required
- Less technical skill is obtained.
- More clerical work.
- Duplicate purchase of materials.
- Slow in stock taking process
- High cost of insurance.

Principles of purchasing

Some of the major principles of purchasing are:

1. Right Quality:

The term right quality refers to a suitability of an item for the purpose it is required.

2. Right Quantity:

Materials purchased should be of right quantity. The right quantity is the quantity that may be purchased at a time with the minimum total cost and which obviates shortage of materials. Economic Order Quantity (EOQ) helps in determining the right quantity of materials to be ordered.

3. Right Time:

The time at which the purchases are to be made is of vital importance. In case of items used regularly, right time means the time when the stock reaches the minimum level. The reorder level of material is fixed for each item under the principle of right time.

4. Right Source:

Selecting the right source for the purchase of materials is an important consideration in the purchase procedure. The right source for the procurement of materials is that supplier who can supply the material of right quality as ordered, in right quantity as ordered.

5. Right Price:

Determination of right price is a difficult task. It is the main object of any organization to procure the material items at the right price. It is that price which brings the best ultimate value of the money invested in purchasing the materials.

6. Right Place:

Besides obtaining the materials of the right quality and quantity from the right source at the right price, it should be ensured that the materials are available at the right place. Transportation and

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material handling costs are greatly affected by the selection of the right place from where the materials are to be acquired.

Purchasing procedures

Meaning of purchasing procedure Purchasing is the formal process of buying goods and services. The purchasing procedure can vary from one organization to another, but there are some common key elements. The process usually starts with a demand or requirements. This could be for a physical part an inventory services economics.

Steps involved in purchasing procedures. The set of procedures used to identify products for purchase are:

Steps in the purchasing process

- Identify the needs
- Specify the requirement
- Find and choose a supplier
- Negotiate costs for products and services
- Get order approval
- Place the order
- Receive and approve the order
- Review supplier performance
- Making the Payment

Documents used in purchasing process

1. **Material requisition:** The Material Requisition Note is an authorization to the storekeeper to issue raw materials, finished parts or other items of stores. It is signed by a responsible person of the department that requires this material.
2. **Inquiry:** The letter of inquiry is a letter written by the purchasing department and sent to various suppliers requesting them some information concerning the prices, conditions and quality of goods which can be supplied.
3. **Reply or quotation:** Quotation is an offer to supply goods according to the terms and conditions stated.
4. **Purchase order:** A purchase order is a commercial document written and signed by buyer to be sent to a seller indicating merchandises or goods to be sold and the delivery and payment's conditions.
5. **Advice note:** An advice note is a document issued by a supplier of goods that advises the customer that the goods have been sent. An advice note is typically received before the goods themselves and usually provides details such as the quantity of goods and how they have been sent
6. **Delivery notes:** The buying organization also signs the delivery Note which is sent by the supplier together with goods. A delivery note is a document that lists all the goods included in a delivery, and is often referred to as a dispatch note, or goods receipt. The note is

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included in the shipment and lists the quantity of products included in the delivery, it doesn't list any values like price of goods.

7. **Good received note:** The goods receipt note is an internal document produced after inspecting delivery for proof of order receipt.
8. **Invoice:** An invoice is a time-stamped commercial document that itemizes and records a transaction between a buyer and a seller. If goods or services were purchased on credit, the invoice usually specifies the terms of the deal and provides information on the available methods of payment:
9. **Debit note:** A debit note is a document used by a vendor to inform the buyer of current debt obligations, or a document created by a buyer when returning goods received on credit. The debit note can provide information regarding an upcoming invoice or serve as a reminder for funds currently due.
10. **Credit note:** A credit note is a letter sent by the supplier to the customer notifying the customer that he or she has been credited a certain amount due to an error in the original invoice or other reasons.
11. **Receipt:** A receipt is a piece of paper or electronic document confirming that the seller received money from the purchaser. ... It also includes a description of the item the buyer purchased. When the transaction is between two businesses, receipts contain information about the method of payment and the buyer.

Meaning of supplier

A supplier is a person, organization, or other entity that provides something that another person, organization, or entity needs. During transactions, there are suppliers and buyers. Suppliers provide or supply products or services, while buyers receive them. We commonly use the term 'vendor' with the same meaning as 'supplier.' In business, for example, every company has at least one supplier.

Factors influencing choice of effective suppliers.

1. **Price:** The price of supplies will have a direct effect on how much it costs the company to produce a product. A higher cost of raw materials will lead to a higher cost of production. If a company can find a cheaper supplier, it could lead to increased profit.
2. **Location and transport costs:** If a supplier is located near to your company, the transport and delivery costs will be lower. If the product being supplied is perishable it would be better to source a supplier close to your business as they will be able to deliver the goods quickly.
3. **Lead-time:** time is the amount of time taken between an order being placed and an order being received. Some companies will require stock to be delivered quickly especially if the products are perishable or the company is using just in time (JIT) stock control methods.
4. **Product quality:** The quality of raw materials will have a direct effect on the quality of a business's finished product. It is important to source supplies of a high standard or it may affect your finished product and therefore your customer satisfaction.
5. **Reliability:** If a supplier does not deliver at the agreed time, or with the correct goods, this can affect a business's ability to produce and deliver their product to the customer.

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6. **Reputation of Suppliers:** suppliers that have a good reputation will be more likely to fulfil orders on time and provide a high quality product. If a supplier has a bad reputation, you may not be able to rely on them to provide the quality supplies that your company requires

Learning outcome 2: Create a productive working environment

LO 2.1. Set business ethical conduct

Define the term ethical conduct

Ethical Conduct literally means simply doing the right thing. A work ethic is a personal set of values that determines how any employee approaches their work. Employees with strong work ethics are highly motivated and produce consistently high-quality results. A good work ethic can be taught as long as behaviors that are more productive are clearly demonstrated to your employees. Ethical behavior tends to be good for business and involves demonstrating respect for key moral principles that include **honesty, fairness, equality, dignity, diversity and individual rights**.

Ethical codes of conduct contain **general principles and ethical standards of conduct** that guide the behavior of a licensed health care professional

Objectives of ethical conduct in a business

Ethical behavior and corporate social responsibility can bring significant benefits to a business. For example, they may:

- a. Attract customers to the firm's products, which means boosting sales and profits
- b. Make employees want to stay with the business,
- c. Reduce labor turnover and therefore increase productivity
- d. Attract more employees wanting to work for the business, reduce recruitment costs and enable the company to get the most talented employees
- e. Attract investors and keep the company's share price high, thereby protecting the business from takeover.
- f. Ethics is important to businesses for many reasons. Businesses can increase sales or increase their reputation.

Rules and regulations of the business

The principles that governing a business are:

Running a business requires one to have positive attitudes so that they can be successful. Business people should cultivate positive attitudes in them so that even with the challenges that they may face, they can achieve their desires. Some of the positive attitudes are discussed below:

Being open minded

Open minded people can face life better since they can comfortably accommodate the changes that take place in their lives. This attitude enables someone to handle challenges better, listen and accommodate other peoples's opinions and be ready for drastic changes. The corporate world faces many challenges. To be able to deal with them and come out better, business people need to be open-minded about the hardships, changes and meeting others in their line of work. An open minded business person is more likely to succeed than others.

Being courageous

The business world requires brave persons. Courage overwhelms every fear and boosts self-confidence. With all the worries of running a business to fail, a business person needs to be courageous. Courage enables business people to be risk takers. Taking risks in business is normal since most successful people are risk-takers.

Commitment and hard work

Nothing good comes easy in life. Business people need to be committed to their businesses to achieve good results. Enterprises require someone committed to running the daily activities. Hard work is a critical attitude that successful individuals keep in mind. Hard work pays all the time.

Being optimistic Optimistic

Individuals can deal with challenging situations in better ways than pessimistic individuals. Developing this attitude means realizing that misfortunes occur in business, developing plans on how to deal with it and implementing the strategies to get the best results out of it. Optimistic persons are always willing to make efforts to improve the adverse circumstances they are facing. Every business person should have this attitude, since running a business still faces challenges that require one to face and deal with them positively.

Being pro-active

Proactive people take action immediately if there is a problem that has occurred. They do not lament over the issues they are facing. Instead, they look for solutions once a challenge comes up. Such kind of attitude is required for business people since changes occur in business operations every time and they need to act upon them once they happen. Business people require positive attitudes to run their activities successfully. If they have a positive attitude, they can achieve the best results, attract more clients, acquire skilled workforce, and make huge profits.

Sanctions proposed by the law in business Sanctions,

In law and legal definition, are penalties or other means of enforcement used to provide incentives for obedience with the law, or with rules and regulations.

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1. **Criminal sanctions** can take the form of serious punishment, such as corporal or capital punishment, incarceration, or severe fines. In business, sanctions **may be comprehensive or targeted**.

Comprehensive: prohibiting commercial activity with regard to an entire country (embargo)

Targeted: blocking transactions by and with particular businesses, groups, or individuals.

Types of unethical behavior in a business

1. Mistreating employees (Workplace Discrimination)

It can involve hiring or firing, how job assignments are made, how much employees are paid, how promotions are given or denied, opportunities for training, and available fringe benefits. Discrimination can be a violation of law. Another form of discrimination in the workplace is sexual discrimination.

2. Financial Misconduct

Financial misconduct means fraud, gross negligence or intentional or willful misconduct that contributes, directly or indirectly, to the Company's financial.

3. Misrepresentation

A misrepresentation is a false statement of a material fact made by one party which affects the other party's decision in agreeing to a contract.

Techniques of encouraging a positive ethical behavior in business

A company's ethical climate, goals and policies can all have a significant impact on employee behavior. You can help your employees to behave ethically by aligning your company's management practices with your expectations.

1. Rewards

Catch employees "doing something right" and reward ethical behavior.

2. Expectations

Ensure that your company states its values in the employee handbook and that these values are talked about and implemented in everyday business matters by all employees in a supervisory capacity.

3. Training

Through training, explicitly teach your employees how to behave in an ethical manner.

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4. Policies

Sometimes implementing a policy to prevent unethical behavior is the best option

Ways / Methods to address unethical behavior at the workplace

- 1. Create a Code of Conduct**
- 2. Lead by Example**
- 3. Reinforce Consequences for Unethical Behavior**
- 4. Show Employees Appreciation**
- 5. Welcome an Ethics Speaker**
- 6. Create Checks and Balances:** Rather than putting related responsibilities in the hands of one employee create a system of checks and balances to minimize the opportunities for unethical behavior.
- 7. Hire for Values:** When business owners hire employees, many seek to bring on individuals who have the education and experience that prove they are skilled workers, capable of handling the tasks. Employers who want to prevent unethical behavior also look at candidates' values to ensure they mesh with the company's culture.

Methods of handling unethical conduct in business

Here are a few tips to help you deal with unethical coworkers.

1. Do your research

It's important to determine if your colleague is breaking your employer's policy. Check the employee manual to see if the unethical behaviour is mentioned, Most large organizations have policies that keep their staff from using company equipment for personal business and sometimes even mention gossip.

- 2. While not all-bad behaviour is covered in a handbook, you may be able to find a more generic clause to help illustrate your colleague's ill conduct.** If you work at a start-up that does not have a handbook, encourage management to put one together. This would be the perfect time to ensure there is a policy in place for the bad behavior you are witnessing.
- 3. Document the unethical behaviour**

It is important to document what your colleague did and when. If your team or department is ever audited, your documentation will come in handy. It will also help create a paper trail that may keep you from getting in trouble with your employer.

