



Ethiopian TVET-System



IT SUPPORT SERVICE LEVEL II

Based on May 2011 Occupational Standards

October, 2019



Module Title: Developing Business Practice

TTLM Code: ICT ITS2TTLM 1019v1

This module includes the following Learning Guides

LG43: Identify business opportunity

LG Code: EIS ITS2 M12 1019 LO1-LG43

LG44: Identify Personal Business Skills

LG Code: EIS ITS2 M12 1019 LO2-LG44

LG45: Plan for the establishment of business operation

LG Code: EIS ITS2 M12 1019 LO3-LG45

LG47: Review Implementation Process

LG Code: EIS ITS2 M12 1019 LO5-LG47

ICT ITS1	Version:01	Page No.1
	Copyright: Ethiopia Federal TVET Agency	



Instruction Sheet

LG43: Identify business opportunity

This learning guide is developed to provide you the necessary information regarding the

Following content coverage and topics –

- Investigating and identifying business opportunities
- Undertaking feasibility study to determine business viability
- Undertaking market research on product or service
- Seeking assistance with feasibility study of specialist and relevant parties
- Evaluating impact of emerging or changing technology
- Assessing practicability of business opportunity
- Completing business plan

This guide will also assist you to attain the learning outcome stated in the cover page.

Specifically, upon completion of this Learning Guide, you will be able to –

- Business opportunities are investigated and identified
- Feasibility study is undertaken to determine likely business viability
- Market research on product or service is undertaken
- Assistance with feasibility study of specialist and relevant parties is sought as required
- Impact of emerging or changing technology including e-commerce, on business operations are evaluated
- Practicability of business opportunity assessed in line with perceived risks, returns sought and resources available
- Business plan for operation is completed

Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below 3 to 4.
3. Read the information written in the information “Sheet 1, Sheet 2, Sheet 3, Sheet 4, Sheet 5, Sheet 6 and Sheet 7” in **page 1, 4, 7, 10, 12, 14 and 16** respectively.
4. Accomplish the “Self-check 1, Self-check 2, Self-check 3, Self-check 4, Self-check 5 and Self-check 6” in **page 3, 6, 9, 11, 13, 15 and 18** respectively

ICT ITS1	Version:01	Page No.2
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.3
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-1

Investigating and identifying business opportunities

1.1 Concept of paradigm shift

- **"Paradigm"** designates what the members of a certain scientific community have in common, that is to say, the whole of techniques, patents and values shared by the members of the community which may be consciously articulated or, more likely, simply assumed and not intentionally acknowledged.
- **Paradigm shift** is the decline of the old paradigm, when the paradigm begins to fail solving problems and the emergence of a new one paradigm.
- **A paradigm shift** is necessary in most cases in order to generate a new business

1.2 Meaning of a Business Idea

A business idea is the response of a person or persons, or an organization to solving an identified problem or to meeting perceived needs in the environment (markets, community, etc.).

1.3 Meaning of a Business Opportunity

- A business opportunity may be defined simply as an attractive investment idea or proposition that provides the possibility of a monetary return for the person taking the risk.

1.4 Criteria for identifying a business opportunity

1. **Real demand**; it should have the potential to fulfill the needs and wants of customers
2. Return on investment;
3. Availability of resources and skills
4. Meet objectives
5. Be competitive

1.5 Unusual business opportunities

- These are new types of business opportunities which are not the same as that of most business opportunities in terms of their nature as well as the way they are utilized in business operation.

ICT ITS1	Version:01	Page No.4
	Copyright: Ethiopia Federal TVET Agency	



- Unusual business opportunities may originate as a result of different occasions; some of these may be
 - ✓ Public holidays
 - ✓ Ceremonies
 - ✓ Natural disaster
 - ✓ Campaigns
 - ✓ Changing way of life
 - ✓ Changing culture
 - ✓ Changing technology
 - ✓ Economic growth
- **Unusual business opportunities** may differ from place to place, from culture to culture, as well as from country to country. This is because what may be unusual business opportunity in one culture or country may not be unusual business opportunity in another culture as a result of differences among two or more cultures and countries.

ICT ITS1	Version:01	Page No.5
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -1	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. A Business idea is similar to a business opportunity
 - A. True
 - B. False
2. A factor for business opportunity
 - A. Real demand
 - B. Satisfied needs
 - C. Non availability of resources
 - D. Possible loss on investment

Short Answer Questions

1. Define a business opportunity
2. Mention at least three criteria of a business opportunity?

Note: Satisfactory rating - 2 points

Unsatisfactory - below 2 points

Answer Sheet

Score = _____
Rating: _____

ICT ITS1	Version:01	Page No.6
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.7
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-2	Feasibility study on business viability
----------------------------	--

2.1 Concept of a Feasibility Study

- In general, a **feasibility study** is an analysis that takes all of a project's/business's relevant factors into account—including economic, technical, legal, and scheduling considerations—to ascertain the likelihood of completing the project successfully.

2.2 Business skills: are the necessary skills required by individuals to conduct business operation successfully.

- The followings are the common business skills
 - ✓ Communication skills
 - ✓ Planning skills
 - ✓ Productivity skills
 - ✓ Creativity skills

2.3 Personal attributes for business

- **Personal attributes** for undertaking a business are those characteristics of an individual that make him/her successful in the day to day activities of a business.
- Even if there are various attributes for an individual to be successful in business, the followings are the most common ones
 - ✓ Working Hard
 - ✓ Getting Family Support
 - ✓ Be Energetic
 - ✓ Having an Internal sense of responsibility for all actions,
 - ✓ Taking moderate risks
 - ✓ Having a high Need to Achieve
 - ✓ Getting Business Experience
 - ✓ Being Independent
 - ✓ Having a Self-employed Parent as a Role Model
 - ✓ Has Self-confidence
 - ✓ Has Determination
 - ✓ Adapts to Change
 - ✓ Has a Good Network of Professionals

ICT ITS1	Version:01	Page No.8
	Copyright: Ethiopia Federal TVET Agency	



2.4 Importance of a feasibility study

The importance of Feasibility studies include the followings

- They can allow a business to address where and how it will operate
- Identify potential obstacles that may impede its operations
- Recognize the amount of funding it will need to get the business up and running.
- Lead to marketing strategies that could help convince investors or banks

2.5 Tools for Conducting a Feasibility Study

- Get feedback about the new concept from the appropriate stakeholders.
- Analyze and ask questions about your data to make sure that it's solid.
- Conduct a market survey or market research to enhance data collection.
- Write an organizational, operational, or a business plan.
- Prepare a projected income statement.
- Prepare an opening day balance sheet.
- Make an initial "go" or "no-go" decision about moving ahead with the plan.

2.6 Parts of a feasibility study report

The followings are the major elements of a feasibility study report

- **Executive summary**—Narrative describing details of the project, product, service, plan, or business.
- **Technological considerations**—what will it take? Do we have it? If not, can we get it? What will it cost?
- **Existing marketplace**—examine the local and broader markets for the product, service, plan, or business.
- **Marketing strategy**—describe it in detail.
- **Required staffing, including organizational chart**—what are the human capital needs for this project?
- **Schedule and timeline**, along with significant interim markers, for the project's completion date.

ICT ITS1	Version:01	Page No.9
	Copyright: Ethiopia Federal TVET Agency	



- **Project financials.**
- **Findings and recommendations**—break down into subsets of technology, marketing, organization, and financials.

ICT ITS1	Version:01	Page No.10
	Copyright: Ethiopia Federal TVET Agency	

**Self-Check -2****Written Test**

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. A feasibility study does not include
 - A. Executive summary
 - B. Technological considerations
 - C. Manufacturing process
 - D. Schedule and timeline
2. A feasibility study takes into consideration only the economic aspect
 - A. True
 - B. False

Answer Questions

1. Why a feasibility study is undertaken?

Note: Satisfactory rating - 3 points

Unsatisfactory - below 3 points

Answer Sheet

Score = _____

Rating: _____

Name: _____

Date: _____ **Short**



ICT ITS1	Version:01	Page No.12
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-3	Market research Undertaking market research on product or service
---------------------	---

3.1 Meaning of a marketing

- **Marketing** is the process of planning and executing the pricing, promotion, and distribution of products and services in order to create exchanges that satisfy both the firm and its customers.
- **Focus areas of marketing**
 - (1) Getting the right goods and services
 - (2) To the right people,
 - (3) At the right place and time,
 - (4) With the right price, and
 - (5) Through the use of the right blend of promotional techniques.

3.2 Meaning of market research

- **Marketing research** is the function that links the consumer, customer and public to the marketer through information – information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process.
- **Marketing research** specifies the information required to address these issues; designs the method for collecting information; manages and implements the data-collection process; analyzes the results; and communicates the findings and their implications.
- **Marketing research** is a function that links the consumer, customer and public to the marketer through information for marketing purposes

3.3 Reasons for conducting a Marketing research

The goal of doing market research is to equip yourself with the information you need to make informed business decisions on the 4Ps (Product, Price, Placement and Promotion) of marketing activities listed below:

ICT ITS1	Version:01	Page No.13
	Copyright: Ethiopia Federal TVET Agency	



- **Product** — Improve your product or service based on findings about what your customers really want and need. Focus on things like function, appearance and customer service or warranties.
- **Price** — set a price based on popular profit margins, competitors' prices, financing options or the price a customer is willing to pay.
- **Placement** — Decide where to set up and how to distribute a product. Compare the characteristics of different locations and the value of points of sale (retail, wholesale, on line).
- **Promotion** — Figure out how to best reach particular market segments (teens, families, students, professionals, etc.) in areas of advertising and publicity, social media, and branding.

3.4. Major Elements of a marketing research report

- A market research should be prepared in terms of report which include the followings in sequential order
 - ✓ Cover page
 - ✓ Acknowledgement
 - ✓ Table of contents
 - ✓ List of tables
 - ✓ List of figures
 - ✓ Problem statement
 - ✓ Research objectives
 - ✓ Develop data collecting tools (questionnaires, interview)
 - ✓ Launch the study and collect the data
 - ✓ Data Analysis
 - ✓ Presentation of the results
 - ✓ Conclusions
 - ✓ Recommendations

ICT ITS1	Version:01	Page No.14
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.15
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -3	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

1. What is a marketing research?
2. What are the steps of a marketing research process? (5 points)

Note: Satisfactory rating - 6 points

Unsatisfactory - below 6 points

Answer Sheet

Score = _____
Rating: _____



Information Sheet-4	Seeking assistance of specialist and relevant parties
----------------------------	--

4.1. Deciding who should do the marketing research

- A marketing research may be undertaken by a firm's own research staff alone, given to an outside agency to perform, or some combination of both of these options.
- If the research is conducted in combination, the research proposal should identify who should do what.

