



# TVET LEVEL II



# SOFT SKILLS

Basic  
Entrepreneurial  
Skills

*TRAINER MANUAL*



Approved by:  Workforce  
Development  
Authority



**USAID**  
FROM THE AMERICAN PEOPLE



## Acknowledgements

Rwanda Polytechnic (RP) would like to officially recognize all parties who contributed actively to the preparation of the Trainer and Trainee manuals of this module. We wish to extend our thanks to various organizations such as Workforce Development Authority (WDA), EDC through its USAID Huguka Dukore Akazi Kanoze (USAID - HDAK), TVET schools, Private Industries, GIZ Hanga Ahazaza Project and other individuals who greatly contributed from the initial concept towards publication of this training manual.



Under Rwanda Polytechnic (RP) supervision and involvement



Under Workforce Development Authority (WDA) guiding policies and directives



With funding provided by USAID through Huguka Dukore Akazi Kanoze (HDAK) project



And with technical support by Education Development Center (EDC) through local and international USAID HDAK experts

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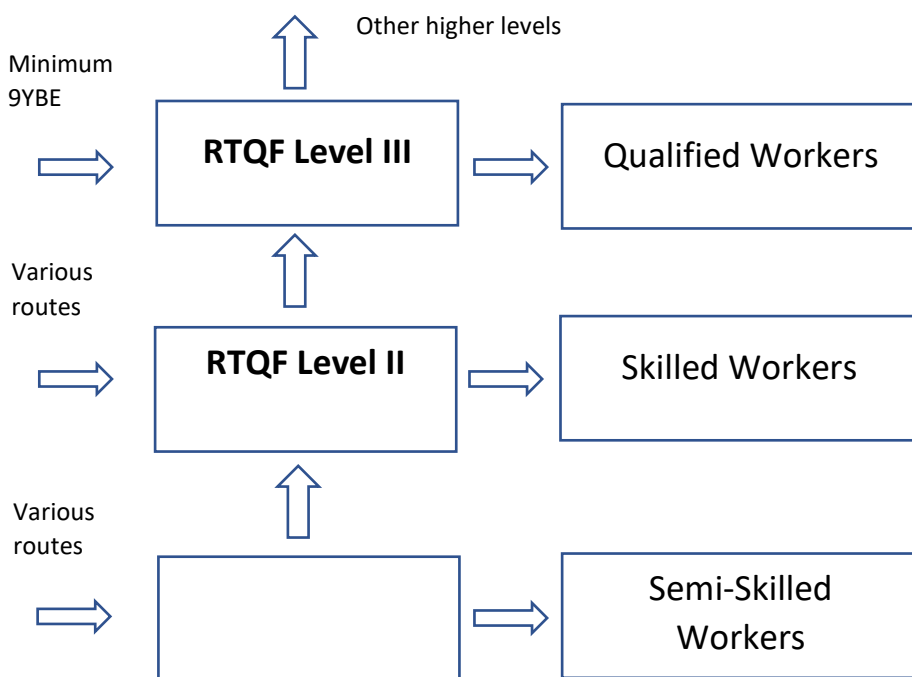
### **Technical Support**

USAID Huguka Dukore Akazi Kanoze (HDAK) project  
implemented by Education Development Center (EDC)

# Introduction to RTQF Level II Training Modules

## Background

Rwanda Polytechnic, with support of and in collaboration with USAID Huguka Dukore Akazi Kanoze, has developed RTQF TVET Level II programs that combine basic education, soft skills and vocational skills modules. Bridging the gap between Level I and Level III programmes, Level II aims to prepare learners who have a minimum education level of Primary 6 or equivalent to continue with their education or become skilled workers in the labour force.



Following the Workforce Development Authority (WDA) curriculum development process that involved experts from Rwanda Polytechnic, Rwanda Education Board, Ministry of Agriculture, technical vocational institutions, Education Development Center, Akazi Kanoze Access and other technical experts, training modules were developed in basic education, soft skills (work readiness) and, initially, agriculture. Additional vocational areas will be added over time. Trainees will be trained in all Basic Education and Soft Skills modules listed below, as well as in 6 - 8 modules that make up their chosen technical vocational programme.

### Module Requirements:

Basic Education	Soft Skills	Vocational Skills
<ul style="list-style-type: none"><li>English</li><li>Kinyarwanda</li><li>Mathematics</li></ul>	<ul style="list-style-type: none"><li>Basic Entrepreneurship Skills</li><li>ICT Essentials</li><li>Communication Skills</li></ul>	<ul style="list-style-type: none"><li>Vocational programmes will have a set of 6 – 8 required technical modules.</li></ul>

- Integrated Science (Physics, Chemistry, Biology)

- Safety, Health and Sustainable Environment
- Personal Development and Career Guidance

E.g. Food Crop Production and Processing includes the following modules:

1. Food Crop Production
2. Small Scale Post-Harvest Operations
3. Growing Medium
4. Food Safety and Sanitation
5. Food Preservation and Storage
6. Flour Processing

## Organization of the Training Manuals

For each module there is a Trainer Manual and a Trainee Manual. These manuals, based on the curricula for each subject, are divided into Learning Units, and each Learning Unit includes 3 – 5 Learning Outcomes. The learning outcomes make up the essential skills, knowledge and attitudes to be acquired by trainees. To make the Trainee Manual more user friendly, Unit and Topic are used respectively for Learning Unit and Learning Outcome. The number of hours per training module varies, ranging between 30 and 120 hours.





## Teaching & Learning Methodology of RTQF Level II 2 TVET Materials

The teaching and learning methodology used in the materials is based in experiential and adult learning. Activities are designed to engage trainees, build upon what they know and learn and provide them with opportunities to build their skills in the classroom and in the workplace. More specifically, guiding principles in the development of the manuals include:

- ▶ Building on participants' knowledge, skills and experiences
- ▶ Facilitating a learning process through active engagement of participants rather than through lecturing
- ▶ Providing opportunities to practice – inquiry based and hands on practice, both in the classroom and workplace
- ▶ Using simple and clear language
- ▶ Connecting to the real world: use local resources and the environment for learning
- ▶ Promoting critical thinking through properly debriefing activities and asking questions that get learners to think, analyze, relate issues and topics to their own lives and come up with solutions

- ▶ Applying social inclusion principles: Finding ways to include all types of youth (and trainers) – males and females; different cultural/ethnic/religious backgrounds, people with disabilities (PWD); people with different types of health status ...
- ▶ Encouraging risk taking – promote questioning and being free to explore
- ▶ Promoting habits of mind that support life-long learning: curiosity and wonder, open mindedness, creativity

These principles are reflected in the layout and flow of activities in the manuals:

1. **Key Competencies:** Table found at the beginning of each Learning Outcome that describes the main knowledge, skills and attitudes to be gained by the end of the activities.
2. **Self-Assessment:** Conducted at the beginning and end of each Learning Unit to get a sense of trainees' knowledge and skills going into it and what they have gained by the end of the Learning Unit (and steps they need to take to further their understanding and skills).
3.  **Getting Started Activity:** Typically, a quick activity or questions to 1) give the trainer a sense of trainees' existing knowledge and skills; 2) spark the interest of trainees in the topic; 3) introduce the objectives and key competencies of the topic.
4.  **Problem Solving Activity:** A challenging activity to get trainees engaged and to learn through discovery instead of memorization of facts. A variety of teaching and learning methodologies are used, including individual and group work such as reading real life work-based scenarios and answering accompanying questions to activities such as identifying proper tools and equipment from the school workshop to conduct a certain activity. Following the sharing of responses, the trainer guides trainees through the content and processes being introduced.
5.  **Guided Practice Activity:** Building on the concepts and skills gained in the problem solving activity, the trainer guides trainees through practical examples.
6.  **Application Activity:** Consolidates trainees' knowledge and skills through a real life application of the topic in the classroom, community or workplace. Trainees are given more independence in applying what they have learned.



7. **Key Facts boxes:** Throughout the Trainee Manual, one will find Key Facts boxes. These contain the main information or content for a given Learning Outcome. They are there for the trainees' reference and are used throughout the different types of activities.



8. **Points to Remember:** List of the top key learning points or “take-aways” from the topic.



9. **Formative Assessment:** Questions and activities to assess trainees' level of understanding of the concepts introduced.



10. **Summative Assessment:** Based on the integrated, real life situation approach used in other TVET levels, this is done at the end of every module for agricultural modules and, with some variations, at the end of each Learning Unit for Basic Education and Soft Skills modules.



11. **Self-Reflection:** Trainees re-take the Self-Assessment given at the beginning of the Learning Unit and identify their strengths, challenges and actions to improve their level of competence.

The Trainer and Trainee Manuals are meant to be used in conjunction with each other and are well coordinated through the headings and labelling of activities. The trainer will always be able to refer trainees to specific activities by the coordinated numbering system. For instance, a specific exercise might be labelled Topic 1.2 Task 2. The Topic is the number of the Learning Outcome and the task is the specific exercise to be done. The Key Facts are also numbered for easy reference. These nor the Self-Assessment tables are in the Trainer's Manual so the trainer should have a copy of both manuals.

The Trainer's Manual includes answers (or guidelines to the trainer as appropriate) to Formative and Summative Assessments as well as to problems given throughout the activities. Summative Assessments are not included in the Trainee's Manual. These are meant to be used as a guide for those who will be developing a context-appropriate Summative Assessment at the end of the Module or Learning Unit. Basic Education and Soft Skills modules include Summative Assessments at the end of every Learning Unit while the technical modules include it only at the end of the module.

Lastly, there is a section in the Trainer's Manual for additional information to the trainer that includes either specific information or references to information that can help them deepen their understanding of the particular content.



# BASIC ENTREPRENEURIAL SKILLS

Learning Unit	Learning hours	Learning Outcomes
<b>Learning Unit 1: Develop business ideas</b>	9	1.1 Identify business opportunities
		1.2 Develop business idea proposal
		1.3 Elaborate the implementation plan
<b>Learning Unit 2: Perform business operations</b>	12	2.1 Interact effectively with relevant stakeholders
		2.2 Purchase inputs
		2.3 Run production unit
		2.4 Perform selling activities
		2.5 Identify business money in and out
<b>Learning Unit 3: Prepare an elementary business plan</b>	10	3.1 Identify the proposal components
		3.2 Develop the components
		3.3 Present the business proposal
<b>Learning Unit 4: Perform business financial operations</b>	9	4.1 Mobilize financial resources
		4.2 Pay all the business expenses
		4.3 Create a balance sheet

# Learning Unit 1: Develop Business Ideas



## **Learning Outcomes**

By the end of the Learning Unit, trainees will be able to:

- 1.1** Identify business opportunities based on market needs
- 1.2** Develop business idea proposal in terms of needs and requirements
- 1.3** Elaborate the implementation plan aligned to the available resources

## **Learning Unit 1 Self-Assessment**

- 1.** Ask trainees to look at the illustrations above in their Trainee Manuals and discuss what they see. What topics do they think this unit will include based on the illustrations? After some brainstorming, share the main topics.
- 2.** Explain that this Learning Unit is going to focus on entrepreneurial skills, including why we track expenses, how to develop a business proposal, and how to interact with stakeholders.
- 3.** Ask trainees to fill out the self-assessment from the beginning of the unit. The purpose of the self-assessment is to become familiar with the topics in the unit and for them to check what they know or do not know. At the end of the unit, they will do a self-reflection, which includes re-taking the self-assessment and identifying their strengths, areas that need improvement, and actions to take. The self-assessment is not a test!

## Learning outcome 1.1: Identify business opportunities based on market needs

	<p><b>Objectives:</b> By the end of the learning outcome, trainees will be able to:</p> <ol style="list-style-type: none"> <li>Describe personality traits and skills that make an effective entrepreneur</li> <li>Describe the role of innovation and creativity in entrepreneurship</li> <li>Differentiate between needs and wants</li> <li>Determine ways to identify business opportunities</li> </ol>
	<p><b>Time Required:</b> 3 hours</p>
	<p><b>Learning Methodology:</b> Small group work, role play, large group discussion</p>
	<p><b>Materials Needed:</b></p> <ul style="list-style-type: none"> <li>▶ Flip chart, Markers</li> <li>▶ One 8 – 10-inch round cake and a cake knife</li> <li>▶ 6 toothpicks for each group</li> </ul>
	<p><b>Preparation:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> You can buy or bake enough cakes for each group in advance.</li> <li><input type="checkbox"/> Bring enough cutting tools for each group</li> <li><input type="checkbox"/> Collect enough toothpicks for each group</li> <li><input type="checkbox"/> Prepare the Wants vs. Needs cards</li> </ul>
	<p><b>Cross Cutting Issues:</b></p> <ul style="list-style-type: none"> <li>✓ <b>Gender:</b> While forming group discussions and allocating roles, consider gender</li> <li>✓ <b>Inclusiveness:</b> While developing business opportunities, consider the needs of all people</li> <li>✓ <b>Environment and Sustainability:</b> While developing business opportunities, emphasize the role of the environment in satisfying people's needs</li> </ul>
	<p><b>Prerequisites:</b></p> <ul style="list-style-type: none"> <li>▶ Knowledge on people's needs</li> <li>▶ Basic knowledge of economy and accounting</li> </ul>

## Key Competencies:

Knowledge	Skills	Attitudes
1. Identify personal traits and skills of an effective entrepreneur.	1. Identify successful entrepreneurs in their locale based on personal traits and skills.	1. Observant and reflective
2. Differentiate creativity from innovation.	2. Apply creativity and innovation to challenges.	2. Creative
3. Identify characteristics of a good business opportunity.	3. Give examples of business opportunities in their locale.	3. Analytical

## Getting Started: What do we know and where are we going?



### Topic 1.1 Task 1:

1. Tell the trainees that they will study Fig. 1.1 in their manual. Have them get into small, manageable groups to discuss the questions below.

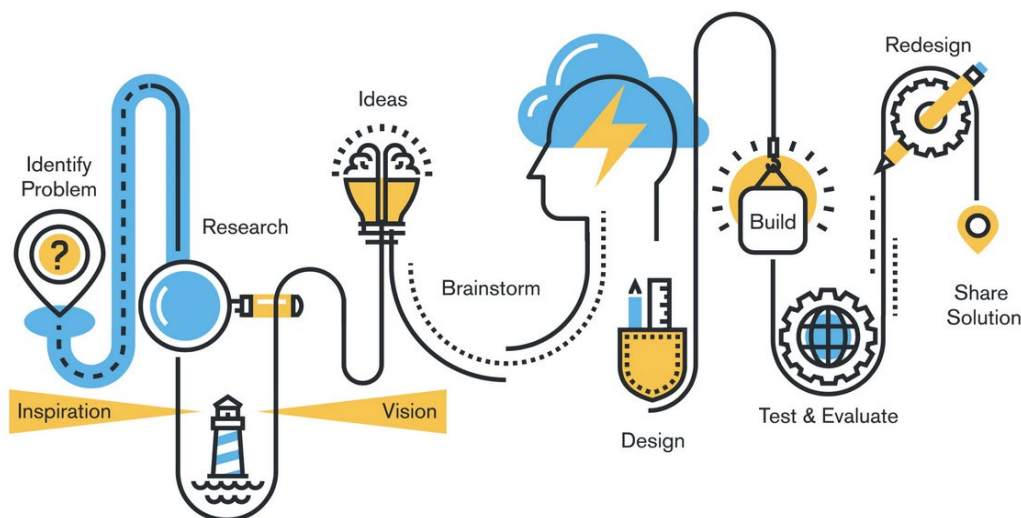


Fig. 1.1: Identification of business opportunities

<sup>1</sup> Dupriest, D. (n.d.). [Infographic]. Fiverr. <https://www.fiverr.com/ddupriest15/document-your-processes-and-identify-business-opportunities>

- a. What process do you think is represented in fig.1.1?
- b. Why do you think entrepreneurs have to go through the process mentioned above?
- c. Based on the figure, why do you think the following stages are important?
  - i. Identifying Problem
  - ii. Research
  - iii. Ideas
  - iv. Brainstorming
  - v. Designing
  - vi. Testing and evaluation

2. After a few minutes have them share their answers with the rest of the class. Then ask them, based on the activity, what do they think this unit will cover.



### Problem Solving Activity



#### Topic 1.1 Task 2: Traits and skills of an entrepreneur

1. Tell the trainees that they are going to think about entrepreneurs in their community and answer the following questions using the table provided:
  - a. Document any two successful entrepreneurs you know.
  - b. Document the type of business run by the entrepreneurs mentioned above.
  - c. Highlight any four personal traits and/or skills you think makes the identified entrepreneurs successful.

Name of entrepreneur	Type of business	What makes the entrepreneur successful?
		<ul style="list-style-type: none"> <li>• .....</li> <li>• .....</li> <li>• .....</li> <li>• .....</li> </ul>
		<ul style="list-style-type: none"> <li>• .....</li> <li>• .....</li> <li>• .....</li> <li>• .....</li> </ul>

2. Break trainees into small groups to discuss their answers the questions above. After a few minutes have some volunteers share their different responses with the class.
3. Discuss and harmonize their answers as a class by reviewing **1.1 Key Facts** in their manual.



### **Topic 1.1 Task 3: Meaning of concepts**

1. Break trainees into small manageable groups and inform them that they will visit their school library to conduct research and/or they can ask other students or instructors with expertise to help them define the terms below. When they return from their research trips, they will share their findings with the rest of the class. Have them define the following:
  - a. Innovation
  - b. Creativity
  - c. Business idea
  - d. Business opportunity
  - e. Needs
  - f. Wants



- When groups return from researching, have them differentiate between the following

<b>Innovation</b>	<b>Creativity</b>
•	•
<b>Needs</b>	<b>Wants</b>
•	•
<b>Idea</b>	<b>Opportunity</b>
•	•

- After a few minutes have volunteers share answers with the class, using an appropriate methodology. Then discuss and harmonize their findings/answers as a class by reviewing **1.2 Key Facts** in their manual.



### Guided Practice Activity



#### Topic 1.1 Task 4: Creativity and Innovation challenges

- Break trainees into small groups and have them compete with one another to determine the best solution in the shortest amount of time. Start with Challenge #1. Encourage trainees to be innovative and creative in solving the challenge while still following instructions provided.

#### Challenge #1: Creative thinking—Cut that Cake

**Overview:** The trainer brings in a cake to celebrate the end of a successful session. Trainees cannot eat it until they have cut it correctly. They cannot make more than three cuts, but they must divide the cake into eight equal pieces.

**Time:** 20 Minutes

**Directions:** Purchase a cake ahead of time, and bring it to the training room.

Give trainees 5 minutes to determine the solution. After 5 minutes, if the solution has not been found, either allow each group a second chance, or demonstrate the answer.

**Tools/Items required:** One 8 – 10-inch round cake and a cake knife

**Rules:** The trainees cannot make more than three cuts, but they must divide the cake into eight equal pieces.

**Solution:** The answer is to cut the cake twice on top (once in either direction) and then once horizontally through the middle.

### **Challenge #2: Manage resources**

**Overview:** This is a quick activity to promote out of the box thinking and effectively utilize current resources where trainees are asked to create 4 triangles using only 6 toothpicks.

**Directions:**

- Issue 6 toothpicks for each group.
- Challenge them to create 4 triangles with the toothpicks.
- You will probably hear a complaint that they need more toothpicks (resources).
- Stress that these are the only resources you can provide and they have to find ways to use what they have to the best of their ability.

**Solution:** The answer is simply to make a 3D pyramid with the six toothpicks; then you will have three standing triangles and one base triangle.

2. Discuss the group's innovative ideas and, if no group managed to solve the challenges, share the solutions to the challenges. Then, as a class, discuss why innovation and creativity are important in entrepreneurship. Refer to **1.3 Key Facts** in their manuals as needed.



### **Topic 1.1 Task 5: Differentiating needs and wants**

1. Tell trainees that they are going to learn to differentiate between needs and wants. Break the class into manageable groups and provide each group with the Wants vs. Needs cards as depicted in the Trainee Manual.
2. Each group will read the cards, decide whether the item is a want, a need, both, or neither, and paste the cards onto the appropriate section of the Venn diagram, provided in the Trainee Manual.
3. After some time, facilitate a large group discussion on the needs and wants. Read out an item on the Wants Vs. Needs card and encourage groups to debate on where the item belongs. Make sure all trainees agree on a category before moving to another card. Refer to the possible responses below as you discuss their responses.

**Possible responses:**

Wants	Needs
-------	-------

Shoes, Soap, Sweets, Playstation, Pets, Television, Necklace, Bicycle, Ice cream	Food, Water, Medicine, Shelter, Clothes, Education
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### Topic 1.1 Task 6: Ways to identify business opportunities

1. Tell trainees they are going to discuss different ways to identify business opportunities. Break the class into four manageable teams. Provide each team a card representing one way of identifying business opportunities as depicted in their manuals.
2. Each group will study their selected card and identify the key information that an entrepreneur can obtain based on each focus. Completing the table below can then help him/her identify business opportunities (table in their manual).

No#	Way of identifying business opportunities		Information that can help entrepreneurs identify business opportunities
1	Needs and wants		
2	Customers		
3	Competitors		
4	Industry trends	Economic	
		Social	
		Technological	
		Political	
		Regulatory	

3. After some time, groups will share their findings with the rest of the class. Discuss findings and review **1.4 Key Facts** in their manuals.



### Topic 1.1 Task 7: Characteristics of a good business opportunity

1. Tell trainees that they will visit a number of effective entrepreneurs (big or small) in their communities and ask these individuals about the characteristics of a good business opportunity. Break the trainees in small groups. Inform them that during the interaction, they can use the following questions to guide their work:
  - a. What is your business activity?
  - b. What are your products or services?
  - c. How did you know about or the ways you used to identify the business opportunity?

- d. What characteristics would you look for in a business opportunity to be good?
2. Inform trainees that they will share their findings with the rest of the class and so should record their findings in the table below (table in their manual).

Name of entrepreneur	Business activity	Product or service	Tips for identifying business opportunity	Characteristics of good business opportunity

3. When trainees return, guide them to share their findings with the rest of the class. Then, as a class, discuss finding and review **1.5 Key Facts** in their manuals.



### Application Activity



#### Topic 1.1 Task 8:

1. Tell trainees that they are going to do an individual activity that will require each to identify a business opportunity in his/her community; articulate how the opportunity was identified; carry out research to determine if it can be a good opportunity (refer to criteria); and conduct a PEST analysis for the business opportunity identified by completing the table below (table is in their manuals).