4. Approach your colleague

It is important to approach your co-worker in a calm manner. No one likes to be scolded or feel like they are being threatened. Try the nonchalant tactic and simply say that you want to remind them their behavior is breaking company policy

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5. Speak to management

If your colleague blows you off and continues with the unethical behavior, you may have to speak to a supervisor. Unethical behavior eventually gets noticed by upper management and you don't want to be reprimanded for not speaking up. Remember, speaking up will not just help create a better work environment, but it will also help colleagues recognize your integrity.

Importance of positive ethical conduct in the business

Ethical behavior and corporate social responsibility can bring significant benefits to a business. For example, they may:

1. Attract customers to the firm's products, which means boosting sales and profits
2. Make employees want to stay with the business,
3. reduce labor turnover and therefore increase productivity
4. Attract more employees wanting to work for the business,
5. reduce recruitment costs and enable the company to get the most talented employees
6. Attract investors and keep the company's share price high, thereby protecting the business from takeover.

LO 2.2 Assign responsibilities in accordance with organization structure

Meaning of responsibilities assignment in business A duty or obligation to satisfactorily perform or complete a task that one must fulfill, and which has a consequent penalty for failure.

Attribution of responsibilities

- **Estimation of volume of task:** every worker in a company must have to be assigned a number of clear tasks
- **Determination of task's requirements:** task Requirements is a collection of physical, functional, mental and administrative needs that should be covered by the assigned resources: they serve as quality criteria to approve suitability of resources.
- **Allowing time to the volume of task:** every task must have a time allocated to it.

Responsibilities assignment matrix (RAM)

A common problem in many projects is that team members have a wrong perception of their roles and roles of others. Often enough, there is a difference between what a person thinks their role is and what the organizer thinks they should be doing. As the process goes, this confusion is likely to grow. With time, team members can drift away from what they were assigned to do originally. This can lead to:

- Conflicts over who is ought to do the job.
- Lack of people to handle crucial tasks unbalanced workloads for different team members

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- Lack of action because of uncertainty and ineffective communication; creation of non-essential and unnecessary tasks to fill time; idleness and poor morale.
- Creation of non-essential and unnecessary tasks to fill time
- Idleness and poor morale.
- Unbalanced workloads for different team members
- Lack of action because of uncertainty and ineffective communication

This is where RACI matrix comes handy, It's a responsibility charting tool that specifies not only who is responsible for a given task, but also the role of each person involved in it. By constructing a RACI matrix, a project manager can make sure that the team members stick to the specific roles he or she wants them to take. It helps avoid any kind of confusion about roles sometime down the line for the project.

RACI matrix

Essentially, RACI matrix is a project management tool. RACI stands for **Responsible, Accountable, Consulted, and Informed**. The four roles assigned to team members. The tasks are normally listed in the first column of the matrix and the team members are listed in the top row of the table. Responsibility charting through creating a RACI matrix brings clarity to what every team member has to do in the project. In addition to that, it serves as a check on what should be done and who's ought to be doing what in the future.

The Four Roles in RACI Matrix

Responsible (R)

“**Responsible**” refers to the person who actually completes the task – aka “the doer.” There always has to be at least one Responsible per each task. If you are missing an R in any of the rows of the matrix – you have a gap that has to be filled immediately.

Accountable (A)

“**Accountable**” is the person who is ultimately answerable for the activity or decision to be made. This is someone who has the final authority over the task – typically some kind of a manager or senior offices. Typically, you should have the minimum number of people accountable for every task. In most projects, there will be only one person listed as “accountable.”

Consulted (C)

“**Consulted**” is the adviser for the given task or entire project. Normally, this is the subject matter expert whose opinion you seek before making the final decision or action. Keep in mind that you should keep the number of C's to the minimum for each row. Having too many consultants can slow down the process significantly and add unnecessary deliberation and idle discussion. Too many C's can raise the risk of poor performance.

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Informed (I)

“**Informed**” are the people you keep updated on how the process is going. These would be the people who you will notify once the task is completed and who will take action as the result of the outcome. There can be as many “informed” as necessary per process. You usually have only a one-way communication with these people.

LO.2.3 Maintain good relationship with customers and suppliers

Meaning of a term relationship in business

Business relations are connections between stakeholders in the process of businesses, such as **employer–employee relationships, customer-supplier relations**, managers as well as outsourced business partners.

Purpose of maintaining a good relationship with customers and suppliers

The major purpose of maintaining good relationships with customers and suppliers is to keep them happy and interested in doing a fruitful business with your company.

Methods used to maintain good relationship with customers and suppliers

Methods used to maintain good relationship with customers

1. Communicate.

Find out what your customers need, then show them that you have a solution to their problem. Train your employees to communicate with customers and take care to answer customers’ communication.

2. Exceed expectations.

Try to serve the customers better than you think they expected. Do this by offering great products or services, you can even do it by delivering a product or service faster than anticipated. This will make your customers keep coming back.

3. Ask for feedback.

Invite customer feedback to show you are listening. Customer feedback helps you find out your customers’ specific needs so you can find the best solutions to their problems.

4. Connect.

With technology, there are more ways to begin conversations with your customers than ever before. There are many online tools and social media outlets you can use to reach customers.

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5. Show appreciation.

Reward long-time customers with a loyalty discount program. You can hand out reward cards. With a loyalty program, customers earn points for buying your goods or services. After earning a certain number of points, the customer gets a reward.

Methods used to maintain good relationship with suppliers

1. Always pay on time.

Your suppliers are in business, just like you are; they want to get paid as much as you do. Your best bet is to reach out to them before they begin to call you to follow up on overdue bills.

2. Personalize the relationship.

Get to know them. It's easy to get caught up in email communication, but face-to-face contact and the occasional phone call is important. Suppliers can be advocates for your business; their industry contacts might in fact become your clients in the future.

3. Share information.

Share information about your business. Keep suppliers in the loop about changes in key staff, new product lines and special promotions. This lets suppliers know you value the relationship. It also provides them the opportunity to market more of their services to you if they spot an additional service they can offer.

Importance of maintaining good relationship with suppliers

- 1.** It can help to get monetary benefits. The good relationships we have with suppliers enable us to get discounts on goods we purchase.
- 2.** It enables to improve your manufacturing processes as suppliers will feel it a necessity to provide you with better quality supplies which enables to grab a market share from competitors.
- 3.** Providing mutual assurance and awareness. When you are on friendlier terms, conflict will be easier to resolve. Suppliers will more likely seek ways to improve your operations and they will be able to see your potential needs arise before you do.

Ways to address customers and suppliers' complaints

Ways to address customer complaints

1. Treat complaints as opportunities to redeem missed service expectations and handle them effectively.
2. Acknowledge any error on your part and do everything possible to resolve the problem quickly and to the customer's satisfaction.
3. Thank the customer for bringing his or her concerns to your attention.
4. Have a clear procedure for handling customer complaints including face to-face negotiation in a calm and professional manner. Visit Training for more information on skilling up your staff.

Ways to address supplier complaints

Supplier complaints means the suppliers' expression of dissatisfaction or displeasure about the customer is handling of their dealings.

1. Acknowledge the complaint
2. Review the issue
3. Check your facts - Get a 'fresh eye' to look over the documentation. If you have a written contract, the first thing to do is to read it through carefully. This can help you understand the problem more clearly and get your facts right before any action is taken
4. Discuss with supplier. Contact your supplier as soon as you can and explain the issue. You may be able to find a simple resolution by simply talking it through.
5. Listen to what they have to say-put yourself in their position and try to see the situation from their point of view as well.
6. Make a decision
7. Communicate decision Remember the issue could be a simple misunderstanding. There may be facts or background that you do not know about, so it often pays to give the supplier the benefit of the doubt before you take any action.

Manual procedures for business operations as tool for maintain customer and suppliers relations

A Procedures manual contains the policies, guidelines and processes for the whole organization. It exists to help employees do their jobs in an approved and consistent manner.

Definition of procedures manual

A standard operating procedure manual **is a handbook that lists all the written instructions for an organization's essential tasks.**

Benefits of procedures manual

A main purpose of a procedure manual is to help ensure optimum business operations and consistent delivery of your products and services from your company.

Learning outcome 3: Perform business operations

LO3.1 performing business operations

Production of goods and services

Production is the processes used to transform inputs into goods or services. This could be transforming wood into furniture or the programming and technology to set up a music streaming service. Productivity measures the efficiency of production. How many inputs are required to make the output?

- A. Product differentiation:** Product differentiation is a process used by businesses to distinguish a product or service from other similar ones available in the market. This tactic aims to help businesses develop a competitive advantage and define compelling, unique selling propositions (USPs) that set their product apart from competitors.

Examples: Cars, smartphones, computers, shoes, and perhaps most notably, bottled water are just a few common examples of differentiated products. Companies can also differentiate products by price.

- B. Quality control:** What Is Quality Control (QC)? Quality control (QC) is a process through which a business seeks to ensure that product quality is maintained or improved. Quality control requires the company to create an environment where management and employees strive for perfection.

This is where finished products are checked by inspectors to see if they meet the set standard. Products are inspected at the start and the end of the production process. Any product not meeting the standards of quality set by the business will be sent for rework.

Management of business resources

A. Control of cash flow

What is Cash Flow Management? Cash flow management is tracking and controlling how much money comes in and out of a business in order to accurately forecast cash flow needs. It's the day-to-day process of monitoring, analyzing, and optimizing the net amount of cash receipts minus the expenses.

Types of business resources to control/ to manage

- Financial resources

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- Material resources
- Intellectual resources
- Physical resources
- Labor resources
- Human resources etc...

B. Management of inventory

Inventory management

It refers to the process of **ordering, storing, using, and selling** a company's inventory. This includes **raw materials, components, and finished products, as well as the warehousing and processing of these items**. There are different methods of inventory management, each with its pros and cons, depending on a company's needs

A company's inventory is one of its most valuable assets. In retail, manufacturing, food services, and other inventory-intensive sectors, a company's inputs (such as raw materials) and finished products are the core of its business. A shortage of inventory when and where it's needed can be extremely detrimental

Types of inventory or stock

- Raw materials.
- Work-in-progress.
- Finished goods.
- Maintenance, repair, and operations (MRO)
- Decoupling.
- Safety stock.
- Packing materials.
- Pipeline stock (pipeline inventory refers to the stock of goods that hasn't yet reached its final destination – the items that are either being manufactured, shipped, or distributed)

Marketing strategies

A. Definition of the term Marketing

Marketing refers to the activity of a company associated with communicating, buying, advertising, distributing, or selling a product or service to the customers or clients.

Marketing Mix refers to a combination of factors that can be controlled by a company to influence consumers to purchase its products. It is composed by **The 7Ps** of marketing are that are the following:

- Product,
- Price,
- Place,
- Promotion,

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- People,
- Process
- and Physical evidence

B. Distribution channel

A **distribution channel** is the network of businesses or intermediaries through which a good or service passes until it reaches the end consumer

Human resource management

Human resource management (HRM) is the practice of recruiting, hiring, deploying and managing an organization's employees

- I. Employee portfolio management:** Portfolio management is the centralized management of one or more portfolios, and involves identifying, prioritizing, authorizing, managing, and controlling projects, programs, and other related work, to achieve specific strategic business objectives.
- II. Modes of employee payment:**

Paycheck

Paying employees with paychecks is one of the most popular payment methods. You may consider paying your employees by either writing or printing payroll checks.

Unlike payment methods involving electronic funds transfers (e.g., direct deposit), employees do not need to have bank accounts to receive their wages via check. Instead, employees can use a check-cashing service (for a fee) to receive their wages.