4.2. Specialist and relevant parties in marketing research

The type of specialists who can assist in the marketing research process depends on the nature of the marketing research and its divisions. Therefore,

- Research experts
- Economists
- Accountants
- Marketing experts
- Psychologists
- Technical experts of the business whose data is used for conducting marketing research

ICT ITS1	Version:01	Page No.17
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -4	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

1. What are the forms of conducting marketing research (3)
2. Mention two professionals who can help in conducting a marketing research.(2)

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

Answer Sheet

Score = _____
Rating: _____



Information Sheet-5	Evaluating impact of emerging or changing technology
----------------------------	---

5.1 Definition of technology and technological change

- The definition of the term 'technology' emanates from its various natures across many disciplines. The concept of technology can be grouped in to three major clusters as follows:
 - ✓ Technology could be taught as tools, machineries
 - ✓ Technology may be considered as the process of transforming inputs into outputs (production technology)
 - ✓ Technology may be also considered as a symbol and ideology (a key factor in transforming societies; it has become associated with modernity, progress and rationality)
- A technological change, from the definition of technology point of view, means change in tools, machineries, process of technology, symbol and ideology

5.2 Impact of changing technology on business operation

- It is clear that technological change bring either a positive or negative impact on the day to day activities of businesses.
- Some of the positive impacts of technological change in the day to day activities of businesses are
 - ✓ Increased productivity
 - ✓ Increased service quality
 - ✓ Faster production of goods and services
 - ✓ Better quality of products and services
 - ✓ Bring new products and services
 - ✓ More profitability
- Some of the negative impacts of technological change in the day to day activities of businesses are
 - ✓ Closure of businesses
 - ✓ Layoffs of workers
 - ✓ Increased prices of goods and services

ICT ITS1	Version:01	Page No.19
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.20
	Copyright: Ethiopia Federal TVET Agency	

**Self-Check -5****Written Test**

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

1. Give one of the definitions of technology?
2. Mention two positive impacts of technological change on business.(2 points)
3. Mention two negative impacts of technological change on business.(2 points)

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

Answer Sheet

Score = _____

Rating: _____



ICT ITS1	Version:01	Page No.22
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-6	Assessing practicability of business opportunity
----------------------------	---

- Before any new business is started its operation, the practicability of this operation should be checked in terms of risk, return and availability of resources.

6.1 Practicability of business opportunity in line with risk

- The types of risks to be taken based on the nature of business should be determined before launching a business venture.
- The mechanisms for reducing or eliminating those risks should be well developed for the smooth operation of the business.

6.2 Practicability of business opportunity in line with return

- Every business established the purpose of getting profit (return). Therefore, it should be clear that as a result of its day to day activities, a business should be assured that it will get the anticipated profit (return) otherwise it will not start operation.
- In this case, the business must clearly identify the resources required to start business as well the costs that should be incurred for these resources.

6.3 Practicability of business opportunity in line with available resources

- Every business needs resources of various types for conducting its activity.
- An appropriate effort should be made to assure the business that it will get these resources in adequate amount as required as well have the capability to obtain these resources i.e. the business enough finance for getting the necessary resources for its day to day activities.

ICT ITS1	Version:01	Page No.23
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.24
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -6	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

1. What do we mean by assessing the practicability of business opportunity in line with return?

Note: Satisfactory rating - 1 point

Unsatisfactory - below 1 point

Answer Sheet

Score = _____
Rating: _____



Information Sheet-7

Completing business plan

7.1 Concept of a business plan

- **A business plan** is a detailed report on a company's products or services, production techniques, markets, human resources, organization, requirements of infrastructure, financing requirements, and sources and uses of funds.

7.2 Major components of a common business plan

- The followings are the parts of the common business plan
 - ✓ Executive Summary (summary of the full business plan)
 - ✓ Background (short historical background of the business)
 - ✓ Main products, Markets and Customers (of the business)
 - ✓ Market Analysis
 - ✓ Marketing Plan
 - ✓ Business operations Management
 - ✓ Management and Organization
 - ✓ SWOT Analysis
 - ✓ Financial planning (basic financial statements, breakeven point, cash flow statements...)

7.3 When is a business plan prepared?

- When thinking of going into business/startup of a new business
- When updating the business is required
- When new information/idea is obtained
- When new experiences are gained
- When there is a major decision

7.4 Who prepare a business plan?

- Prospective business owner/managers (CEO and, marketing, production, HR and finance managers)
- An advice/support agency, or a professional figure such as an accountant, may assist in writing certain areas of the business plan for it to look professional
- A computer programmed providing a model that can be modified to suit your business can also be utilized.

7.5 Basic considerations of a business plan?

ICT ITS1	Version:01	Page No.26
	Copyright: Ethiopia Federal TVET Agency	



- **Market** (should be large enough for the business to survive profitably)
- **Financial projections** should be realistic
- **The return for the investors or lenders** should be clear and guaranteed
- **Size of the Business Plan** - Content of B/Plan - should be between 15-35 pages.
- **Period covered by the B/Plan** – 3-5 years projection.
- **Design-** use blank spaces between sentences. Use short sentences and paragraphs - 6-8 lines, and double space lines
- **Type of Fonts** – Times or Times New Roman size 10-12. Titles – Arial or Univers 12-16 bold face, italics or underlined.
- **Bullets** – Highlight important information with bullets. Reduce your sentences, use direct language and separate information into paragraphs
- **Images** – Colorful graphic, photograph, graphs and tables

7.6 Revision / updating/ of a business plan

- Revising/Updating a business plan is necessary as there are many factors changing from time to time.
- The followings are the common eight reasons for revising/updating a business plan.
 - ✓ A new financial period is about to begin
 - ✓ You need additional financing.
 - ✓ Significant markets change
 - ✓ New or stronger competitors are looking to your customers for their growth.
 - ✓ Your firm develops a new product, technology, service or skill
 - ✓ You have had a change in management
 - ✓ Your old plan doesn't seem to reflect the present reality anymore

ICT ITS1	Version:01	Page No.27
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.28
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -7	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. An accountant may help in the preparation of a business plan
 - A. True
 - B. False
2. The content of a business plan should be from 25 to 35
 - A. True
 - B. False

Short Answer Questions

1. What is a business plan?
2. Mention at least 2 reasons for revising/updating business plan?(2 points)

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

Answer Sheet

Score = _____
Rating: _____

Instruction Sheet	LG44: Identify Personal Business Skills
--------------------------	--

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

- Identifying and taking financial and business skills.

ICT ITS1	Version:01	Page No.29
	Copyright: Ethiopia Federal TVET Agency	



- Accessing and matching personal skills/attributes
- Identifying and assessing business risks

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Financial and business skills available are identified and taken into account when business opportunities are researched
- Personal skills/attributes are assessed and matched against those perceived as necessary for a particular business opportunity
- Business risks are identified and assessed according to resources available and personal preferences

Learning Instructions:

5. Read the specific objectives of this Learning Guide.
6. Follow the instructions described below 3 to 4.
7. Read the information written in the information “Sheet 1, Sheet 2, and Sheet 3,” in **page 1 ,4, and 7** respectively.
8. Accomplish the “Self-check 1, Self-check t 2, Self-check 3, Self-check 4, Self-check 5 and Self-check 6” in **page 3, 6, and 13** respectively

ICT ITS1	Version:01	Page No.30
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-1	Identifying and taking financial and business skills.
---------------------	---

1.2 Concept of paradigm shift

- "**Paradigm**" designates what the members of a certain scientific community have in common, that is to say, the whole of techniques, patents and values shared by the members of the community which may be consciously articulated or, more likely, simply assumed and not intentionally acknowledged.
- **Paradigm shift** is the decline of the old paradigm, when the paradigm begins to fail solving problems and the emergence of a new one paradigm.
- **A paradigm shift** is necessary in most cases in order to generate a new business

1.2 Meaning of a Business Idea

A business idea is the response of a person or persons, or an organization to solving an identified problem or to meeting perceived needs in the environment (markets, community, etc.).

1.3 Meaning of a Business Opportunity

- A business opportunity may be defined simply as an attractive investment idea or proposition that provides the possibility of a monetary return for the person taking the risk.

1.4 Criteria for identifying a business opportunity

6. **Real demand**; it should have the potential to fulfill the needs and wants of customers
7. Return on investment;
8. Availability of resources and skills
9. Meet objectives
10. Be competitive

1.6 Unusual business opportunities

- These are new types of business opportunities which are not the same as that of most business opportunities in terms of their nature as well as the way they are utilized in business operation.

ICT ITS1	Version:01	Page No.31
	Copyright: Ethiopia Federal TVET Agency	



- Unusual business opportunities may originate as a result of different occasions; some of these may be
 - ✓ Public holidays
 - ✓ Ceremonies
 - ✓ Natural disaster
 - ✓ Campaigns
 - ✓ Changing way of life
 - ✓ Changing culture
 - ✓ Changing technology
 - ✓ Economic growth
- **Unusual business opportunities** may differ from place to place, from culture to culture, as well as from country to country. This is because what may be unusual business opportunity in one culture or country may not be unusual business opportunity in another culture as a result of differences among two or more cultures and countries.

ICT ITS1	Version:01	Page No.32
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -1	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

3. _____ is the decline of the old paradigm, when the paradigm begins to fail solving problems and the emergence of a new one paradigm.
4. List some Unusual business opportunities may originate as a result of different occasions?

Note: Satisfactory rating - 1 points

Unsatisfactory - below 1 points

Answer Sheet

Score = _____
Rating: _____



Information Sheet-2

Assessing and matching personal skills/attributes

1.1. Maintaining an Entrepreneurial Outlook

A. Feel and Think Like an Entrepreneur

- Think along non-traditional and nonconformist lines
- Think about starting small
- Think realistically about finances
- Think always about viable business ideas
- Think about what people are willing to buy
- Think about doing things for yourself
- Think about cost-benefits of business involvement
- Think about doing things differently
- Think about family and people who can support and help you
- Think like an achiever
- Think clearly about complex problem situations

B. Behave and Act Like an Entrepreneur

- Have a good product or service that is of value to other people
- Utilize the skills, experience and abilities you have
- Adopt and use the language of achievement
- Move ahead and do things at your own pace
- Have a positive attitude and compete with yourself
- Be determined and motivated in whatever you do
- Lead and guide other people
- Develop plans on what you want to do
- Initiate activities in no matter what situation
- Maintain hope and never give up easily
- Dress well to gain attention and respect
- Be healthy, active and enthusiastic/passionate
- Unconditionally accept your own worth/value

ICT ITS1	Version:01	Page No.34
	Copyright: Ethiopia Federal TVET Agency	



C. Have a Goal (Something you work to gain from)

- Set small goals for yourself (“Today I will finish my homework”). When you have accomplished the small goals, move on to larger ones (“I will own business”).
- Complete one goal at a time. If you have too many goals, you achieve few of them.
- If your goal is too big to reach as a whole, break it into smaller goals and aim for the smaller goals one at a time.
- Choose realistic goals. Don’t set your sights on goals you’ll never be able to achieve in your lifetime.
- Give yourself rewards along the way. Without encouragement to glue the bricks together, the wall will fall apart.
- Never forget where you are and where you are going. Remind yourself which goals you’ve reached and which still need to be achieved.
- Be specific and concise when starting your goals.
- Express your goals in qualitative terms that will tell you whether a goal has been achieved or not.
- Determine the causes for goals not achieved. In a small business, examples would include wastage of materials, shortage of money, production problems, marketing problems, competition, inflation, government regulations, and other natural causes like HIV/AIDS.
- Whenever there is deviation from achieving a goal it is necessary for you to redefine your goals to fit in with the new reality. This adjustment is a continuous process in business situations.
- When setting goals it is important to be conscious of their nature, such as regular/routine work goals, problem-solving goals, innovative goals and development goals.