<b>Business opportunity:</b>	
<b>Way to identify opportunities</b>	
<b>Criteria met</b>	
<b>Political factors</b>	
<b>Economic factors</b>	
<b>Social factors</b>	
<b>Technological factors</b>	

2. After some time, tell each trainee to share their business ideas and further encourage trainees to explain their business ideas to the rest of the class. After, review and discuss **sample PEST Analysis** in their manual together.



### Points to Remember

- Innovation and creativity have become critical skills for achieving success in business.

- Creativity is the ability to produce new and, at times, unique ideas.
- Innovation is the implementation of that creativity, whether that be a new idea, solution, process, or product.
- Need: something you can't live without.
- Want: something you would like but that you can live without.
- A good business opportunity should:
  - Have real demand
  - Have return on investment
  - Be equal to or better than the competition
  - Meet objectives/goals of entrepreneur
  - Enable entrepreneur access resources



### Formative Assessment

**Read and answer the questions below.**

1. Have trainees identify any personal traits and skills that an effective entrepreneur should possess.  
**Possible answers:** confident, open mindedness, self-starter, competitive, creative, determined, possesses strong people skills, possesses strong work ethic, etc.
2. With an example for each, differentiate innovation from creativity.  
**Possible answer:** Thinking of a product to use in communication is creativity, while producing a phone to aid in communication is innovation.
3. With an example for each, differentiate needs from wants.  
**Possible answers:** A need is what one must have in order to survive (for example: food, water) while a want is what is desired, in addition, to live a more comfortable life (for example, a very expensive watch, car, etc.).
4. Briefly explain different ways an entrepreneur can use to identify business opportunities.  
**Possible answers:**

- Listen to the needs and wants of your potential clients and past leads, which will help you to find opportunities to develop more tailored products and services.
- Listen to your customers. This valuable customer information will help you identify key business opportunities to expand and develop your current products and services.
- Analyse your competitors. This will help you identify key business opportunities to expand your market reach and develop competitive products and services.
- Observe industry trends and insights. Trends create opportunities for entrepreneurs to pursue as illustrated below.

**5. List the characteristics a good business opportunity should have.**

**Possible answers:**

**a. Market driven**

- Solve a problem; find a market need; customer-focused, not product driven; target an identified sizeable market segment

**b. Feasible**

- Attractive –there is a demand; achievable –it can be done; durable –it will last; value creating –it is worth something; safe; affordable

**c. Unique**

- Faster/Better/Cheaper; differentiated (vs. commodity); they have a “Special Sauce”

**d. Fundable**

- Revenue stream; manageable risk; sustainable --market exists with frequency of purchase; scalable or replicable; barriers to entry; growth potential; product pipeline; exit plan; innovative

**6. Briefly explain, including an example, the elements of a PEST analysis.**

**Possible answers**








Political: changes in politics, new laws and regulations—for example, Made in Rwanda

Economic: state of the economy, level of disposable incomes—for example, increase in middle income earners

Social: social and cultural changes—for example, relocation to urban areas

Technological: new or emerging technologies—for example, introduction of Tap&Go

## Learning outcome 1.2: Develop business idea proposal based on needs and requirements

	<p><b>Objectives:</b> By the end of the learning outcome, trainees will be able to:</p> <ul style="list-style-type: none"> <li>a. Describe business ideas and their sources</li> <li>b. Describe techniques to generate a good business idea</li> <li>c. Select a good business idea using SWOT analysis and 6Cs analysis</li> </ul>
	<p><b>Time Required:</b> 3 hours</p>
	<p><b>Learning Methodology:</b> Small group work, role play, large group discussions</p>
	<p><b>Materials Needed:</b></p> <ul style="list-style-type: none"> <li>▶ Flip charts, Markers</li> </ul>
	<p><b>Preparation:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Prepare or cut the words from SMART in advance</li> <li><input type="checkbox"/> Prepare the words representing the 6Cs (Cash, Capital, Customers, Competitors, Cost, and Competence)</li> </ul>
	<p><b>Cross Cutting Issues:</b></p> <ul style="list-style-type: none"> <li>• <b>Gender:</b> While forming groups and allocating roles, consider gender</li> <li>• <b>Inclusiveness:</b> While allocating roles for the scenarios, be sure all humans feel included and roles are distributed equitably</li> <li>• <b>Environment and sustainability:</b> Consider also environmental impact of some businesses—this can be key in the proposal stage</li> </ul>
	<p><b>Prerequisites:</b></p> <ul style="list-style-type: none"> <li>a. How to conduct SWOT analysis? Knowledge of products and services.</li> </ul>



## Key Competencies:

Knowledge	Skills	Attitudes
1. Describe business ideas.	1. Select a good business idea using a SWOT (Strengths, Weaknesses, Opportunities and Threat) analysis.	1. Innovative and creative
2. Identify sources of business ideas.	2. Select a good business idea using the 6C's (Cash, capital, customers, competitors, cost and competence).	2. Detail oriented
3. Learn techniques for generating good business ideas.	3. Apply techniques to generate good business ideas.	3. Active

## Getting Started: What do we know and where are we going?



### Topic 1.2 Task 1:

1. Tell trainees that they are going to share their experiences regarding developing a business idea proposal. Have trainees read the scenario in their manuals

In one of the holidays you went to visit your relatives in one of the districts of Rwanda. While there, you realised that there is shortage of water in the area. Families spend days without water; it takes many days in between bouts of rain, and the nearby water source is 5 kilometres away.

2. Let each trainee think about the scenario and individually answer the questions below.
  - a. As a student of entrepreneurship, list all possible solutions to the problems in the area.  
**Possible answer:** Answers will vary.
  - b. What do you call the list of possible solutions above?  
**Possible answer:** Business ideas
3. After a few minutes have them share their answers. Then ask them what they think this topic will cover based on the activity.



## Problem Solving Activity



### Topic 1.2 Task 2: Identification of business ideas

1. Tell trainees that they are going to identify business ideas. Break trainees into small groups and have each group read and discuss the paragraph, and answer questions that follow.

*Essentially, entrepreneurs need ideas to start and grow their entrepreneurial ventures. Generating ideas is an innovative and creative process. Sometimes, the most difficult aspect of starting a business is coming up with a strong business idea.*

Based on the paragraph,

- a. How would you define a business idea?
  - b. What do you think are some sources of the business ideas for entrepreneurs?
  - c. What are some of the techniques entrepreneurs can use to generate good business ideas?
2. After some time, have groups share their findings, using an appropriate methodology. Discuss their answers and review **1.6 Key Facts** in their manuals together.



## Guided Practice Activity



### Topic 1.2 Task 3: Identification of business ideas

1. Tell trainees that they will visit their communities to generate as many business ideas as possible. Break the trainees into small teams and inform them they will report the sources of the business ideas and techniques for generating the ideas by completing the table below (table is their manual).

Business idea	Source of business idea	Technique for generating the business idea

2. When they are back, guide them to share their findings with the rest of the class. Then discuss and review their findings as class.



#### Topic 1.2 Task 4: Selection of a good business idea (SWOT Analysis)

1. Have trainees in small groups read the paragraph below and answer questions that follow:

*The purpose of conducting a SWOT analysis on your business idea is to determine the pros and cons– whether it is a viable idea– gaining an understanding of whether your personality and strengths match the business, what capital will be required to launch and grow your business, as well as, analysing who your competitors will be in the market. <sup>2</sup>*

- a. What do you think SWOT stands for?
  - b. What are some of the benefits of conducting a SWOT analysis?
2. After some time, ask trainees to share their answers; break them into four teams and give each team one word from SMART. Have each group discuss their words and fill in the table provided.



- a. In selecting business ideas, what questions/factors are you likely to consider under each word listed above. Complete the table below by listing the questions for each word.

<b>Strengths</b>	<b>Weaknesses</b>
<b>Opportunities</b>	<b>Threats</b>

3. After, guide groups to share questions listed with each word with the rest of the class. Discuss their answers and review **1.7 Key Facts** in the manuals together. After the discussion you can review sample SWOT analysis #1 and #2 in their manuals while answering any questions they might have.

<sup>2</sup> Bristow Scott, C. (2019, May 28). *Your free business idea evaluation SWOT analysis template*. Entrepreneur. <https://www.entrepreneur.com/article/334260>



#### Topic 1.2 Task 4: Selection of a good business idea (6Cs)

1. Tell trainees that they are going to select a good business idea using the 6Cs. Break trainees into six (6) groups and give each group a word representing the 6Cs (Cash, Capital, Customers, Competitors, Cost, and Competence) as listed in their manuals.
2. Each group should analyse their word and briefly describe why it is important for the entrepreneur to think about the word, while generating business ideas and completing the table provided in their manual.
3. After the discussions, guide groups share their findings. Discuss their findings and review **1.8 Key Facts** in their manuals together.



#### Application Activity



#### Topic 1.2 Task 5:

1. This can be completed individual or as small group work. Inform trainees they are going to visit their communities where they will identify business ideas by answering the questions below. They will present their answers by completing the table provided.
  - a. What are the business ideas you identified?
  - b. What are the sources of the business ideas?
  - c. What techniques did you use to generate the business idea?

#	Business idea	Source of business idea	Techniques of idea generation

2. For the business ideas generated above in (1), trainees should:
  - a. Perform a SWOT analysis to select good business ideas using the template provided. (template is in the Trainee Manual)
  - b. Check whether the ideas meet the 6Cs using the table provided in the Trainee Manuals.



### Points to Remember

- All business ideas are not good business opportunities.
- SWOT analysis and 6Cs analysis are key in selecting good business ideas.



### Formative Assessment

#### A. Read the instructions and answer the questions below.

1. How do you differentiate between a business idea and business opportunity?

**Possible Answer:** Business ideas are solutions to problems and are important in providing creative spark for your business, while business opportunities (are ideas, circumstances, situations) can lead to a desirable and viable business.

2. If you were to identify business ideas in your community, what sources would you use?

**Possible Answers:**

- Developing ideas as an extension of an existing product/project.
- Creating an improved service (faster delivery services).
- Marketing a product at a lower price (via e-commerce e.g. Amazon.com).
- Adding value to an existing product or service.
- Altering quality or quantity of an existing product or service.
- Introducing automation, simplification, convenience (i.e. smart product).
- Through personal interests or hobbies.
- Through work experiences, skills, abilities –a business, related to the work you do.
- Through another familiar or unfamiliar product or service.
- Spotting the latest trends.
- Changing the delivery method, packaging, unit size, or shape.
- Increasing mobility, access, portability or disposability.
- Simplifying repair, maintenance, replacement or cleaning.
- Changing their colour, material, or shape.

3. What techniques would you use to generate business ideas?

**Possible Answers:**

Brainstorming, focus groups, observation, surveys, emerging trends, research and development, tradeshow and association meetings, etc.

4. Why is it important for an entrepreneur to perform a SWOT Analysis when selecting business ideas?

**Possible Answers:** By using a SWOT, you can:

- understand your business better
- address weaknesses
- deter threats
- capitalise on opportunities
- take advantage of your strengths
- develop business goals and strategies for achieving them

**B. Read the statements below and circle the best alternative.**

1. Which of following is not the meaning of business idea?
- a. A business idea is an idea that you can use for financial gain by offering a product or service.
  - b. A business idea is a concept which can be used for commercial purposes.
  - c. A business idea centres around a commodity or service that can be sold for money, according to a unique model.
  - d. A business idea is the process of starting a new business in a given location.

**ANSWER:D**








2. One of the following is not a source of business idea.
- a. Interests and hobbies;
  - b. Capital evaluation;
  - c. Customer surveys;
  - d. Brainstorming and dreams.

**ANSWER: B**

3. \_\_\_\_\_ is a study undertaken by an organization to identify its internal strengths and weaknesses, as well as its external opportunities and threats.
- a. Competitors analysis
  - b. SWOT analysis
  - c. Production analysis
  - d. Business analysis

**ANSWER: B**

## Learning outcome 1.3: Elaborate the business implementation plan aligned to the available resources

	<p><b>Objectives:</b> By the end of the learning outcome, trainees will be able to:</p> <ul style="list-style-type: none"> <li>a. Set good business goals</li> <li>b. Identify business activities according to the set goals</li> <li>c. Elaborate on a business start-up plan to allocate a budget, according to available resources</li> </ul>
	<p><b>Time Required:</b> 3 hours</p>
	<p><b>Learning Methodology:</b> Small group work, role play, large group discussions, individual exercise</p>
	<p><b>Materials Needed:</b></p> <ul style="list-style-type: none"> <li>▶ Flip charts, Markers</li> </ul>
	<p><b>Preparation:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> A sample business budget</li> <li><input type="checkbox"/> Read through the scenarios and case studies in advance</li> </ul>
	<p><b>Cross Cutting Issues:</b></p> <ul style="list-style-type: none"> <li>✓ While forming small groups, consider gender</li> <li>✓ Be inclusive while allocating roles for the scenarios</li> <li>✓ Consider how the environment factors into a “good” business idea</li> <li>✓ Consider financial education while allocating resource</li> </ul>
	<p><b>Prerequisites:</b> None.</p>



### Key Competencies:

Knowledge	Skills	Attitudes
1. Explain the importance of business goals.	1. Identify business start-up costs and resources needed to start a business.	1. Planner
2. Explain the concept of a SMART goal (Characteristics).	2. Develop a for the resources needed to start a business.	2. Organized
3. Identify business activities according to set business goals.	3. Develop a business start-up plan for businesses.	3. Analytical



### Getting Started: What do we know and where are we going?



#### Topic 1.3 Task 1:

1. Tell trainees that this activity will require them to work as a team. Break trainees into small teams. Let each team read the scenario in their Trainee Manuals and do the activity.

*Your class is planning to have an end of year party. The whole class agrees that for the party to be successful, they will need an organizing committee. You are chosen as the chairperson of the organizing committee.*

2. As the chairperson of the committee, identify all the things that you will have to do in order for the party to be successful.
3. After a few minutes have them share their answers. Then ask them what they think this topic will cover based on the activity.



## Problem Solving Activity



### Topic 1.3 Task 2: Business Goals

1. Break trainees into small groups and tell them they are going to do an activity about setting business goals. Let them refer to their previous knowledge, from school, home, work or a business, and answer the following questions.
  1. Define what you understand about the following:
    - a. Goal
    - b. Business goal
  2. Why do you think it is important for an individual to set goals (personal or work goals)?
  3. What characteristics do you think a good goal should have?
  4. How does each word relate to goal setting? Give your response by completing the table below.



<sup>3</sup>

<sup>3</sup> User: Dungdm93. (2016, December 20). *SMART-goals* [Graphic]. Wikimedia Commons. <https://commons.wikimedia.org/wiki/File:SMART-goals.png>  
License: <https://creativecommons.org/licenses/by-sa/4.0/legalcode>

Word	Relationship with goal setting
Specific	
Measurable	
Achievable	
Relevant	
Time-based	

2. After some time, guide trainees to share their answers. Discuss their answers and review **1.9 Key Facts** in their manuals together.



### Topic 1.3 Task 3: Identification of Business activities and resources for the set goals

1. Break trainees into small groups and tell them to read the following scenario and answer questions that follow.

*Your friend approaches you seeking your help regarding setting goals. She wants to set goal for graduating from TVET level 2 by the end of the year. Help her:*

- a. Set a SMART goal
- b. Identify the steps she should go through to determine activities for her set goal
- c. Identify some key activities needed for her to achieve her goal
- d. Identify the resources she might need for each activity in order to achieve her goal

For c) and d), you can use the table below (table provided in Trainee Manuals)

Goal	
Key activities	Key resources

2. After the discussions, guide the groups in sharing their answers. Discuss their answers and review **1.10 Key Facts** in their manuals together. Review the example given in their manuals while answering any concerns they may have.



### Topic 1.3 Task 4: Budgeting and business start-up costs

1. Break trainees into small groups and tell them to read the following scenario and answer questions that follow.

*Shyaka wants to start buying cassava from Kabarondo market and process it into flour so as to increase its value, and then sell the flour at higher price.*

- a. What should Shyaka do before starting his business?
  - b. Why do you think it is important for Shyaka to perform the activities mentioned above?
  - c. What do you understand about the terms below?
    - i. Budget
    - ii. Budgeting
    - iii. Start-up costs
  - d. Why is budgeting important when starting a business?
  - e. What are some of the start-up costs Shyaka needs to identify for his business?
2. After the discussions, guide the groups in sharing their answers. Discuss their answers and review **1.11 Key Facts** in their manuals together.



### Topic 1.3 Task 5: Business start-up plan

1. Break trainees into small groups. Have them visit entrepreneurs in their communities and ask about business start-up plans, using the questions below to guide them.
  - a. What is a business start-up plan?
  - b. Why should you develop a start-up plan?
  - c. What should be included in a start-up plan?
  - d. If possible, ask for a business start-up plan sample or template.
2. When groups are back from their visits, encourage them to share their findings. Discuss their findings and review **1.12 Key Facts** in their manuals together.



### Guided Practice Activity



### Topic 1.3 Task 6:

1. Tell the trainees that they will use the following story about Jonathan to practice writing SMART goals. Have them break into small groups to begin writing SMART goals for Jonathan. After a few minutes have them share their suggestions for the “S” goal, the “M” goal, the “A” goal, the “R” goal, and the “T” goal. Then, discuss as a group and modify a group set of SMART goals for Jonathan.

Read the case study below and answer questions that follow.

Jonathan, a TVET Certificate II in Livestock graduate, wants to start a business in livestock farming. After talking with entrepreneurs in different areas of livestock farming, doing research, and identifying his strengths and weaknesses, he has narrowed down his choice to poultry farming. During the holidays, he plans to volunteer at a poultry farm in a neighbourhood close to his home. By the time he is ready to start his project, he will have gained exposure to what poultry farming might be like. Based on this, he has written goals that will guide his work.

a. Help Jonathan write his SMART goal

**Possible Answer:** Before starting my poultry project, I will have volunteered at a poultry farm in the neighbourhood to gain exposure on what poultry farming is about.

b. Using the table below (also in Trainee Manual), identify each element of SMART in the goal set for Jonathan?

<b>Goal</b>	Before starting my poultry project, I will have volunteered at a poultry farm in the neighbourhood to gain exposure to what poultry farming is about.	
<b>No#</b>	<b>Element of SMART</b>	<b>Representation of element in the goal</b>
1	Specific	Volunteer at a Poultry farm in the neighbourhood
2	Measurable	Gained exposure to what poultry farming is by end of the holidays
3	Achievable	Possibility of having gained exposure of what poultry farming is by end of the holidays
4	Relevant	Contribution of exposure/volunteerism to poultry farming
5	Time-based	Period of the holidays

c. Help Jonathan identify some of the activities he needs to do to achieve his goal

**Possible answers:**

- Identify a poultry farm for volunteering
- Request to volunteer at the identified poultry farm
- Volunteer at the poultry farm for the period requested
- Record all information gained from the volunteer
- Etc.

d. Help Jonathan identify resources he may need to achieve his goal

**Possible answers:**

- Transport to and from the poultry farm

- Notebook and pen
- Etc.



### Topic 1.3 Task 7:

1. While still in their groups from the above task, tell trainees to read the following statement and answer questions that follow.

After Jonathan identifies the key activities and resources needed to achieve his goal in **Topic 1.3 Task 7**, he wants to develop a budget for his business.

Assist Jonathan to:

- a. Outline the steps for developing a budget
  - b. Identify and make a list of expenses for the business
  - c. Identify and make a list of possible sources of revenue
2. After the activity, guide groups in sharing their answers. Then discuss their answers and review **1.13 Key Facts** in their manuals together.



### Application Activity



### Topic 1.3 Task 8:

1. Tell the trainees that they will use the case study of Ashimwe canteen to practice developing a start-up plan for their businesses. Break them into small groups to begin writing the start-up plan. After a few minutes, have them present their start-up plans for Ashimwe canteen. Then discuss as a group and modify Ashimwe's start-up plan. Read the following case study and answer questions that follow.

#### Case study: Ashimwe Canteen

Ashimwe is a TVET II graduate who wants to start a business (Ashimwe Canteen), in Kacyiru, Gasabo district. Ashimwe's canteen will sell tasty soft drinks (soda, water, tea, coffee, milk, etc.) to customers near the market. In the neighbourhood, there is a lady selling juice and tea in the market, and a man selling coffee and bread about 4 blocks away; however, Ashimwe will distinguish her business from the others. The soft drinks will come from the

popular industries. The business will also carry new local coffee supplies to distinguish the coffee from the other suppliers. Customers will be guaranteed tasty local coffee that is all natural. She plans to sell items for the following prices: Tea- 200 Rwf, Bread- 300 Rwf, Coffee- 300 Rwf, Samosa- 300 Rwf, Water- 1000 Rwf, Soft drink- 1000 Rwf, Milk- 300 Rwf.

Ashimwe Canteen will sell tasty drinks to customers near the market. It will be on the main side street. Most customers will be shoppers from the market, and some may be shopkeepers in the market. There will be a mix of men, women, and children. People coming to the market will buy. Some will buy as they arrive. Others will buy once they have completed their purchase at the market.

Ashimwe plans to use flyers posted nearby and public announcements (at meetings, football matches, etc.) to promote her canteen. She will make fresh coffee and tea as requested by the customers. She will buy bread at a discount every morning from her cousin's bakery next to her house. She also plans to buy a fridge for soft drinks. The coffee will be freshly ground and made from the popular Maraba coffee. No other flavourings will be used in the coffee so as to maintain the taste; customers will be guaranteed local tasty coffee that is all natural. The tea will be fresh and hot from boiling water on the fire. The bread will be the only bread being sold close to the market. Cold drinks will be available.

She plans to buy these equipment and supplies: tables, coffee box, spoons, cups, chairs, plates, fridge, shelves, charcoal stove, jerry can, water jug, thermos flask, water basin(small), sugar supply cup; coffee, flavouring natural leaves, sugar, water, salt, fire charcoal, milk, lemon, tea, bread, bottled water, soft drinks.

She plans to rent the place where she will put her canteen as well as other utilities like water, electricity and a telephone. She will employ an assistant and will register her canteen with the Sector office.

- a. Help Ashimwe write a SMART goal for her project

**Possible Answers:** Start a canteen selling tasty soft drinks in Kacyiru, Gasabo district.

- b. What are key business activities according her set goals?