Before deciding to offer this payment method, consider the pros and cons of paying your employees with a paycheck. For example, some employees may prefer the privacy of receiving paychecks because they don't need to share banking information. But, paychecks can get lost or stolen.

Direct deposit

Direct deposit is the most common way to pay your employees, with over 93% using it. One of the biggest benefits of direct deposit is convenience.

With direct deposit, there's no need to physically hand an employee their wages. So, if you or an employee is on vacation, direct deposit recipients will still receive their wages on time.

Once you receive an employee's banking information, you can directly deposit their wages each pay period through an electronic funds transfer (EFT).

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Before deciding to use this way to pay your employees, understand the time frame for processing direct deposit. If you do not run payroll by a certain day, your employees won't receive their wages when expected unless you expedite the process or use another payment method.

Payroll cards

A pay card (or payroll card) is a prepaid card that employers can use to pay employees. Each payday, the card is loaded with the employee's wages for that pay period.

Employees can use the pay card like a debit card, or they can withdraw wages through an ATM or bank cashier. Unlike direct deposit, employees do not need a bank account to receive their wages.

Cash

Paying employees cash is another way you can pay your employees. But if you decide to pay employees in cash, you must be extra careful when it comes to keeping records.

Cash payments to employees might make the IRS suspicious that you aren't taking out the correct tax amounts.

Paying employees in cash makes it more difficult for you to keep track of payroll records. Unlike other payment methods, there isn't an automatic audit trail (e.g., bank records) when you pay in cash.

Mobile wallet

Another payment option increasing in popularity is the use of mobile wallets (e.g., Venmo or Apple Pay).

Mobile wallets for payroll require you to deposit employee wages into their phone's electronic accounts. Employees with mobile wallets can use the funds in their accounts to directly make purchases.

Providing a pay stub

Depending on your business location, you may be required to provide a pay stub to your employees—regardless of their payment method. Pay attention to pay stub requirements by state to stay compliant.

So, what is a pay stub? Pay stubs show employees their gross pay, deductions, and net pay. Think of a pay stub like a receipt that shows employees you've paid them.

Payroll recordkeeping

Regardless of the payment methods for employees, you need to keep accurate records for at least three years.

Detail information like the date, amount, and pay period for all employees. And, record gross wages, deductions, and net pay.

III. Ways of motivating employees

- **Rewards and incentives** serve as tangible recognition for outstanding effort and can take many forms – from perks like extra time off.
- **Empower your employees.** Give **employees** more freedom to make decisions themselves.
- **Encourage autonomy.** Your employees want to feel that you trust them to do their work. Work with your team to figure out what works best for everyone.
- **Employee recognition** encompasses all of the ways your team members are thanked and rewarded for their work done
- **Build a positive work environment.** Both motivation and demotivation can be contagious. Create a **positive environment** by setting an example.
- **Encourage teamwork.** **Teamwork** is the key to improved employee motivation. Working as a team ensures everyone feels valuable and plays a part in achieving a business goals
- **Compensate employees fairly.** Review current salaries at your company and compare them to average salaries for those positions in your area
- **Reward and Recognise Your Employees.** Appreciation is a fundamental human need. When you attach a **reward** to work, everyone gets automatically motivated
- **Improve Employee Motivation with Better Internal Communications** and Prioritize and Promote **Communication** Most often, employee-employer relationships by good communication within the business.
- **Provide training and education to your worker to increase skill**
- **Giving them trainings**
- **Provision of fringe benefits**
- **Fairly and timely service payment(remuneration)**
- **Employee’s participation in decision making**
- **Rewards based on feedback(performance)**

LO3.2.The utilization of available resources

Optimize the utilization of available resources

Meaning of business resources

Definition of business resources: Business resources are Human, financial, physical, and knowledge factors that provide a firm the means to perform its business processes. (See also factors of production).

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Types of business resources

Human resources: are the personnel of a business or organization, regarded as a significant asset in terms of skills and abilities

Material resources: are assets in the form of material possessions.

Financial resources: Financial resources is a term covering all financial funds of the organization. From an economic perspective, financial resources are the part of the organization's assets (property).

Technology resources: Technological resources are intangibles resources such as intellectual properties, accumulated skills and experience, software license and patent. Machinery and materials. Materials are intangible resources that is used to produce a specific product like clothes or bags

Purpose of optimizing the utilization of available resources

Resource optimization is the set of processes and methods to match the available resources (human, machinery, financial) with the needs of the organization in order to achieve established goals.

The purpose of optimizing the use of resources is to achieve desired results within a set timeframe and budget with minimum usage of the resources themselves.

Methods to optimize the utilization of available resources

The resource optimization techniques, in project management, are tools that are used to adjust the implementation and completion dates of project activities to adjust the planned resource used and the resource availability. It is a tool used in the Schedule Network Analysis to calculate the schedule compression of the project. There are basically types of tool/ methods used by the resource optimization techniques as follows:

Resource leveling: This technique adjusts the start to finish dates based on the constraints of the resources. It has a goal of balancing the demand for the resources using whatever supply available. It is used when required resources are available at certain limited times and quantities or when over-allocated. It is also used when the resource is assigned to two or more activities during the same period or if the resource usage needs to be kept at a constant level. Resource leveling often causes the critical path to change.

Resource smoothing: It is a technique used to adjust the activities of the schedule model. It ensures that the requirements for the allocated resource on the project do not go beyond or exceed the pre-defined resource limits. Thus, the project's critical path remains the same thus the completion date may not be delayed

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Resource allocation: distribution of resources to different department

Resource scheduling: aims to calculate the resources required to complete a task or a project within a specified timeframe

Resource forecasting: prediction(planning) for quality and quantity of resources to be used in future

Methods used to control utilization of resources

- ✓ **Procedures of using resources:** In your business, set and agree on how you should use the resources available to avoid misuse.
- ✓ **Targeted result:** For a better use of the available resources, set the results to be achieved using a defined amount of resources and ensure to respect it.
- ✓ **Inventory planned:** Think about the size of inventory that needs to be used in a given period of time and ensure to use it as it is for maximum results.

Importance of optimizing available resources

Here's a list of features of resource optimization that help task managers achieve their goals in less time:

Resource scheduling

Resource scheduling lets managers schedule resources to relevant tasks well ahead of time. Employees, in turn, benefit from being informed of new requirements and can self-assess their ability to accommodate this alongside existing tasks. It also displays scheduling of projects and availability of resources across departments thereby ensuring that the right person is allocated for the right job.

Timesheets

It's necessary to keep track of employee's productivity and the hours they spend on a given task. Timesheets are an important part of resource optimization which enables managers to view the time their employees spend on each task/project. Employees can fill in their timesheets by entering the hours spent on particular projects. This helps the manager keep track of the actual hours spent on a particular task or project on a daily basis. Timesheets provide real-time data which helps the task managers evaluate effectively for future work. Besides giving a complete view of the hours spent on work, it also helps them evaluate productivity and estimate hours for future projects. Moreover, it lets you bring out a project's true billable worth which helps you ensure that billable work is taken up maximum by the high skilled resources. These reports help managers bridge the gap between estimated v/s actual hours ensuring timely delivery of the products. Timesheets are important to maintain a record of time spent on a project and to help you plan better for future project demand. It especially helps task managers in efficiently devising a task management system by estimating the project timeline with accuracy.

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Forecasting

Foresightedness lets you optimize work by generating insights into current capacity utilization and resource demand. It can be derived from insights off an intelligent tool that notifies you about the future hiring needs to meet the project demands.

Besides helping you bridge the gap between capacity and demand, it also forewarns you about the constraints you might face if you take a wrong turn using historical data. Hence, it's an important tool for managers to make strategic decisions and mitigate any forthcoming risks. It also helps the task managers to increase the overall profitability of the business by helping you take the necessary course of action for the future allocation of resources.

Visibility of skills

When planning a project, it's imperative to have complete knowledge of your workforce and their skills. After all, only a person with relevant skills can do justice to the allocated task/project. A resource with competent skills required to accomplish a particular task will take a relatively lesser amount of time to deliver it to the client. They can seamlessly fit their work into existing schedules and still deliver it on or before the deadline. Software that provides complete visibility of skills makes it convenient for the task managers to plan pipeline projects. Besides minimizing delays in delivery, it also gives them an idea about hiring requirements well ahead of time.

LO3.3 Employ targeted promotional and marketing campaigns

PRODUCT PROMOTION

Meaning of product promotion

Product promotion means an action taken by a company's marketing staff with the intention of encouraging the sale of a good or service to their target market. For example, advertising the product in question via print or Internet ads, direct mail or e-mail letters, trade shows, telephone and personal sales calls, TV and radio, ..

Aspects of product promotion

1. **Advertising product or brand:** Product promotion will help if your target audience doesn't know or trust your brand (make the customers know and trust), and this will help you to increase your customer base and sales.
2. **Generating sales:** Sales promotions take many different forms, but they all focus on persuading a target audience to make a purchase or become a client of a business.

Techniques of product advertisement

- **Public relations/publicity:** Public relations (PR) is the practice of managing and disseminating information from an individual or an organization (such as a business, government agency, or a nonprofit organization) to the public in order to influence their perception
- **Newspapers :** a printed publication (usually issued daily or weekly) consisting of folded unstapled sheets and containing news, articles, advertisements, and correspondence."all the newspapers carried the story
- **Sales promotion :** A sales promotion is a marketing strategy in which a business uses a temporary campaign or offer to increase interest or demand in its product or service. There are many reasons why a business may choose to use a sales promotion (or 'promo'), but the primary reason is to boost sales. Sales boosts may be needed to reach a quota as a deadline approaches, or to raise awareness of a new product
- **Personal selling:** Personal selling is also known as face-to-face selling in which one person who is the salesman tries to convince the customer in buying a product. It is a promotional method by which the salesperson uses his or her skills and abilities in an attempt to make a sale
- **Direct marketing:** Direct marketing is a form of advertising that communicates a marketing message directly to a potential customer. A direct marketing campaign happens through emails, social media DMs, mail-order catalogs, promotional flyers and coupons, telemarketing, and door-to-door visits
- **Magazine:** A magazine is a publication with a paper cover which is issued regularly, usually every week or every month, and which contains articles, stories, photographs, and advertisements. Her face is on the cover of a dozen or more magazines. Synonyms: journal, paper, publication, supplement More Synonyms of magazine
- **Posters:** a large printed picture, photograph, or notice that you stick or pin to a wall or board, usually for decoration or to advertise something:
- **Attending trade exhibition:** a large exposition to promote awareness and sales of especially new products within an industry.

Developing marketing campaign strategies

- Clear & concise calls-to-action
- Hyper-target to a niche audience
- Create a story that speaks to all medias
- Make it easy to Share
- Inspire interaction
- Use a memorable and repeatable spokesperson

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LO3.4 Registration of the business organization

Meaning of business registration

Registering your business simply means taking all of the steps necessary to ensure that your business is legally recognized by any relevant government authorities. This includes obtaining tax-ID numbers, bank accounts, licenses, permits, and much more.