ICT ITS1	Version:01	Page No.35
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -2	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

3. List Maintaining an Entrepreneurial Outlook?
4. List Behave and Act Like an Entrepreneur?

Note: Satisfactory rating - 6 points

Unsatisfactory - below 6 points

Answer Sheet

Score = _____
Rating: _____



Information Sheet-3

Identifying and assessing business risks

Business risks

What is Risk?

There is no one universal and comprehensive definition of risk that exists so far. It is defined in different forms by several authors with some differences in the wordings used. The essence, however, is very similar. Some of the definitions are shown below:

Risk is a condition in which there is a possibility of an adverse deviation from a desired from a desired outcome that is expected or hoped for. Or it can be understood as the possibility of an unfavourable deviation from expectations; it is the possibility that something we do not want to happen will happen or something that we want to happen will fail to do so. Any ways it is the objectified uncertainty as to the occurrence of an undesired event.

What is Risk Management?

Risk management is the identification, measurement, and treatment of property, liability, and personnel pure-risk exposures. It involves the application of general management concepts to a specialized area.

It requires the drawing up of plans, the organizing of material and individuals for the undertaking, the maintaining of activity among personnel for the objectives involved, the unifying and coordinating all the activities and efforts, and finally the controlling these activities.

Objectives of Risk Management

1. Mere survival: to exist as a business enterprise as a going concern
2. Peace of mind: to avoid mental and physical strain of uncertainty of a person
3. Lower risk management costs and thus higher profits
4. Fairly stable earnings: to eliminate the fluctuating nature of earnings due to fluctuating losses.
5. Little or no interruptions of operations
6. Continued growth
7. Satisfaction of the firm's sense of social responsibility or desire for a good image/ creating good will on society/value maximization/
8. Satisfaction of externally imposed obligations.

Risk Management Process

It is an iterative process consisting of five steps, which, when undertaken in sequence, enable continual improvement in decision making. These steps are a logical and systematic method of clarifying objectives, identifying, analyzing, evaluating, treating, monitoring and communicating risks associated with any operation, project or activity in order to minimize losses and maximize opportunities. Risk management is as much about identifying opportunities as avoiding or mitigating losses.

ICT ITS1	Version:01	Page No.37
	Copyright: Ethiopia Federal TVET Agency	



This process can be applied at many levels in an organization, from the business and strategic levels, down to operational and tactical levels. It may be applied to specific operations, activities or projects, in order to assist with decisions or to manage recognized risk areas. For each stage of the process, records should be kept.

STEP 1: ESTABLISH THE CONTEXT

General context: The process occurs within the framework of an organization's strategic, organizational and risk management context. This needs to be established to define the basic parameters within which risks must be managed and to provide guidance for decisions within more detailed risk management studies. This sets the scope for the rest of the risk management process.

- **External Factors:** The external environment includes the financial, operational, competitive, political (public perceptions/image), social, client, cultural and legal aspects of the organization's functions. External stakeholders should be identified, their objectives considered and account taken of their perceptions. Policies for communicating with stakeholders should be established. The organisation should seek to determine the crucial elements which might support or impair its ability to manage the risks it faces.
- **Internal Factors:** Before a risk assessment occurs, it is necessary to understand the organization and its capabilities, as well as its goals, objectives and strategies to achieve them. An organization's policy and goals help define the criteria by which a risk is deemed acceptable or not, and form the basis of treatment options.
- **Activity-specific Factors:** The aims, objectives and scope of the activity or project should be established from the outset. Full consideration of the need to balance costs, benefits and opportunities should be given. The resources required and the records to be kept should also be specified. Setting the scope and boundaries for the application of the risk management process involves:

Risk Evaluation Criteria: The criteria against which risk is to be evaluated should be defined. Decisions concerning risk acceptability and risk treatment may be based on operational, technical, financial, legal, social, humanitarian or other criteria. These often depend on an organization's internal policy, goals, objectives and the interests of stakeholders. Criteria may be affected by internal and external perceptions and legal requirements. It is important that appropriate criteria be determined at the outset. Although risk criteria are initially developed as part of establishing the risk management context, they may be further developed and refined subsequently as particular risks are identified and risk analysis techniques are chosen. The risk criteria must correspond to the type of risks and the way in which risk levels are expressed.

STEP 2: IDENTIFY RISKS

Risk identification is the process by which a business systematically and continually identifies property, liability, and personnel exposures as soon as or before they emerge. The organization tries to locate the areas where losses could happen due to a wide range of perils.

This step seeks to identify the risks to be assessed, treated and monitored. Comprehensive identification using a well-structured systematic process is critical, because a potential risk not identified at this stage could be excluded from further analysis. Identification should include all risks whether or not they are under the control of the organization. Techniques for identifying risks are as follows:

- Brainstorming

ICT ITS1	Version:01	Page No.38
	Copyright: Ethiopia Federal TVET Agency	



- Expert interviews
- Professional judgment
- Organizational data and records
- Checklists

The aim of Risk Identification is to establish what can happen, and how and why it can happen. It will generally be useful to identify risks by considering their sources. Sources of risk include the prevailing security situation, weather and climate, human nature...to name a few. Annex C lists eight generic sources of risk that are applicable to the more general types of business. Risk identification should centre on what risks can occur, as well as the reasons and environment in which they occur. Once identified, risks can then be assessed.

ASSESS RISKS

It is essential that risks are assessed in their current control regime (net risk) eg. the risk of a fire in a building should be viewed as risk with current fire prevention systems in place. Assessing the gross risks (risk without any controls applied) to the achievement of objectives is a theoretical starting point, however it is difficult to measure and it is not possible to identify what, if any, additional controls are required without identifying all the controls already in place. Organizations should therefore assess net risk by analyzing the controls that are already in place and their cost effectiveness.

In order to assess risks, it may be adequate to simply prioritize risks and deal with them. More normally however, it will be necessary to measure the identified risks in terms of the probability of them happening and the associated impact on objectives. This process is called Risk Analysis, and when complete, it leads to a second process – Risk Evaluation.

STEP 3: RISK ANALYSIS AND MEASUREMENT

There are three types of risk analysis:

- **Qualitative Analysis:** Qualitative analysis uses word form or descriptive scales to describe the magnitude of potential impacts and probabilities. These scales can be adapted or adjusted to suit the circumstances, and different descriptions may be used for different risks. Qualitative analysis is used as an initial screening activity to identify risks which require more detailed analysis, or where the level of risk does not justify the time and effort required for a fuller analysis. It can also be used where the numerical data are inadequate for a quantitative analysis.
- **Semi-Quantitative Analysis:** In semi-quantitative analysis, qualitative scales such as those described above are given values. The number allocated to each description does not have to bear an accurate relationship to the actual magnitude of the impact nor its probability. The numbers can be combined by any one of a range of formulae provided that the system used for prioritization matches the system chosen for assigning numbers and combining them. The objective is to produce a more detailed prioritization than is usually achieved in qualitative analysis, not to suggest any realistic values for risk such as is attempted in quantitative analysis. Although more complicated approaches can be used, prioritization can be achieved simply by measuring the risk as a function of probability and impact.

ICT ITS1	Version:01	Page No.39
	Copyright: Ethiopia Federal TVET Agency	

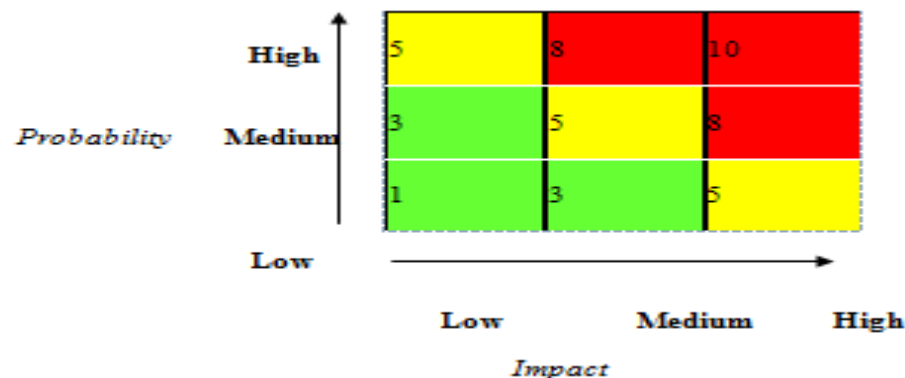


- **Quantitative Analysis:** Quantitative analysis uses numerical values, rather than the descriptive scales used in qualitative and semi-quantitative analysis, for both impact and probability using data from a variety of sources. Three-Point Estimating is a quantitative technique that assigns numerical values to define a range of possible outcomes so that risk analysis may be carried out to better inform decisions. In forecasting terms, a Three-Point Estimate is an estimate of the range of possible outcomes from a minimum to maximum (i.e. worst case); with the most likely outcome appropriately located between these 2 extremes.

STEP 4: RISK EVALUATION

The fourth step is Risk Evaluation. This involves combining the estimates of Probability and Impact to derive an overall score that can be attached to that risk. We can use a Probability Impact Diagram for this purpose. The Probability Impact Diagram is a 3 x 3 matrix that returns a Risk Score that corresponds to a set of probability and impact estimates attached to a specific risk.

- Using the table below, a medium probability coupled with a high level of impact returns a Risk Score of 8, which is deemed a high (red) risk. Or, a medium impact coupled with a low probability returns a Risk Score of 3 – a low (green) risk.



- Once all risks have been scored, they can then be arranged in priority order to separate high risks from low risks, and to inform the next step – Risk Treatment.

STEP 5: TREAT RISKS

i. **Treatment Options:** Risk treatment involves identifying the range of options for controlling risk, assessing those options, preparing risk management plans and implementing them. There are 4 options for treating risk, which are not necessarily mutually exclusive or appropriate in all circumstances:

- **Treat:** By far the greater number of risks will be addressed in this way. Risk treatment allows an organization to continue with an activity while also taking action to constrain the associated risks to an acceptable level. Risk treatment seeks to control or reduce both the probability of an adverse occurring as well as its impact. Some techniques for treating risk are:
 - Probability can be controlled or reduced by: audit and compliance programmes, testing, supervision, inspections, formal reviews of requirements and specifications, R&D, training, and project management.