**Possible Answers:**

- Gathering information about canteens
- Searching for material suppliers
- Registering the business
- Looking for a favourable site



- Purchasing equipment and materials
- Etc.

c. What are the resources she will need for her business idea?

**Possible Answers:**

- Equipment—small plastic chairs, small coffee tables, thermos flask, jerry can, charcoal stove, water boiling kettle, coffee/tea cups, coffee/tea spoons, water glasses, water basin (small size), water jugs, service trays, traditional curtain, plastic plates, etc.
- Supplies—coffee, flavouring natural leaves, sugar, water, salt, fire charcoal, milk, lemon, tea, bread, bottled water, soft drink, etc.)
- Utilities (electricity, telephone, water, etc.)

d. Using the template below assist Ashimwe to classify the activities and resources into: Business Information, Marketing plan, Operations, Finance, and to develop a start-up plan for her business idea.

<p><b>1. Business Information</b></p> <p>Name of Business:</p> <p>Name of Business Owner:</p> <p>Address of Business:</p> <p>Phone Number:</p> <p>Email:</p> <p>Business Description:</p>
<p><b>2. Marketing Plan</b></p> <p>The Business's Products:</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>Price of Goods/Services:</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>Place of the Business:</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>The Business's Customers (People):</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>Promotion of the Business:</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>Production:</p>

<ul style="list-style-type: none"> <li>•</li> </ul> <p>Competition:</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>How am I different from the competition?</p> <ul style="list-style-type: none"> <li>•</li> </ul>		
<p><b>3. Operations</b></p> <p>Equipment needed to run the business:</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>Supplies:</p> <ul style="list-style-type: none"> <li>•</li> </ul> <p>Suppliers:</p> <ul style="list-style-type: none"> <li>•</li> </ul>		
<p><b>4. Finance</b></p> <p>Start Up Costs – the First 3 Months</p>		
<p><b>Income</b></p>		
Source of Income	Income per month (in 00'Rwf)	Total Income (Income per month x 3) 00'Rwf
<b>Total Income</b>		
<p><b>Equipment</b></p>		
Item of Expenditure	Total Cost (00'Rwf)	
<p><b>Supplies</b></p>		
Item of Expenditure	Cost per month (in 00'Rwf)	Total Cost (cost per month x 3) 00'Rwf
<p><b>Promotion / Marketing costs</b></p>		
Item of Expenditure	Cost per month (in 00'Rwf)	Total Cost (cost per month x 3) 00'Rwf
<p><b>Rent for Place</b></p>		
Item of Expenditure	Cost per month (in 00'Rwf)	Total Cost (cost per month x 3) 00'Rwf

<b>Utilities (electricity, telephone, water)</b>		
Item of Expenditure	Cost per month (in 00'Rwf)	Total Cost (cost per month x 3) 00'Rwf
<b>Salary for Business Owner/Any employees</b>		
Item of Expenditure	Cost per month (in 00'Rwf)	Total Cost (cost per month x 3) 00'Rwf
<b>Registration of Business</b>		
Item of Expenditure	Total Cost (00'Rwf)	
<b>TOTAL Expenses</b>		

**Note to trainer:** This can be done in a number of sessions with some different steps to help the trainees synthesize the activity. A lot is going on and the trainer will need to provide guidance during and after to help trainees understand what is in these tables.



### Points to Remember

#### Importance of setting goals

- Goals provide focus
- Goals keep everyone motivated
- Goals promote teamwork
- Goals increase morale
- Goals help you measure success



## Formative Assessment

Read the case study below and answer questions that follow.

Miss Karungi has a TVET Certificate II in Hairdressing. She is planning to start her own hair salon (KARU Hair Dressing Salon) to generate income. She has 250, 000FRW for this business.

1. Assist Karungi in setting a SMART goal for her business idea.

**Possible Answers:**

- To start a hair dressing salon (KARU Hair Dressing Salon) worth 250.000FRW

2. Identify different activities to be performed by KARU Hair Dressing Salon.

**Possible Answers:**

- Gathering information about different hair dressing salons
- Searching for material suppliers for the hair salon
- Registering the business
- Looking for a favourable site
- Purchasing equipment and materials for the salon
- Hiring competent people to work in the salon
- Promoting the salon

3. Describe all resources (Financial, human, technical) that will be required for the successful implementation of KARU Hair Dressing Salon.

**Possible Answers:** For information on resources, trainees can conduct research in a number of hair dressing salons in their communities. Some examples may include: hair dryers, weaves, washing basins, barbers, etc.

4. Identify all possible expenses and develop a budget for KARU Hair Dressing Salon

**Possible Answers:** For information on resources, trainees can conduct research in a number of hair dressing salons in their communities. Some expenses may include: purchasing equipment, rent, salaries, water, electricity, license, etc.

5. Elaborate on the business start-up plan for KARU Hair Dressing Salon

**Possible Answer:**

**1. Business Information**

Name of Business: KARU Hair Dressing Salon

Name of Business Owner: Miss Karungi

Address of Business: Kigali Heights, Kimihurura Sector, Gasabo District

Phone Number: 07XX WZX ABC

Email: karuhairdressingsalon@gmail.com

Business Description:

KARU Hair Dressing Salon will be a unisex salon serving both male and female customers with the best hair dressing experience. We shall work 24/7 so as to serve our customers based on their convenience. The salon will be located in Kimihurura sector, Gasabo district.

**2. Marketing Plan**

The Business's Products:

- Hair shaving; Hair plaiting; Pedicure; Manicure
- Etc.

Price of Goods/Services:

- Affordable but negotiable

Place of the Business:

- Kigali Heights has a number of customers including university students who come for other services and also those from the Radisson Blue Hotel yet there is no executive Hair dressing salons around

The Business's Customers (People):

- Business people in Kigali Heights, University students, employees and customers from the Radisson Blue hotel

Promotion of the Business:

- Word of mouth, Radio announcements, Banners, Leaflets

Production:

- There will be two sections, one working on male customers while another one working on female customers

Competition:

- There is one hair dressing salon on Kigali heights but does not serve male customers, also closes at 7.00pm

How am I different from the competition?

- Will serve both male and female customers
- Will work 24/7
- Will use modern hair dressing machines

### 3. Operations

Equipment needed to run the business:

- (find research on equipment needed in hairdressing salon)

Supplies:

- (find research on possible supplies needed in a hairdressing salon)

Suppliers:

- (find research on the possible suppliers of equipment and supplies)

### 4. Finance

#### Income

Source of Income (identify all the sources of finance for the salon based on the services you will provide)	Income per month (in 00'Rwf) (how much will you charge for each service per day X 30 days)
<b>Total Income</b>	

#### Equipment

Item of Expenditure (identify all possible equipment needed in the hairdressing salon)	Total Cost (00'Rwf)

#### Supplies

Item of Expenditure (identify all possible supplies needed in the hairdressing salon)	Cost per month (in 00'Rwf) (identify the cost of equipment needed in the hairdressing salon for a month)

#### Promotion / Marketing costs

Item of Expenditure (identify all possible marketing or promotion needed in the hairdressing salon)	Cost per month (in 00'Rwf) (identify the cost of possible marketing or promotion needed in the hairdressing salon)

#### Rent for Place

Item of Expenditure (identify all possible rent for the hairdressing salon)	Cost per month (in 00'Rwf) (identify the cost for rent needed in the hairdressing salon)
<b>Utilities (electricity, telephone, water)</b>	
Item of Expenditure (identify all possible utilities needed in the hairdressing salon)	Cost per month (in 00'Rwf) (identify the cost of all possible utilities needed in the hairdressing salon)
<b>Salary for Business Owner/Any employees</b>	
Item of Expenditure (identify all possible people who will be paid)	Cost per month (in 00'Rwf) (identify cost of all people who will be paid)
<b>Registration of Business</b>	
Item of Expenditure (identify all possible requirements for registration)	Total Cost (00'Rwf) (identify all possible costs for registration)
<b>TOTAL Expenses</b>	

## Summative Assessment

You plan to become an entrepreneur after school. Based on your community:

1. Identify business opportunities based on market needs that will enable you to become an entrepreneur.
2. Develop a business idea proposal in terms of needs and requirements.
3. Elaborate on the implementation plan aligned to the available resources.

While trainees carry out tasks, tick appropriately as she/he moves further.

### Assesment Criterion 1: Appropriate selection of business opportunities based on market needs.

Checklist	Score	
	Yes	No
<b>Indicator 1: Identifies different business opportunities by using a PEST analysis</b>		
Political factors		
Economic factors		
Social factors		
Technological factors		
<b>Indicator 2: Selects the best business Opportunity based on its characteristics</b>		
Real demand		
Return on investment		
Be competitive		
Meet objective		
Availability of resources and skills		
<b>Observation</b>		



**Assesment Criterion 2: Proper development of business idea proposal in terms of needs and requirements.**

Checklist	Score	
	Yes	No
<b>Indicator 1: Identifies different sources of business idea</b>		
Personal skills / talents		
Experience		
Available resources		
Interest /passion		
<b>Indicator 2: Analyses his/her business idea using SWOT</b>		
Strengths		
Weaknesses		
Opportunities		
Threats		
<b>Indicator 3: Selects a good business idea using 6Cs</b>		
Cash		
Capital		
Customers		
Competitors		
Cost		
Competence		
<b>Observation</b>		

**Assesment Criterion 3: Proper elaboration of the implementation plan aligned to the available resources.**

Checklist	Score	
	Yes	No
<b>Indicator 1: Sets a SMART goal</b>		
Specific		
Measurable		
Attainable		
Realistic		
Time bound		
<b>Indicator 2: Identifies business resources</b>		
Human resources (employees)		
Financial resource (cash)		
Technical resource (machine)		
<b>Observation</b>		



### Self-Reflection

1. Ask learners to re-take the self-assessment from the beginning of the unit. They should then fill in the table in the Trainee's Manual to identify their areas of strength, areas for improvement, and actions to take to improve.
2. Discuss trainees' results with them. Identify any areas that are giving many trainees difficulty and plan to give additional support as needed (ex. use class time before you begin the next learning outcome to go through commonly identified difficult concepts).

# Learning Unit 2: Perform business idea operations





## **Learning Outcomes**

By the end of the Learning Unit, trainees will be able to:

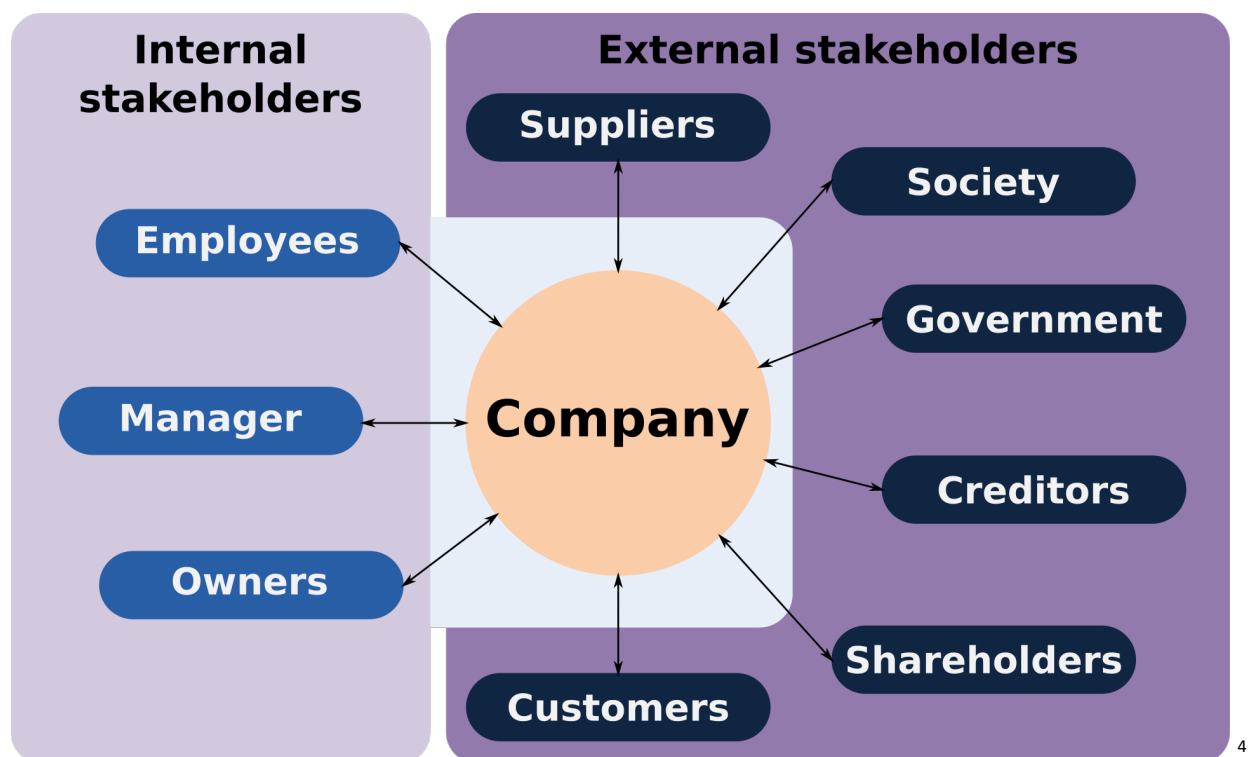
- 2.1** Effective interaction with relevant stakeholders according to their role or potential to impact the success of one's business
- 2.2** Purchasing of inputs according to the business production targets
- 2.3** Producing high quality product according to the product specification, demand and available resources.
- 2.4** Performing of selling activities as per selling techniques and plan
- 2.5** Identify business money in and out in terms of provisions and planned activities

## **Learning Unit 2 Self-Assessment**

- 1.** Ask trainees to look at the Unit 2 illustrations in their Trainee Manuals and discuss what they notice. What topics do they think this unit will include based on the illustrations? After some brainstorming, share the main topics.
- 2.** Fill out the self-assessment at the beginning of the unit. The purpose of the self-assessment is to become familiar with the topics in the unit and for you to check what you know or do not know. At the end of the unit, you will do a self-reflection, which includes re-taking the self-assessment and identifying your strengths, areas that need improvement, and actions to take. The self-assessment is not a test.

## Topic 2.1: Effective interaction with relevant stakeholders according to their role or potential to impact the success of one's business

	<p><b>Objectives:</b> By the end of the learning outcome, trainees will be able to:</p> <ol style="list-style-type: none"> <li>Identify key business stakeholders, their roles, and the importance of establishing good relationships with them</li> <li>Describe an effective customer service and how to do business with suppliers</li> <li>Describe how governmental laws and policies affect opening and running a business</li> </ol>
	<p><b>Time Required:</b> 2 hours</p>
	<p><b>Learning Methodology:</b> Small group work, role play, large group discussion</p>
	<p><b>Materials Needed:</b></p> <ul style="list-style-type: none"> <li>► Flip chart, Markers</li> </ul>
	<p><b>Preparation:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Identify the area for mapping in advance</li> <li><input type="checkbox"/> You can draw a community map in advance</li> </ul>
	<p><b>Cross Cutting Issues:</b></p> <ul style="list-style-type: none"> <li>✓ <b>Gender education:</b> While forming small groups consider gender.</li> <li>✓ <b>Inclusive education:</b> Inclusiveness while allocating roles for the scenarios.</li> </ul>
	<p><b>Prerequisites:</b> None.</p>



4

### Key Competencies:

Knowledge	Skills	Attitudes
1. Describe key business stakeholders and their roles.	1. Identify key business stakeholders.	1. Dynamic
2. Describe the importance of establishing a good relationship with business stakeholders.	2. Provide effective customer services.	2. Analytical
3. Describe ways to establish good relationships with stakeholders.	3. Establish a good relationship with stakeholders.	3. Innovative

<sup>4</sup> User: Grochim. (2008, December 11). *Stakeholder (en)* [Infographic]. Wikimedia Commons. [https://commons.wikimedia.org/wiki/File:Stakeholder\\_\(en\).png](https://commons.wikimedia.org/wiki/File:Stakeholder_(en).png)  
License: <https://creativecommons.org/licenses/by-sa/3.0/legalcode>

## Getting Started: What do we know and where are we going?



### Topic 2.1 Task 1: Experience sharing

1. Ask trainees to individually think about all categories of people with whom they have relationship. They can refer to the questions below to guide them:
  - a. State all categories of people with whom you have relationship.
  - b. Which type of relationship exists between you and them?
  - c. What do you do to maintain good relationships with them?
2. After a few minutes have them share their answers. Then ask them what they think this topic will cover based on the activity.



### Problem Solving Activity



### Topic 2.1 Task 2: Meaning of stakeholders

1. Tell trainees that they are going to identify and/or map various stakeholders at their school. Trainees can visit their communities or other classes to identify and draw a map of their school including all stakeholders. They should:
  - Draw the school community map with the school placed in the centre of the map.
  - Include and show all stakeholders of the school using different colours for each.
2. Tell them that after identifying the stakeholders, they will complete the table below (table also in the Trainee Manual) by answering the questions that follow:
  - a. Identify the role of each stakeholder to the school.  
**Possible Answer:** Health centres provide health services to the school
  - b. Identify three ways of maintaining a good relationship between the school and its external stakeholders.  
**Possible Answers:** Paying them promptly; honesty while dealing with them; paying taxes, etc.



Stakeholder	Role of stakeholder	Way of maintaining good relationships
•	• • •	• • •
•	• • •	• • •
•	•	•



### Topic 2.1 Task 3: Business stakeholders

Tell trainees that after identifying stakeholders from their schools and communities, now they are going to take that a step further to discuss business stakeholders. Then have them break into small groups and answer the following questions. They may do research in the library, on the internet or ask for support from students or instructors with expertise. When they have finished the research, have them share their findings. Then discuss as a group and review **2.1 Key Facts** together.

- What do you understand by the term “business stakeholder?”
- What is the difference between internal and external business stakeholders?
- Briefly explain the role of the following business stakeholders. Complete the table below.

Stakeholder	Role
Customers	•
Suppliers	•
Government	•
Shareholders	•
Community	•
Employees	•



#### Topic 2.1 Task 4

Tell trainees that after identifying business stakeholders and their roles, now they are going to discuss establishing good relationships with business stakeholders. Break them into four small groups, give each group a business stakeholder, and ask them to answer the questions provided below. They may do research in the school library, via the internet and/or ask other students or instructors with expertise for support. When they have finished researching, have them share their findings. Then discuss as a group and review **2.2 Key Facts** together.

Based on your knowledge of the different types of business stakeholders,

- a. Why is it important to establish good relationships with business stakeholders?
- b. Identify the different ways you can establish good relationship with the following business stakeholders:
  - i. Customers
  - ii. Government
  - iii. Employees
  - iv. Supplier



#### Guided Practice Activity



#### Topic 2.1 Task 5

Tell trainees that they are going to visit entrepreneurs in their communities to find out more about stakeholders. They will find different stakeholders, determine the roles they play in business, and how they establish good relationships with their stakeholders. Break them into small groups, provide them with the guiding questions below, and go for the field visit. Tell them to complete a report of the visit by filling out the table provided. When they are back from the field, have them share their findings. Then, facilitate a group discussion.

Guiding questions.

- a. What is the type of business?
- b. What are the business' key stakeholders?
- c. What are the various roles of the stakeholders (identified above) for the business?
- d. Why is it important to establish a good relationship with the stakeholders (mentioned above)?

- e. What are some of the ways this business establishes good relationships with its stakeholders?

Type of business	Business key stakeholders	Role of key stakeholder	Ways of establishing good relationships with stakeholders



### Application Activity



#### Topic 2.1 Task 6

1. Tell trainees that they are going to think about their own businesses, possible stakeholders, and the roles of various stakeholders in their business. This will be an individual task. Ask trainees to read the following scenario and answer questions that follow.

*Imagine you are planning to start a business in your community. Among the key activities for your business is to select suppliers, as well as identify laws and policies that your business will have to adhere to.*

- a. What are the key points to focus on when negotiating with suppliers?
  - b. Which laws and policies will you need to adhere to in order to successfully run your business?
2. Have each trainee complete the task. After some time, guide them in sharing their findings. Then, discuss as a group and review **2.3 Keys Facts** together to better understand their findings, especially regarding the laws and policies needed to be adhered to in order to successfully run the business.



### Points to Remember

- It is important to know the role of each business stakeholder.
- It is always important to maintain good relationships between the business and its stakeholders because a business does not work in isolation.
- Customers are very important to the business, and it is crucial to respect them.
- All businesspeople have to know all government laws and policies that can affect the start and continuance of a business.



### Formative Assessment

**Read the directions and answer the questions.**

1. Mention and briefly explain the various business stakeholders

**Possible Answers:** Customers, government, employees, suppliers, etc.

2. Why is it important to establish good relationships with your key business stakeholders?

**Possible Answers:**








- Stakeholders give your business practical and financial support.
- They broaden the pool of people who care about the well-being of your company, making you less alone in your entrepreneurial work.
- Employees will be engaged as a team to further the best interests of your company.
- Customers will spread the word about your products/services because they genuinely want your business to do well.
- Investors—if your interests align and they genuinely care about the work you do--relationships with your business can go far beyond the desire to make money.
- Employees who care about their work and see it as more than a job will give their best and act as ambassadors for your brand.
- Customers who believe in your company and your offerings will support you with their long-term business.