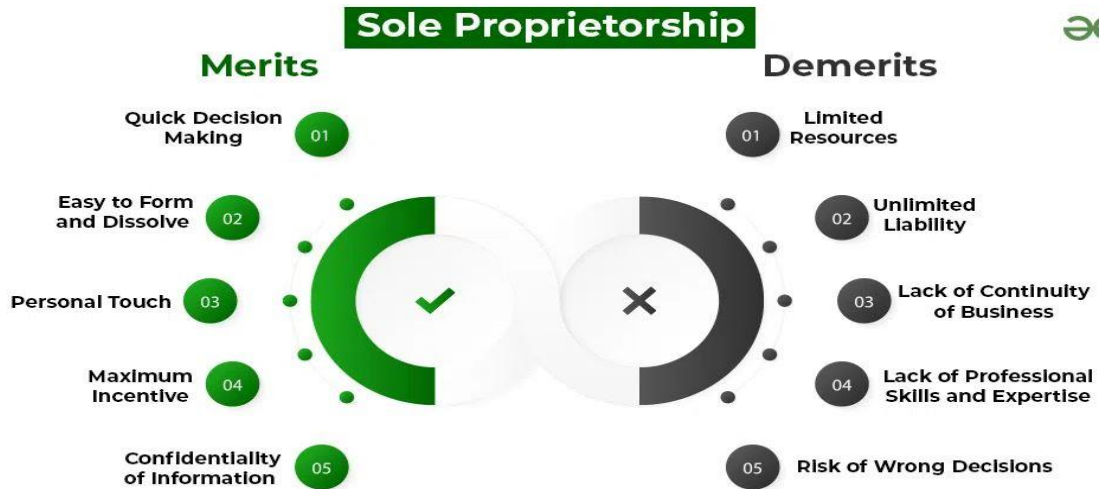
Types of business organization

Sole proprietorship: A sole proprietorship is a business entity that is owned by only one person. It is the simplest form of business structure that can be created by the mere start of any legal business

A sole proprietorship is a non-registered, unincorporated business run solely by one individual proprietor with no distinction between the business and the owner. The owner of a sole proprietorship is entitled to all profits but is also responsible for the business's debts, losses, and liabilities.

Characteristics of sole proprietorship businesses

- a. Started by one person
- b. Owner bearing all risks
- c. Unlimited liabilities
- d. When business owner dies business stop operating
- e. He/she enjoys all profit realized by business
- f. Loss suffered by business owner.
- g. Limited government intervention
- h. Difficult to raise capital



Partnership business: A business partnership is a legal agreement between two or more entities that determines shared ownership and operation of a business. A partnership may be between two people, two businesses, or shared among any number of people and organizations.

A partnership is a legal arrangement that allows two or more people to share responsibility for a business. Those partners share the ownership and profits, but they also share the work, responsibility, and potential losses.

A partnership is a business owned by at least 2 partners. The partner can be an individual, a company or a limited liability partnership. The maximum number of partners in a general partnership is 20.

Characteristics of partnership businesses

- a. Started by more than one person not exceeding 20 partners from two partners
- b. Risks are shared by all members
- c. Both limited and unlimited liabilities
- d. When business one partner dies business will keep operating
- e. Profit and loss are shared by partners
- f. Easy to raise capital

Advantages of partnership businesses

1. *Easy to get started*

The partners can agree to create the partnership verbally or in writing. There's no need to register with Companies House. Registering the business partnership for taxation with HMRC is quite

simple. The partners will also individually need to register for self assessment, which they can do online.

Although it will take longer and incur additional cost, it's usually sensible to put in place a partnership agreement. This documents how the partnership will work and the rights and responsibilities of partners. It details what would happen in various possible situations, including if the partners fundamentally disagree or someone wants to leave.

2. Sharing the burden

Compared to operating on your own as a sole trader, by working in a business partnership you can benefit from companionship and mutual support. Starting and managing a business alone can feel stressful and daunting. That's particularly true if you've not done it before. In a partnership, you're in it together

3. Access to knowledge, skills, experience and contacts

Each partner will bring their own knowledge, skills, experience and contacts to the business. That may give it a better chance of success than any of the partners trading individually.

Partners can share out tasks, with each specialising in areas they're best at and enjoy most. So if one partner has a financial background, they could focus on maintaining the company books. Another may have previously worked extensively in sales and therefore take ownership of that side of the business. As a sole trader, by contrast, you'd have to oversee all of this yourself. That might mean actually doing it yourself or managing someone you employ to do some of it.

4. Better decision-making

Compared with operating on your own, in a partnership the business benefits from the unique perspective brought by each partner. In business, very often two heads really are better than one. The combined conclusion of debating a situation will usually be better than what each partner could have achieved individually.

5. Privacy

Compared to a limited company, the affairs of a partnership business can be kept confidential by the partners. By contrast, in a limited company certain documents are available for public inspection at Companies House. A company's shareholders can choose to inspect various registers and other documents the company is required to keep.

6. Ownership and control are combined

In a limited company, ownership and day to day management of the business is split between shareholders and directors. (However, often they're the same people in practice.) That can mean directors are constrained by shareholder preferences in pursuing what they see as the best interests of the business.

By contrast, in a business partnership, the partners both own and control the business. As long as the partners can agree how to operate and drive forward the partnership, they're free to pursue that without interference from any shareholders. This can make a partnership business more

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flexible than a limited company, with the ability to adapt more quickly to changing circumstances

7. More partners, more capital

The more partners there are, the more money there may be available from their combined resources to invest into the business. This can help to fuel growth. Together, their borrowing capacity is also likely to be greater.

8. Easy access to profits

In a business partnership, the profits of the business are shared between the partners. They flow directly through to the partners' personal tax returns rather than initially being retained within the partnership. In a limited company, by contrast, profits are retained by the company until paid out, whether as salaries under PAYE or, with the approval of shareholders, as dividends

Disadvantages of a business partnership

While there are lots of benefits of a partnership business, this model also carries a number of important disadvantages.

1. The business has no independent legal status

A business partnership has no independent legal existence distinct from the partners. By default, unless a partnership agreement with alternative provisions is put in place, it will be dissolved upon the resignation or death of any one of the partners. This possibility can cause insecurity and instability. It can divert attention from developing the business. It will often not be the preferred outcome of the remaining partners.

Even if a partnership agreement is in place, the remaining partners may not be in a position to purchase the outgoing partner's share of the business. In that case, the business will likely still need to be dissolved.

2. Unlimited liability

Because the business does not have a separate legal personality, the partners are personally liable for debts and losses incurred. So if the business runs into trouble your personal assets may be at risk of being seized by creditors. This would generally not be the case if the business was a limited company.

The partners are jointly and severally liable. As one partner can bind the partnership, you can effectively find yourself paying for the actions of the other partners. If your partners are unable to settle debts, you'll be responsible for doing so. In an extreme example where you only own 10% of the partnership but your partners have no assets, you might end up having to settle 100% of the debts of the partnership. You would potentially need to sell your possessions in order to do so.

3. Limited access to capital

A combination of partners is likely to be able to contribute more capital than a sole trader. However, a partnership will often still find it more difficult to raise money than a limited company.

Banks may prefer the greater accounting transparency, separate legal personality and sense of permanence that a limited company provides. To the extent that a partnership business is seen as higher risk, a bank will either be unwilling to lend or will only do so on less generous terms.

Several other forms of long-term finance are not available to partnerships. Most importantly, they cannot issue shares or other securities in exchange for investment in the way a limited company can.

4. Potential for differences and conflict

By going into business as a general partnership rather than a sole trader, you lose your autonomy. You probably won't always get your own way. Each partner will need to demonstrate flexibility and the ability to compromise.

5. Slower, more difficult decision making

Compared to running a business as a sole trader, decision-making can be slower. That's because you'll need to consult and discuss matters with your partners. Where you disagree, time will be spent negotiating to build agreement or consensus. Sometimes this might mean opportunities are missed. More often, it will frustrate a partner who has been used to making all the decisions for their business.

6. Profits must be shared

Generally, while a sole trader retains all the profits of their business, those of a partnership are shared amongst the partners. By default, under the Partnerships Act 1890, profits are shared equally. However, that position can be amended by a partnership agreement.

Sharing profits equitably can raise difficult questions. How do you value different partners' respective skills? What happens when one partner is seen to be putting in less time and effort into the partnership, but still taking their share of the profits? It's easy for resentment to occur if there doesn't appear to be a fair balance between effort and reward.

Corporation/Limited-liability companies: A corporation is a legal entity created by individuals, stockholders, or shareholders, with the purpose of operating for profit. Corporations are allowed to enter into contracts, sue and be sued, own assets, remit federal and state taxes, and borrow money from financial institutions

a private company whose owners are legally responsible for its debts only to the extent of the amount of capital they invested

Advantages of a corporation business structure

Some benefits of forming your business as a corporation are:

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- **Limited liability for shareholders.** Shareholders are usually only financially liable for the amount of their investments, which protects their personal assets. If your company faces a lawsuit, you're not personally responsible as a shareholder.
- **Ability to raise funds.** Publicly held corporations can sell shares and issue bonds to raise funds for the business. This can be much easier and faster than traditional business funding methods.
- **No life limit.** Corporations have a perpetual life since ownership can pass through generations of investors. This means the business continues to operate as usual even after the initial founder has passed.
- **Easy ownership transfer.** While there are some limitations, transferring ownership is relatively easy through buying or selling shares. That means it's often much easier for an owner to leave the company.
- **Tax-deductible expenses.** Owners may receive tax-free benefits, including retirement plans and insurance, and the corporation can deduct employee and officer benefits.
- **Attractive to investors and employees.** Offering stocks can be enticing if you want to attract more investors. You can also offer stocks to your employees as part of your benefits package.
- **Clear structure.** Because of the organizational requirements for formation, corporations have a clear hierarchy that can make operations more straightforward. The responsibilities at each level within the organization are also clearly defined.

Disadvantages of a corporation business structure

Here are some disadvantages to forming your business as a corporation:

- **A corporation is a distinct legal entity.** The business is governed by a board of directors. A different structure may suit you better if you want to maintain full control of your business.
- **Double-taxation.** Corporations pay taxes on profits distributed to shareholders. Then, shareholders pay taxes on their shares. Although it isn't technically double taxation for the owner, it may be less appealing.
- **More complicated to form.** Corporations require more initial documents and filing fees such as tax-exemption paperwork, incorporation documents, state filing fees, attorney fees, and annual documents and fees.
- **More requirements.** Once you form your corporation, you have ongoing requirements that can be time-consuming. Corporations are required to have annual meetings and follow the established bylaws. You also have to create specific reports and maintain board meeting minutes.
- **Higher costs.** Corporations typically require more capital to form and can be more expensive to operate over time. Other business structures are usually cheaper to start and run.

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Requirements for business registration

Business registration in Rwanda Registering a business in Rwanda

Are you thinking of starting a business in Rwanda? Congratulations on taking this step towards entrepreneurship! Business registration in Rwanda is the first and most crucial step towards realizing your dreams of owning a business in Rwanda. Rwanda is a landlocked country in East Africa that has made significant strides in economic development over the past few years. The Rwandan government has implemented various measures to promote business development in the country. One of the ways in which it has achieved this is by simplifying the business registration process. Business registration in Rwanda is essential for any entrepreneur who wants to start a business in Rwanda. It is a legal requirement that all businesses must fulfill before they can commence operations.

NOTE: If you are a foreign or local business owner interested in registering a business in Rwanda, RDB made the process hassle-free, allowing you to complete it from the comfort of your home country. For over a decade, we have assisted business owners like you in registering their businesses in Rwanda. Let us handle the lengthy registration process so you can focus on growing your business. In this article, we will provide you with a comprehensive guide to business registration.

Rwanda Development Board | RDB Rwanda Business Registration

The Rwanda Development board RDB is a government department that was setup to help in economic development and private sector growth in Rwanda. One of the departments in RDB is the Office of the Registrar General mandated to facilitate Investment, licensing and maintaining the business register in Rwanda. [Online business registration in Rwanda](#) | [How to register business in Rwanda](#) | [Business Registration process in Rwanda](#) | [Steps in Registering a Business in Rwanda](#)

For successful business registration, please follow the steps below:

Step 1: Choose Your Business Structure

Before registering your business, you need to decide on the type of business structure you want. In Rwanda, there are several business structures to choose from, including Sole Proprietorship, Partnership, Company registration in Rwanda (LLC), and Public Limited Company (PLC). Each structure has its advantages and disadvantages, and it is important to choose the one that best suits your business needs.