- Impact can be controlled or reduced by: contingency planning, contract provisions, insurance, minimizing exposure to the sources of risk, engineering measures, fraud control planning, and public relations.
- Tolerate: The residual risk after treatment may be tolerable without any further action being taken. Even if it is not tolerable, ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained.
- Transfer: Alternatively, residual risks can be further reduced by transferring them. This might be done by conventional insurance, or by paying a third party to accept the risk. This option is particularly good for mitigating financial risks or risks to assets. Risk transfer works because another organization may be more capable of effectively managing the risk. It is important to note that some risks are not (fully) transferable – the ultimate responsibility will always remain with the original party.
- Terminate: Some risks will only be treatable, or containable to acceptable levels, by terminating the activity. This option can be particularly important in project management if it becomes clear that the projected cost / benefit relationship is in jeopardy. It should be noted that on operations, the ability to terminate an activity may be limited by necessity.

ii. **Selecting the Appropriate Risk Treatment Measure:** Options should be assessed and selected on the basis of the extent of risk reduction, and the extent of any additional benefits or opportunities created, taking into account the evaluation criteria developed at Step 1. Selection of the most appropriate option involves balancing the cost of implementing each option against the benefits derived from it. In many cases, it is unlikely that any one risk treatment measure will be a complete solution for a particular problem. Often the organization will benefit substantially by a combination of options such as reducing the probability of risks, reducing their impacts, and transferring or retaining any residual risks. Risk treatment options should consider how risk is perceived by affected stakeholders.

iii. **Risk Management Plans (RMP):** Risk Management Plans should document how the chosen treatment option or combination of them is to be implemented. The RMP should identify responsibilities, schedules, the expected outcome(s), budgeting, performance measures and the review process to be set in place. The plan should document the management response to the treatment of risk and might include:

- Description of risk
- Action to be taken
- Person responsible for plan implementation
- Resources to be used and budget allocation
- Timetable
- Monitoring and review arrangements

iv. **Risk Ownership and Plan Implementation:** The risk owner is the person responsible for managing the risk and should be the individual best able to control it. Responsibilities should be agreed between the parties at the earliest possible time. The successful implementation of the plan requires an effective management system which specifies the methods chosen, assigns responsibilities and individual accountabilities for actions, and monitors them against specified criteria.

ICT ITS1	Version:01	Page No.41
	Copyright: Ethiopia Federal TVET Agency	



v. **Monitor, Review and Report:** RMPs must be monitored because changing circumstances will alter risk priorities. Few risks remain static. Ongoing review is essential to ensure that the RMP remains relevant. Factors which may affect the probability and impact of an outcome may change, as may the factors which affect the suitability or cost of the various treatment options. It is therefore necessary to regularly repeat the risk management cycle and to report regularly on progress. Used in this way, the RMP should become a primary management tool of any organization.

vi. **Communicate And Consult:** Communication and consultation are an important consideration at each step of the risk management process. It is important to develop a communication plan for both internal and external stakeholders. This plan should address issues relating to both the risk itself and the process to manage it. Effective internal and external communication is important to ensure that those responsible for implementing risk management, and those with a vested interest understand the basis on which decisions are made and why particular actions are required. Perceptions of risk can vary due to difference in assumptions and concepts and the needs, issues and concerns of stakeholders as they relate to the risk or the issues under discussion. Stakeholders are likely to make judgments of the acceptability of a risk based on their perception of risk. Since stakeholders can have a significant impact on the decisions made, it is important that their perceptions of risk, as well as their perceptions of benefits, be identified and documented and the underlying reasons for them understood and addressed.

Self-Check -3	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

1. **What is Risk?**
2. **What is Risk Management?**

Note: Satisfactory rating – 1 points

Unsatisfactory - below 1points

Answer Sheet

Score = _____
Rating: _____

ICT ITS1	Version:01	Page No.42
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.43
	Copyright: Ethiopia Federal TVET Agency	

**Instruction Sheet****LG45: Plan for the establishment of business operation**

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

- Determination and documentation of organizational structure and operations
- Developing and documenting procedures
- Securing financial requirement for business operation.
- Identifying and compiling business legal and regulatory requirements
- Determination of the human and physical resources requirements of a business
- Development of recruitment and procurement strategies.

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, **you will be able to –**

- Determine and document organizational structure and operations
- Develop and document procedures to guide operations.
- Secure finances for business operation.
- Identify and compile business legal and regulatory requirements.
- Determine the human and physical resources required to commence business operation.
- Develop recruitment and procurement strategies.

Learning Instructions:

1. Read the specific objectives of this Learning Guide.
2. Follow the instructions described below 3 to 4.
3. Read the information written in the information “Sheet 1, Sheet 2, Sheet 3, Sheet 4, Sheet 5 and Sheet 6” **in page 1, 3, 6, 8, 10, and 12** respectively.
4. Accomplish the “Self-check 1, Self-check 2, Self-check 3, Self-check 4, Self-check 5 and Self-check 6” **in page 2, 5, 7, 9, 11 and 14** respectively

ICT ITS1	Version:01	Page No.44
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-1	Determination and documentation of organizational structure and operations
----------------------------	---

1.1 Concept of organization and organizational structure

- **Organization** is a formally constituted group of people who have identified tasks and who work together to achieve a specific purpose defined by the organization.
- **Organizational structure** refers to the way in which a group of people is formed, its lines of communication and its means for channeling authority and making decisions.

1.2 Organizational chart

- **Organizational chart:** Is a picture of an organization to show the organizational structure.
- **An organization chart** can help in identifying roles and expectations.

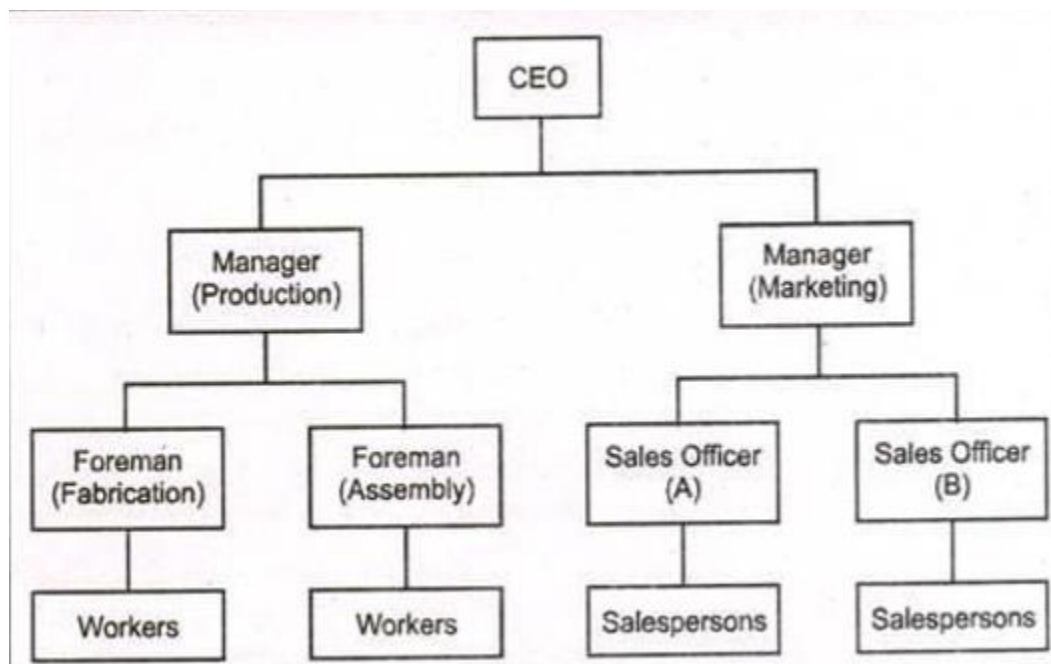


Fig. 1.1 Example of an organizational structure

1.3 Types of organizational charts

ICT ITS1	Version:01	Page No.45
	Copyright: Ethiopia Federal TVET Agency	



1. **Simple structure** (an organizational structure with low departmentalization, wide spans of control, authority centralized in a single person, and little formalization)
2. **Functional structure** (A functional structure is an organizational structure that groups similar or related occupational specialties together)
3. **Divisional structure** (an organizational structure that consists of separate business units or divisions)

Self-Check -1	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. The composition of organizational chart include people and their functions
 - A. True
 - B. False
2. Organizational structure and organizational chart are the same
 - A. True
 - B. False

Short Answer Questions

1. Mention the types of organizational charts (3 Points)
2. Write at least two benefits of an organizational chart (2 points)

Note: Satisfactory rating - 7 points

Unsatisfactory - below 7 points

Answer Sheet

Score = _____
Rating: _____



ICT ITS1	Version:01	Page No.47
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-2	Developing and documenting procedures
---------------------	---------------------------------------

2.1 Business operational procedures

- A **Standard Operating Procedure (SOP)** is a set of written instructions that document a routine or repetitive activity followed by an organization.
- The term “**SOP**” may not always be appropriate and terms such as protocols, instructions, worksheets, and laboratory **operating** procedures may also be used
- An SOP is a procedure specific to your operation that describes the activities necessary to complete tasks in accordance with industry regulations, provincial laws or even just your own standards for running your business.
- Any document that is a “how to” falls into the category of procedures. In a manufacturing environment, the most obvious example of an SOP is the step by step production line procedures used to make products as well train staff.

2.2 How to prepare an operational procedure for a business

- Developing an SOP is about systemizing all of your processes and documenting them
- Below is a listing of just a few typical SOPs, which you will want to consider writing for your own small business.
- **Production/Operations**
 - ✓ production line steps
 - ✓ equipment maintenance, inspection procedures
 - ✓ new employee training
- **Finance and Administration**
 - ✓ accounts receivable – billing and collections process
 - ✓ accounts payable process – maximizing cash flow while meeting all payment deadlines
- **Marketing, Sales and Customer Service**
 - ✓ approval of external communications: press releases, social media, advert, etc.
 - ✓ preparation of sales quotes
 - ✓ service delivery process, including response times

ICT ITS1	Version:01	Page No.48
	Copyright: Ethiopia Federal TVET Agency	



- ✓ warranty, guarantee, refund/exchange policies
- ✓ acknowledgment/resolution of complaints, customer comments and suggestions

- **Employing Staff**

- ✓ job descriptions
- ✓ employee orientation and training
- ✓ corrective action and discipline
- ✓ performance reviews
- ✓ use of Internet and social media for business purposes

2.3 Benefits of operational procedure of a business

- One of the specific measurable outcomes of an operating procedure manual is productivity improvements, and as a business owner, you need to be highly productive to succeed.
- The common five benefits of a standard operating procedure include
 - ✓ Reduced learning curve/training time /for new employees
 - ✓ Ensured business continuity
 - ✓ Standardized processes
 - ✓ Delegating tasks becomes easier (because of having short job description for each employee)
 - ✓ Ensure that your clients are getting the best possible experience with you

ICT ITS1	Version:01	Page No.49
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.50
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-3	Securing financial requirement for business operation.
----------------------------	---

3.1 What is finance?

- **Finance** may be defined as the art and science of managing money.
- **Finance** also is referred as the provision of money at the time when it is needed.
- **Finance function** is the procurement of funds and their effective utilization in business concerns.