3. Describe some tactics you would use to establish a good relationship with key business stakeholders

**Possible Answers:**

- Make customers feel welcome, understood, comfortable, and important
- Meet and exceed the customer's highest expectations
- Provide good quality product as per customer specification
- Create the highest quality products you can, so your customers will go the extra mile to help you keep providing them
- Run a registered business
- Pay taxes on time
- Adhere to environment and labour laws
- Adhere to customer protection policies
- Treat your employees well and pay them fairly, so they'll work towards your mutual success
- Keep people employed and allow them have time to enjoy the fruits of their labour
- Provide a clean, safe working environment that is free from all forms of discrimination
- Provide job security whenever possible
- Empower employees to make decisions on their own and suggest solutions to company problems

## Topic 2.2: Purchasing of inputs according to the business production targets

	<p><b>Objectives:</b> By the end of the learning outcome, trainees will be able to:</p> <ol style="list-style-type: none"> <li>Set production targets according to the market needs and available resources and costs for production inputs</li> <li>Identify and select key business suppliers</li> <li>Purchase goods in accordance with the standard process</li> </ol>
	<p><b>Time Required:</b> 2.5 hours</p>
	<p><b>Learning Methodology:</b> Small group work, role play, large group discussions</p>
	<p><b>Materials Needed:</b> pcharts, Markers</p>
	<p><b>Preparation:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Read the case studies in advance to understand them</li> </ul>
	<p><b>Cross Cutting Issues:</b></p> <ul style="list-style-type: none"> <li>✓ <b>Gender education:</b> While forming small groups consider gender</li> <li>✓ <b>Inclusive education:</b> Be inclusive while allocating roles for the scenarios</li> <li>✓ <b>Financial literacy:</b> Financial education in order to reduce cost while purchasing goods and setting production target</li> </ul>
	<p><b>Prerequisites:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> None</li> </ul>

## Key Competencies:

Knowledge	Skills	Attitudes
1. Identify key business suppliers within relevant industries.	1. Set production target according to the market needs and available resources.	1. Dynamic
2. Identify production inputs.	2. Set costs for production inputs.	2. Analytical
3. Identify purchase goods and possible suppliers.	3. Select a favourable supplier for one's business.	3. Active



## Getting Started: What do we know and where are we going?



### Topic 2.2 Task 1:

1. Tell trainees that they are going to discuss purchasing inputs for a business. Ask trainees to read the following statement and answer questions that follow.

*Whatever is used in producing a commodity is called its inputs. For example, for producing wheat, a farmer uses inputs like soil, a tractor, tools, seeds, manure, water and his own services.*

- a. Why do you think the wheat farmer needs those inputs identified above?
  - b. What should the wheat farmer think about when he/she wants to purchase those inputs?
  - c. How would you define production inputs?
2. Have the trainees in small groups or pairs do the task. After some time, guide them to share their findings. Then ask them what they think this topic will cover based on the activity.



## Problem Solving Activity



### Topic 2.2 Task 2:

1. Tell trainees that in **Topic 1.3 Task 8** they discussed a case study for Ashimwe, and that now they are going to help Ashimwe with production targets. Have trainees form small groups or pairs and read the following case study and answer questions that follow.

#### Case study: Ashimwe Canteen

Ashimwe is a TVET II graduate who wants to start a business (Ashimwe Canteen), in Kacyiru, Gasabo district. Ashimwe's canteen will sell tasty soft drinks (soda, water, tea, coffee, milk, etc.) to customers near the market. In the neighbourhood, there is a lady selling juice and tea in the market, and a man selling coffee and bread about 4 blocks away; however, Ashimwe will distinguish her business from the others. The soft drinks will come from the popular industries. The business will also carry new local coffee supplies to distinguish the coffee from the other suppliers. Customers will be guaranteed tasty local coffee that is all natural. She plans to sell items for the following prices: Tea- 200 Rwf, Bread- 300 Rwf, Coffee- 300 Rwf, Samosa- 300 Rwf, Water- 1000 Rwf, Soft drink- 1000 Rwf, Milk- 300 Rwf.

Ashimwe Canteen will sell tasty drinks to customers near the market. It will be on the main side street. Most customers will be shoppers from the market, and some may be shopkeepers in the market. There will be a mix of men, women, and children. People coming to the market will buy. Some will buy as they arrive. Others will buy once they have completed their purchase at the market.

Ashimwe plans to use flyers posted nearby and public announcements (at meetings, football matches, etc.) to promote her canteen. She will make fresh coffee and tea as requested by the customers. She will buy bread at a discount every morning from her cousin's bakery next to her house. She also plans to buy a fridge for soft drinks. The coffee will be freshly ground and made from the popular Maraba coffee. No other flavourings will be used in the coffee so as to maintain the taste; customers will be guaranteed local tasty coffee that is all natural. The tea will be fresh and hot from boiling water on the fire. The bread will be the only bread being sold close to the market. Cold drinks will be available.



She plans to buy these equipment and supplies: tables, coffee box, spoons, cups, chairs, plates, fridge, shelves, charcoal stove, jerry can, water jug, thermos flask, water basin(small), sugar supply cup; coffee, flavouring natural leaves, sugar, water, salt, fire charcoal, milk, lemon, tea, bread, bottled water, soft drinks.

She plans to rent the place where she will put her canteen as well as other utilities like water, electricity and a telephone. She will employ an assistant and will register her canteen with the Sector office.

**From the case study, assist Ashimwe with the following:**

- a. Identify the types of production targets she can set for her canteen.

**Possible answers:**

- 2 crates soda
- 2 cartons water
- Tea worth 10.00FRW

- b. Identify all production inputs and costs such as raw materials, labour, equipment, and others.

**Possible answers:**

- Crates of soda
- Cartons of water
- Sugar, tea leaves
- 1 assistant

- c. Who do you think will be her key business suppliers?

**Possible answers:**

- Suppliers of soda
- Suppliers of water
- Suppliers of sugar, tea leaves

2. After some time, guide them in sharing their answers. Then discuss as a group and review **2.4 Keys Facts** together.



### Topic 2.2 Task 3:

1. Ask trainees in small groups or pairs to refer to the Ashimwe canteen case study and describe the factors they think Ashimwe should consider when setting production targets for her canteen.
2. Ask trainees to study fig. 2.1 (in their Trainee Manuals), showing some of the steps in setting production targets. Then, ask trainees to briefly describe each step.
3. Have trainees describe how Ashimwe should determine the resources needed to complete each task involved her production process.
4. After some time, guide trainees in sharing their answers. Then, discuss as a group and review **2.5 Keys facts** together.



Fig 2.1. Steps in setting production targets

<sup>5</sup> Republic Bank. (n.d.). [Production Planning Infographic]. SME Toolkit. <https://republicsmetoolkit.com/production-planning-in-5-steps/>



## Guided Practice Activity



### Topic 2.2 Task 4

Tell trainees that they are going to visit entrepreneurs from their communities and/or their school purchasing/procurement department and conduct research on how to purchase inputs. Have them break into small groups, provide them with the guiding questions below, and go for the field visit. Tell them to report on the visit by completing the table. When they return from the field, have them share their findings. Then discuss as a group and review **2.6 Key Facts**.

- a. What types of products/services does the business offer?
- b. What kinds of inputs do they require in the business?
- c. How does the entrepreneur or businessperson identify suppliers for the different inputs?
- d. What criteria do you use to select good suppliers for the business?

Type of business activity	Products/services	Production inputs	Ways of identifying suppliers	Criteria for selecting good supplier



### Topic 2.2 Task 5:

1. Tell trainees that they are going to analyse a scenario about purchasing inputs. Break them into small groups or pairs and ask them to read the scenario for Amira from their manuals and answer questions that follow.

#### Scenario for Amira

“Amira and her project team buy goods and services on a regular basis to achieve project objectives and goals. Most purchases are small, such as office supplies, training materials, water testing kits and items to maintain vehicles. But the team also needs to buy more expensive items, including a photocopier for the office and a new vehicle.

To promote transparency, ensure the best use of project resources, and manage the risk of fraud, Amira and the team have decided to go through the purchasing process to guide them in setting up the steps for the purchase of the vehicle.

After determining the specifications for the vehicle, Amira makes sure that there is sufficient money available in the budget and then she submits an official **purchase requisition** to obtain the authorization she needs to go ahead with the purchase. Once the requisition is signed off, the next step is to obtain **quotations** from suppliers for vehicles that meet the specifications. The quotes are then reviewed by a **purchasing panel**, which then selects the preferred supplier.

Amira is now halfway through the process. A **purchase order** is then issued to the supplier, which forms the contract between Amira and the vehicle supplier. When the vehicle is delivered, the team checks to ensure the vehicle is in full working order and reviews the paperwork to ensure that the vehicle meets the required specifications. The team checks to be sure the invoice shows the correct price and is in line with the terms from the purchase order and quotation. Finally, Amira submits the invoice for approval and payment.”<sup>6</sup>

From the scenario, identify the steps that Amira followed in order to purchase the vehicle.

2. When they have finished discussing the scenario, have them share their answers. Then discuss as a group and review **2.7 Key Facts**.



## Application Activity



### Topic 2.2 Task 5:

1. Tell trainees that they are going to think about their own business ideas, developed in Learning Unit 1. This will be an individual task. Ask trainees to refer to their business ideas/businesses and do the following:
  - a. Name the business idea.
  - b. What products or services will the business idea offer?
  - c. What are the production inputs for the products and/or services?

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<sup>6</sup> FMD Pro Starter. (n.d.). *Procurement process flowchart*. <https://fmdprostarter.org/procurement-process-flowchart-2/>

- d. Identify any three potential suppliers for the production inputs listed above.
  - e. From the potential suppliers identified above in d), select the favourable one according to your business idea. Why did you choose this particular supplier?
2. Have each trainee complete the task. After some time, guide them to share their findings. Answers will vary. Then discuss as a group. Encourage creativity and critical thinking.



### Points to Remember

- It is always very important to set production targets according to the available resources and customer needs.
- It is important to focus on the production inputs and costs because expensive final products can chase away loyal customers.
- Production inputs and other factors of production determine the quality of the final products.
- The success of a company depends on favourable business suppliers.
- The business will always be in the process of purchasing and receiving raw materials and other factors for production.
- Selecting the right suppliers for your business needs is vital to ensure that you are able to deliver your products and services on time, at the right price, and in compliance with your quality standards.



### Formative Assessment

**Read the directions and answer the questions below.**

1. What factors should be considered when setting business production targets?

**Possible answers:**

- Current stock on hand
- Labour productivity
- Unit cost of production and impacts to the cost curve of the plant
- Production planning process and limitations

- Availability of warehouse space
- Customer demand and seasonality
- Production line capacity
- Other business and industry factors

2. What steps should a business follow when setting production targets?

**Possible answers:**

- **Step 1# Forecast the demand of your product.** Estimate your demand, so that you know how many products you need to produce during a specific time period.
- **Step 2# Determine potential options for production.** Determine the different production options available to meet the forecasted demand of your product.
- **Step 3# Choose an option that uses resources most effectively.** Compare the cost and time of each potential production option and choose the option that uses the most efficient combination of resources and that allows you to meet product demand.
- **Step 4# Monitor and control.** Have a control system in place helps you detect problems as soon as they occur, allowing you more time to correct before it is too late.
- **Step 5# Adjust.** The production plan needs to be flexible to accommodate changes in customers' demand (e.g. an important order that gets cancelled).

3. Identify the production inputs that may be required by a business

**Possible answers:**

- Human Resources
- Machinery and Equipment
- Materials
- Inventory

4. How does a business identify its suppliers?

**Possible Answers:**

- Recommendations. From friends and business acquaintances.
- Directories. When looking for a supplier, you can try directories.
- Trade associations. Trade associations can match you with suitable suppliers.
- Business advisors. Such as chambers of commerce.
- Exhibitions. Offer a great opportunity to talk with a number of potential suppliers.
- Trade press. Trade magazines feature advertisements from potential suppliers.<sup>7</sup>

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<sup>7</sup> Info Entrepreneurs. (n.d.). *Supplier selection process*. <https://www.infoentrepreneurs.org/en/guides/supplier-selection-process/>

5. What criteria should an entrepreneur consider when selecting business suppliers?

**Possible answers:**

- Set your criteria.
- Define your process.
- Call for bids.
- Evaluate the bid submissions.
- Monitor the supplier performance.<sup>8</sup>

6. What process should an entrepreneur go through when purchasing goods?

**Possible answers:**

- The Need. Identify what is needed in the business or needs to be purchased.
- Specify. Decide how much and when you want the products or services delivered.
- Requisition or Order. Write the purchase order or requisition order.
- Financial Authority. Get authorization for the purchase.
- Research Suppliers. Identify potential suppliers for the order.
- Choose Supplier. Chose the best supplier for the order.
- Establish Price and Terms. Negotiate terms and prices.
- Place Order. Order is placed, which becomes a contract between the business and the supplier.
- Order Received and Inspected. The goods are delivered, checked, and entered into the inventory.
- Approval and Payment. The invoices are received and paid.
- Update of Records. The purchasing ledger and stock records are updated.<sup>9</sup>

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<sup>8</sup> Pratt, M. (2013, June 30). *How to choose the right supplier for your business.*

Business.org. <https://www.business.org/software/supplier/how-to-choose-the-right-supplier-for-your-business/>

<sup>9</sup> *Steps to purchasing cycle - standard & tender process.* (n.d.). Purchasing Procurement Center. <https://www.purchasing-procurement-center.com/purchasing-cycle.html>

## Topic 2.3: Producing high quality products according to the product specification, demand and available resources

	<p><b>Objectives:</b> By the end of the learning outcome, trainees will be able to:</p> <ol style="list-style-type: none"> <li>Identify the characteristics of a good quality product</li> <li>Identify the resources required for production in terms of equipment, human resources, and raw utility</li> <li>Describe required standards for product production as per Rwanda Standards Board</li> <li>Describe product packaging and its functions</li> </ol>
	<p><b>Time Required:</b> 2.5 hours</p>
	<p><b>Learning Methodology:</b> Small group work, role play, large group discussions</p>
	<p><b>Materials Needed:</b></p> <ul style="list-style-type: none"> <li>▶ Flipcharts, Markers</li> <li>▶ Samples of different products</li> </ul>
	<p><b>Preparation:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> You will invite a resource person from Rwanda Standards Bureau (RSB) to share the background of quality management in Rwanda with trainees</li> <li><input type="checkbox"/> Share the discussion questions in advance with the resource person</li> </ul>
	<p><b>Cross Cutting Issues:</b></p> <ul style="list-style-type: none"> <li>✓ <b>Gender education:</b> While forming small groups, consider gender</li> <li>✓ <b>Inclusive education:</b> Consider inclusiveness when allocating roles</li> <li>✓ <b>Environment and sustainability:</b> Consider the environmental factor in product packaging</li> <li>✓ <b>Financial Education:</b> Consider financial education when working to produce quality products</li> </ul>
	<p><b>Prerequisites:</b></p> <ol style="list-style-type: none"> <li>None</li> </ol>



## Key Competencies:

Knowledge	Skills	Attitudes
1. Describe the characteristics of a good quality products.	1. Identify resources required for production.	1. Analytical
2. Describe required standards for product production as per Rwanda Standards Board.	2. Identify customer demand.	2. Analytical
3. Describe product packaging process.	3. Create quality product packaging.	3. Innovative

## Getting Started: What do we know and where are we going?



### Topic 2.3 Task 1:

1. Ask trainees in small groups or pairs to answer the questions that follow.
  - a. Describe an item you bought once.
  - b. What was the quality of the item? High? Low?
  - c. How do you know the quality of an item?
2. Break the trainees into small groups or pairs to complete the task. After some time, guide them in sharing their findings. Then ask them what they think this topic will cover based on the activity.



## Problem Solving Activity



### Topic 2.3 Task 2:

Tell trainees they are going to discuss what they understand about quality. Ask trainees to think about their likes, preferences, or tastes and answer the following questions. This task can be done as an individual, pairs, or in small groups. After some time, guide trainees to share their answers. Discuss as a group and review **2.8 Key Facts** together.

- a. What do you understand by the term “quality products?”
- b. What characteristics should a product have in order for you to classify it as *high quality*?

- c. What do you think may affect the quality of a product?



### **Topic 2.3 Task 3: Background of quality management in Rwanda**

Inform trainees that they will conduct an interview or discussion with a person from RSB regarding quality management in Rwanda. Tell trainees that they will use the guiding questions during the interview. They will also create a report, following the interview.

Guiding questions.

- a. What is certification?
- b. What is quality control?
- c. What is quality assurance?
- d. What is quality management?
- e. How is quality management implemented in Rwanda?



### **Guided Practice Activity**



### **Topic 2.3 Task 4:**

Tell trainees that they are going to visit entrepreneurs from their communities to find out more about producing high quality products, according to the product specification, demand, and available resources. Break trainees into small groups, provide them with the guiding questions, and go for a field visit. Tell them to report on the visit and remind them that they will share these reports with the rest of the class. When they return from the field, have them share their findings. Then discuss as a group and review their findings about producing high quality products, according to the product specification, demand and available resources.

Guiding questions

- a. What are the production factors required for the business visited?
- b. Do you think their products are of good quality? Justify your answer with evidence.
- c. What factors did you observe that you think affects the quality of the products?



### **Application Activity**



### Topic 2.3 Task 5:

1. Tell trainees that they are going to think about their own business ideas, developed in learning unit 1. This will be an individual task. Ask trainees to refer to their business ideas/businesses, think about the products they want to produce, and answer the following questions:
  - a. What is the product?
  - b. What factors will you consider to ensure a quality final product?
  - c. What will you need in order for your product to meet the required standards for production in Rwanda?
2. Have each trainee complete the task. After some time, guide them to share their findings. Then discuss as a group.



### Points to Remember

- Production process should always respect the requirements of Rwanda Standard Board.
- The high quality of a final product will satisfy the customer demand.
- Product packaging plays the role in product safety, environmental impact, and attracting customers.



### Formative Assessment

Read the directions and answer the questions below.

1. What do you understand by the term “quality products?”  
**Possible answers:** A quality product is a product that can meet the standards of a customer
2. What characteristics should a product have for you to classify it as *high quality*?  
**Possible answers:**
  - Performance, a product's primary operating characteristics
  - Features, product characteristics
  - Reliability, the probability of a product failing within a specified period of time

- Conformance, the degree to which a product's design and operating characteristics match pre-established standards
- Durability, a measure of product life-- has both economic and technical dimensions
- Serviceability, the speed, courtesy, and competence of repair
- Aesthetics, how a product looks, feels, sounds, tastes, or smells — is clearly matters of personal judgment, and reflections of individual preferences
- Perceived Quality, evaluation of product's objective characteristics based on their images, advertising, or brand names<sup>10</sup>

### 3. What factors are considered when working to produce quality products?

#### **Possible answers:**








- Market. Customer demand—his needs and purchasing power are the main determinants of quality level.
- Materials. The availability of right type of materials is essential for maintaining a quality level of finished products. A wide variety of materials may be available but material with the right specifications has to be chosen.
- Technology. Nature of technology and machinery used has a direct bearing on product quality. Modern technology, methods, and equipment have led to improvements in product quality level.
- Labour. The knowledge and experience of people who design and produce products exercise significant influence on quality level. Competent and trained people can design and manufacture better quality products.
- Cost. Cost of quality maintenance and improvement has increased significantly. Increasing competition, growing mechanization, and decreasing profit margins may not permit greater expenditure on quality improvements. Scrap and rework losses have become serious.
- Management. The attitude and policy of management towards product quality is important. Some managers tend to be more quality conscious than others.<sup>11</sup>

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<sup>10</sup> Wikipedia. (n.d.). *Eight dimensions of quality*. Retrieved 2020, from [https://en.wikipedia.org/wiki/Eight\\_dimensions\\_of\\_quality](https://en.wikipedia.org/wiki/Eight_dimensions_of_quality)

<sup>11</sup> Knowledgiate Team. (2017, September 30). *Factors affecting quality of products and services*. Knowledgiate. <https://www.knowledgiate.com/factors-affecting-quality-of-products-and-services/>

## Topic 2.4: Performing selling activities as per selling techniques and plan

	<b>Objectives:</b> By the end of the learning outcome, trainees will be able to: <ul style="list-style-type: none"> <li>a. Conduct market analysis</li> <li>b. Conduct customer survey</li> <li>c. Conduct competitor survey</li> </ul>
	<b>Time Required:</b> 2 hours
	<b>Learning Methodology:</b> Small group work, role play, large group discussions
	<b>Materials Needed:</b> <ul style="list-style-type: none"> <li>► Flipcharts, Markers</li> </ul>
	<b>Preparation:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Not applicable</li> </ul>
	<b>Cross Cutting Issues:</b> <ul style="list-style-type: none"> <li>✓ <b>Gender education:</b> While forming small groups, consider gender</li> <li>✓ <b>Inclusive education:</b> Consider inclusivity while allocating roles</li> </ul>
	<b>Prerequisites:</b> <ul style="list-style-type: none"> <li>c. None</li> </ul>

## Key Competencies:

Knowledge	Skills	Attitudes
1. Describe market and marketing mix.	1. Conduct market analysis.	1. Dynamic
2. Describe types of customers and ways to establish a good way of treating customers.	2. Conduct customer survey.	2. Analytical
3. Describe types of competitors.	3. Conduct competitor survey.	3. Innovative and creative

## Getting Started: What do we know and where are we going?



### Topic 2.4 Task 1: Experience sharing

1. Ask trainees to imagine they are planning to produce a product or a service to sell to people. Have them form small groups or pairs and describe what they would do if they want to successfully sell their products or services.
2. Have the trainees in small groups or pairs do the task. After some time, guide them to share their findings. Then ask them what they think this topic will cover based on the activity.



### Problem Solving Activity



### Topic 2.4 Task 2: Market analysis

Tell trainees that they are going to conduct research regarding selling activities. Break trainees into small groups, provide them with the guiding questions below, and visit the school library or ask students or instructors with expertise to assist. When they return from gathering research, have them share their findings. Then, discuss as a group and review **2.10 Key Facts** together to help them better understand market terms.

- a. Meaning of Market
- b. Meaning of Marketing
- c. Meaning of Marketing mix
- d. Brief explanation of the 5Ps



### **Topic 2.4 Task 3: Customer survey**

Tell trainees that they are going to conduct research regarding customers. Break trainees into small groups, provide them with the guiding questions below, and visit the school library or ask students or instructors with expertise to assist. When they return from gathering research, have them share their findings. Then discuss as a group and review **2.11 Key Facts** together to help them better understand customer surveys.

- a. Meaning of customer
- b. Importance of a customer
- c. Types of customers
- d. Ways to establish good ways of treating customers
- e. Tips for customer analysis



### **Topic 2.4 Task 4: Competitors survey**

Tell trainees that they are going to conduct research regarding competitors. Break trainees into small groups, provide them with the guiding questions below, and visit the school library or ask students or instructors with expertise to assist. When they return from gathering research, have them share their findings. Then discuss as a group and review **2.12 Key Facts** together.

- a. Meaning of a competitor
- b. Types of competitors
- c. Tips for competitor analysis



### **Guided Practice Activity**



### **Topic 2.4 Task 5:**


1. Tell trainees that they are going to analyse a sample competitor analysis. Have trainees form small groups, ask them to refer to the sample competitor analysis in their manuals, and answer the questions that follow.
  - a. Which businesses/companies are competing in the sample?