Step 2: Choose Your Business Name

The next step is to choose a name for your business. Your business name must be unique and not similar to any other registered business in Rwanda. You can check the availability of your preferred business name on the Business registration [RDB](#) online portal.

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Step 3: Reserve Your Business Name

Once you have chosen your business name, you need to reserve it with the RDB. You can reserve your business name through the RDB Business Registration login portal. The reservation process takes 24 hours, and you will receive a notification once your business name has been approved.

Step 4: Register Your Business

After reserving your business name, the next step is to register your business with the RDB. You can register your business through RDB Business Registration Online or in-person at the RDB office. During the registration process, you will need to complete the RDB Registration Forms and provide information about your business, such as the business structure, business activities, and business address.

Step 5: Obtain Your Business License

Once your business is registered, you need to obtain a business license from the local government. The business license confirms that your business complies with local regulations and is permitted to operate in Rwanda.

Step 6: Register for Taxes

All businesses in Rwanda are required to register for taxes. You will need to obtain a tax identification number (TIN) from the Rwanda Revenue Authority (RRA). The TIN is a unique identifier that you will use to file your taxes.

Step 7: Open a Bank Account

Finally, you need to open a bank account for your business. This will enable you to conduct business transactions and access financial services such as loans and credit facilities.

We are happy to guide you the steps above and also offer additional services like Trademark registration, General Business Consultation, Human Resource Management and many other compliance tasks to ensure that you succeed in Rwanda

Requirements to register a Business in Rwanda

Here are the details you should have in order to start Business Registration in Rwanda.

Three preferred names of the proposed business

- A Description of the activities of the Business

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- Copies of National ID or notarized Travel Passports of all the business owners
- Passport size photographs of all the owners
- Postal, Physical and e-mail address, telephone number and occupation of all the owners
- Share apportionment percentage.

When you have all these documents in place, you can now start the process of Business registration.

Types of Business Entities in Rwanda

When Registering a business In Rwanda, you can choose from classification of business organizations, according to the status or according to the ownership:

a. Sole Proprietorship

In a sole proprietorship, the enterprise is owned and controlled by one person, who is sometimes referred to as a sole proprietor or sole trader.

b. Partnership

Refers to the business started and operated by two or more (2-20) members with an aim of making profits. The owners of partnership businesses are called partners due to capital contributions they make in starting the business.

c. Joint stock company:

These are companies that are owned jointly by the owners and have a given portion of the company in form of a share.)

d. Cooperative

Refers to a group of people who carry out or join effort in production or distribution of goods and services and share profits among themselves depending upon the participation of each member

In Rwanda, cooperatives are controlled and regulated by **Rwanda Cooperative Agency (RCA)**

N/B – Each type of entity has its own legal implications and requirements, so it's crucial to choose the one that best fits your business model. Contact us today for inquiries about business registration in Africa.

Why choose Rwanda for Business Registration?

Choosing business registration in Rwanda, offers several advantages that make it an attractive destination for entrepreneurs and investors. Here are some key reasons:

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- **Ease of Doing Business:** Rwanda ranks highly in the World Bank's Doing Business Report due to its streamlined processes, including online registration and one-stop service centers, reducing the time and cost to start a business.
- **Political Stability:** The country's political stability and low corruption levels create a secure environment for businesses, bolstered by the government's commitment to good governance and transparency.
- **Strong Economic Growth:** With consistent economic growth in sectors like technology, tourism, and agriculture, Rwanda presents numerous opportunities for new businesses.
- **Incentives and Support for Investors:** The Rwandan government offers various incentives such as tax and import duty exemptions for priority sectors, along with comprehensive support from the Rwanda Development Board (RDB).
- **Strategic Location:** Rwanda's central location in Africa provides access to the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), reaching a market of over 170 million people.
- **Efficient Infrastructure:** Significant investments in infrastructure, including roads, airports, and telecommunication networks, support business operations and connectivity.
- **Skilled Workforce:** With a young and increasingly educated population, Rwanda ensures a steady supply of skilled labor through its investments in education and vocational training.
- **Supportive Government Policies:** The government promotes entrepreneurship and innovation through policies and programs like the Kigali Innovation City and the Rwanda Innovation Fund, boosting the startup ecosystem.

Benefits of Business Registration in Rwanda | What are the benefits of registering a business in Rwanda?

Business Registration in Rwanda comes with numerous benefits that can help your business grow and thrive.

1. **Improved Access to Funding Opportunities** – When you register your business in Rwanda, you gain access to various funding opportunities that are only available to registered businesses. This includes loans, grants, and other financing options that can help you grow and expand your business.
2. **Legal Protection** – Business registration in Rwanda provides you with legal protection for your business name, brand, and intellectual property. This ensures that no one else can use your business name or brand without your permission, protecting your business from potential infringement issues.
3. **Enhanced Credibility** – A registered business in Rwanda is perceived as more credible and trustworthy, which can be an advantage when dealing with customers, suppliers, and other stakeholders. This can also help you attract more investors, partners, and clients, which can help your business grow and succeed.

Registration to the tax System

Meaning of a tax registration

A person who sets up a business or other activities that may be taxable is obliged to register business with the Registrar General within a period of seven (7) days from the beginning of the business activity. However, a person who carries out non-commercial activities which can generate tax, has the responsibility to register with tax Administration

Taxpayer Registration

After company registration, the certificate is issued by RDB. For individual businesses, registration can be done by RRA, and **Tax Identification Number (TIN) certificate is issued freely at countrywide spread RRA branches.** There is an RRA office in all 30 districts of Rwanda

Importance of a tax in socio-economic development

The importance of paying taxes when individuals and businesses in Rwanda pay taxes, the government can develop the country. We need many important services for our citizens, and by paying taxes we can ensure that all Rwandans have access to essential (necessary) services such as education, health care, clean water and security. Paying government workers People who work for a government are called **civil servants**. They do important work. **Civil servants** include:

- Teachers who educate children
- DOCTORS and nurses who care for sick people
- Policemen and women who ensure that we adhere to the laws of Rwanda
- Prison wardens who ensure that prisons are well run
- Judges who preside (are in charge) over trials
- District workers who work on roads and power stations. Civil servants do important jobs. They are paid with the tax revenue that the government collects from businesses.

Infrastructures

The main goal of Rwanda's 2020 vision is to improve the life of all Rwandans. This means providing quality public goods and services such as roads, schools, security, health care, national defence, law enforcement and a judiciary (legal) system. These expenses are called public expenditure. The government sets a budget for each financial year (a year used for tax purposes). For example, in the year 2015, a large amount was set aside for development. A total of 298,1 Frw billion was set aside for:

- ✓ Rehabilitating (restoring) hydro-electric power plants
- ✓ Developing peat power plants
- ✓ Creating access to electricity
- ✓ Constructing roads and railways

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- ✓ Developing industrial parks
- ✓ Ensuring access to clean water in Kigali and districts with low water access rates.

Social contribution Taxes collected

Can be used to create a society where people are equal. The government of Rwanda has a target of reducing the poverty rate to 20% by 2020. To do this, different programs have been introduced, For example the program **Gira inka** (one cow per family) that aims to reduce rural poverty. The government uses taxes collected to fund these types of programs.

Registration conditions

TAXPAYER REGISTRATION

A person who sets up a business or other activities that may be taxable is obliged to register business with the Registrar General within a period of seven (7) days from the beginning of the business activity. However, a person who carries out non-commercial activities which can generate tax, has the responsibility to register with tax Administration

REQUIRED DOCUMENTS

Requirements to get a Taxpayer Identification Number (TIN)

Requirements vary depending on whether the applicant is a physical person or a moral person.

Physical persons:

- Photocopy of a national identity card/pass port
- A passport size color photo;
- A correctly filled application form

Moral person

- Correctly filled application form; these forms are available in two (2) languages, and taxpayers are encouraged to fill the form in the language they best understand in order to avoid errors;
- Certified copy of a legal instrument of incorporation of the company/association;
- Taxpayer Identification number is required for share holders if they are residents

Advantages of registering to the tax system

Benefits of Taxes

Taxes are a vital and hugely beneficial requirement of modern society. Taxes are necessary to pay for public goods and services, which provide benefits to all members of the population.

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Some of these are **more tangible** such as:

- Infrastructure
- National security
- Education
- Healthcare
- Access to utilities such as water and electricity

There are also a range of **less tangible** benefits that arise from taxes, such as:

- Good governance
- when citizens are paying taxes, the government is held more responsible for improving public services
- Social responsibility
- citizens are more likely to protect those public services, and can be proud of contributing to Rwanda's development
- Self-reliance
- tax revenues are the backbone of national self-reliance, reducing the country's dependency on unpredictable foreign aid and donors

Penalties for failure to register to the tax system

A fine is payable for late payment, depending on the period, as follows: Twenty per cent (20%) of the tax due if the time limit for declaration and payment has not been exceeded by thirty (30) days

FIXED FINES

RWF 100,000 for turnover less than RWF 20 million

RWF 300,000 for turnover higher than 20 million, and when the taxpayer is a non profit organisation or a public institution and RWF 500,000 if taxpayer is a large taxpayer. The above amounts are doubled when offences are repeated for 1st time or multiplied four times if repeated 2nd time in 5 years. On these fixed fines is added 60% of the tax which was not declared. PENALTIES IN PERCENTAGES LATE PAYMENT 10 % as a late payment penalty. The 10% applies to the amount going to be paid and 50% for not paying simultaneously with the declaration. Please note: The above percentage is not applied on fines and interest, and not imposed if Commissioner General (CG) approves extension of filing

Offense and fines of tax evasion

A person who, while intending tax evasion, commits one of the following acts:

- ✓ Use of forged documents in his or her accounts;
- ✓ Counterfeit and use of documents or materials of the Tax Administration used for taxation;
- ✓ Hiding taxable goods or assets related to business;

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- ✓ Making a declaration indicating that the taxpayer has not made sales;
- ✓ Changing the trade name by a person prosecuted in relation to tax
- ✓ Fraudulent registration of trade under the name of another person;
- ✓ Hiding accounting documents from the Tax Administration or damaging them;
- ✓ Use of forged accounting records;

Learning outcome 4: Respond to customer needs

LO 4.1 Developing and maintaining goods, service, and market knowledge

Key terms definitions

- **Goods:** goods are defined as items that satisfy human wants, provide utility or usefulness, and are scarce (have limited availability). An economic good must also be capable of being transferred from one person to another or produced and consumed
Examples: a car; a motorcycle; laptops; shoes;.....
- **Services:** A service is an act or use for which a consumer, company, or government is willing to pay. Examples include work **done by barbers, doctors, lawyers, mechanics, banks, insurance companies**, and so on **In economics**, services refer to intangible outputs from production processes that individuals, groups, and governments are willing to pay at the prevailing prices. They are the opposite of products, which are tangible outputs that consumers can actually work with.

What is knowledge of product?

It is an understanding of a product or service that might include having acquired information about its application, function, features, and use and support requirements. Product knowledge is a generic term referring to knowledge about:

- Products sold
- Services provided
- The venue
- Policies of the property
- Procedures used within the business
- Protocols guiding the operation of the venue
- Local attractions, services, facilities and events, festivals and infrastructure.