3.2 Sources of finance for business operation

- There are two primary sources of financing to establish a business. These are:
 - ✓ Owner's equity (It is the money the owner puts into the business)
 - ✓ Borrowing from lending institutions (like banks and microfinance institutions)

3.3 Places to secure finances

- **Micro finance institutions:** financial associations that help people start their own small business by providing loans which will be difficult to get from the main banking system.
- **Government Banks:** banks owned by the state or federal government
- **Private Banks:** banks: that are owned by individuals or by an individual
- **Saving and credit associations:** associations that are formed by group of people working in the same organizations for the purpose of money saving and loan for these people

ICT ITS1	Version:01	Page No.52
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.53
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -3	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

1. What is equity financing?
2. Mention at least three places for securing finance for a business.(3 Points)
3. What are microfinance institutions?

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

Answer Sheet

Score = _____
Rating: _____

Name: _____

Date: _____



ICT ITS1	Version:01	Page No.55
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-4	Identifying and compiling legal and regulatory requirements of a business
----------------------------	--

4.1 Legal and regulatory requirements of a business

- Depending on the type of business you manage, there could be many regulations and legal obligations you must comply with in order to operate the company such as tax laws, material handling laws, and employment laws.
- Most businesses either have attorneys on staff or retain firms to handle issues surrounding the law.
- Whether you are establishing a business organization, protecting proprietary information, shipping products across state lines, or managing employees, certain business laws affect all companies.

4.2 Examples of legal and regulatory requirements of a business

The following areas cover companies in most industries:

- tax laws;
- environmental laws;
- consumer protection laws;
- employment and labor laws;
- antitrust/fair competition laws;
- license and permitting laws;
- contract laws;
- intellectual property laws;
- financial regulation laws;

ICT ITS1	Version:01	Page No.56
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.57
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -4	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

1. Mention at least 4 legal requirements for business operation?

Note: Satisfactory rating - 4 points

Unsatisfactory - below 4 points

Answer Sheet

Score = _____
Rating: _____

ICT ITS1	Version:01	Page No.58
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-5	Determination of the human and physical resources requirements of a business
----------------------------	---

5.1 Human resources requirements of a business

- The human resource requirements of a business refer the individuals who are going to fill the positions that inevitably become vacant because of employees retirement, resignation or promotion.
- It also refers to individuals who are going to fill the new positions created as a result of business expansion.



Fig 5.1 New employees being given orientation

5.2 Physical resources requirements of a business

- These are resources the business needs to be able to operate and carry out its work except the human resources.
- The followings are the common physical resources of a business
 - ✓ Buildings and facilities
 - ✓ Materials and waste
 - ✓ Plant and machinery
 - ✓ Equipment including IT
 - ✓ Emergency provision
 - ✓ Insurance
 - ✓ Security

ICT ITS1	Version:01	Page No.59
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.60
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -5	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. Physical resources used by a business does not include one of the followings
 - A. Buildings
 - B. Equipments
 - C. Copy right
 - D. Machinery

Short Answer Questions

1. What do we mean by human resources of a business?

Note: Satisfactory rating - 2 points

Unsatisfactory - below 2 points

Answer Sheet

Score = _____
Rating: _____

Name: _____

Date: _____

ICT ITS1	Version:01	Page No.61
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.62
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-6	Development of recruitment and procurement strategies.
----------------------------	---

6.1 Meaning of recruitment

- **Recruitment** is described as “the set of activities and processes used to legally obtain a sufficient number of qualified people at the right place and time so that the people and the organization can select each other in their own best short and long term interests”.
- The **recruitment** process provides the organization with a pool of potentially qualified job candidates from which the right selection can be made to fill vacancies.

6.2 Recruitment strategies

- A Recruitment strategy is a means to conduct recruitment process.
- A recruiting strategy is formal plan of action involving an organization’s attempts to successfully identify, recruit, and hire high-quality candidates for the purpose of filling its open positions
- The answers to the following questions form the foundation for the preparation of a Recruitment strategy
 - ✓ What is the desired outcome?
 - ✓ What [recruiting tools](#) and resources do I have at my disposal?
 - ✓ Which of my personal experiences will help guide me?
 - ✓ How will the experiences of other people help guide me?
 - ✓ What research can I conduct that can help guide me?
 - ✓ What criteria will I use to track the effectiveness of my strategy?
 - ✓ How will my analysis allow me to improve the effectiveness of my strategy?
- In addition to the above questions, the following issues should be considered during the preparation of a recruitment strategy
 - ✓ Identification of the stage(s) of the recruitment process being addressed
 - ✓ Identification of all of the variables involved in that stage, including the people involved

ICT ITS1	Version:01	Page No.63
	Copyright: Ethiopia Federal TVET Agency	



- ✓ The timeframe involved
- ✓ The expectations for all parties concerned during the stage
- ✓ How those expectations are communicated
- ✓ How all parties are held accountable for those expectations
- ✓ What happens if and when expectations are not met



Fig 5.2 recruitment process undertaken in office

6.3 Meaning of procurement

- **Procurement** is the business management function that ensures identification, sourcing, access and management of the external resources that an organization needs or may need to fulfill its objectives.
- **Procurement** covers the complete range of events from the identification of a need for a good or service through to its disposal / removal.
- There are two terms which seem similar to **procurement** but have a slight difference; these are **acquisition and purchasing**
- **Acquisition** is a part of **Procurement** which denotes buying or obtaining something
- **Purchasing** is also acquiring something but unlike acquiring it introduce payment

6.4 Procurement strategies

- A procurement strategy plan is one of the most important documents or plan examples that your business should have.

ICT ITS1	Version:01	Page No.64
	Copyright: Ethiopia Federal TVET Agency	



- A procurement strategy document helps in ensuring the efficiency of using resources and acquiring new items that can benefit the business and its operations in the best way possible.
- Here are some of the reasons why it is important for your business to conduct procurement planning and procurement strategy development:

ICT ITS1	Version:01	Page No.65
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -6	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. Procurement is a part of purchase activity
 - A. True
 - B. False
2. Purchase is acquisition of goods/services with payment
 - A. True
 - B. False

Short Answer Questions

1. What is recruitment?
2. What is a recruitment strategy?
3. What is procurement?
4. What is a procurement strategy?

Note: Satisfactory rating - 6 points

Unsatisfactory - below 6 points

Answer Sheet

Score = _____
Rating: _____

ICT ITS1	Version:01	Page No.66
	Copyright: Ethiopia Federal TVET Agency	



Instruction Sheet	LG46: Implement establishment plan
--------------------------	---

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

- Undertaking market business operation
 - Obtaining physical and human resources
 - Establishing operational unit
 - Developing and implementing monitoring process
 - Maintaining legal documents and keeping and updating relevant records
 - *Negotiating and securing contract with relevant people*
 - Identifying options for leasing/ownership and completing contractual agreement
- This guide will also assist you to attain the learning outcome stated in the cover page.

Specifically, upon completion of this Learning Guide, you will be able to –

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

Learning Instructions:

5. Read the specific objectives of this Learning Guide.
6. Follow the instructions described below 3 to 4.
7. Read the information written in the information “Sheet 1, Sheet 2, Sheet 3, Sheet 4, Sheet 5, Sheet 6 and Sheet 7” in page 1, 4, 7, 10, 13, 16 and 18 respectively.
8. Accomplish the “Self-check 1, Self-check 2, Self-check 3, Self-check 4, Self-check 5 and Self-check 6” in page 3, 6, 9, 12, 15, 17 and 19 respectively



Information Sheet-1

Investigating and identifying business opportunities

1.1 Persuasion

- Scholars have defined persuasion in different ways. Persuasion, according to communication scholars, is
 - ✓ a communication process in which the communicator seeks to elicit a desired response from his receiver;
 - ✓ a conscious attempt by one individual to change the attitudes, beliefs, or behavior of another individual or group of individuals through the transmission of some message;
 - ✓ a symbolic activity whose purpose is to effect the internalization or voluntary acceptance of new cognitive states or patterns of overt behavior through the exchange of messages;
 - ✓ a successful intentional effort at influencing another's mental state through communication in a circumstance in which the persuadee has some measure of freedom;
- **Persuasion** is a symbolic process in which communicators try to convince other people to change their attitudes or behavior regarding an issue through the transmission of a message, in an atmosphere of free choice.

1.2 Persuasion strategies

- **Persuasion strategy** is a means/method/technique by which persuasion is conducted.
- The most common persuasion strategies are
 1. **Claim** – your main point
 2. **Big Names** – experts and important people that support your side of the argument
 3. **Logos** – using logic, numbers, facts, and data to support your argument
 4. **Pathos** – appealing to your audience's emotions
 5. **Ethos** – making yourself seem trustworthy and believable
 6. **Kairos** - building a sense of urgency for your cause
 7. **Research** – using studies and information to make your argument seem more convincing; you can use words, graphs, tables, illustrations

ICT ITS1	Version:01	Page No.68
	Copyright: Ethiopia Federal TVET Agency	



1.3 Laws of persuasion

- People are faced with countless decisions every day, and the laws work because they provide shortcuts to making many of those decisions.
- So during our conduct of the day to day activities of a business, we need the laws of persuasion to increase our influence over others as we guide the project to success.
- These laws of persuasion which are called Cialdini's Six Laws of Persuasion are:
 1. **Law of Reciprocity:** This states that people try to repay what they have received from others.
 2. **Law of Commitment and Consistency:** Consistency of (or at least the appearance of) thoughts, feelings, and actions is important.
 3. **Law of Liking:** When you like someone, or believe that they are "just like you," you are more inclined to wanting to please them.
 4. **Law of Scarcity:** If something you want becomes "the last one available," you tend to feel like you have to act immediately or you might miss out.
 5. **Law of Authority:** Advertisers count on the law of authority when using celebrity endorsements or "expert" testimonials.
 6. **Law of Social Proof:** If others are doing it, then it must be the right thing to do.

ICT ITS1	Version:01	Page No.69
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -1	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. Pathos means
 - A. Logic to be forwarded
 - B. Repeating again
 - C. Reacting to audience emotion
 - D. Precise and clear data
2. Persuasion can be considered as one way of communication
 - A. True
 - B. False

Short Answer Questions

1. What is persuasion?
2. List two of the common strategies of persuasion.(2 points)

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

Answer Sheet

Score = _____
Rating: _____

ICT ITS1	Version:01	Page No.70
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.71
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-2	Undertaking feasibility study to determine business viability
----------------------------	--

2.1 Definition of customer

- **Customers** are people who need and consume the goods and services of businesses.
- **Customers** are not interruptions to your job but they are the reasons you have a job or establish and conduct a business.