**Possible answers:** VersaTables; IKEA, HermanMiller; Office DEPOT; Steelcase; HAWORTH

b. What kind of information is used to do the analysis in the sample?

**Possible answers:**

- Lifetime warranty
- Made in USA
- Free shipping
- Manufacturing
- Customer service
- Ease of return
- Product recalls

c. What are the weaknesses of  HermanMiller ?

**Possible answers:**

- Some of its products do not have a lifetime warranty
- It does not offer free shipping for all its products
- Its customer service is not the best

2. After the activity, guide them in sharing their answers. Then, discuss as a group and discuss their findings on the competitor analysis.



#### **Topic 2.4 Task 6:**

1. Tell trainees that they are going to perform customer and competitor analyses for their own businesses. Break trainees into small groups, provide them with two templates—a customer analysis and competitor analysis. Then, ask trainees to do the following:

Based on your business idea crafted in Learning Unit 1, you will go to the field and conduct a customer analysis and a competitor analysis and complete the templates.

2. Before trainees going to the field, guide them in reading through templates and provide any clarification where necessary.
3. When trainees return from the field, guide them in sharing their findings. Discuss the findings as a group and discuss their customer and competitor surveys.



### Template 1: Customer Analysis

#### Target customers:

**Guidance:** Who are your target customers and how do they behave? Include specific demographics such as age, social status, education and gender. What are your customers' lifestyles, activities, values, needs, interests or opinions? Where are they located?

Customer	Age	Gender	Ethnicity	Education	Location	Lifestyle	Values	Interests

#### Customer profile:

**Guidance:** What's the profile of an ideal customer for your business? In a paragraph or two, clearly define your ideal customer, including, their needs, buying patterns, and motivations for buying. This process will help you to develop a mental image of your ideal customer.

## Template 2. Competitor Analysis

### Competitor analysis:

**Guidance:** Use the table below to analyse at least 5 competitors.

Competitor	Established date	Size/ Number of Staff	Market share (%)	Value offered to customers	Strengths	Weaknesses

### Competitor profile:

**Guidance:** What's the profile of a typical competitor for your business? In a paragraph or two, clearly define a typical competitor, including, their size, market share, unique value proposition, strengths and weaknesses. This process will help you to develop a mental image of your typical competitor.



## Application Activity



### Topic 2.4 Task 7:

1. Tell trainees that they are going to perform a market survey for their own businesses. Break trainees into small groups and provide them with the market survey template. Ask trainees to do the following:

Based on your business idea crafted in Learning Unit 1, you will go to the field and conduct a market survey for your products or services using the templates provided.

**Note to the trainer:** Given the number of templates and the details they are asking for, this will take more than one visit to the field. Trainees should be given a period of time to work on it. Also, it could be good if over multiple visits, the trainees report back after completing every few templates.

2. When trainees return from the field, guide them in sharing their findings. Discuss the findings as a group and critically examine their market surveys

### Marketing Strategy (Marketing Mix):

**Guidance:** Use this section to detail the overall strategy you will use to position yourself within the market to meet your customers' needs. Whatever your strategy, your goal should be to differentiate yourself from your competitors to encourage customers to choose your business first. The specific elements that make up your marketing strategy are typically referred to as the marketing mix. Each element can be varied to broaden the appeal of products and services and will therefore have a direct impact on sales.

### Template 1: Product or Service

**Guidance:** Here you should describe your long-term product strategy in detail. If you are providing a service, then you should consider your service(s) as your product(s).

You will need to consider:

- What features and benefits do you offer?
- The unique selling position—what makes your product/service different from your competitors'?
- Are there any potential spin-off products or services? If so, what are they?<sup>12</sup>

Product or Service	Features	Benefits	Unique Selling Position	Support	Spin Offs

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<sup>12</sup> Business Victoria. (2019, August 27). *Marketing strategies and tactics*. <https://www.business.vic.gov.au/marketing-and-sales/increasing-sales-through-marketing/marketing-mix-strategies-and-tactics>

## Template 2: The Pricing of your Product or Service

**Guidance:** Price is a critical component of your marketing mix. Why? Because choosing the right price for your products or services will help you to maximise profits and also build strong relationships with your customers. By pricing effectively, you will also avoid the serious financial consequences that can occur if you price too low (not enough profit) or too high (not enough sales).

Setting prices for your products and services might seem like a daunting task; however, it doesn't need to be—just remember:

- you are in business to make a profit (and that's ok!)
- most business owners under-price the value that they deliver
- your sales and marketing strategy should defend your prices<sup>13</sup>

Your overall pricing strategy will depend on your marketing, business, and lifestyle objectives. So, before you start the research process spend some time defining your income (and net profit) aspirations.

Product or Service	Price	Costs	Net Profit	Comp. Price	Value

<sup>13</sup> Business Victoria. (2019, August 27). *Marketing strategies and tactics*. <https://www.business.vic.gov.au/marketing-and-sales/increasing-sales-through-marketing/marketing-mix-strategies-and-tactics>

### Template 3: Your Position (Place) in the Marketplace

**Guidance:** Place refers to the channels and locations for distributing your product, related information, and support services. This is how you will position your product or service in the marketplace.

This includes:

- the place where the product/service can be bought
- the distribution channels<sup>14</sup>

Place represents the location where a product can be purchased. It is often referred to as the distribution channel. This may include any physical store (supermarket, department stores, etc.) as well as virtual stores (e-markets and e-malls) on the Internet. This is crucial as this provides the place utility to the consumer, which often becomes a deciding factor for the purchase of many products across multiple product categories.

#### Sales and distribution channels

Channel type	Products/services	Percentage of sales (%)	Channel strategy
e.g. Shopfront, internet, direct mail, export or wholesale.	List all the products/services sold via this channel	What percentage of overall sales do you expect to sell via this channel?	Why have you decided to use this channel type? How and when will you use it? What is the strategy behind using this channel type for this particular product/service?

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<sup>14</sup> Business Victoria. (2019, August 27). *Marketing strategies and tactics*. <https://www.business.vic.gov.au/marketing-and-sales/increasing-sales-through-marketing/marketing-mix-strategies-and-tactics>

#### Template 4: The Promotion of your Product or Service

**Guidance:** State how you currently promote and market your business now (or intend to). Compare (where applicable) what your competitors do for promotion, noting what does and doesn't work for them as well as for yourself. Regardless of how good your business is, if you don't promote it and tell people you exist, it's unlikely you will make many sales. Promotion is more than selling and advertising your business. It's about attracting the *right* people to use and reuse your business. There are a number of techniques to use and they can be combined in various ways to create the most cost-effective strategy for your needs.

Detail your promotion techniques into six categories:

- online
- public relations
- advertising
- promotion
- packaging or personal selling
- branding<sup>15</sup>

Product or Service	Online	Public Relations	Advertising	Promotion	Packaging	Branding

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<sup>15</sup> Business Victoria. (2019, August 27). *Marketing strategies and tactics*. <https://www.business.vic.gov.au/marketing-and-sales/increasing-sales-through-marketing/marketing-mix-strategies-and-tactics>

### Template 5: The People in your Business (salespeople, staff etc.)

**Guidance:** Every employee in your business (if you have them) can influence the marketing of your products and services. Knowledgeable and friendly staff can contribute to creating satisfied customers and can provide the unique selling experience that an organisation is often seeking. If an outstanding team provides a competitive advantage, then the quality of recruitment and training becomes essential to achieving your marketing objectives.

Some questions to consider when assessing your team members:

- Are they prepared to talk with clients in detail about your products and services?
- Do you have training in place to drive constant improvement?
- Does your team understand the process for handling client interactions?
- Are staff members empowered to make decisions (and act) on the business's behalf?
- Do they have the communication skills to be effective?
- Do staff members 'live' your brand when they are at work? <sup>16</sup>

Name	Job Title	Department	Responsibilities

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<sup>16</sup> Business Victoria. (2019, August 27). *Marketing strategies and tactics*. <https://www.business.vic.gov.au/marketing-and-sales/increasing-sales-through-marketing/marketing-mix-strategies-and-tactics>



### Template 6: The Process Represents the Buying Experience

**Guidance:** The process represents the buying experience that the customer experiences when he/she buys your product or service. For example, the way that a fine bottle of wine is presented and served in a restaurant, the reaction of a business to a complaint, or the speed of delivery in a fast food outlet.

A poor process, on the other hand, can undermine the other elements of the marketing mix. Budget airlines, for example, may offer very competitive headline prices, but if the final price is inflated by additional charges such as baggage charges and administrative fees, customers may begin to feel that they have been taken advantage of even if the final price is lower than other carriers. <sup>17</sup>

Product or Service	The Process	Key Benefits	Improvements

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<sup>17</sup> Business Victoria. (2019, August 27). *Marketing strategies and tactics*. <https://www.business.vic.gov.au/marketing-and-sales/increasing-sales-through-marketing/marketing-mix-strategies-and-tactics>



## Points to Remember

- Marketing refers to all activities a company does to promote and sell products or services to consumers.
- Marketing makes use of the "marketing mix," also known as the four Ps—product, price, place, and promotion.
- At its core, marketing seeks to take a product or service, identify its ideal customers, and draw the customers' attention to the appropriate product or service available.
- Marketing mix definition is simple. It is about putting the right product or a combination thereof in the place, at the right time, and at the right price.



## Formative Assessment

Read and answer the questions below.

1. Define market.

**Possible answer:** Market. People who might want to buy your product or services.

2. Define marketing.

**Possible answer:** Marketing. Activities undertaken by an entrepreneur to promote the buying or selling of a product or service.

3. What do you understand by the term “marketing mix?”

**Possible answer:** Marketing mix. A group of marketing variables that the business combines and controls, to produce the desired response in the target market.

4. Briefly name and explain the elements of the marketing mix.

**Possible answers:**

- **Product.** An item or items the business plans to offer to customers.
- **Price.** How much the company will sell the product for.
- **Place.** The distribution of the product. The easy availability of the product in the target market
- **Promotion.** marketing communication, as in publicizing the product to convey product features, aimed at grabbing the attention of customers and instigating them to buy it.

- **People.** All the human beings that play an active role in offering the product or service to the customer, such as the employees.
- **Process.** The complete procedure and the flow of activities through which the product reaches the final consumer.
- **Physical Environment.** The marketing environment wherein the interaction between customer and firm takes place.

5. Define a customer.

**Possible answers:** Customer. A person or an organization that buys a product or service from the business.

6. What is the importance of a customer in marketing?

**Possible answers:**

- Provides Information.
- Offer businesses valuable information that will help to design more effective marketing efforts in the future.
- Customer confidence is what brings consumers back to your product and ensures long-term success.
- Word of Mouth: Consumers like to talk, whether they are talking about a product they enjoyed or a product that left them wanting.

7. Briefly mention and explain different types of customers.

**Possible answers:**

- Potential customer. A type of customer that is on the very beginning of your sales funnel, but technically, is not your customer yet.
- New customer. This the fresh customer that just bought something from you. He/she is still learning about your products.
- Impulsive Customer. This is the type of customer that can make a buying decision in an instant, provided that the conditions are right.
- Discount customer. This is the type of customer that sees value in your product but won't buy it at full price.
- Loyal customer. This type of customers keeps coming back for more. Apart from having a significant impact on your revenue, he/she will be also your brand's ambassador.

8. Briefly explain ways to establish good ways of treating customers.

**Possible answers:**

- Manage customer expectations
- Be authentic in customer interactions

- Treat the customer like royalty. How well and how consistently do you put your customers' needs at the forefront of everything you do?
- Practice active listening and follow through
- Create a scalable support system
- Treat a customer like a valued partner, with two-way communication.
- Be Transparent. Honesty is crucial in today's overcrowded marketplace

**9. Highlight some tips for customer analysis.**

**Possible answers:**

- Identify and research your customers and their needs
- Identify your customer's main decision drivers and specific behaviours
- Show how your product meets the customer's needs

**10. Define a competitor.**

**Possible answers:** Competitor. A person, business or organization that is trying to sell similar goods or services to the same people or customers

**11. Name and briefly explain the types of competitors.**

**Possible answers:**








- Direct Competitors. These essentially offer the same product as yours, with the same end game.
- Indirect Competitors. These offer a product or service which is pretty different than yours, but ultimately, they solve the same problem or have the same purpose.
- Perceived Competitors. These may not offer an identical product like yours or belong to the same industry, but they compete for the equivalent resources a customer might need to enjoy your product.
- Phantom Competitors. These not only compete with all the other business in the industry, but also with almost every other product and service available to consumers.
- Partner Competitors. While the businesses keep changing, your strategic partners might turn into competitors as they consider expanding; this is because of the fact that they feel what you do is a great growth opportunity

**12. Mention some tips for competitor analysis.**

**Possible answers:**

- Identify your competitors
- Obtain information about your competitors
- Evaluate their strategies

## Learning Outcome 2.5: Managing and tracking money coming in and out of business based on proper use of cash balance book and record keeping forms

	<p><b>Objectives:</b> By the end of the learning outcome, trainees will be able to:</p> <ul style="list-style-type: none"> <li>a. Differentiate business money from private money</li> <li>b. Identify business transactions involving money</li> <li>c. Describe the importance of records keeping</li> <li>d. Estimate the start-up capital and on-going costs</li> </ul>
	<p><b>Time Required:</b> 3 hours</p>
	<p><b>Learning Methodology:</b> Small group work, role play, large group discussions</p>
	<p><b>Materials Needed:</b></p> <ul style="list-style-type: none"> <li>▶ Flip charts, Markers</li> </ul>
	<p><b>Preparation:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Print out of scenarios</li> <li><input type="checkbox"/> Sample templates for money in and out</li> <li><input type="checkbox"/> Sample of record keeping</li> </ul>
	<p><b>Cross Cutting Issues:</b></p> <ul style="list-style-type: none"> <li>✓ <b>Gender education:</b> While forming small groups consider gender</li> <li>✓ <b>Inclusive education:</b> Consider inclusivity while allocating roles</li> <li>✓ <b>Financial literacy:</b> Consider also finance when determining cash balance</li> </ul>
	<p><b>Prerequisites:</b></p> <ul style="list-style-type: none"> <li>d. None</li> </ul>

## Key Competencies:

Knowledge	Skills	Attitudes
1. Identify business transactions and Keep business records.	1. Differentiate business money from private money.	1. Dynamic
2. Describe the importance of records keeping.	2. Determine cash balance (profit/loss).	2. Analytical
3. Differentiate fixed costs from variable costs.	3. Estimate the start-up capital and ongoing costs.	3. Active

## Getting Started: What do we know and where are we going?



### Topic 2.5 Task 1:

1. Put trainees into small groups or pairs and ask them to read the statement below and answer questions that follow.

*The absolute first step of managing your money is understanding how much money is coming in and what money is going out.*

- a. Do you agree with the statement?
  - b. Provide evidence to support your answer.
  - c. What can you do to manage how much money is coming in?
  - d. What can you do to manage the money going out?
2. After some time, guide them to share their findings. Then ask them what they think this topic will cover based on the activity.



## Problem Solving Activity



### Topic 2.5 Task 2:

1. Tell trainees that they are going to read a scenario about managing business money and private money. Put trainees into small groups or pairs to read the scenario below and answer questions that follow.

#### **Scenario: Managing Money**

Mr. Kabundi started a juice processing business, Kabundi Company Ltd. in his community. The business does a number of transactions on a daily basis that require money to be paid out, such as buying fruits for processing, transport for materials, paying casual workers, and others. Mr. Kabundi also receives money, especially from the sale of the juice.

Mr Kabundi, as the owner, operates an account where he deposits the business money as well as uses it for private matters. When the business wants to pay for all its expenses or when it receives money from the sale of the products, Mr. Kabundi uses that same account. At the end of the year Mr. Kabundi decided to buy the family a new Television and some clothes, and he got the money from the same account.

- a. According to the scenario,
  - i. What is a transaction?
  - ii. What transactions are completed by Mr. Kabundi?
  - iii. Differentiate between cash in and cash out transactions with an example of each.
- b. What do you think is the difference between business money and private money?
- c. From the scenario, give one example of business money and one of private money.
- d. Do you think Mr Kabundi separated business and private money?
- e. Give reasons to support your claim above in (d).
- f. What do you think can happen to Kabundi Company Ltd. if Mr. Kabundi does not separate business and private money?

- g. What advice would you give Mr. Kabundi to better manage money coming in and going out of the business?
- 2. After some time, guide the trainees to share their answer, discuss as a group, and review **2.13 Key Facts** together.



### Topic 2.5 Task 3:

1. Tell trainees they are going to conduct research on record keeping. Put trainees into small groups and ask them to visit the school library to conduct research or they can ask students or instructors with expertise about the following:
  - a. The definition of business record keeping
  - b. The definition of the key business records terms below:
    - i. Sales records
    - ii. Purchase records
    - iii. Cash records
    - iv. Debtors records
    - v. Creditor records
  - c. The importance of record keeping
2. When they finish with the research, guide them on how to share their findings. Discuss findings as a group and review **2.14 Key Facts** together.



### Topic 2.5 Task 4:

1. Tell trainees they are going to conduct research on the cost of a business. Put trainees into small groups and ask them to visit the school library to conduct research or they can ask students or instructors with expertise about the following:
  - a. The definition of start-up capital and ongoing costs
  - b. The difference between fixed costs and variable costs, including examples
  - c. The steps of estimating start-up capital and ongoing costs
2. When they finish with the research, guide them on how to share their findings. Discuss them as a group and review **2.15 Key Facts** together.





## Guided Practice Activity



### Topic 2.5 Task 5:

1. Put trainees into small groups or pairs. Provide them with a sample start-up capital/start-up cost for business XYW. Encourage each group or pair to study the sample carefully and answer questions that follow.

	A	B	C	D	E	F	G
1	<b>Startup Costs Template</b>						
2							
3	<b>Startup costs</b>				<b>Start up funding</b>		
4							
5	<b>Expenses</b>				Accounts payable		20,000
6	Website design		2,000		Other liabilities		7,000
7	Stationery		2,000		Debt		120,000
8	Insurance		4,000		<b>Total liabilities</b>		<b>147,000</b>
9	Payroll		3,000				
10	Rent		4,000		Investor capital		10,000
11	Computer costs		6,000		Owner capital		50,000
12	Legal		1,000		<b>Total capital</b>		<b>60,000</b>
13	Logo design		1,000				
14	Training		5,000		<b>Total funding</b>		<b>207,000</b>
15	Marketing		6,000				
16	Other		3,000				
17	<b>Total expenses</b>		<b>37,000</b>				
18							
19							
20	<b>Assets</b>				<b>Opening balance sheet</b>		<b>Opening</b>
21	Land		20,000		<b>Assets</b>		
22	Buildings		10,000		Cash		10,000
23	Equipment		20,000		Accounts receivable		3,000
24	Plant & Machinery		100,000		Inventory		7,000
25	Other				<b>Current assets</b>		<b>20,000</b>
26	<b>Long-term assets</b>		<b>150,000</b>		Long-term assets		150,000
27	Cash		10,000		<b>Total assets</b>		<b>170,000</b>
	Accounts receivable		3,000				

- a. What are the on-going costs for XYW?

**Possible answers:**

- Marketing

- Stationery
- Computer costs

b. What are the fixed costs for XYW?

**Possible answers:**

- Land
- Equipment
- Buildings
- Plant & Machinery

c. What are the variable costs for XYW?

**Possible answers:**

- Stationery
- Payroll
- Marketing
- Computer costs

d. What is XYW start-up capital?

**Possible answers:**

$$\begin{aligned}\text{Total start-up capital} &= \text{Long term assets} + \text{total expenses} \\ &= 150.000 + 37.000 \\ &= 187.000\text{Frw}\end{aligned}$$

e. What are the sources of XYW start-up capital?

**Possible answers:**

Source of XYW start-up capital are investors and owner's contribution.

2. After the discussions, guide them on how to share their answers. You can also read the sample again as a group. As a group, discuss responses.



### Topic 2.5 Task 6:

1. Tell trainees they are going to analyse a scenario and use it to record money-in and money-out for Miss BYIRINGIRO.
2. Together with trainees, read the first transaction and analyse it together.

**Aug. 1:** Miss BYIRINGIRO the owner, invested 57,500FRW cash and 32,500FRW of photography equipment in the business.

Description: Business investment

Money in: 57,500Frw cash

Money out: 32,500Frw in photography equipment

3. Put trainees into small groups or pairs to read and analyse the following scenario and use it to answer the questions that follow.

Miss BYIRINGIRO started a business, BYINGI TOURS with the following transaction in 2016:

**Aug. 1:** Miss BYIRINGIRO, the owner, invested 57,500FRW cash and 32,500FRW of photography equipment in the business.

**Aug 04:** Paid 3,000FRW cash for an insurance policy covering the next 24 months.

**Aug 07:** Services were performed and clients were billed for 10,000FRW.

**Aug 13:** Purchased office supplies for 1,400FRW. Cash paid 400FRW and the rest remains outstanding.

**Aug 18:** She withdrew of worth 2,000FRW for personal use.

**Aug 20:** Received 2,000FRW cash in photography fees earned previously.

**Aug 24:** The client immediately pays 1,500FRW for services to be performed at a later date.

**Aug 29:** The business acquires photography equipment. The purchase price is 100,000FRW, pays 25,000FRW cash, and signs a note for the balance.

Using the Money-in Money-out template below, record the above transactions appropriately.

Money In Money Out			
Date	Description	Income Money IN	Expense Money OUT
Aug 1	Business investment	57,500	32,500
Aug 4	Paid Insurance policy		3,000
Aug 7	Services to clients	10,000	
Aug 13	Purchased office supplies		400
Aug 18	Personal use		2,000
Aug 20	Photography fees	2,000	
Aug 24	Advance from client	1,500	
Aug 29	Purchase of photography equipment		25,000
	<b>Total</b>	<b>71,000</b>	<b>62,900</b>

- After the discussions, guide trainees in sharing their answers. Discuss them as a group.



## Application Activity



### Topic 2.5 Task 7:

- Inform trainees that they are going to estimate start-up capital for their own businesses. This is individual work. Ask trainees to refer to their business idea developed in Learning Unit one and use the start-up capital template below to estimate the business start-up capital for their business. After, have them answer the questions that follow.