Examples of product knowledge:

There is no limit about what product knowledge covers and it can address knowledge about:

- The brands, sizes and differing qualities and types of physical products the venue sells
- Items on the food and drink menus –look, taste, cost and ingredients

- The credit cards accepted by the business and the payment options available to customers to pay for items and services they purchase Staff and management at the venue including various roles and responsibilities of individual employees etc.

Importance of knowing your products and services

a. Being able to provide professional assistance to customers

High levels of product and service knowledge allow you to:

- Have confidence in your ability to sell and the approach you take with customers
- Present products and services in an appropriate way meeting identified customer needs, wants and preferences
- Establish a rapport with customers based on their confidence in you and your demonstrated credibility Engage with customers and build an on-going relationship encouraging repeat and return business
- Show, display or present products and services in such a way that demonstrates their best features and highlights their appropriateness for potential purchasers
- Offer potential customers the opportunity to test, try or sample the products or services being considered or offered for sale.

b. Being able to distinguish between alternatives

Many products or services are offered for sale in a variety of options:

Products Products may differ on the basis of:

- Brand name
- Size
- Quality
- Country of origin
- Feature
- Price
- Methods of payment

Service Services may have options in terms of:

- Duration
- Delivery choices
- Location

c. Meeting customer service level expectations

Excellent levels of product and service knowledge enable you to provide service meeting or exceeding customer expectations. This demonstrates your professionalism and respect for the patron. Customers expect staff to know what they are talking about and know the products and services they are selling. Failure to meet these basic expectations can result in:

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- **lack of customer confidence** in the venue overall – the reality is often all aspects of the venue suffer when staff are unable to respond satisfactorily to one request
- **Decreased amount and value of purchases** – a lack of suitable product and service knowledge translates either into a „no sale“ or reduced sale because customers do not have confidence in the sale staff serving them
- Reduced levels of satisfaction** – meaning people are less likely to return and make a subsequent purchase, and are less likely to recommend the venue to their friends, family or acquaintances.

d. Maximizing selling opportunities

If you do not have high levels of product and service knowledge you are much less likely to be able to:

- **Identify opportunities to sell** – these opportunities frequently present themselves whenever a sales-related enquiry is made
- **Create supplementary sales** – these are the opportunities for making extra sales, also known as „add-on sales“, whenever a sale is made
- **Recommend a product or service for consideration by the customer as a future purchase** – this may include:

- ❖ Mentioning the entertainment available. this coming weekend in the function room
- ❖ Asking if a couple checking-in at. Reception would like a table booked for their evening meal in the hotel’s dining room
- ❖ Making people aware of the special package deal being introduce next week for house guests.

e. Being better able to meet and overcome buying objections

It is a fact of life many people will not automatically buy a product or service recommended, offered or available to them. Customers often have a need to be convinced they should make a purchase and can raise one or more ‘objections’ to buying something. High levels of produce and service knowledge better equip sales people to:

- **Identify these objections**
- **Recognise and accept them as legitimate concerns**
- **Meet the objections** – presenting logical reasons why the „objections“ are unfounded and explaining why the offer being made is sound
- **Overcome the objections** – and close the deal by making the sale or taking a booking and a payment.

Tips on knowing your products and services

- Research your products and services

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- Use your products and services
- Get feedback from your customers
- Update your knowledge regularly
- Share your knowledge with others
- Apply your knowledge to different scenarios
- Here's what else to consider

Comparison between goods and services

A good is a tangible or physical product that someone will buy, tangible meaning something you can touch, and a service is when you pay for a skill. A service is something intangible, which can't be physically touched or stored.

Goods are tangible, physical products, while services are intangible, non-physical activities. Goods can be seen, touched, and stored, whereas services are perishable and consumed at the time of production. Goods are manufactured or produced, while services are generated or performed

Table showing comparison between goods and services based its characteristics

Basis of Comparison	Goods	Services
Transfer of Ownership	Possible	Not Possible
Separable	Goods can be separated from the seller	Services cannot be separated from the service provider
Storage	Goods can be stored	Services cannot be stored
Perishable	Not all goods are perishable	Services are perishable

Market opportunities

Definition: Market opportunity refers to the potential profit a company can make by selling a particular product or service in a specific market. It is a concept that is often used by entrepreneurs and business owners to evaluate the viability of their business ideas.

Market opportunities are based on the following:

- a. **Customers' shopping trends:** Purchasing trends refer to the patterns of buying behavior exhibited by consumers in a given market. This includes the type of products they purchase, the frequency of purchases, the amount spent, and the channels used to make the purchases.

- b. **Competition:** a situation in which someone is trying to win at the market or be more successful than someone else at the market
- c. **Availability of raw materials:** Raw materials are materials or substances used in the primary production or manufacturing of goods. Raw materials are commodities that are bought and sold on commodities exchanges worldwide. Businesses buy and sell raw materials in the factor market because raw materials are factors of production.
- d. **Reserved customers:** Reserved Customers means the customers specified in the Commercial Terms (if applicable) and any other customer groups in respect of which the Supplier informs the Distributor in writing that it has reserved to itself, including for the avoidance of doubt, any direct-to-consumer sales, either through e-commerce
- e. Personal experience
- f. Reading
- g. Attending product launches
- h. Attending trade events
- i. Visiting suppliers, distributors and manufacturers
- j. Membership of industry associations and networks etc.....

Service delivery procedures

- Preparation
- Interaction
- Evaluation
- Providing feedback and observation

Products and service adjustment

Definition of product and service adjustment

Product adjustment consists of changing or modifying a product or a service in order to provide superior satisfaction and win over buyers from other brands and products. This is a result of changes in consumer tastes; price; in particular, the size and characteristics of particular market segments; changes in availability or cost of raw materials and other production or marketing components. Product modification is process to change in existing product according to customer needs.

It is a product or service modification referring to the improvement of the existing products or services by making necessary changes in the characteristics, nature, size, packing and colour, etc., of the products so that the changes in demand of consumers may be dealt effectively. According to customers' needs, change in existing product or service may be in inside property or outside appearance.

Types of products and service adjustment

Product life cycle

A product life cycle is the length of time from a product first being introduced to consumers until it is removed from the market. A product's life cycle is usually broken down into four stages; **introduction, growth, maturity, and decline.**

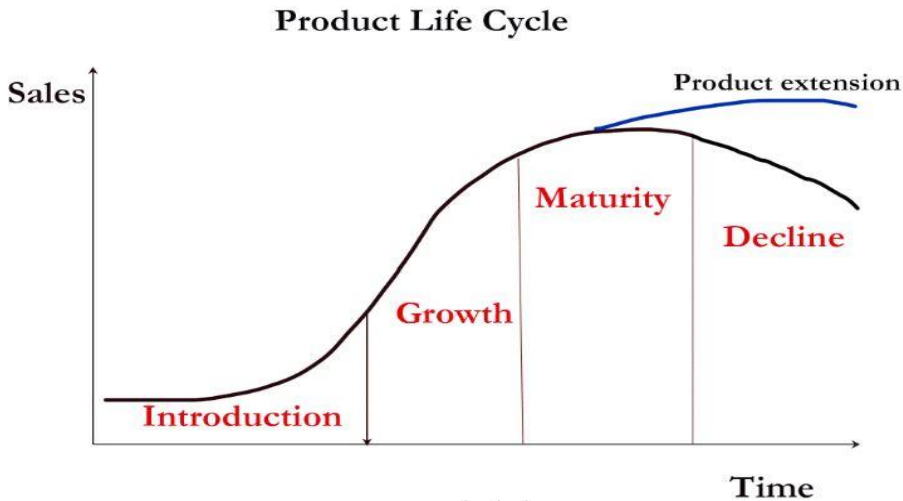
Introduction: when introducing a new product or service to market, you need market research to help make the decisions surrounding where your product or service will go and how it will get there; who is going to buy it; how much you are going to charge for it; and, most importantly, if anyone is going to want to purchase your product at all.

Growth: During the growth stage, organizations will need to begin asking new questions in order to expand as well as examine new competitors, new potential markets and any changes in brand image. Once your product hits maturity, your momentum will either climax or plateau. In order to help push your product to reach further success, you should focus your research efforts on competitive intelligence in hopes of acquiring some of their customer base

Maturity: During this stage sales may continue to increase or level off. Profits decrease since prices are continually lowered to compete. Conduct market research to determine trends. Adapt your product or service to meet the coming trends. This is the stage in which differentiation is more important than ever. If you don't look for new opportunities in new markets and new products or adjust your products, the coming decline stage will leave you with products and services that no longer sell.

Decline: As your product or service begins to decline from the height of its success, your organization should assess a plan to pivot your product or business strategy. Determining what changes may positively impact your sales and analysing your customers' sensitivity to change will help with the potential to revamp revenue.

Product extension: this is the introduction of a product that is known to the company but which has features or dimensions which are new to consumers; three types of product extensions are possible: revisions, additions and repositionings



Product and service adjustment procedures

Process of product adjustment It is normal for products to be changed several times during their lives. A key question that the marketer must answer before modifying or adjusting the product is what particular attributes of the product and competing products are perceived as most important by the consumer?

Factors such as quality, function, price, service, design, packaging, and warranty may all be determinants. This evaluative process requires marketing research studies to learn of improvements buyers might want, evaluate the market reception given to the competitors' improvements, and evaluate improvements that have been developed within the company.

There are three major ways of product adjustment/modification, i.e. quality modifications, functional modifications, and style modifications.

- ❖ **Quality adjustment/modifications:** These are changes that relate to a product's dependability and durability and usually are executed by alterations in the materials or production process employed.
- ❖ **Functional adjustment/modifications:** Changes that affect a product's versatility, effectiveness, convenience, or safety are called functional modifications. They usually require redesigning the product.
- ❖ **Style adjustment/modifications:** Changing the sensory appeal of a product by altering its taste, texture, sound, smell, or visual characteristics. Since a buyer's purchase decision is affected by how the product looks, smells, tastes, feels, or sounds, a style modification may have a definite impact on purchases.