2.2 Customer handling /Customer service/ skills and attitudes

- **Customer handling or customer service** is taking that extra step to help customers without being asked! It's all about attitude and skills.
- The attitudes that assist in providing good customer service are
 - ✓ Enjoy helping people
 - ✓ Handle people well
 - ✓ Care for your customers
 - ✓ Give fair and equal treatment to all
 - ✓ Be understanding of people with special needs
- The skills that assist in providing good customer service are
 - ✓ Know about your organisation
 - ✓ Learn the technical parts of the job
 - ✓ Communicate well
 - ✓ Be consistent
 - ✓ Be organised
 - ✓ Know your place in the team and be a team player
 - ✓ Emphasize

2.3 Developing a customer service policy

- In order to improve the service of your business, it should be customer oriented,
- For your business to be customer oriented, you will need to evaluate your current service, investigate your customer's needs, and develop a flexible customer service policy that addresses those needs.

ICT ITS1	Version:01	Page No.72
	Copyright: Ethiopia Federal TVET Agency	



- In order to create a customer service policy, you are expected to perform the followings
 - ✓ **Develop a vision statement.** This is the guiding principle that informs how your company seeks to interact with its customers.
 - ✓ **Set customer service goals in line with your vision and based on your research into customer needs.** These goals should provide quantifiable targets to address the customer service areas you identified as most important.
 - ✓ **Make your customer policies straightforward and customer-friendly.** Review your customer feedback to see which policies have proven most troublesome.
 - ✓ **Use your goals as a guide in creating your customer service policy.** Take time to consider it from the customers' point of view.
 - ✓ **Give your employees the right and authority to deal with customer problems.** Instead of strict rules, give your employees broad guidelines to help customer solve their problems.
 - ✓ **Train your employees in the new policy.** Hold a mandatory meeting to introduce the plan and to explain its purpose.

ICT ITS1	Version:01	Page No.73
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.74
	Copyright: Ethiopia Federal TVET Agency	

**Self-Check -2****Written Test**

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. The first step in preparing a customer service policy is writing a vision statement.
A. True
B. False

Short Answer Questions

1. What is a customer?
2. What is a customer service?
3. Write at least 3 skills that provide a good customer service. (3 points)

Note: Satisfactory rating - 6 points

Unsatisfactory - below 6 points

Answer Sheet

Score = _____

Rating: _____



ICT ITS1	Version:01	Page No.76
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-3	Undertaking market research on product or service
----------------------------	--

3.1 Steps to identify customers' needs

- Here are the steps that can be used by any business to gather information about customers' needs/wants.
 - ✓ Talk to customers
 - ✓ Listen to employees
 - ✓ Address the real issues
 - ✓ Reality check with customers
 - ✓ Develop on-going processes for working with customers

3.2 Common types of customer' needs

- Before you can get an idea of what your customers want, you have to know who they are.
- "Know" your customers don't necessarily mean that you have to recognize them when they come into you or remember their name after every transaction but it means having a general picture of who buys from you.
- Customers have six basic buying needs pertaining to the product/service:
 1. Safety.
 2. Performance.
 3. Appearance.
 4. Comfort.
 5. Economy.
 6. Durability.

3.3 Customer satisfaction

- **Customer satisfaction** measures how well the expectations of a customer concerning a product or service provided by your company have been met.

ICT ITS1	Version:01	Page No.77
	Copyright: Ethiopia Federal TVET Agency	



- Businesses used surveys to gather information about customer satisfaction which addresses the following areas:
 - ✓ Quality of product
 - ✓ Value of product relative to price - a function of quality and price
 - ✓ Time issues, such as product availability, availability of sales assistance, time waiting at checkout, and delivery time
 - ✓ Atmosphere of store, such as cleanliness, organization, and enjoyable shopping environment
 - ✓ Service personnel issues, such as politeness, attentiveness, and helpfulness
 - ✓ Convenience, such as location, parking, and hours of operation

ICT ITS1	Version:01	Page No.78
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.79
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -3	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

1. What are the steps to be followed in determining customers' needs and wants?
2. List at least four basic buying needs of customers?

Note: Satisfactory rating - 6 points

Unsatisfactory - below 6 points

Answer Sheet

Score = _____

Rating: _____



Information Sheet-4	Seeking assistance with feasibility study of specialist and relevant parties
----------------------------	---

4.1 Gathering data on customers

- Understanding your customer better isn't as complex as you might think, but it does require a thoughtful analysis of where and how you can collect meaningful data.
- By better defining which aspects of their behavior or profiles are most significant to your business, you can start to measure and analyze better ways to engage them and ultimately sell more.

There are five different data collection activities that together will tell us what we need to know about our customers:

1. **Customer Segment Analyses:** These are focus groups that allow us to meet face-to-face with customers while they talk about service issues important to them.
 2. **Interaction Tracking:** These are surveys conducted to monitor how satisfied customers are with the service they receive by telephone (both field office and 800 number), office visit (both field and hearings offices), and the Internet.
 3. **Special Studies:** These are customers' focus groups or surveys conducted whenever we need more information about specific issues.
 4. **Comment Cards:** For years, field offices and tele service centers have used comment cards to solicit customer feedback on the quality of our service.
 5. **“Talking and Listening to Customers” (TLC) System:** This is an Agency-wide system that is being developed to capture, analyze and address customer-initiated complaints and compliments.
- The known two forms of data are **quantitative** and **qualitative** data.
 - **Quantitative data:** data of numerical character which is expressible as a quantity of relating to or susceptible of measurement (Example: “Export wheat without quantitative limitations”)
 - **Qualitative data:** data of non numerical character involving distinctions based on qualities.

ICT ITS1	Version:01	Page No.81
	Copyright: Ethiopia Federal TVET Agency	



4.2 Analyze data about customers

- After collecting data of customers, the next step is to analyze the data for reaching on the findings which are important for making informed decisions.
- Analyzing the data means to look at and to identify what is going on.
- Here, we refer to “data analysis” in a more narrow sense: as a set of procedures or methods that can be applied to data that has been collected in order to obtain one or more sets of results.
- The two most basic types of procedures that may be used to analyze **quantitative data** are: **summary measures** and **variance measures**
- **Summary measures** consider questions like:
 - ✓ How do the data converge (come together)?
 - ✓ What is a “typical” (average) value?
 - ✓ Where is the middle (center) of a group?
- **Variance measures** consider questions like:
 - ✓ How do scores differ?
 - ✓ What are the differences between individuals in a group?
 - ✓ What is the range of outcomes?
- The common procedure used to analyze **qualitative data** is a **narrative analysis method using questionnaires and interviews.**
- The first step in analyzing qualitative data is to arrange the data in a manageable format that will facilitate the process of assigning codes and themes /topics/to sections of the transcript.
- Once the theme has been established, count the number of times that the theme/topic/ was identified. At this point the themes can be arranged in order of frequency (the number of times that the theme was identified).

ICT ITS1	Version:01	Page No.82
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.83
	Copyright: Ethiopia Federal TVET Agency	

**Self-Check -4****Written Test**

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

1. Quantitative data are data of numerical in nature

- A. True
- B. False

Short Answer Questions

1. What are the two kinds of data?
2. What are the two basic types of procedures used to analyze quantitative data?

Note: Satisfactory rating - 5 points

Unsatisfactory - below 5 points

Answer Sheet

Score = _____

Rating: _____



ICT ITS1	Version:01	Page No.85
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-5	Evaluating impact of emerging or changing technology
----------------------------	---

5.1 Maintaining customer data

- Keeping accurate and up-to-date records is vital to the success of any business.
- The business must realize that records kept will be one of the most important management tools it possesses and, therefore, it should be allocated due importance.
- In particular, maintaining data about customers is also vital as the business Ultimate goal is to satisfy customers' need and wants.
- Customer data should be accurate, reliable, easy to follow, consistent as to the basis used and be very simple.

5.2 Maintaining a customer database

- Maintaining a **customer database** is an important way to keep up-to-date on customer information and data. A database provides access to clients, builds loyalty, and encourages repeat business.
- A **customer database** is the collection of information that is gathered from each customer. The database may include contact information, like the person's name, address, phone number, and e-mail address. The database may also include past purchases and future needs.
- A customer database can eliminate a great deal of paperwork for a business, providing a single repository for valuable client information that can be used by sales teams, customer support personnel and even the accounting team.

5.3 Developing a customer data base

- While it is possible to buy software products that provide basic formats for this type of database, customized databases can be created by keeping a few basics about form and function in mind.
- The sequence of activities to create a database include

ICT ITS1	Version:01	Page No.86
	Copyright: Ethiopia Federal TVET Agency	



- ✓ **Purchase database creation software:** Choose a product that is compatible with the word processing and other software tools used in the business.
- ✓ **Determine the type of information that will be stored in the customer database:** Most designs will include information such as company name, mailing address, physical address, contact name, telephone and fax numbers, and email addresses.
- ✓ **Consider the possible uses for the database:** Along with providing a centralized resource to retrieve important data, think in terms of what types of reports could be created using the data.
- ✓ **Organize the data fields:** Create a simple template that follows a logical sequence when it comes to entering names, addresses, and other contact information.
- ✓ **Set authorizations on each of the fields:** This includes identifying which fields will be included on report formats as well as which can serve as the basis for sorting or searching the database entries.
- ✓ **Prepare report formats:** A few basic formats that can be used frequently will often be sufficient, although key users can be granted the ability to create customized reports that include fields relevant to the user's job position and level of access to customer data.
- ✓ **Establish login credentials and access rights:** A workable customer database includes the ability to create login credentials that allow only authorized employees to access the information.
- ✓ **Review and test the customer database before release:** Try using the beta version with a small group of employees to make sure each of the functions work as envisioned.

ICT ITS1	Version:01	Page No.87
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.88
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -5	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

1. What is a customer database?
2. What are the sequences of activities to develop a customer data base?

Note: Satisfactory rating - 2 points

Unsatisfactory - below 2 points

Answer Sheet

Score = _____
Rating: _____



Information Sheet-6	Assessing practicability of business opportunity
----------------------------	---

6.1 Characteristics of products/services of the enterprise

- **Product** is a tangible result of an economic activity which has the capability to satisfy the needs and wants of individuals.
- **Products** could be classified as either **functional** or **innovative** based upon certain Characteristics of the product and its market demand.
- **Functional products:** functional product satisfies basic needs and typically does not change over time.
- **Innovative products:** these products are often trendy, fashionable, or high tech and exhibit highly variable demand.
- **Service** is an intangible result of an economic activity which has the capability to satisfy the needs and wants of individuals.
- The two primary characteristics of services are **intangibility** and **simultaneity**. These primary characteristics lead to two secondary characteristics, namely, **perish ability** and **variability**.
- **Intangibility:** services cannot be touched or determined using sense organs.
- **Simultaneity:** Service delivery and consumption are inseparable from each other and must be produced and consumed simultaneously.
- **Perish ability:** services cannot be stored for future use, unless these are converted into tangible forms.
- **Variability:** Since services are intangible, these are variable too.