Business Name:		Business Start-up Costs
<b>FUNDING</b>		<b>Estimated</b>
<b>Investor Funding</b>		
	Owner 1	
	Owner 2	
	<b>Total Investment</b>	
<b>Loans</b>		
	Bank Loan 1	
	Non-Bank Loan 1	
	<b>Total Loans</b>	
<b>Other Funding</b>		
	Grant 1	
	Other	
	<b>Total Other Funding</b>	
<b>Total FUNDING (A)</b>		
<b>COSTS</b>		<b>Estimated</b>
<b>Fixed Costs</b>		
	<b>Total Fixed Costs</b>	
<b>Average Monthly Costs</b>		
	<b>Total Monthly Costs</b>	

Total COSTS (B)		
SURPLUS/DEFICIT (A-B)		

- a. What are the total expenses?
- b. What are the fixed costs?
- c. What are the variable costs?
- d. What is the total start-up cost?

2. After the discussions, guide them in sharing their answers. Discuss answers as a group.



### Points to Remember

- It is important to differentiate fixed costs from variable costs.
- Knowledge of different business transactions is very important.
- It is very crucial to keep business records for compliance and future use.
- The knowledge of cash in cash out enables us to know whether the business is taking a loss or making a profit.
- It is important to differentiate business money from private money.



### Formative Assessment

Read the directions and answer the following questions.

1. Using an example, differentiate business money from private/personal money.

**Possible answers:**

Business money is money that belongs and used for the purpose of business operations—for example, money in a business account, while personal money is money that belongs and exclusively used by a person-- for example, money in your personal account or pocket.

2. Using an example, differentiate cash in from cash out transactions.

**Possible answers:**

Example of Cash out transaction: Paid 3,000FRW cash for an insurance policy for 24 months

Example of Cash in transaction: Services are performed, and clients paid 10,000FRW cash

**3. Why is it important for an entrepreneur to separate business money and private money?**

**Possible answers:**

- Lawsuits and creditor claims. A creditor will not be able to make a claim against you personally, when filing an action against your business.
- Tax purposes. If your personal finances are merged with your business, the tax authority will be forced to audit your personal records as well as business records.
- Borrowing in the business name only. If you want to take a loan in the name of your business, and your accounts and the business are the same, the bank will likely require you to be on the loan no matter what.
- A Professional reputation. Customers and clients do not usually feel confident in dealing with a hobby-type business, especially if there is no proper separation between the business and its owner.
- Protection from self-destruction. If you do not view your business as a separate entity but as your personal cash machine, you might drain the business to the point of insolvency.
- Financial Diversification. In the event that your business collapses, you will have your personal finances to fall back on and the opposite is also true. If you fail to keep the two properly separated, you run the risk of pulling both financial situations down at once.
- Ease of proving financial stability. As a business owner, you should have the ability to view your company's financial status at any time, and on short notice. If your business and personal records are completely separate, this will be easy to do.<sup>18</sup>

**4. Differentiate between the following business records:**

- a. Sales records and purchase records
- b. Debtors records and creditors records

**Possible answers:**

- Sales records. Record of your customers, including but not limited to their contact information, how often they purchase from you, what they purchase, and how they pay their bills
- Purchase records. Record of purchases from different suppliers, including data for pricing and conditions, over delivering and under delivering limits, planned delivery dates, and availability period.
- Debtors records. Record of amounts which are owed to a business by customers.
- Creditor records. Record of amounts which are owed to other businesses or persons by the business.

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<sup>18</sup> Mercadante, K. (2020, July 19). *Benefits of separating your business and personal finances*. Investor Junkie. <https://investorjunkie.com/entrepreneurship/benefits-separating-business-personal-finances/>

**5. Why do you think it is beneficial for the business to do record keeping?**

**Possible answers:**

- It helps you to manage your accounts, interests, taxes and working costs effectively.
- Tells about cash in hand.
- Tells about the success of your past campaigns and improvement in present campaign.
- Tells about the customer service and employee efficiency.
- Helps in monitoring company growth rate and profit.
- Provides detailed knowledge about the operation of the business.
- Helps in identification of trends.
- Facilitates accurate control over finances and product quality.
- Facilitates identification of individual costs to allow changes to a product or process to optimise profits.
- Helps when keeping track of money owed to the business.
- Provides evidence for tax authorities (may be a legal requirement).
- Provides factual basis for product pricing or salary levels.<sup>19</sup>

**6. Using an example, differentiate fixed costs from variable costs.**

**Possible answers:**

- Fixed costs. Operating costs which a business must pay and remains constant irrespective of a business's productivity or performance. An example is the rent paid for the business space used by a business, regardless of the business's productivity or profitability.
- Variable costs. Expenses that change with the productivity of a business, which increases when production increases and reduce when the level of production dips. For example, a French fry business may need to buy more potatoes if demand for its French fries increases.<sup>20</sup>

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<sup>19</sup> ESales Track Blog. (n.d.). *Importance of business record keeping, why to keep records of your deals and customers?*. <https://www.esalestrack.com/blog/2007/11/importance-of-business-record-keeping.html>

<sup>20</sup> UpCounsel. (n.d.). *Ongoing costs of a business: Everything you need to know*. <https://www.upcounsel.com/ongoing-costs-of-a-business>

## Summative Assessment

For your business idea proposal, describe how you will:

1. Interact effectively with relevant stakeholders according to their role or potential to impact the success of one's business.
2. Purchase inputs according to the business production targets.
3. Run production unit according to the product specification, production capacity, and targets.
4. Perform selling activities as per selling techniques and plan.
5. Identify business money in and out in terms of provisions and planned activities.

**Trainers: Tick appropriately as trainee moves forward.**

### Assesment Criterion 1: Interact effectively with relevant stakeholders according to their roles or potential to impact the success of one's business.

Checklist	Score	
	Yes	No
<b>Indicator 1: Identifies key business stakeholders</b>		
Customers		
Suppliers		
Government		
Debtors or creditors		
Others		
<b>Indicator 2: Establishes a good relationship with customers</b>		
Makes customers feel welcome, understood, comfortable and important		
Meets and exceeds the customer's highest expectations		
Provides good quality product as per customer specification		
<b>Indicator 3: Establishes a good relationship with the government</b>		
Runs a registered business		
Pays taxes on time		
Adheres to environmental and labour laws		
<b>Indicator 4: Establishes a good relationship with the suppliers</b>		
Identify your own priorities – lowest price? Highest quality? Certain timeline or deadline? Where can you compromise? ...		
Shop around – Who are suppliers in your area? How have they done business with others? Prices? What is their capacity to supply you with what you need each month?		



Indicator 5: Negotiates effectively with suppliers		
Is fair and honest		
Focus on own priorities		
Take your time – don't rush into a commitment without reflecting		
Observation		

## Assesment Criterion 2: Appropriate purchasing of inputs according to the business production targets

Checklist	Score	
	Yes	No
Indicator 1: Identifies the factors and costs of production		
Capital		
Labour		
Raw materials		
Machine		
Indicator 2: Selects a good supplier for his/her business		
Good quality of supplies/good to supply		
Affordable price		
Favourable mode and conditions of payment		
Observation		

**Assesment Criterion 3: Appropriate running of production unit according to the product specification, production capacity and targets.**

Checklist	Score	
	Yes	No
<b>Indicator 1: Characterizes a good quality product</b>		
Durability		
Test		
Size or shape		
Originality		
<b>Indicator 2: Uses a suitable packaging material</b>		
Environmentally friendly packaging material		
Product friendly packaging material		
Customer friendly packaging material		
<b>Observation</b>		

**Assesment Criterion 4: Proper performance of selling activities as per selling techniques and plan.**

Checklist	Score	
	Yes	No
<b>Indicator 1: Clarifies marketing mix (5Ps)</b>		
Product		
Price Place		
Product		
Promotion People		
Promotion People		
<b>Indicator 2: Analyses customers</b>		
Age		
Income level		
Gender		
Culture		
<b>Indicator 2: Analyses competitors</b>		
Strengths		
Weaknesses		
<b>Observation</b>		

**Assesment Criterion 5: Proper management of money coming in and out of a business based on proper use of cash balance book and record keeping forms.**

Checklist	Score	
	Yes	No
<b>Indicator 1: Identifies business cash in transactions</b>		
Selling transactions		
<b>Indicator 2: Identifies business cash out transactions</b>		
Purchasing transactions		
Paying for business expenses		
<b>Indicator 3: Keeps some key business records</b>		
Sales records		
Purchases records		
Cash records		
Debtors records		
Creditors records		
<b>Indicator 4: Identifies business fixed costs</b>		
Rent		
Taxes		
<b>Indicator 5: Identifies variable costs</b>		
Cost of raw materials		
Transport		
<b>Observation</b>		



## Self-Reflection

1. Ask learners to re-take the self-assessment from the beginning of the unit. They should then fill in the table in the Trainee's Manual to identify their areas of strength, areas for improvement, and actions to take to improve.
2. Discuss trainees' results with them. Identify any areas that are giving many trainees difficulty and plan to give additional support as needed (ex. use class time before you begin the next learning outcome to go through commonly identified difficult concepts).

# Learning Unit 3: Prepare an Elementary Business Plan



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<sup>21</sup> User:geralt. (2017, December 1). *Business plan tree growth grow* [Illustration]. Pixabay. <https://pixabay.com/illustrations/business-plan-tree-growth-grow-2987962/>  
License: <https://pixabay.com/service/license/>

### **Learning Outcomes**








By the end of the Learning Unit, trainees will be able to:

- 3.1** Identification of the proposal components according to the template proposed
- 3.2** Developing of basic business plan components
- 3.3** Presentation of the business proposal according to the criteria defined

### **Learning Unit 3 Self-Assessment**

- 1.** Ask trainees to look at the Unit 3 illustrations in their Trainee Manuals and discuss what they notice. What topics do they think this unit will include based on the illustrations? After some brainstorming, share the main topics.
- 2.** Have trainees fill out the self-assessment at the beginning of the unit. The purpose of the self-assessment is to become familiar with the topics in the unit and for them to check what they know or do not know. At the end of the unit, they will do a self-reflection, which includes re-taking the self-assessment and identifying their strengths, areas that need improvement, and actions to take. The self-assessment is not a test!

## Topic 3.1: Identification of the business proposal components according to the template proposed

	<b>Objectives:</b> By the end of the learning outcome, trainees will be able to: <ul style="list-style-type: none"><li>a. Identify the main components of the business proposal</li><li>b. Describe the main components of the business proposal</li><li>c. Complete business plan templates</li></ul>
	<b>Time Required:</b> 3 hours
	<b>Learning Methodology:</b> Small group work, role play, large group discussion
	<b>Materials Needed:</b> <ul style="list-style-type: none"><li>► Flipchart, Markers</li></ul>
	<b>Preparation:</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Preparation of different examples of business proposals to be analysed by trainees.</li></ul>
	<b>Cross Cutting Issues:</b> <ul style="list-style-type: none"><li>✓ <b>Gender education:</b> While forming small groups consider gender</li><li>✓ <b>Inclusive education:</b> Consider inclusivity while allocating roles</li></ul>
	<b>Prerequisites:</b> <ul style="list-style-type: none"><li>e. Knowledge on market, customers, competitors, products and services.</li></ul>



## Key Competencies:

Knowledge	Skills	Attitudes
1. Present the main components of the business proposal.	1. Conduct market assessment and competitive analysis.	1. Innovative and creative
2. Prepare business proposal executive summary.	2. Describe the organization products and services.	2. Efficient
3. Describe the organization management and structure.	3. Prepare financial projections and request for funding.	3. Analytical

## Getting Started: What do we know and where are we going?



### Topic 3.5 Task 1:

1. Tell participants that they will read a story ten friends who were invited to a wedding that includes instructions on how to be prepared for the occasion. Put trainees into small groups and have each group read the following story and answer questions that follow.

#### Ten friends to a wedding

Ten friends were invited to a wedding ceremony in a far away neighborhood. The bridegroom requested they all take lamps as the bridegroom would come late in the night. Five of them took their lamps but did not take any kerosene with them. The other five took kerosene in jars along with their lamps. The bridegroom was delayed, and as they were all tired, they fell asleep. At midnight they heard the shouts and cries: “Here’s the bridegroom! Come out to meet him!” Then all the friends woke up and checked their lamps. The first five said to their friends, “Give us some of your kerosene; our lamps are going out.” “No,” they replied, “there may not be enough for both us and you. Instead, go to those who sell kerosene and buy some for yourselves.” But while they were on their way to buy kerosene, the bridegroom arrived. The five friends who were ready went with the bridegroom to the wedding banquet. And the door was shut.

- a. What mistakes did the first five friends make?
- b. What do you think happened when the the friends came back from buying kerosene?
- c. Why do you think the other five friends were able to see the bridegroom?
- d. What lesson did you learn from this story in relation to starting and running a business?

**Possible answers:**

- a. Before starting a business, one has to first identify all the requirements.
  - b. While running a business, one has to prepare for unforeseen situations.
  - c. Before and while running a business, one has to have a guiding document.
2. After a few minutes have them share their answers. Then ask them what they think this topic will cover based on the activity.



### Problem Solving Activity



#### Topic 3.1 Task 2:

1. Tell trainees to read the following scenario and answer questions that follow. They can do this activity in small groups or pairs.

*You requested for some money from your community SACCO to start a business in your locality. You have been invited by the loans committee of SACCO to talk about your business idea and take the team through your business proposal.*

- a. Mention and briefly describe the major elements of your business proposal that you will present to the loans committee.
2. After some time, guide trainees in sharing their answers, using an appropriate methodology. Then discuss their findings/answers as a class and review **3.1 Key Facts** together in their manuals.



### Guided Practice Activity



#### Topic 3.1 Task 3:

1. Tell trainees that after they have successfully presented the main elements of the business plan, the next step will be to present the written business plan for the business idea. There are many templates for business plans. In **3.2 Key Facts** there are sample templates for the different components of a business plan.
2. Ask trainees, still in their groups from **Task 2**, to find the components of a business plan listed in **3.1 Key Facts** in the templates below in **3.2 Key Facts**. Note that there are different

variations of a business plan so one will not always find the exact same components when comparing business plans.

3. When they have finished finding the components in their templates, ask them to share their experience in doing so and any questions they may have written down. Discuss and then review together **3.2 Key Facts**.



### **Application Activity**



#### **Topic 3.1 Task 4:**

1. Tell trainees that they will visit some entrepreneurs in their communities to find out more about business plan components. Put trainees in small groups or pairs and go to the field to meet entrepreneurs, ask for sample business plans, and identify various components of business plans. Or you can provide sample business plans which trainees can analyse, instead of them moving to the field. Trainees will report their findings which they will share by mentioning all the components identified and those that they think were missing.
2. When they are back from the field, or after analysing the sample business plans, guide them in sharing their findings. Discuss them together.



### Points to Remember

A basic business plan contains the following components:

- Executive Summary
- Business Idea and Market
- Marketing Plan Product
- Marketing Plan Price
- Marketing Plan Place
- Marketing Plan Promotion
- Legal Form
- Start-up Capital
- Sources of Start-up Capital
- Organization and Staff
- Business Operation and Costs
- Cash Flow Plan
- Profit Margin
- Opening Balance










### Formative Assessment

Name and briefly explain the purpose of the components of the business plan by completing the table provided below.

No#	Component	Purpose

**Answer:** See **3.1 Key Facts** for the components and their purposes.

## Learning Outcome 3.2: Development of basic business plan components

	<b>Objectives:</b> By the end of the learning outcome, trainees will be able to: <ul style="list-style-type: none"> <li>a. Develop business proposal components</li> <li>b. Analyse a given business proposal</li> </ul>
	<b>Time Required:</b> 3 hours
	<b>Learning Methodology:</b> Small group work, role play, large group discussions
	<b>Materials Needed:</b> <ul style="list-style-type: none"> <li>▶ White board, Flip charts, markers</li> </ul>
	<b>Preparation:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Preparation of different business topics to be developed by trainees.</li> <li><input type="checkbox"/> Preparation of different business proposals to be analysed by trainees.</li> </ul>
	<b>Cross Cutting Issues:</b> <ul style="list-style-type: none"> <li>✓ <b>Gender education:</b> While forming group discussion consider gender</li> <li>✓ <b>Inclusive education:</b> Consider also inclusiveness while allocating roles for the scenarios</li> <li>✓ <b>Environment and sustainability:</b> Consider also environment while determining business location</li> </ul>
	<b>Prerequisites:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Identification of basic components of business plan</li> </ul>

### Key Competencies:

Knowledge	Skills	Attitudes
1. Formulate business name and describe business idea.	1. Develop business proposal components.	1. Active
2. Describe business operations.	2. Determine business required capital.	2. Dynamic
3. Describe products or services and target customer.	3. Determine business location and timeline of main business phases.	3. Analytical

### Getting Started: What do we know and where are we going?



#### Topic 3.2 Task 1: Experience sharing

1. Tell trainees that each of them is going to share a new business activity. Ask each trainee to think about any business activity they created, either as individuals or as a group. They can use the guiding questions below.
  - a. What was the activity?
  - b. What was the name of the activity?
  - c. Why did you choose this particular name?
  - d. What was the activity about?
2. After a few minutes guide them in sharing their ideas. Then ask them what they think this topic will cover based on the activity.



#### Problem Solving Activity



#### Topic 3.2 Task 2:

1. Tell trainees to refer to their business ideas developed in Learning Unit 1. Ask them to imagine they are going to start a business based on their business ideas. This can be done as an individual activity. Then, have them answer the following questions.
  - a. Write the name of the business you will start.
  - b. Why did you choose that name?
  - c. Briefly describe the business idea.
  - d. Briefly describe the product or service of the business.

- e. Who are the target customers?
  - f. What are the capital requirements?
  - g. Where will the business be located?
  - h. What price will the product or service be sold at?
2. After they are done, guide them to share their answers, discuss as a group, and review **3.3 Key Facts** together. Encourage creativity and critical thinking.

**Note to trainer:** This activity can be done over a number of sessions, NOT just one session. This is because there are many sections and trainees should be given ample time to discuss.



### Guided Practice Activity



#### Topic 3.2 Task 3:

1. Tell trainees they are going to complete sections of the business plan for the business ideas developed in Learning Unit 1. Ask trainees to complete templates/worksheets provided in their manuals for their business plans.
2. After they have finished, guide them in sharing their completed templates, discuss their responses as a group, and provide feedback.

**Note to trainer:** This activity can be done over a number of sessions, NOT just one session. This is because there are many sections and trainees should be given ample time to discuss.

#### Company Description Worksheet

<b>Business Name</b>	
<b>Company Mission Statement</b>	
<b>Company Philosophy/Values</b>	
<b>Company Vision</b>	
<b>Goals &amp; Milestones</b>	
<b>Target Market</b>	

<b>Industry/ Competitors</b>	
<b>Legal Structure/ Ownership</b>	

### Product & Service Description Worksheet

<b>Business Name</b>	
<b>Product/ Service Idea</b>	
<b>Special Benefits</b>	
<b>Unique Features</b>	
<b>Limits and Liabilities</b>	
<b>Production and Delivery</b>	
<b>Suppliers</b>	



<b>Intellectual Property Special Permits</b>	
<b>Product/ Service Description</b>	

### SWOT Analysis Worksheet

	Strengths	Weaknesses	Opportunities	Threats
<b>Product/ Service Offering</b>				
<b>Brand/ Marketing</b>				
<b>Staff/HR</b>				
<b>Finance</b>				
<b>Operations/ Management</b>				
<b>Market</b>				
<b>Can any of your strengths help with improving your weaknesses or combating your threats? If so, please describe how below.</b>				
<b>Based on the information above, what are your immediate goals/next steps?</b>				

<b>Based on the information above, what are your long-term goals/next steps?</b>

### Competitor Data Collection Plan

Price		
Benefits/Features		
Size/profitability		
Market strategy		

### Competitive Analysis Worksheet

For each factor listed in the first column, assess whether you think it's a strength or a weakness (S or W) for your business and for your competitors. Then rank how important each factor is to your target customer on a scale of 1 to 5 (1 = very important; 5 = not very important). Use this information to explain your competitive advantages and disadvantages.<sup>22</sup>

FACTOR	Me	Competitor A	Competitor B	Competitor C	Importance to Customer
Products					
Price					
Quality					

<sup>22</sup> User:fredybingi. (2019). *Competitive analysis worksheet edited*. Course Hero. <https://www.coursehero.com/file/43235890/Competitive-Analysis-Worksheet-EDITEDdocx/>

<b>Selection</b>					
<b>Service</b>					
<b>Reliability</b>					
<b>Stability</b>					
<b>Expertise</b>					
<b>Company Reputation</b>					
<b>Location</b>					
<b>Appearance</b>					
<b>Sales Method</b>					
<b>Credit Policies</b>					
<b>Advertising</b>					
<b>Image</b>					

### Marketing Expenses Strategy Chart

	Target Market 1	Target Market 2	Target Market 3
One-Time Expenses			
Monthly or Annual Expenses			
Labour Costs			

### Pricing Strategy Worksheet

<b>Business Name</b>		
<b>Which of the following pricing strategies will you employ? Circle one.</b>		
<b>Cost Plus</b> The costs of making/obtaining your product or providing your service, plus enough to make a profit.	<b>Value Based</b> Based on your competitive advantage and brand (perceived value).	<b>Other:</b>
<b>Provide an explanation of your pricing model selection.</b> Include strategy info on your major product lines/service offerings. List industry/market practices and any considerations to be discussed with your mentor.		