Importance of Product and Service adjustment on customer satisfaction

Product or service adjustment is important on the customer satisfaction as illustrated below:

- ❖ It makes a product or a service useful to more people, which enlarges the market for it
- ❖ Customers get product of quality or increased or improved product or service at a good price
- ❖ It offers the customers possibility of choosing preferred products or services
- ❖ It caters to customers' needs and satisfaction
- ❖ It increases in variety and choice.
- ❖ It gains competitive advantage over rivals

Challenges with products/services adjustment

1. Challenges of Product Innovation
2. Product Issues Related to Market Viability
3. Product Roadmap Problems
4. Product Problems Caused by Workflow or Management
5. Product Engineering and Design Challenges
6. Pricing Challenges for New Product Development
7. Problems with the Pace of Innovation
8. Time-to-Market Product Issues

LO4.2 Provision of quality customer service

Introduction to customer care: Customer care can be defined as: The process of delivering high quality service to internal and external customers. Customer care results in high levels of customer satisfaction leading to long-term 'buying' relationships between suppliers and customers

Key terms definition

- ❖ **CUSTOMER:** a person who buys goods or services from a shop or business
- ❖ **CLIENT:** A client is an individual, organization, or business that engages in an ongoing, long-term relationship with a business or service provider to receive specialized services or advice based on their specific needs and goals.
In business, the term "client" is used to refer to the party that contracts with another party for goods or services. The word "client" comes from the Latin word "**cliens**," which

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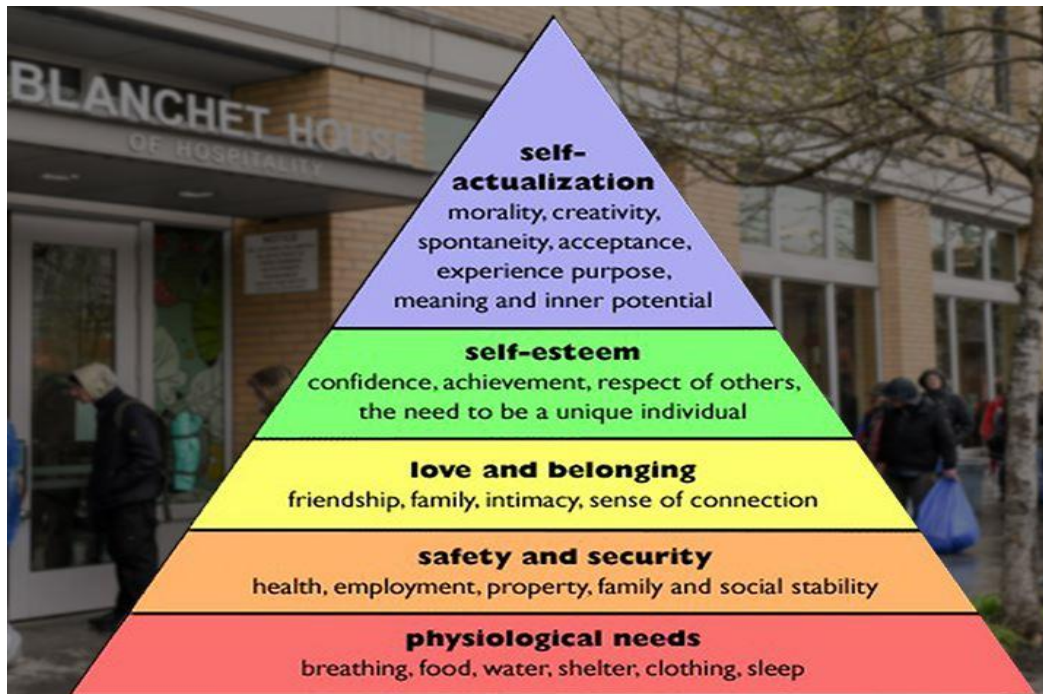
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means "dependent." In ancient Rome, a cliens was a person who was under the patronage of another person of high status

- ❖ **NEEDS:** Needs are things that people require to survive. Food, water, clothing, and shelter are all needs. If a human body does not have those things, the body cannot function and will die. **Wants** are things that a person would like to have but are not needed for survival

Maslow's 5 Levels of Human Need are the following:



- ❖ **CUSTOMER CARE:** Customer care can be defined as: The process of delivering high quality service to internal and external customers. Customer care results in high levels of customer satisfaction leading to long-term 'buying' relationships between suppliers and customers
- ❖ **CUSTOMER NEED :** A customer need is a motive that prompts a customer to buy a product or service. Ultimately, the need is the driver of the customer's purchase decision. Companies often look at the customer need as an opportunity to create the businesses referred to those customer needs
- ❖ **CUSTOMER SATISFACTION:** Customer satisfaction is defined as a measurement that determines how happy customers are with a company's products, services, and capabilities.
- ❖ **QUALITY SERVICE:** Service quality is a measure of how well an organization provides service to meet customer demands and expectations. Improving quality of service can increase an organization's profits and reputation, and it can have a direct impact on the ability to satisfy customer needs while remaining competitive

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Customer profiles

Customer profiles are records held about individual customers, used as a guide for determining whom to target with certain products, and including details such as **age, gender, and spending patterns, location, job roles, income he/she generate**. Up-to-date and accurate customer profile information is vital to successful marketing.

BENEFITS OF GOOD CUSTOMER SERVICE IMPACT OF GOOD CUSTOMER SERVICE/ POSITIVE EFFECTS

“There is only one boss: The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.” said Sam Walton. It is therefore, important to deliver additional levels of service above beyond customers’ immediate requests. The following are benefits of good customer service: **SATISFIED CUSTOMERS:** If customers are happy with the products/ services provided, they will return and recommend the organization to others.

- ✓ **KEEPING LOYAL CUSTOMERS:** This can be done by offering customer loyalty schemes, such as Boots Advantage Card, etc.
- ✓ **ATTRACTING NEW CUSTOMERS:** Might be as a result of a recommendation from an existing customer or persuasion through loyalty schemes or advertising
- ✓ **SATISFIED AND MOTIVATED EMPLOYEES:** A clear customer care strategy allowed employees to deal with all customers effectively, reducing stress.
- ✓ **LOWER STAFF TURNOVER:** Employees are not stressed and will stay in the organisation
- ✓ **REDUCED COSTS:** The cost of recruiting new employees is not necessary
- ✓ **GOOD/ IMPROVED REPUTATION:** Recommendations from existing customers will improve the image of the organisation; if a customer has had a good experience with an organisation, they are likely to talk about it.
- ✓ **COMPETITIVE EDGE:** A good reputation and/or more effective performance will mean that customers are more likely to choose that organisation rather than a competitor
- ✓ **INCREASED SALES/ PROFITS:** More customers (loyal and new) will mean that the organisation will increase the value of their sales and therefore increase their profit.

NOTE: A clear customer care strategy enables employees to deal with all customers effectively, therefore reducing stress amongst employees as well as customers.

IMPACT OF POOR CUSTOMER SERVICE/ NEGATIVE EFFECTS OF POOR CUSTOMER SERVICE

A consequence of attracting new customers is an increase in sales/ profits and customer retention while the impact of poor customer service is:

- ✓ **DISSATISFIED CUSTOMERS:** If customers are unhappy about the products or services being provided, they will not return and will tell others of their dissatisfaction

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- ✓ **LOSS OF CUSTOMERS:** Dissatisfied customers will look for products or services elsewhere **BAD PUBLICITY** Dissatisfied customers will talk and leave bad reviews
- ✓ **DEMOTIVATED EMPLOYEES:** Employees who do not receive appropriate customer-care training, or have not been advised of the organisation's customer care strategy, may make mistakes and not deal with customers effectively and this will lead to stress.
- ✓ **HIGH STAFF TURNOVER:** Unhappy employees will leave to work elsewhere
- ✓ **INCREASED COSTS:** The costs of recruiting and training new staff will be high
- ✓ **POOR REPUTATION:** The organisation will gain a poor reputation through bad publicity and customers/ employees talking of their dissatisfaction/ demotivation
- ✓ **POOR COMPETITIVE EDGE:** Customers will be more likely to choose a competitor as they are performing more effectively.
- ✓ **DECREASED SALES/ PROFITS:** Fewer customers (the loss of loyal customers and not attracting new customers) will result in lower sales and therefore lower profits.
- ✓ **LEGAL ACTION:** Employees not complying with consumer legislation may lead to customers taking legal action.

Levels of customer services

- **Criminal service:** Criminal service is really bad. It's service that violates even minimum expectations, the kind of service that your customers remember never to use again, and are angry enough to call you and complain about.
- **Basic Service:** Basic service is disappointing. It's the point of frustration that can turn into anger—but when it's over the customer is not disappointed enough to complain. However, he will tell his friends, and will remember not to call you for that kind of service again.
- **Expected Service:** Expected service is nothing special. It's the average, the usual, the norm. The customer might come back to you, but only if no better options exist.
- **Desired Service:** Desired service is what your customers hope for and prefer. They'll do business with your organization again because you do things for them just the way they like it.
- **Surprising Service:** Surprising service is something special, like an unexpected gift. It gives your customers more than they expected. This makes you an organization that customers enjoy and will come back to again and again.
- **Unbelievable Service:** Unbelievable service is astonishingly fantastic. This is the level of service your customers can't forget, the legendary treatment they will tell all their friends about.

Duties and responsibilities of a customer care provider

- **Resolving complaints.** All customer service roles involve the frequent resolution of **complaints**. This can include a simple comment from a customer
- **Resolve Customer Issues.** **Customer** service representatives should approach **customer issues** with empathy and a problem-solving mindset.

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- **Encourage customers to complete satisfaction surveys;** Make recommendations to managers to improve customer experience. Customer Service Officer Requirements
- **Keeping records of customer interactions,** transactions, comments, and complaints. Communicating and coordinating with colleagues as necessary
- **Taking orders**
- They may perform a variety of duties, from **taking orders** to checking the status of a shipment. In many instances, customer service
- **Providing Information about Special Offerings.** Delivering **information** about the latest product **offerings** also comes under the umbrella of a customer service.
- **Providing customer support:** A **customer** service representative supports customers by **providing** helpful information, answering questions, and responding to complaints.
- **Answering customer queries** and concerns about a company's products or services. One of the most important responsibilities of a service agent
- **Feedback collection:** Collecting and analyzing customer feedback can also be a part of their customer service job tasks. There are numerous ways to automate feedback collection

Customer care principles

1. Identifying customer needs
2. Designing and delivering service to meet those needs
3. Seeking to meet and exceed customer expectations
4. Seeking feedback from customers
5. Acting on feedback to continually improve service
6. Communicating with customers
7. Having plans in place to deal with service problems

Techniques to determine customer preferences, needs and expectations

- Active listening
- Questioning
- Observation
- Recognition of non-verbal signs

Anticipation of customer's needs, expectations and preferences

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a. Types of customer needs

- **For products:** Price; quality; convenience; functionality; experience; design; reliability; performance; compatibility; efficiency
- **For service:** transparency, control, fairness, accessibility, information

b. Types of customers preferences

The four main types of consumer preferences are:

- ✓ qualitative preferences,
- ✓ quantitative preferences,
- ✓ unconditional preferences, and
- ✓ conditional preferences. This refers to preferences based on the perceived qualities or features of a product or service

Factors influencing customer preferences, needs and expectations

- Age
- Gender
- Social and cultural characteristics
- Prior knowledge
- Special needs
- Season
- Price of substitute goods
- Fashion
- Level of advertisement
- Consumer habits
- Consumer income level

Tips to satisfy customer preferences, needs and expectations

- Use of professional tone of voice
- Use professional language
- Respond promptly (give feedback promptly)

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Promote products and services

Promoting products and services is a three-step process, involving planning promotional activities, coordinating activities and then reviewing and reporting on these activities.

Plan promotional activities Identify and assess promotional activities Marketing managers and others who make strategic marketing decisions need to have sound understanding of their organisation's overall marketing plan and objectives, and the types of activities that will best meet the organization's marketing needs. There are many activities an organization can use to promote its products and services. These activities form part of the promotional mix. Some activities will be similar and may overlap; other activities will be quite distinct. All activities must be compatible with the organisation's requirements or overall objectives. Describe promotional initiatives that may be used to promote products Promotional initiatives may be aimed at specific target niche markets or targeted at the general public. Promotional initiatives may relate to: Internal promotions: Internal promotions are undertaken within the venue or by staff at a remote location such as a shopping centre, exhibition of fair. They can be like **Displays (static) and videos or DVDs • Promotions • Demonstrations • Competitions • Special offers • Specials Media campaigns: Media campaigns refer to the use of various media outlets to advertise promotional initiatives. Those are like: • Newspapers • Radio • Television • Website • Social media**

A. Demonstrate how to develop and produce a static in-house promotion

The use of internal static displays or stands is a traditional and effective way for venues and individuals departments to promote to customers. Need for all displays/stands to have an objective: All promotions, including internal displays and stands, must have one or more objectives. Integration with external media and other campaigns: In some cases there will be a need for a display to align with, extend or reinforce an external media or other promotional campaign. Possible audiences: The range of possible audiences for in-house displays is without limit but must be considered before the display is built. Identifying the audience impacts on aspects of the display (such as products used, signage, language, materials used, timing and placement) to make the display effective. Products and services to be displayed: There must be a reason to promote the products and services featured in a display. Planning: All displays will benefit from planning.