6.2 Matching the needs of customers with the nature of products/services

- Always, consumers buy and use goods and services in line with their reactions to different features of these goods and services.
- The reactions of consumers to the features (signals of quality) can be categorized as
 - ✓ Consumer reactions to packages
 - ✓ Consumers reactions to colours
 - ✓ Consumers reactions to shapes



- ✓ Consumers purchase intention
- Therefore, consumers buy goods only when their needs match their specific reactions to the feature (signals of quality) of goods.

ICT ITS1	Version:01	Page No.91
	Copyright: Ethiopia Federal TVET Agency	

**Self-Check -6****Written Test**

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

1. What are the known classifications of products based on their characteristics? (2 points)
2. What are the known classifications of services based on their characteristics? (4 points)

Note: Satisfactory rating - 6 points

Unsatisfactory - below 6 points

Answer Sheet

Score = _____

Rating: _____

Name: _____

Date: _____



ICT ITS1	Version:01	Page No.93
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-7	Completing business plan
----------------------------	---------------------------------

7.1 Customer Profile

- **A customer profile** is a description of a business' customers based on their demographics, backgrounds, hobbies, and interests.
- **A customer profile template** is a list of questions with instructions that will help you craft your customer profile(s).
- The details about customer can be obtained from receipts, purchases, mail order requests, information inquiries, subscriptions, feedback forms, and other sources representing customer preferences or predisposition to purchasing a product.

7.2 Elements of a Customer Profile

- **Elements of a customer profile** are the types of information about customers that should be included in a customer profile.
- Even if **elements of a customer profile** change, they almost always include
 - ✓ **Demographic information** (age, gender, and race);
 - ✓ **Socioeconomic information** (income and occupation, for instance); and
 - ✓ **Psychographics** (customer interests and behavior). Here are the elements of a customer profile:

7.3 Keys of documenting customer details

The followings are keys for a proper documentation of customers' details

- **Time and Date**
- **All Appropriate Names**
- **Important Account Information and Identifying Information**

ICT ITS1	Version:01	Page No.94
	Copyright: Ethiopia Federal TVET Agency	



- **Important Transaction Information**
- **Details That Matter Later, Not Just Now**
- **Scheduling a Follow Up**

ICT ITS1	Version:01	Page No.95
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -7	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page: age, gender, and race

1. The demographic information about consumers may not include one of the followings
 - A. Income
 - B. Age
 - C. Gender
 - D. Race
2. A customer profile does not include the name of a customer
 - A. True
 - B. False
3. Elements of a customer profile and the type of information included in a customer profile are the same
 - A. True
 - B. False

Note: Satisfactory rating - 3 points

Unsatisfactory - below 3 points

Answer Sheet

Score = _____

Rating: _____



LG47: Review Implementation Process

LG Code: [EIS ITS2 M12 1019 LO5-LG47](#)

ICT ITS1	Version:01	Page No.97
	Copyright: Ethiopia Federal TVET Agency	



Instruction Sheet	LG47: Review Implementation Process
-------------------	--

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

- Developing and implementing review process
- Identifying improvements in business operation and management process
- Implementing and monitoring identified improvements

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Review process for implementation of business operation is developed and implemented
- Improvements in business operation and associated management process are identified
Identified improvements are implemented and monitored for effectiveness **Learning Learning**

Instructions:

- Read the specific objectives of this Learning Guide.
- Follow the instructions described below 3 to 4.
- Read the information written in the information “Sheet 1, Sheet 2, Sheet 3, Sheet 4, Sheet 5, Sheet 6 and Sheet 7” in **page 1, 6, and 8** respectively.
- Accomplish the “Self-check 1, Self-check 2, Self-check 3, Self-check 4, Self-check 5 and Self-check 6” in **page 5, 7, and 12** respectively



1.1. Ensuring Continuity of Growth Small Business

Learning best practices through benchmarking

Today's small business owner is confronted with new business problems and opportunities on a regular basis. Running a company requires the ability to look outside the business for solutions, ideas, and best practices. However, borrowing ideas and best practices can be wrought with danger. Learn what big business already knows about benchmarking best practices and how to effectively borrow or steal ideas, tactics, and strategies.

What is a Best Practice?

A best practice is the process of finding and using ideas and strategies from outside your company and industry to improve performance in any given area.

Big business has used best practice benchmarking over decades and realized billions in savings and revenues in all areas of business operations and sales. Small business can reap even greater rewards from best practices.

Benefits of Best Practices for Small Business

- **Reduce Costs:** Small companies often do not have the deep financial pockets of big business to "re-invent the wheel". By learning what other companies have successfully done, a small business can save money without testing new ideas.
- **Avoid Mistakes:** Solving business problems on your own can result in costly errors. Learning what others have done can keep your business in business.
- **Find New Ideas:** Adopting the "Not-Invented-Here" attitude can spell disaster for small business. Learn to borrow the best from beyond your company.
- **Improve Performance:** When your business looks for best practices outside your business, a wonderful thing happens. You raise the bar of performance and set new standards of excellence to propel your company forward.

Micro and Small Business Support Agencies and Programs

Such institutes and programs are organized to make the consulting resources of universities available to small businesses. Expert teams of upper division and graduates students, under the direction of such agencies, work with owners of small firms in analyzing their business problem and devising solutions. The primary users of the Agencies' consulting assistance are applicants for SBA loans, although the program is not restricted to such firms.

ICT ITS1	Version:01	Page No.1
	Copyright: Ethiopia Federal TVET Agency	



The program has mutual benefits: It provides students and researchers with a practical view of business management and supplies small firms with answers to their problems. In many countries the institutions who participate are typically combined of various back grounds. Individual teams for example may have different members specializing in management, marketing, accounting, and finance. This approach is considered one of the most successful consulting programs for small businesses.

For example, participating in an SBI assistance program, a team of students from Drake University helped Kane Manufacturing program, a 24- employee family-owned business in Des Moines Iowa, evaluate sales potential in Germany for its line of livestock products. A 50- page report confirmed the hunch of the company's management that a market existed in Germany and also outlined the obstacles the business would face in marketing to European customers. The cost to the company for this evaluation was zero.

SMALL BUSINESS DEVELOPMENT CENTERS (SBDCS)

Small Business Deployment Centers (SBDCs) are affiliated with colleges or universities as part of MSE Agencies' overall program of assistance to small business. SBDCs provide direct consultation, continuing education, research assistance, export services, and support to minority- owned firms their staff typically includes faculty members, SCORE counselors, professional staff, and graduate student assistants.

MANAGEMENT CONSULTANTS

Management consultants serve small businesses as well as large corporations. The entrepreneur should regard the services of a competent management consulate as an investment in improved decision making or cost reeducation: many small firms could save as much as 10 to 20 percent of annual operating costs. The inherent advantage in the use of such consultants is suggested by the existence of thousands of consulting firms. They range from large, well established firms to small one-or-two-person operations. Two broad areas of services are rendered by management consultants:

1. Helping improve productivity and/ or prevent trouble by anticipating and eliminating its causes
2. Helping a client get out of trouble

Business firms have traditionally used consultants to help solve problems they could but handle alone. A consultant may be used, for example, to aid in the designnew computer-based management information system. An even greater service that management consultants provide is periodic observation and analysis, which keeps small problems from becoming large ones. This role of consultants greatly expands their potential usefulness. Outside professionals typically charge by the hour, so an owner should prepare as completely as possible before a consulting session or visit begins.

NETWORKS OF ENTREPRENEURS (TRADE AND SECTORAL ASSOCIATIONS)

ICT ITS1	Version:01	Page No.2
	Copyright: Ethiopia Federal TVET Agency	



Entrepreneurs also gain management assistance through **networking**-the process of developing and engaging in mutually relationships with peers. As business owners meet other business owners, they discover a Commonality of interests that leads to an exchange of ideas and experiences. The setting for such meetings may be trade associations, civic clubs, fraternal organizations, or any situation that brings businesspeople in together. Of course, the personal network of an entrepreneur is not limited to other entrepreneurs, but those individuals may be the most significant part of that network.

Networks of entrepreneurs are linked by several kinds of ties- instrumental, affective, and moral. An instrumental tie is one in which the parties find the relationship mutually rewarding—for example, exchanging useful ideas about certain business problems. An affective tie relates to emotional sentiments -for example, sharing a joint vision about the role of small business when faced with giant competitors or with the government. A moral tie involves some type of obligation -for example, a mutual commitment to the principle of private enterprise or to the importance of integrity in business transaction. In personal networks of entrepreneurs, affective and moral ties are believed to be stronger than instrumental ties. This suggests that a sense of identity and self-respect may be a significant product of the entrepreneur’s network.

OTHER BUSINESS AND PROFESSIONAL SERVICES

A variety of business and professional groups provide management assistance. In many cases, such assistance is part of a business relationship. Sources of management advice include bankers, certified public accountants, attorneys, insurance agents, suppliers, trade associations, and chambers of commerce.

It takes initiative to draw on the management assistance available from such groups.

For example, it is easy to confine a business relationship with a CPA to audit and report financial statements, but the CPA can advise on a much broader of subjects.

Besides offering advice on tax matters, a good accountant can help in a variety of situations. When you hire staff what benefits or severance package should you offer? When you’re planning to open a new branch, will your cash flow support it? When you embark on a new sideline, will the margins be adequate? When you reduce insurance, what’s the risk? When you factor receivables, how will it affect the balance sheet? When you take on a big account, what’s the downside if you lose the account? Or when you cut expenses, how will that affect the bottom line?

As you can see from the examples given, potential management assistance often comes disguised as professionals and firms encountered in the normal course of business activity by staying alert for and taking advantage of such opportunities, a small them an strengthen its management and improve operations with little, if any additional cost.

ICT ITS1	Version:01	Page No.3
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.4
	Copyright: Ethiopia Federal TVET Agency	



Self-Check -1	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

4. **What is a Best Practice?**
5. **List Benefits of Best Practices for Small Business?**

Note: Satisfactory rating - 1 points

Unsatisfactory - below 1 points

Answer Sheet

Score = _____
Rating: _____



ICT ITS1	Version:01	Page No.6
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-2

Identifying improvements in business operation and management process

DETERMINE THE RESOURCES REQUIRED TO ACHIEVE THESE GOALS

Once you know the goals, determine the physical and human resources, both internal and external, that you will need to accomplish them.

- **Internal resources:** exist within the company but may need to be redeployed to achieve the new goals.
- **External resources:** need to be acquired to achieve this goal, either permanently, such as a new hire or new equipment, or temporary, such as the services of a consultant or renting equipment.
- **Human resources:** include people and expertise, both existing employees (internal human) or new hires, consultants or contract employees (external human).
- **Physical resources:** include equipment required to achieve the stated goal, both already owned (internal physical) or new or rental equipment (external physical).



Self-Check -2	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Short Answer Questions

1. _____ exist within the company but may need to be redeployed to achieve the new goals.
2. _____ need to be acquired to achieve this goal, either permanently, such as a new hire or new equipment, or temporary, such as the services of a consultant or renting equipment.