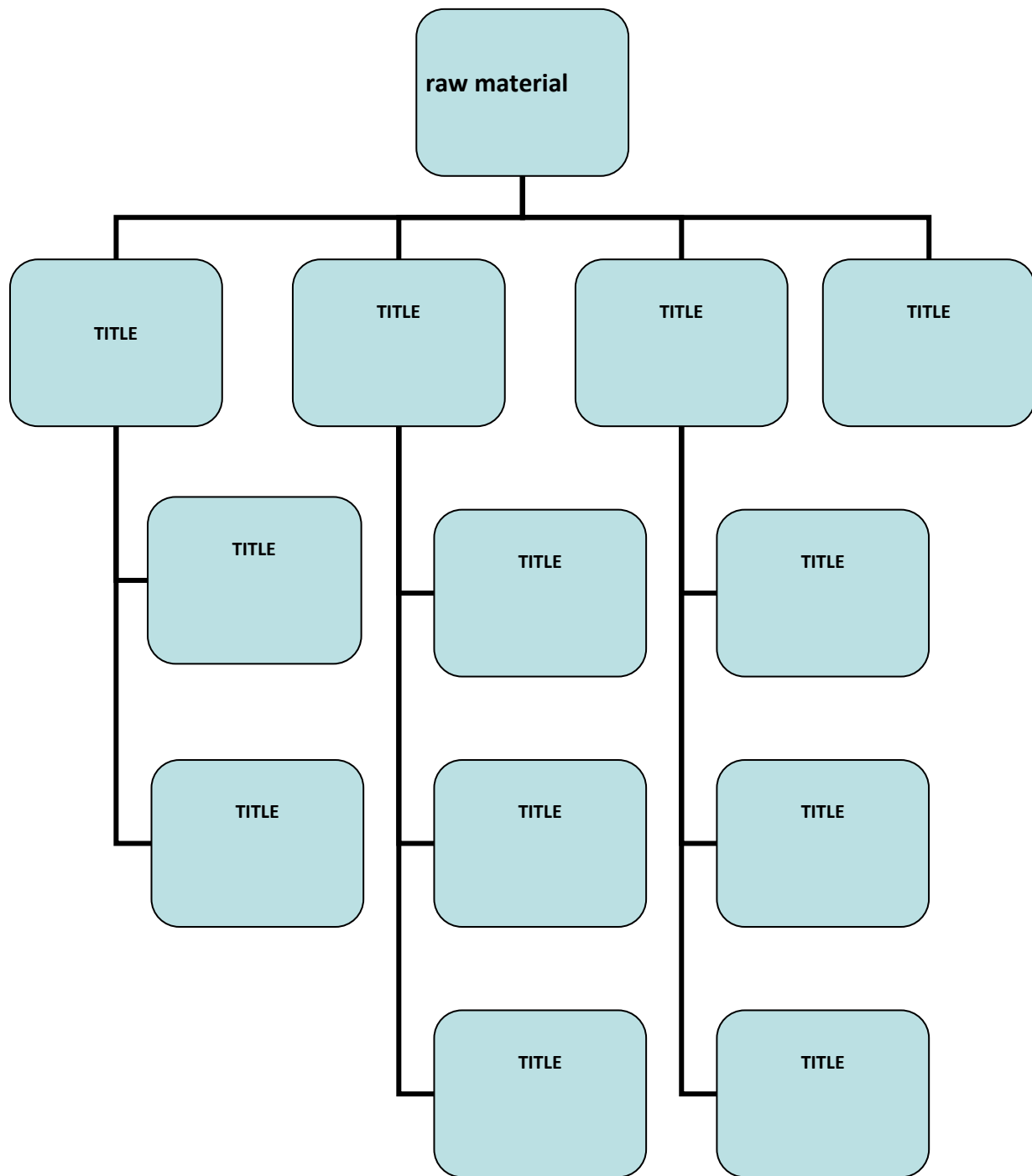
### Distribution Channel Assessment Worksheet

	Distribution Channel 1	Distribution Channel 2	Distribution Channel 3
Ease of Entry			
Geographic Proximity			
Costs			
Competitors' Positions			
Management Experience			
Staffing Capabilities			
Marketing Needs			

## Management Worksheet

<b>Bio/s</b>	
<b>Gaps in Management or Experience</b>	
<b>Advisors</b>	

## Organization Chart





## Application Activity



### Topic 3.2 Task 4:

1. Tell trainees that they are now going to develop business plans for some entrepreneurs in their communities. Have trainees form small groups and each group will identify entrepreneurs whom they will help to develop a business plan. Each group will:
  - a. Identify an entrepreneur who does not have a business plan.
  - b. Explain the benefits of having a business plan to the entrepreneur.
  - c. Assist the entrepreneur in developing a business plan for his/her business.
2. After they have finished, guide them in sharing their completed templates, discuss, and provide feedback. Encourage creativity and critical thinking.



### Points to Remember

- Remember to always develop the various components of the business plan before developing a full business plan.
- Also, conduct research as you develop each component to ensure you're well informed.



### Formative Assessment








You can visit any entrepreneur in your community or ask your trainer to provide you with a sample business plan to complete the following:

1. Identify the name of the business
2. Describe the business idea
3. Describe business operations
4. Identify the product and/or service of the business
5. Describe the target customers
6. Describe the requirements, in terms of capital
7. Describe the location of business
8. Describe the timeline of main phases of the business
9. Describe the main components of a business proposal



### Topic 3.3: Presentation of the business proposal according to the defined criteria



	<b>Objectives:</b> By the end of the learning outcome, trainees will be able to: <ol style="list-style-type: none"> <li>Prepare an effective business proposal presentation</li> <li>Present business proposals, emphasising key components</li> <li>Convince potential investors for business funding</li> </ol>
	<b>Time Required:</b> 3 hours
	<b>Learning Methodology:</b> Small group work, role play, large group discussions
	<b>Materials Needed:</b> <ul style="list-style-type: none"> <li>▶ White board, Flip charts, Markers</li> </ul>
	<b>Preparation:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Gather all developed business proposals to be presented.</li> </ul>
	<b>Cross Cutting Issues:</b> <ul style="list-style-type: none"> <li>✓ <b>Gender education:</b> While forming small groups, consider gender</li> <li>✓ <b>Inclusive education:</b> Consider inclusivity while allocating roles</li> <li>✓ <b>Environment and sustainability:</b> While forming groups, consider also the company environment.</li> </ul>
	<b>Prerequisites:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> None</li> </ul>

## Key Competencies:

Knowledge	Skills	Attitudes
1. Describe the growth of market in the next 3-5 years.	1. Prepare self-introduction and introduction of the company and its products.	1. Analytical
2. Describe the market and the role of company in solving customer problems.	2. Present competitive advantages for outstanding revenue growth and profitability and marketing strategies.	2. Dynamic
3. Describe the particularity of products and the size of the market for products.	3. Identify marketing strategies.	3. Innovative

## Getting Started: What do we know and where are we going?



### Topic 3.3 Task 1:

1. Put trainees into small groups or pairs. Ask them to imagine they have been chosen to give a presentation on a class project. Let them answer these questions.
  - a. How would you prepare for the presentation?
  - b. What would you do in order to make the presentation successful?
2. After a few minutes guide the in sharing their answers. Then ask them what they think this topic will cover based on the activity.



## Problem Solving Activity



### Topic 3.3 Task 2:

1. Remind trainees that in **Topic 3.2**, they developed business plans for their businesses. They are now going to present the business plans to those concerned. Ask trainees to think about the following and answer questions that follow.

*Imagine you have finished developing the business plan for your business idea. You have been invited to present it to potential investors. Even if you are confident the business plan*

*is well thought out, you still worry that you will not be able to express the most important aspects of the plan and engage the investors' interest in the short time allotted for the in-person presentation.*

- a. How would you prepare yourself in advance for a successful presentation?
  - b. How would you prepare yourself on the presentation day?
  - c. How would handle yourself during the actual presentation?
2. After some time, guide trainees in sharing their answers, discuss as group and review **3.4 Key Facts** together.



### Guided Practice Activity



#### Topic 3.3 Task 3:

1. Tell trainees they are going to practice presenting a business plan. Put trainees into small groups or pairs and provide them with sample business plans from an entrepreneur. Have them read through the business plan and imagine they are going to present it to potential investors. Let them do the following.
  - a. Briefly describe how you would prepare yourself for the presentation.
  - b. What tips would you use in order to effectively present the business plan?
  - c. Write out a brief outline of your presentation for the business plan.
2. After sometime, guide them to share their responses, discuss as a group and review **3.5 Key Facts** together to harmonize their responses.



### Application Activity



#### Topic 3.3 Task 4:

Tell trainees to refer to their individual business plan previously developed in **Topic 3.2**. Inform them that each will have to present their business plans and will be required to:

- a. Briefly describe how you would prepare yourself for the presentation.
- b. What tips would you use in order to effectively present the business plan?
- c. Write out a brief outline of your presentation for the business plan.



### Points to Remember

- Don't try to fit your entire business plan into the presentation.
- Just be yourself – the investors are evaluating you as well as your business plan, after all – and do your best to project an image of confidence and competence.
- Show enthusiasm and urgency but avoid coming across as desperate or unfocused.
- Speak slowly, smile, make eye contact, and refer to your notes if you need to, and you'll impress investors with both your business and your presentation skills.



### Formative Assessment

**Read the directions and answer the following questions**

1. Describe how a business plan can be presented effectively.

**Possible Answers:**

- Prepare the Business Plan Presentation
- Rehearse your presentation
- Succeed on presentation day

2. What are the tips for effective presentation of the business plan?

**Possible Answers:**

- Use facts and figures— support every conclusion and claim with research from third-party sources.
- Be clear— your banker or potential investor probably isn't an expert in your field, so avoid industry jargon, acronyms and technical details.
- Show you've done your research— demonstrate you've looked at your project from every angle and prepared contingency plans.
- Stick to business— focus on proving your case. It's good to be passionate about your business, but it's your facts and figures that will get you the money.
- Be realistic— your forecasts should clearly show how your business or project will be profitable for both you and your counterpart.
- An introduction—the entrepreneur's own qualifications, education, work experience, and background should be offered at the beginning of the presentation.

- Visual appeal-- this can be achieved through the use of charts and graphs that might be created from research results or from financial data and forecasts.
- Avoid heavy reliance on notes, so that a relatively continuous amount of eye contact with the audience, can be made.
- Encourage audience participation where possible.<sup>23</sup>

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<sup>23</sup> Business Development Bank of Canada. (n.d.). *How to present your business plan effectively*. <https://www.bdc.ca/en/articles-tools/start-buy-business/start-business/pages/presenting-business-plan.aspx>

## Summative Assessment

For your business idea proposal, prepare an elementary business plan. You will also:

1. Identify the proposal components according to the template proposed.
2. Develop the components in terms of formulation of the business naming, description of the business idea and business operations, the product and/or service of the business, target customers, requirement in terms of capital, location, and timeline of main phases of the business.
3. Present the business proposal according to the criteria defined.

### Assesment Criterion 1: Adequate identification of the proposal components according to the template proposed

Checklist	Score	
	Yes	No
<b>Indicator 1: Identifies business plan components</b>		
Title page		
Executive Summary		
Business/Company Description		
Market Assessment		
Competitive Analysis		
Description of Management and Organization		
Organization structure		
Breakdown of Products and Services		
Marketing Plan		
Sales Strategy		
Request for Funding		
Financial Projections		
<b>Observation</b>		

## Assesment Criterion 2: Develop basic business plan components

Checklist	Score	
	Yes	No
<b>Indicator 1: Develops the basic business plan components</b>		
Name of the business		
Name of the business		
Description of the business idea		
Description of business operations		
Identification of product and/or service of the business		
Display target customers		
Display requirement in terms of capital		
Display Location of business		
Display timeline of main phases of the business		
Raw materials		
Machine		
<b>Observation</b>		



### Assesment Criterion 3: Proper presentation of the business proposal according to the criteria defined

Checklist	Score	
	Yes	No
<b>Indicator 1: Covers the following points in his/her business plan presentation</b>		
Self-introduction		
Introduction of Company and its products		
Description of the market		
Role of company in solving customers' problems.		
Particularity of products		
Size of the market for products		
Growth of market in the next 3-5 years		
Competitive advantages for outstanding revenue growth and profitability		
Marketing strategies,		
Introduction of management team		
Total amount of capital in need		
Major expenditures		
<b>Observation</b>		



#### Self-Reflection

1. Ask learners to re-take the self-assessment from the beginning of the unit. They should then fill in the table in the Trainee's Manual to identify their areas of strength, areas for improvement, and actions to take to improve.
2. Discuss trainees' results with them. Identify any areas that are giving many trainees difficulty and plan to give additional support as needed (ex. use class time before you begin the next learning outcome to go through commonly identified difficult concepts).

# Learning Unit 4: Perform Business Financial Operations



### **Learning Outcomes**








By the end of the Learning Unit, trainees will be able to:

- 4.1** Mobilize financial resources by collaborating with financial institutions and other sources of funds
- 4.2** Pay all business expenses as per rules and regulations
- 4.3** Create of balance sheet based on given assets and liabilities of a business

### **Learning Unit 4 Self-Assessment**

- 1.** Ask trainees to look at the Unit 4 illustrations in their Trainee Manuals and discuss what they notice. What topics do they think this unit will include based on the illustrations? After some brainstorming, share the main topics.
- 2.** Fill out the self-assessment at the beginning of the unit. The purpose of the self-assessment is to become familiar with the topics in the unit and for you to check what you know or do not know. At the end of the unit, you will do a self-reflection, which includes re-taking the self-assessment and identifying your strengths, areas that need improvement, and actions to take. The self-assessment is not a test.

## Learning Outcome 4.1: Mobilisation of financial resources

	<b>Objectives:</b> By the end of the learning outcome, trainees will be able to: <ul style="list-style-type: none"><li>a. Describe sources of funds for a given business</li><li>b. Identify different types of financial institutions as source of finance</li><li>c. Describe the role of financial institutions, informal, and lending groups as source of finance</li></ul>
	<b>Time Required:</b> 3 hours
	<b>Learning Methodology:</b> Small group work, role play, large group discussion
	<b>Materials Needed:</b> <ul style="list-style-type: none"><li>► Flip chart, Markers</li></ul>
	<b>Preparation:</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Identify in advance different entrepreneurs in the community to find out about their sources of funds</li></ul>
	<b>Cross Cutting Issues:</b> <ul style="list-style-type: none"><li>✓ <b>Gender education:</b> While forming small groups consider gender</li><li>✓ <b>Inclusive education:</b> Consider inclusivity while allocating roles</li><li>✓ <b>Financial literacy:</b> Consider financial education when mobilising resources</li></ul>
	<b>Prerequisites:</b> <ul style="list-style-type: none"><li>d. None</li></ul>

### Key Competencies:

Knowledge	Skills	Attitudes
1. Describe saving and lending groups (IBIMINA) as informal sources of finance.	1. Identification of source of funds for a business.	1. Analytical
2. Describe types of financial institutions as source of finance.	2. Describe how financial institutions as source of finance support small business.	2. Active
3. Describe the role of financial institutions as source of finance.	3. Describe advantages and disadvantages of getting informal savings and loans from financial institutions.	3. Detail oriented

### Getting Started: What do we know and where are we going?



#### Topic 4.1 Task 1: Experience sharing

Tell trainees they are going to read a scenario on solving a problem in the community. Put trainees in small groups, ask them to read the scenario in their manuals and answer the question.

#### Scenario:

In your community there are people who are needy. Among these are the old people, the poor, and the sick. The community leader calls for a meeting to find solutions on how to help these people. Among the solutions the community members come up with is an idea to build a house for one, very needy family. Fortunately, you are chosen to head the committee in charge of finding the funding to build the house.

1. As the leader, mention the various ways in which you will mobilize the funds for the house.
2. After a few minutes guide them in sharing their responses. Then ask them what they think this topic will cover based on the activity.



#### Problem Solving Activity



### Topic 4.1 Task 2: Source of business funds

1. Tell trainees that they are going to discuss sources of business funds. Put trainees into small groups, ask them to refer to the start-up capital estimations for their business ideas in the business plan from Learning Unit 3, and have them answer the following questions:
  - a. Identify and briefly explain all the possible sources of finance for your business.
  - b. From the sources mentioned in (a) above, complete the table provided by answering the questions below.
    - i. Which are formal sources? Provide evidence.
    - ii. Which are informal sources? Provide evidence.

Type	Source	Reasons
Formal sources		
Informal sources		

2. After the discussions, guide trainees in sharing their findings, discuss them as a group and review **4.1 Key Facts** in their manuals together.



### Topic 4.1 Task 3: Types and roles of Financial Institutions

1. Tell trainees that they are going to conduct research on financial institutions. Ask trainees to refer to the formal sources of business finance/funds identified in **4.1 Key Facts**, and conduct research in the library or ask students or instructors with expertise about:
  - a. The types of financial institutions
  - b. Roles of different type of financial institutions

They can present their findings in the table provided.

Type of financial institution	Role of financial institution

2. After gathering research, guide trainees in sharing their findings. Discuss as a group, and review **4.2 Key Facts** in their manuals together.



#### Topic 4.1 Task 4: Benefits and challenges of different sources of business finance/funds

1. Tell trainees that they are going to conduct research on benefits and challenges of the different sources of business finance/funds. Have trainees form small groups, and based on the formal sources of business finance/funds identified in **4.1 Key Facts**, conduct research in the library or ask students or instructors with expertise about:
  - a. The benefits and challenges of formal sources
  - b. The benefits and challenges of informal sources

They can present their findings in the table provided.

Type of financial institution	Benefits	Challenges
Formal source		
Informal source		

2. After gathering research, guide trainees in sharing their findings. Discuss as a group, and review **4.3 Key Facts** in their manuals together.



#### Guided Practice Activity



#### Topic 4.1 Task 5:

1. Tell trainees that they will participate in a field visit to different entrepreneurs in their communities to find out about different sources of funds. Have trainees form small groups, provide them with following questions to guide them in the discussion, and visit the different entrepreneurs.

Guiding questions:

- a. Why do you need funds for your business?
- b. What is your main source(s) of finance for your business?
- c. Why did you choose the source(s) mentioned above?
- d. What are the challenges with the source(s) mentioned above?
- e. Do you belong or have heard of informal savings and loans groups? What are the benefits and challenges of these groups?

2. When they return from the field, guide them in sharing their findings and discuss.



#### **Topic 4.1 Task 6:**

1. Tell trainees that they will participate in a field visit to different financial institutions in their communities and discuss their role in supporting small businesses. Have trainees form small groups, provide them with following questions to guide them in the discussion, and visit the different financial institutions.

Guiding questions:

- a. What kind of financial institution is your institution?
  - b. What kinds of services do you offer to entrepreneurs?
  - c. What is your role in supporting the start of small businesses?
  - d. What are the requirements for such support from the entrepreneurs?
2. When they return from the field, guide them in sharing their findings and discuss.



#### **Application Activity**



#### **Topic 4.1 Task 7:**

1. Tell trainees that they are going to determine the sources of funds for their businesses. Each trainee-- based on the start-up capital estimations for their business and findings about the different sources of business finance-- will:
  - a. Describe which source(s) you will opt for.
  - b. Provide evidence to support your choice.
2. After some time, guide trainees in sharing their work and discuss.





## Points to Remember

### Sources of business funds:

- Commercial banks
- Corporative societies
- Micro finance banks
- Bank of industry
- Development banks
- Agricultural products/services financing
- Investment banking
- Business Development Funds
- Savings and loan association (SACCO)
- Relative and friends
- Money lenders
- Rotating savings
- Credit associations (IBINIMA)
- Personal savings
- Sale of property
- Gifts/Donations
- Salary/profit



## Formative Assessment

Read the directions and answer the questions below.

1. Name the various sources of funds for the business.

**Possible Answers:** Commercial banks, Corporative societies, Micro finance banks, Bank of industry, Development banks, Agricultural products/services financing, Investment banking, Business Development Funds, Savings and loan association (SACCO), relatives and friends, money lenders, Rotating savings, Credit associations (IBINIMA), Personal savings, sale of property, gifts/donations, salary/profit, Etc.

2. Mention the benefits and challenges of each source of finance explained above.

**Possible Answers:** See **4.3 Key Facts**.

3. Name examples of financial institutions you know of.








**Possible Answers:** Answers will vary.

4. What is the role of financial institutions in business development?

**Possible answers:**

- Advise entrepreneurs on investment
- Avail entrepreneurs with finance to start and run a business
- Provide safe storage and security for the entrepreneurs' money

## Topic 4.2: Payment of all business expenses as per rules and regulations

	<b>Objectives:</b> By the end of the learning outcome, trainees will be able to: <ul style="list-style-type: none"><li>a. Describe key business operating expenses</li><li>b. Describe different modes of payment</li><li>c. Describe necessary documents required for payment</li></ul>
	<b>Time Required:</b> 3 hours
	<b>Learning Methodology:</b> Small group work, role play, large group discussions.
	<b>Materials Needed:</b> <ul style="list-style-type: none"><li>▶ Flip charts, Markers;</li></ul>
	<b>Preparation:</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Different samples of payment documents.</li></ul>
	<b>Cross Cutting Issues:</b> <ul style="list-style-type: none"><li>✓ <b>Gender education:</b> While forming small groups, consider gender</li><li>✓ <b>Inclusive education:</b> Consider inclusivity while allocating roles</li><li>✓ <b>Financial literacy:</b> Consider financial education operating expenses</li></ul>
	<b>Prerequisites:</b> <ul style="list-style-type: none"><li><input type="checkbox"/> None</li></ul>

### Key Competencies:

Knowledge	Skills	Attitudes
1. Describe key business operating expenses.	1. Use different mode of payments.	1. Analytical
2. Describe modes of payment.	2. Prepare different documents for payment.	2. Analytical
3. Describe necessary documents required for payment.	3. Fill out a cheque as a practical exercise	3. Detail oriented

### Getting Started: What do we know and where are we going?



#### Topic 4.2 Task 1: Experience sharing

1. Tell participants that they are going to share their everyday life experiences . Ask each trainee to think about their everyday life and do the following.
  - a. List all the things you spend money on in your everyday life.
  - b. How do you pay for some of the things you have mentioned above?
2. After a few minutes, guide them in sharing their responses/experiences. Then, ask them what they think this topic will cover based on the activity.



#### Problem Solving Activity



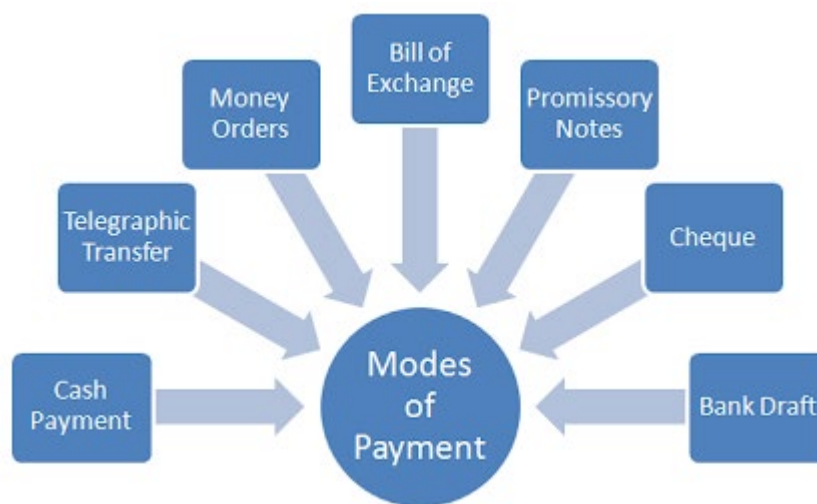
#### Topic 4.2 Task 2: Key business operating expenses

1. Tell trainees that they are going to identify key business operating expenses. Have trainees refer to their business idea and business plan developed in Learning Unit 3 and answer the following questions.
  - a. What do you understand by the term “operating expenses?”
  - b. Mention all the possible operating expenses your business is like to incur.
2. When they have finished the discussions, guide them in sharing their responses. Discuss as a group and review **4.4 Key Facts** in their manuals together.