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Planning can require the involvement of others including management, marketing staff, staff from other departments in the venue and even customers. Promotional material: At displays, it is common to include advertising material promoting nominated products or services.

B. Verbally promote products and/or services to customers

For frontline, customer-contact staff verbally talking to customers will be the most common approach taken to the promotion of products or services. Honesty and accuracy: Always be honest and accurate about all descriptions you make regarding products and services. Adherence to enterprise policies and procedures: All venues will have policies and procedures governing selling they expect you to adhere to. Using appropriate communication skills – Questioning: Using questions in promotion and sales situations is important because questions enable you to gather information, and to direct the course of the conversation. It is vital to realise selling is fundamentally an exchange of information. The customer telling you what they want, and you telling them what is available and what you can provide.

Using appropriate communication skills

Listening: Listening is sometimes referred to as the neglected skill. Because you listen so often there is often the assumption you are good at it and do not need to spend any time worrying about how to do it, or how to improve doing it. Using descriptive phrases: Descriptive phrases can help promote products and services and make a sale. Keys in the effective use of descriptive phrases. Selling the benefits: All products and services have both „features“ (the physical elements of something) and „benefits“. A key strategy in selling is to 'Sell the Benefits' not the actual physical properties of a product or service. Using comparisons: Promoting products and services can be more effective when comparisons are made. Comparisons can be made: • Between same products and services • Between packages • Between venues Making suggestions and recommendations: Customers expect sales staff to be able to make suggestions and recommendations about products and services for sale. Meeting identified customer need: All sales and promotion activities must be customer-focused. You may determine individual customer need through asking questions and using responses to determine what is appropriate.

C. Demonstrate products and/or services to customers

Most venues have a selection of products and services able to be demonstrated as part of the methods available to optimise sales and customer satisfaction/enjoyment. Demonstrating products and services: Demonstrating is a very effective sales strategy because: It is active rather than passive; it builds your credibility as customers can see you know what you are talking about when you conduct the demonstration; it is very customer focused and engages the potential purchaser. Safety: Whenever you demonstrate a product or service to a customer you must always ensure their safety. Showing the customer: This is the most basic version of demonstrating. It involves showing a customer how something works or what it can do. The customer only watches and is not otherwise involved. Involving the customer: This is a demonstration where the customer participates and tries out, or samples or experiences a product or service. Points to remember when demonstrating: at all times when demonstrating a product or service you must: Remain alert to what is taking place and ensure security and safety throughout the demonstration Adhere to any relevant enterprise policies and procedures which may relate to:

- Number of people involved at any one time
- Location of the demonstration
- Restrictions relating to what can be demonstrated
- Requirements relating to the use of nominated items when demonstrating
- Age of people participating Comply with any relevant host-country legislation – such as: Age limits relating to tasting of alcohol

Importance of customer satisfaction

- ✓ Drives customer loyalty
- ✓ Helps improve agent performance
- ✓ Provides valuable feedback
- ✓ Increases customer lifetime value
- ✓ Boosts customer acquisition

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Consequences of customer dissatisfaction

In conclusion, poor customer service can have a significant negative impact on a business, leading to **lost revenue, decreased customer loyalty**, and a damaged reputation. Customers today expect fast and effective communication, personalized experiences, and timely resolution of their issues

LO.4.3 Resolving customer complaints and difficult service situations

Meaning of customer complaint

Customer complaints are negative pieces of feedback consumers provide about a company's product, **service**, or support experience.

Customer complaints are often a sign that there is a disconnection between what customers expected and what you delivered. Sometimes that disconnection is caused by a customer's unreasonable expectations or incorrect assumptions. Other times, It's caused by something your company is doing wrong.

Customer's complaints are the following:

- Long wait on hold
- Unavailable or out of stock product
- Repeating the customer's problem
- Uninterested service rep (agent)
- Poor product or service
- Unwanted marketing calls and silent calls
- Lack of follow up
- New product or feature request
- Unsolicited goods

Procedures for handling customer complaints

- Listen
- Reformulate
- Solve

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- Provide feedback
- Offer something extra or complimentary
- Follow up
- Service recovery

Difficult service situations

- Fire outbreak
- Water leakage
- Short circuit
- Falls and injuries
- Intruder/ umucengezi(=someone who enters a place without permission in order to commit a crime)

Techniques for resolving difficult Service situations

How to deal with difficult customer situations

- Notify everyone about the incident for rescue if necessary
- Call for assistance
- Monitoring and Communicate
- Provide solutions
- Record and report the incident information
- Keep your communication professional.
- Remain calm.
- Speak softly.
- Practice active listening.
- Give them time to talk.
- Understand the customer's point of view.
- Assess their needs.
- Seek a solution

A good customer complaint handling process involves the steps listed below.

Note that one-step is to acknowledge the customer's feelings. A customer who is angry or upset due to a failure does not want to be patronized or have his or her problems taken lightly. The

situation is important to the customer and should be important to the person listening and responding to the complaint.

- Listen carefully to the complaint
- Acknowledge the customer's feelings
- Determine the root cause of the problem
- Offer a solution
- Gain agreement on the solution and communicate the process of resolution
- Follow up, if appropriate
- Record the complaint and resolution

Note that the complaint-resolution process involves communicating that process and gaining agreement on a solution, even if the customer sometimes might not like the outcome. He or she still needs to know what to expect.

Learning outcome 5: Monitor and evaluate the business

LO5.1. Elaboration of a daily report of business activities

Meaning of business daily report

A daily report is typically a document prepared by employees to submit to their supervisors. A standard report contains details on how they spent their work days, including any achievements or challenges they encountered.

Purpose of business daily report

A daily report updates a team leader or manager about an ongoing project. It should provide an overview that describes each member's tasks and progress.

Importance of business daily report

Business reports provide information in an orderly fashion that can be used **to make important decisions and formulate long-term strategies**. Businesses can use the information in reports to make educated decisions about marketing and advertising campaigns and allocate funds accordingly. Other importance of business report are the following:

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- It helps the manager to know the performed activities in the business
- It helps in decision making process
- It is helpful in performance appraisal
- It helps in planning
- It helps for managing employees

Format of daily report of business activities

DAILY PROGRESS REPORT

GENERAL INFORMATION			
Employee Name			
Reporting Date			
Department			

COMPLETED ITEMS	
Task / Project	Description

ONGOING / IN PROGRESS			
Task / Project	Description	Next Action	Due Date

TASKS / PROJECTS FOR TOMORROW	
Task / Project	Description

CHALLENGES / ISSUES REQUIRING IMMEDIATE ATTENTION

LO5.2 CONDUCTING EMPLOYEE' S MEETING

Meaning of effective employees' meeting

Effective meetings help guide the efforts of employees and ensure strong communication throughout a company. A well-managed meeting can increase employee productivity and engagement, and improve communication and teamwork

A meeting can be defined as a collaborative work process designed to answer the who, why, how and what of a particular objective. Effective meetings can boost productivity, employee morale and profits.

An effective staff meeting has three goals: It reviews how things have gone the previous week. It allows people to share important updates. And it forces the team to clarify the most important decisions and debates for the coming week.

Purpose of employee's meeting

To provide updates, solicit feedback, share information and participate in a team environment.

Elements of preparing effective employee's meeting

a. Setting meeting objectives

A meeting objective is a measurable goal toward which your team works during a meeting. It is basically your meeting's ideal outcome. It is also the answer to the question, "What are we doing at this meeting?" Meeting objectives outline what the meeting aims to achieve and provide a clear direction for the discussion.

b. Preparing meeting requirements

This involves identifying the purpose of the meeting, **creating an agenda, and organizing the necessary materials or documents needed for the meeting**. Individuals and teams can ensure that their meetings are efficient, productive, and focused on achieving their goals by preparing for a meeting

a. Running employee's meeting

Kick off the meeting and run through the agenda in order, often getting the little administrative stuff out of the way first. Meeting leaders: Start the meeting on time. They focus everyone on the purpose and desired outcome, set groundrules and expectations of all participants.

It is always good to start a meeting with an icebreaker, especially if you are meeting for the first time. Taking some time at the beginning of the meeting to get to know your team using icebreakers can help build rapport and create a more relaxed and comfortable atmosphere.

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Here are 7 tips to assist you in conducting effective staff meetings for your small business:

- Determine the frequency of staff meetings.
- Determine who should attend each meeting.
- Select meeting topics.
- Prepare agenda ahead of time.
- Schedule the meeting.
- Conduct the meeting.
- Seek feedback on improving staff meetings.

Ways to make employee meeting successful

- Facilitate brainstorming session
- Stand up
- Set meeting goals together
- Offer incentives and rewards
- Set a clear framework in advance

LO5.3 Consultation of business plan

A business plan is a formal written document containing business goals, the methods on how these goals can be attained; this document serves as a road map that provides direction to the business.

Alternatively, a business plan is a document that summarizes the operational and financial objectives of a business and contains the detailed plans and budgets showing how the objectives are to be realized

Business plan has the following purposes:

- To show how a business proposed to operate
- To show where it is going to get the business finance
- The location of the business
- To show the customers of the business the production target
- To show the time table of activities
- To show the marketing techniques
- The expected return on investment
- To attract investors and funders
- To attract partners and high caliber employees

Meaning of business consultant

A Business consultant (from Latin: **consultare** "to discuss") is a professional who provides professional or expert advice in a particular area such as security (electronic or physical), management, accountancy, law, human resources, marketing (and public relations), finance, engineering, science or any of many others.

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Purpose of Business consultants

Is to help organizations to improve their performance and efficiency. These professionals analyze businesses and create solutions while also helping companies meet their goals.

The Purpose of consulting business plan during a business operation is:

- ✓ To guide the entrepreneur to monitor the progress of the business
- ✓ To help entrepreneur to know the specific resources necessary to achieve the set target
- ✓ To check whether the operation of business activity is on track
- ✓ To know whether all activities are well performed as prepared
- ✓ Create an effective strategy for growth
- ✓ Determine the future financial needs
- ✓ Attract investors and leaders
- ✓ ETC...

Critical parts of the business plan to be considered while running business

Production plan

- Check the production process and layout
- Consult whether the production staff are available
- The production utilities required

Organization plan

- Consult whether the legal structure is organized as prepared before
- To check whether each employee is performing his/her duties
- Skills and experience required for each worker
- Which people who supervise or manage others

Action plan

- To consult how the resources will be allocated and resources needed
- To check and make sure that they will fulfil the plans and achieve results
- To check whether the resources are well coordinated and are available at right time.

Financial plan

- Check whether all financial necessities are available
- To check what the business expect to spend and what it expects to earn

Marketing plan

- To consult whether the marketing effort are being executed by marketer

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- Consulting the pricing, quality and quantity of the product
- Consulting if the business used a well defines strategies to attract customers.

Among others such as

- ✓ Executive summary
- ✓ Business description
- ✓ Market analysis and strategy Marketing and sales plan
- ✓ Competitive analysis
- ✓ Management and organization
- ✓ Description of product and services
- ✓ description Operating plan

Using business plan as tool

- Use your business plan as an internal and external marketing tool to motivate growth
- Use your business plan to evaluate and develop your business idea as you write your business plan
- Employ your business plan to sell your business idea to potential investors
- Show investors how your firm will provide value to customers.
- Utilize your business plan as an organizational tool to direct the ongoing efforts of your business.
- Present your business plan to vendors and suppliers to solidify business relationships.

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Good luck!!

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