Note: Satisfactory rating - 1 points

Unsatisfactory - below 1 points

Answer Sheet

Score = _____
Rating: _____



ICT ITS1	Version:01	Page No.9
	Copyright: Ethiopia Federal TVET Agency	



Information Sheet-3

Implementing and monitoring identified improvements

What is Monitoring?

- Monitoring is the systematic collection and analysis of information as a project progresses.
- In other words, monitoring is an on going process which help us to understand how we are using our resources within the action plan and what we are immediately getting out of it.
- It is aimed at improving the efficiency and effectiveness of a project or organization.
- It is based on targets set and activities planned during the planning phases of work.
- It helps to keep the work on track, and can let management know when things are going wrong.
- If done properly, it is an invaluable tool for good management, and it provides a useful base for evaluation.
- Monitoring is the systematic collection and analysis of information as a project progresses.
- In other words, monitoring is an on going process which help us to understand how we are using our resources within the action plan and what we are immediately getting out of it.
- It is aimed at improving the efficiency and effectiveness of a project or organization.
- It is based on targets set and activities planned during the planning phases of work.
- It helps to keep the work on track, and can let management know when things are going wrong.
- If done properly, it is an invaluable tool for good management, and it provides a useful base for evaluation.

In Summary Monitoring:

- on-going process
- more or less a routine or continuous/ay-to-day
- quite structured
- movement towards the objective or away from it
- focuses on inputs and outputs
- means of checking on progress
- alerts managers- to problems
- tool for improvement
- Monitoring is a continuous internal management activity to ensure that project/program implementations, and ongoing operation, are on track.

Monitoring involves:

- Establishing indicators of efficiency, effectiveness and impact;
- Setting up systems to collect information relating to these indicators;

ICT ITS1	Version:01	Page No.10
	Copyright: Ethiopia Federal TVET Agency	



- Collecting and recording the information;
- Analyzing the information;
- Using the information to inform day-to-day management.
- Monitoring is an internal function in any project or organization.

What is Evaluation?

- Evaluation is the comparison of actual project impacts against the agreed strategic plans.
- It looks at what you set out to do, at what you have accomplished, and how you accomplished it.
- It can be formative (taking place during the life of a project or organization, with the intention of improving the strategy or way of functioning of the project or organization).
- It can also be summative (drawing learning's from a completed project or an organization that is no longer functioning).

In Summary Evaluation:

- periodic
- in-depth analysis of achievements
- provides managers with strategy and policy options
- provides feedback for analysis of impacts, outcomes, results of activities

Evaluation involves:

- Looking at what the project or organization intended to achieve – what difference did it want to make? What impact did it want to make?
- Assessing its progress towards what it wanted to achieve, its impact targets.
- Looking at the strategy of the project or organisation. Did it have a strategy? Was it effective in following its strategy? Did the strategy work? If not, why not?
- Looking at how it worked. Was there an efficient use of resources?
- In an evaluation, we look at efficiency, effectiveness and impact
- Evaluation is an internal or external activity to assess whether a project or program is achieving its intended objectives

What is Monitoring & Evaluation?

- Focuses on on-going feedback
- Timing of activities & method for data gathering
- Important at all levels for palliative care for all organizations
- necessary management tool to inform decision- making and demonstrate accountability

What monitoring and evaluation have in common is that they are geared towards learning from what you are doing and how you are doing it, by focusing on:

- Efficiency

ICT ITS1	Version:01	Page No.11
	Copyright: Ethiopia Federal TVET Agency	



- Effectiveness
- Impact
- **Efficiency** tells you that the input into the work is appropriate in terms of the output. This could be input in terms of money, time, staff, equipment and so on.
- **Effectiveness** is a measure of the extent to which a development programme or project achieves the specific objectives it set.
- **Impact** tells you whether or not what you did made a difference to the problem situation you were trying to address. In other words, was your strategy useful?

It is important to recognize that monitoring and evaluation are not magic wands that can be waved to make problems disappear, or to cure them, or to amazingly make changes without a lot of hard work being put in by the project or organization. In themselves, they are not a solution, but they are valuable tools. Monitoring and evaluation can:

- Help you identify problems and their causes;
- Suggest possible solutions to problems;
- Raise questions about assumptions and strategy;
- Push you to reflect on where you are going and how you are getting there;
- Provide you with information and insight;
- Encourage you to act on the information and insight;
- Increase the likelihood that you will make a positive development difference.

An effective M&E provides the ability to:

- Assess to what extent the objectives of the project are fulfilled;
- Evaluate how effectively change is promoted;
- Equip managers with a tool for timely information on the progress of activities;
- Identify problems in planning and/or implementation;
- Make adjustments so that you are more likely to “make a difference”.

Step in Implementing Your Growth Plan

Implementing a plan, especially for a growing business, means making changes. This is never easy because people are driven by habit. It is important to be aware of your current behavior and be prepared to change as needed. For example, if your company is in the habit of extending credit to slow-paying customers, you’ll need to change this if your goal is to increase cash flow by speeding up collections.

You and your team must be committed to the new direction you have chosen. If you are working with a team, you can reinforce each other’s commitment to implementing changes. Of course, if the change is seen as arbitrary or unnecessary, it quite rightly will often be ignored. Using the previous example, the credit policy will change only if the person in charge of it understands the importance of the change and is committed to it.

ICT ITS1	Version:01	Page No.12
	Copyright: Ethiopia Federal TVET Agency	



While a solid plan will minimize the risks, those that remain must be acknowledged and managed. The team approach helps to minimize risk and increase acceptance. It may also help to find mentors, coaches or facilitators with specific expertise. For example, if you want to change your distribution network to a multiple chain operation, you may want to invite an employee or consultant to help with this part of the plan.

It is usually easy to begin implementation enthusiastically but you may find it harder to maintain the pace three months down the road. Enthusiasm wanes even more if it takes longer than expected to implement the plan. The hopes and dreams, so fresh during the planning process, begin to fade, and the goals become seemingly less important every passing day. It is important to encourage and keep the enthusiasm high as you enter the dog days of implementation.

I REVIEW GOALS

Never forget that your objective is to eliminate roadblocks to growth, starting with your critical business division. Once you have your goals, examine the sequence and decide what needs to happen first.

For example, if hiring three new employees is a priority, you will want to write job descriptions and prepare an orientation checklist before you start recruiting. This will make the hiring process more effective. You may know you can get a loan for a new piece of equipment, but you still need to do the paperwork before you can go shopping.

While it is important to complete some of these more trivial tasks first, don't let this become an excuse to avoid the more important and complex tasks.

Self-Check -3	Written Test
----------------------	---------------------

Directions: Answer all the questions listed below. Use the Answer sheet provided in the next page:

Fill Answer Questions

1. _____ is the systematic collection and analysis of information as a project progresses?
2. ___ is the comparison of actual project impacts against the agreed strategic plans.

Note: Satisfactory rating - 1 points

Unsatisfactory - below 1 points

Answer Sheet

Score = _____
Rating: _____

ICT ITS1	Version:01	Page No.13
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.14
	Copyright: Ethiopia Federal TVET Agency	



ICT ITS1	Version:01	Page No.15
	Copyright: Ethiopia Federal TVET Agency	



Reference

- **The Basics of Business Finance:** John McMillan, England
- **Business finance a practical guide: Small Business Development Corporation,** government of Western Australia **Small Business Development Corporation** Level 2, 140 William Street, Perth WA 6000, and Australia.
- **Factors Influencing Loan Repayment Default in Micro-Finance Institutions: *The Experience of Imenti North District, Kenya*** Munene, H. Nguta Guyo, S. Huka Meru University of Science and Technology Kenya
- **Management and Entrepreneurship: New Age International (P) Limited, Publishers**
4835/24, Ansari Road, Daryaganj, New Delhi – 110002, India.
- **Management the basics: Morgen Witzel, 2004** Routledge 29 West 35th Street, New York, NY 10001, USA.
- **MANAGEMENT TOOLS** executive's guide (2013): Darrell K. Rigby, Bain & Company, Inc. 131 Dartmouth Street Boston, MA 02116, USA.
- **Review Of Microfinance Industry In Ethiopia: Regulatory Framework And Performance Association of Ethiopian Microfinance Institutions,** P.O.Box 338 Code 1110 Addis Ababa Ethiopia.
- **Short Study on Microfinance** Jennefer Sebstad Sida 2003 Department for Africa, Addis Ababa, Ethiopia.
- Montana, P. and Charnov, B. *Management: A Streamlined Course for Students and Business People.* (Hauppauge, New York: Barron's Business Review Series, 1993), pp. 155-169.
- **Procurement and Contract Strategies:** Construction Clients' Board endorsement of NEC3 April 2013 Cabinet Office UK.
- **A Guide to the Development of Procurement Strategies for the Scottish College Sector: December 2010, Scotland.**
- **Procurement strategy for financial year 2018/19,** University of Glasgow, Scotland.
- **Margaret A. Richardson: Recruitment Strategies,** 2003, Government of the Republic of Trinidad and Tobago.

ICT ITS1	Version:01	Page No.16
	Copyright: Ethiopia Federal TVET Agency	



- **British Business Bank:** Corporate finance faculty © ICAEW 2014 The business finance guide, England.
- **A practical guide to Market Research** by Paul Hague B2B International, Stockport March 2006
- **Critical Business Skills for success** by Tomas J. Goldsby; USA Virginia 20151-2299 Copyright © **The Teaching Company, 2015**
- **Basic marketing research:** Scott M. Smith | Gerald S. Albaum
© Copyright 2012, Qualtrics Labs, Inc. Qualtrics Labs, Inc. 2250 N. University Parkway #48C Provo, Utah, 84604, USA
- **Business Marketing: Present and Future** by Gary L. Lilien *Pennsylvania State University, USA*
- **Business Opportunity Identification and Selection: Dr. Neeraj Pandey**
Assistant Professor LM Thapar School of Management
- **The Business Plan** Gerald Schwetje · Sam Vaseghi Hamburger Beratungs-Kontor GmbH & Co. KG Neue ABC-Str. 8 20354 Hamburg Germany gschwetje@beratungskontor.de
- **Business Skills for a Changing World:** October 27. 2011
- **Impact of Technology on the Business Strategy Performance Relationship in Building Core Competence in Uganda Small Medium Enterprises (SME's);** Bright Donat School of Management, Wuhan University of Technology, Wuhan, P.R.China, 430070 (E-mail: donsbre@gmail.com, brightdonat@yahoo.com)
- **Shaping entrepreneurial opportunities: managing uncertainty and equivocality In the entrepreneurial process:** Michelle A. Barton ; A dissertation submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy (Business Administration) in The University of Michigan 2010
- **The impact of technology on business process operations; GENPACT Research Institute**
- **How Often Should You Update Your Business Plan?** Booway Balhaajav; Cayenne Consulting, LLC

1- WEB ADDRESSES (PUTTING LINKS)

- <https://www.researchgate.net/publication/303995051>
- aaicpa-cima.com
- www.genpact.com/research-institute
- www.caycon.com.

ICT ITS1	Version:01	Page No.17
	Copyright: Ethiopia Federal TVET Agency	