### Topic 4.2 Task 3: Mode of payment

1. Ask trainees to refer to the illustration in their manuals showing the different modes of payment. Have them form seven groups. Assign each group a mode of payment and ask the groups to answer the questions that follow.



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- a. What do you understand by the term “modes of payment?”
  - b. Briefly describe the modes of payment depicted in the illustration.
  - c. Highlight any other modes of payment that may not be on the illustration.
  - d. Which mode(s) is suitable for your business? Give evidence to support your choice.
2. After the discussions, guide trainees in sharing their findings. Discuss them as a group and review **4.5 Key Facts** in their manuals together.



### Topic 4.2 Task 4: Documents required for payment

1. Have trainees form small groups. Ask each group to read the scenario provided and answer questions that follow.

<sup>24</sup> Akrani, G. (2011, May 4). *Different modes of payment* [Graphic]. Kaylan City Life. <https://kalyan-city.blogspot.com/2011/04/different-modes-of-payment-what-are.html>

Imagine you own a business dealing in selling foodstuffs in your community. This means that you will be involved in a number of transactions, either purchasing or selling. One of your suppliers from Musanze brought you 100 kg of potatoes and now demands payment.

- a. Which documents will you require from the supplier in order to pay for the potatoes?
- b. Which documents will you use after the payment?

2. After the discussions, guide trainees in sharing their findings. Discuss them as a group and review **4.6 Key Facts** in their manuals together.



### Guided Practice Activity



#### Topic 4.2 Task 5:

1. Tell trainees that they will visit different entrepreneurs in their communities to have a discussion regarding how they pay all businesses expenses. Have trainees form pairs and have each pair visit different entrepreneurs. They will use the following questions to guide the discussion.
  - a. What type of business activities are you involved in?
  - b. What are your key business operating expenses?
  - c. What mode do you use to pay for the operating expenses identified above?
  - d. Before effecting payment, do you require or give some documents? If yes, which ones?

They can present their findings using the table provided.

Business activity	Operating expenses	Mode of payment	Documents required for payment

2. When they return from the field visit, guide them in sharing their findings and discuss them as a group.



## Application Activity



### Topic 4.2 Task 6:

1. Tell trainees they are going to analyse a scenario and answer questions that follow. Have trainees form small groups, let each group read the scenario, and answer the questions.

#### **Musonera the Businessperson**

Musonera operates a retail shop in his area. He has been in business for over 5 years now. Because he had little capital to invest in the business, he decided to buy and sell different products (required by community members) in small quantities, as a way of capturing more customers. Musonera commutes to Kimironko every morning to buy the products for his shop. This requires him to pay for a moto to and from the shop. He has a refrigerator where he sells soft drinks including water. Sometimes he pays some money to people to look for customers. He employs one assistant whom he pays a salary. Musonera is a very flexible person especially in terms of payments, whether from his customers or to his suppliers. This has enabled his business to succeed.

- a. Which operating expenses do you think Musonera incurs in his business?
  - b. Given the size of his business, which modes of payment do you think are convenient for him? Provide evidence.
  - c. Do you think Musonera may require or be required to use documents during payment? If so, which documents?
2. After the discussions, guide trainees in sharing their findings and discuss.



#### **Points to Remember**

- Every company will have different expenses based on their individual operations
- Operating expenses can greatly impact the profitability of a business and how much cash it has
- Operating expenses includes cost related to the production of goods
- Finance cost such as the interest expenses is always excluded from the operating expenses



## Formative Assessment

Read and answer the following questions.

1. Name and briefly describe the key business operating expenses.

**Possible answers: See 4.4 Key Facts.**

2. Name and briefly describe the modes of payment available to a business.

**Possible Answers: See 4.5 Key Facts**

3. Briefly explain the advantages and disadvantages of the various modes of payment available to the business.








**Possible Answers: See 4.5 Key Facts**

4. Name and briefly describe the necessary documents for payment.

**Possible Answers: See 4.6 Key Facts**



## Topic 4.3: Creating a balance sheet based on given assets and liabilities of a business

	<b>Objectives:</b> By the end of the learning outcome, trainees will be able to: <ol style="list-style-type: none"> <li>Describe business assets and liabilities</li> <li>Describe sources of business assets and liabilities</li> <li>Prepare a balance sheet</li> </ol>
	<b>Time Required:</b> 3 hours
	<b>Learning Methodology:</b> Small group work, role play, large group discussions
	<b>Materials Needed:</b> <ul style="list-style-type: none"> <li>► Flip charts, Markers</li> </ul>
	<b>Preparation:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Collect sample balance sheets</li> </ul>
	<b>Cross Cutting Issues:</b> <ul style="list-style-type: none"> <li>✓ <b>Gender education:</b> While forming small groups, consider gender</li> <li>✓ <b>Inclusive education:</b> Consider inclusivity while allocating roles</li> <li>✓ <b>Financial literacy:</b> Consider financial education when allocating assets and liabilities.</li> </ul>
	<b>Prerequisites:</b> <ol style="list-style-type: none"> <li>Basic knowledge of accounting</li> </ol>

### Key Competencies:

Knowledge	Skills	Attitudes
1. Describe business assets and liabilities.	1. Classify business assets.	1. Analytical
2. Describe sources of business assets and liabilities.	2. Differentiate fixed assets from current assets.	2. Dynamic
3. Differentiate capital from owner's equity.	3. Prepare a balance sheet.	3. Details oriented



### Getting Started: What do we know and where are we going?



#### Topic 4.3 Task 1: Experience sharing

1. Tell participants that they are going to share their everyday life experiences. Ask each trainee to think about their everyday life and do the following.
  - a. Make a list of all things you possess in life including those that others currently have but belong to you.
  - b. How did you get or acquire the things identified above?
  - c. From this list, identify things that you are likely to have and those you are not likely to have after one year
  - d. Make a list of all things that that you have but belong to others or things that you owe other people in life.
  - e. How did you get these things or come to owe these people the things identified above?
  - f. From the list, identify things that you are likely to pay for and those you are not likely to pay for after one year.
2. After a few minutes guide them in sharing their responses/experiences. Then ask them what they think this topic will cover based on the activity.



## Problem Solving Activity



### Topic 4.3 Task 2:

1. Send trainees to conduct research in the library or ask students or instructors with expertise the meaning of the following terms:
  - a. Business assets
  - b. Fixed assets
  - c. Current assets
  - d. Liabilities
  - e. Long term liabilities
  - f. Short term liabilities
  - g. Capital
  - h. Owner's equity
  - i. Balance sheet
2. When they have finished conducting research, guide them in sharing their findings. Discuss as a group and review **4.7 Key Facts** in their manuals together.



### Topic 4.3 Task 3: Difference between assets and liabilities

1. Put trainees into small groups and provide them with a list of assets and liabilities of a business. Ask each group to analyse them and answer questions that follow.

#### List of assets and liabilities

Cash on hand, Inventory, Equipment, Land, Accounts Payable, Salaries Payable, Wages Payable, Interest Payable, Income Taxes Payable, Unearned Revenues, Capital, 5-months loan, 10 years bank loan, Cash at bank, Machinery, Furniture, Buildings, Bank overdraft, Creditors, Debtors, Stock

- a. Using the table below, identify and separate business assets and liabilities (**Answers in italics**).

<b>Assets</b>	<b>Liabilities</b>
<i>Cash at hand, Inventory, Equipment, Land, Unearned Revenues, Cash at bank, Machinery, Furniture, Buildings, Debtors, Stock</i>	<i>Accounts Payable, Salaries Payable, Wages Payable, Interest Payable, Income Taxes Payable, Capital, 5-months loan, 10 years bank loan, Bank overdraft, Creditors</i>

- b. From the table above, use the below table provided to differentiate between fixed and current assets and long-term and short-term liabilities (**Answers** in *italics*).

- i. Fixed and current assets

<b>Fixed assets</b>	<b>Current assets</b>
<i>Equipment, Land, Machinery, Furniture, Buildings</i>	<i>Cash at hand, Inventory, Unearned Revenues, Cash at bank, Debtors, Stock</i>

- ii. Long term and short-term liabilities

<b>Long-term liabilities</b>	<b>Short-term liabilities</b>
<i>Capital, 5-months loan, 10 years bank loan</i>	<i>Accounts Payable, Salaries Payable, Wages Payable, Interest Payable, Income Taxes Payable, Bank overdraft, Creditors</i>

- c. How do businesses acquire the assets and liabilities identified above?

**Possible answers:**

- Through buying goods
- Through selling goods
- Through selling goods on credit
- Through buying goods on credit
- Through buying land, machines,
- Through borrowing money for business purposes

2. After the discussions, guide trainees in sharing their responses. Discuss as a group and review **4.8 Key Facts** in their manuals together.



## Guided Practice Activity



### Topic 4.3 Task 4:

1. Put trainees into small groups. Provide them with a sample Balance Sheet of Quick Service Ltd. Ask each group to study the sample and answer questions that follow.

**QUICK SERVICE LTD  
BALANCE SHEET  
AS AT 31<sup>ST</sup>/DEC/2010**

<b>Assets</b>		<b>Liabilities and Owner's Equity</b>	
<b>Fixed Assets</b>		<b>Long term liabilities</b>	
Vehicle	125,000	Long term loan	235,000
Buildings	85,000	<b>Current liabilities</b>	
Furniture	80,000	Bank overdraft	50,000
Land	135,000	Short term loan	150,000
Total Fixed Assets	425,000	Creditors	50,000
<b>Current Assets</b>		Total Current liabilities	250,000
Cash at hand	100,000	<b>Owner's Equity</b>	
Stock	80,000	Capital	270,000
Debtors	80,000	Add: Net Profit	10,000
Total current assets	260,000	Less: Drawings	80,000
		Net owner's equity	200,000
<b>Total Assets</b>	<b>685,000</b>	<b>Total Liabilities</b>	<b>685,000</b>

- a. Name the business assets
- b. Name business fixed assets
- c. Name the business current assets
- d. Name the business liabilities
- e. Name the business long term liabilities

- f. Name the business short term liabilities
  - g. Draw a simple Balance Sheet format
2. When the groups are done with discussions, guide them in sharing their responses. Discuss as a group and review **4.9 Key Facts** in their manuals together.



### Topic 4.3 Task 5

1. Have trainees form small groups. Provide each group with the information below from Rukundo Trial Balance for the month that ended January 31, 2019. Let each group analyse the trial balance and answer questions that follow.

**Rukundo  
Trial Balance  
For the Month ended January 31**

Details	Debit	Credit
Cash	2 122 000	
Account receivable	0	
Furniture	60,000	
Equipment	420,000	
Account payable		90,000
Rukundo, Capital		1 420,000
Rukundo, Withdrawal	310,000	
Revenue		1 527 000
Rent expense	50,000	
Salary expense	75 000	
Total	3 037 000	3 037 000

- a. Referring to the Balance Sheet template in **4.9 Key Facts**, create a balance sheet for Rukundo as of 31<sup>st</sup> January 2019.

Possible Answer:

<b>RUKUNDO</b> <b>Balance Sheet</b> <b>As at 31st January 2019</b>					
<b>Fixed assets</b>			<b>Long term liabilities</b>		
Furniture	60.000		<b>Current liabilities</b>		
Equipment	420.000		Account payable	90.000	
<b>Total fixed assets</b>		<b>480.000</b>	<b>Total current liabilities</b>		<b>90.000</b>
<b>Current assets</b>			<b>Owner's equity</b>		
Cash	2.122.000		<b>Capital</b>	<b>1.420.000</b>	
Accountable recievable	0		<b>Add Revenue</b>	<b>1.527.000</b>	
<b>Total current assets</b>		<b>2.122.000</b>	<b>Less:</b>		
			<b>Drawings</b>	<b>310.000</b>	
			<b>Rent expenses</b>	<b>50.000</b>	
			<b>Salary expenses</b>	<b>75.000</b>	
			<b>Net owner's equity</b>		<b>2.512.000</b>
<b>Total assets</b>		<b>2.602.000</b>	<b>Total liabilities</b>		<b>2.602.000</b>

b. What are the:

- i. Total business assets
- ii. Total business liabilities
- iii. Net worth or owner's equity

2. When the groups are done with the discussions, guide them in sharing their responses and discuss.



### Application Activity



#### Topic 4.3 Task 6:

1. Tell trainees to refer to their business idea and business plan developed in the previous Learning Unit. Let them use the information to answer the following.
  - a. Identify all the business assets (fixed and current).
  - b. Identify all the business liabilities (long term and short term).

- c. What will be your contribution as the owner?
  - d. Using the above information, prepare a start-up Balance Sheet for your business idea/business using an appropriate format.
2. When the groups are done with the discussions, guide them in share their responses and discuss.



### Points to Remember

- **Balance sheet.** A statement of the assets, liabilities, and capital of a business or other organization at a particular point in time, detailing the balance of income and expenditure over the preceding period.
- **Assets = Liabilities + Owner's Equity**



### Formative Assessment

Have trainees study the following information and answer the questions that follow.  
The following balances are taken from the books of BAGIRAYABO Company Ltd at the end of his first year trading on 31 December 2014.



Sales		40000
Purchases	18500	
Wages and salaries	5100	
Repairs and maintenance	1300	
Heating and lighting	900	
General expenses	1200	
Insurance	800	
Cash at bank	2200	
Cash in hand	1300	
Trade receivables	4100	
Trade payables		3400
Premises	30000	
Fixtures and fittings	10000	
Motor vehicle	8000	
Capital at 1 January 2014		52000
Drawings	12000	
	<u>95400</u>	<u>95400</u>

**The following additional information is available:**

Inventory at 31 December 2014 was valued at 4500FRW.

1. Identify all the business assets (fixed and current).

**Possible Answers:** Premises, Fixtures and fittings, Motor vehicle, Cash at bank, Cash in hand, Trade receivables.

2. Identify all the business liabilities (long term and short term).

**Possible Answers:** Trade payables, Capital at 1<sup>st</sup> January 2014

3. Identify the owner's equity.

**Possible Answers:** Sales, Purchases, Wages and Salaries, repairs and maintenance, Heating and Lighting, General Expenses, Insurance, Drawings

4. Using the above information, prepare start-up Balance Sheet for the business idea/business using an appropriate format.

Possible Answer:

BAGIRAYABO Company Ltd					
Balance Sheet					
As at 31 December 2014					
Fixed assets			Long term liabilities		
<i>Premises</i>	30.000		<b>Total long term liabilities</b>		0
<i>Fixtures and fittings</i>	10.000		<b>Current liabilities</b>		
<i>Motor vehicle</i>	8.000		Trade payables	3.400	
<b>Total fixed assets</b>		<b>48.000</b>	<b>Total current liabilities</b>		<b>3.400</b>
Current assets			Owner's equity		
<i>Cash at bank</i>	2.200		Capital	52.000	
<i>Cash in hand,</i>	1.300		<b>Add:</b>		
			Revenue (Sales)	40.000	
<i>Trade receivables</i>	4.100		<b>Less:</b>		
<b>Total current assets</b>		<b>7.600</b>	Purchases	18.500	
			Wages and Salaries,	5.100	
			Repairs and maintance,	1.300	
			Heating and Lighting,	900	
			General Expenses,	1.200	
			Insrance,	800	
			Drawings	12.000	
			<b>Net owner's equity</b>		<b>52.200</b>
<b>Total assets</b>		<b>55.600</b>	<b>Total liabilities</b>		<b>55.600</b>

## Summative Assessment

For your business idea proposal and business plan, describe how you will:

- a. Mobilize financial resources by collaborating with financial institutions and other sources of funds.
- b. Pay all the business expenses as per rules and regulations.
- c. Take inventory of assets according to the business model. Thorough recording and reconciling of daily financial transactions as per required standards.

### Assesment Criterion 1: Proper mobilisation of financial resources by collaborating with financial institutions and other sources of funds.

Checklist	Score	
	Yes	No
<b>Indicator 1: Identifies different sources of funds</b>		
Working		
Savings		
Loans		
Grants		
Gift/donations		
Selling property		
<b>Indicator 2: Identifies different types of financial institutions</b>		
Commercial banks		
Microfinance institutions		
Saving and lending groups (Ibimina)		
<b>Observation</b>		

**Assesment Criterion 2: Adequate payment of all the business expenses as per rules and regulations.**

Checklist	Score	
	Yes	No
<b>Indicator 1: Identifies different modes of payment</b>		
Cash		
Cheque		
Bank transfer		
Mobile money		
Etc.		
<b>Indicator 2: Identifies some necessary documents for payments</b>		
Invoice		
Receipt		
Purchase order		
Etc.		
<b>Indicator 3: Identifies some business operating expenses</b>		
Salaries		
Rent		
Tax,		
Etc.		
<b>Observation</b>		

**Assesment Criterion 3: Accurate balance sheet created based on given assets and liabilities.**

Checklist	Score	
	Yes	No
<b>Indicator 1: Identifies fixed assets</b>		
Furniture		
Building		
Land		
Etc.		
<b>Indicator 2: Identifies current assets</b>		
Cash in hand		
Cash at bank (savings)		
Stock /Goods purchased		
Etc.		
<b>Indicator 3: Identifies sources of assets</b>		
Loans from a friend or bank		
Donations		
Income/interest from business		
Etc.		
<b>Indicator 4: Identifies liabilities</b>		
Accounts payable		
Wages payable		
Other accrued expenses payable		
Etc.		
<b>Observation</b>		



## Self-Reflection

1. Ask learners to re-take the self-assessment from the beginning of the unit. They should then fill in the table in the Trainee's Manual to identify their areas of strength, areas for improvement, and actions to take to improve.
2. Discuss trainees' results with them. Identify any areas that are giving many trainees difficulty and plan to give additional support as needed (ex. use class time before you begin the next learning outcome to go through commonly identified difficult concepts).

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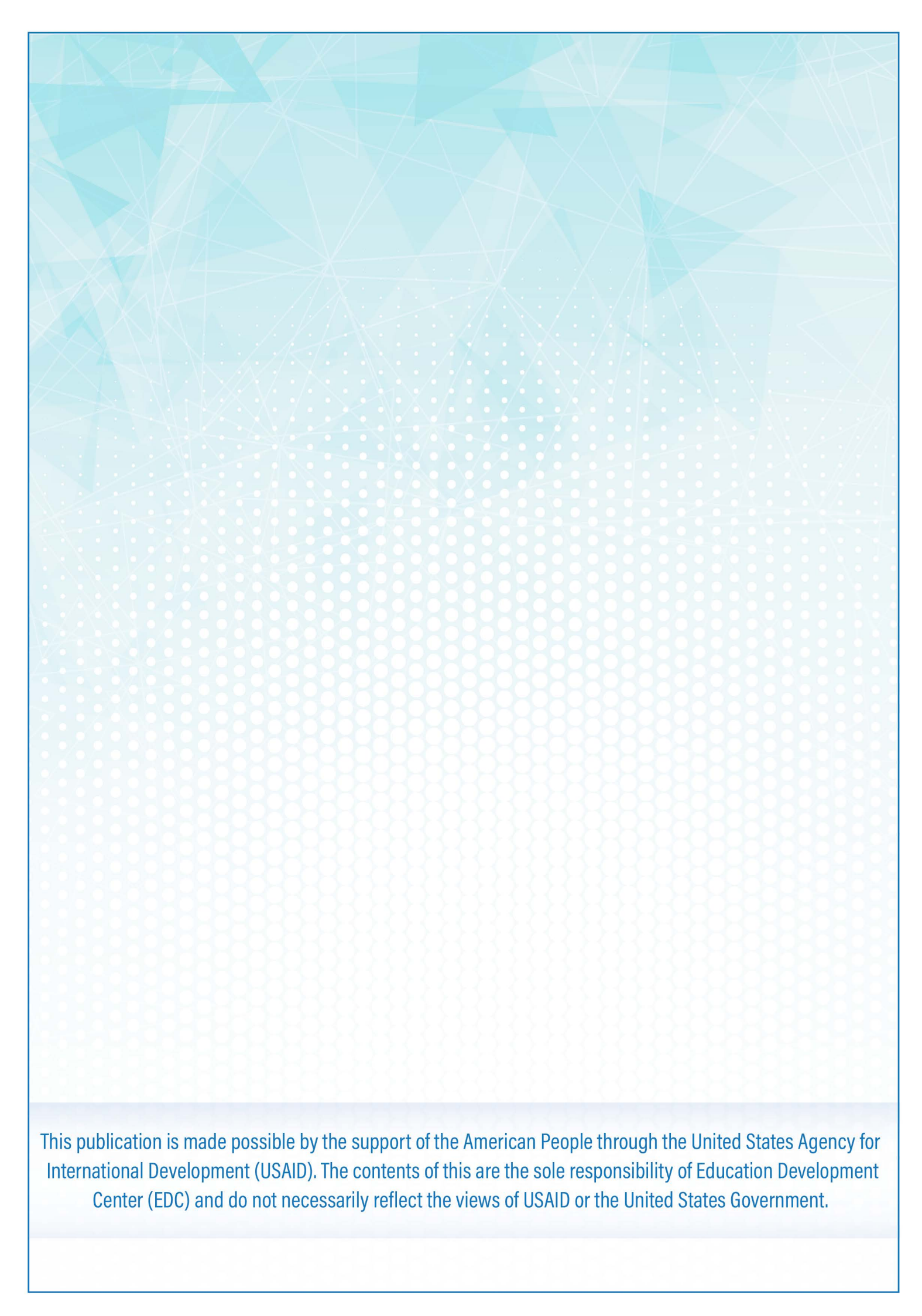
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This publication is made possible by the support of the American People through the United States Agency for International Development (USAID). The contents of this are the sole responsibility of Education Development Center (EDC) and do not necessarily reflect the views of USAID or the United States Government.

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