



**RQF LEVEL 3**



**CCMBC302**  
**HOSPITALITY**

**Create Business**

**TRAINEE MANUAL**



# CREATE BUSINESS



2023

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## FOREWORD

Welcome to the world of Technical and Vocational Education and Training (TVET) in the hospitality and tourism sector. In an era of constant evolution and growing demand for skilled professionals, the importance of specialized training cannot be overstated. As the global hospitality and tourism industry continues to flourish, the need for competent individuals equipped with relevant knowledge and practical skills has become crucial. This collection of TVET training manuals serves as a comprehensive resource for those seeking to embark on a fulfilling career or further their expertise within the hospitality and tourism sector. Developed with meticulous attention to detail and in collaboration with industry experts, these manuals offer a wealth of knowledge, practical insights, and hands-on training exercises.

The manuals cover a wide range of topics, ranging from essential foundational concepts to specialized areas within the industry. Whether you are interested in hotel management, culinary arts, event planning, travel and tourism, or any other facet of this vibrant sector, you will find invaluable guidance within these pages. At the heart of the TVET approach is the belief that learning should be both practical and relevant. These manuals have been carefully crafted to ensure that they reflect the real-world challenges and requirements of the hospitality and tourism industry. They are designed to empower learners with the skills, competencies, and confidence needed to excel in their chosen field.

Furthermore, the manuals adopt a learner-centered approach, encouraging active participation, critical thinking, and problem-solving. Throughout each module, learners are encouraged to engage in practical exercises, case studies, and interactive activities that simulate real-world scenarios. This hands-on approach allows learners to apply theoretical concepts and develop the necessary skills that are highly sought after in the industry.

We understand that education is a lifelong journey, and these manuals have been designed to cater to learners at various stages of their professional development. Whether you are a student taking your first steps in the industry, a working professional seeking to enhance your skills, or an instructor guiding aspiring individuals, you will find the manuals to be a valuable asset. I would like to express my sincere appreciation to the authors, industry experts, and educators who have contributed to the creation of these TVET training manuals. Their

dedication and expertise have ensured that the manuals are of the highest quality and relevance.

I encourage you to embrace the opportunities presented within these pages, to explore the dynamic world of hospitality and tourism, and to unlock your potential in this exciting industry. By investing in your education and acquiring the skills offered in these manuals, you are taking a significant step towards a rewarding and successful career.

Best wishes on your journey of discovery and growth in the hospitality and tourism sector.

**Dipl.-Ing. Paul UMUKUNZI**

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## ACRONYMS

<b>RTB</b>	Rwanda TVET Board
<b>SWOT</b>	Strengths Weaknesses Opportunities Threats
<b>PESTLE</b>	Political, Economic, Social, Technological, Environmental and Legal
<b>CEO</b>	Chief Executive Officer
<b>ICT</b>	Information and Communication Technology
<b>MICE</b>	Meetings, Incentives, Conferences & Exhibitions

## INTRODUCTION

Welcome to the training manual on entrepreneurship, designed for learners pursuing TVET level 3 in Rwanda. This manual, titled *Creating a Business* is a comprehensive guide to entrepreneurship for all economic sectors and trades.

The manual is structured into three units, each covering a critical aspect of creating a successful business. These units include describing basic aspects of entrepreneurship, assessing the business environment, and generating a business idea.

This manual is designed to be an interactive learning experience, comprising discovery activities that encourage learners to explore and discover concepts, problem-solving activities that require learners to think critically and come up with solutions, guided practice activities that provide step-by-step instructions and application activities that enable learners to apply their newly acquired knowledge in real-life situations.

Additionally, this manual incorporates assessment activities that provide learners with feedback on their progress and help them identify areas where they need to improve.

By the end of this manual, learners will have gained a comprehensive understanding of the key aspects of entrepreneurship, including identifying opportunities, assessing the business environment, and generating a viable business idea. They will be equipped with the necessary skills to create a successful business in any trade or economic sector. Let's get started

## **Module Units:**

**Unit 1: Describe Basic Aspects of Entrepreneurship**

**Unit 2: Assess Business Environment**

**Unit 3: Generate Business Idea**

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## UNIT 1: DESCRIBE BASIC ASPECTS OF ENTREPRENEURSHIP



Figure 1: Basic Aspects of Entrepreneurship

### Module summary:

This unit describes the knowledge, skills and attitude required to create business. It includes understanding the entrepreneurship concepts, description of the entrepreneurial characteristics, appreciating the importance of entrepreneurship together with description of the entrepreneurial cycle.

## Self-Assessment: Unit 1

1. Study Figure 1: Basic Aspects of Entrepreneurship and answer the following questions.
  - a. What do you see in the figure?
  - b. What is happening in the figure?
  - c. What do you think will be topics to be covered under this unit based on the figure?
  
2. Fill in and complete the self-assessment table below to assess your level of knowledge, skills and attitudes under this unit.
  - a. There is no right or wrong way to answer this assessment. It is for your own reference and self-reflection on the knowledge, skills and attitudes acquisition during the learning process.
  - b. Think about yourself: do you think you have the knowledge, skills or attitudes to do this? How well?
  - c. Read the statements across the top. Put a check in the column that best represents your level of knowledge, skills or attitudes.
  - d. At the end of this unit, you will assess yourself again.

My experience	I don't have any experience doing this.	I know a little about this.	I have some experience doing this.	I have a lot of experience with this.	I am confident in my ability to do this.
Knowledge, skills and attitudes					
Define basic concepts of entrepreneurship					
Identify characteristics of Entrepreneurs					
Describe the role of entrepreneurship and entrepreneur					

<b>My experience</b>	<b>I don't have any experience doing this.</b>	<b>I know a little about this.</b>	<b>I have some experience doing this.</b>	<b>I have a lot of experience with this.</b>	<b>I am confident in my ability to do this.</b>
<b>Knowledge, skills and attitudes</b>					
Identify characteristics of successful entrepreneurs					
Describe competences lacking in Unsuccessful entrepreneurs					
Explain the importance of Entrepreneurship					

### Key Competencies:

<b>Knowledge</b>	<b>Skills</b>	<b>Attitudes</b>
1. Define the concept of entrepreneurship	1. Differentiate innovation, creativity and invention	<ul style="list-style-type: none"> <li>▪ Be open-minded</li> </ul>
2. Describe the characteristics of entrepreneurship	2. Differentiate a business and an enterprise	<ul style="list-style-type: none"> <li>▪ Innovative and creativity</li> </ul>
3. Describe the role of entrepreneurship in the community	3. Apply basic creativity and innovation	<ul style="list-style-type: none"> <li>▪ Flexibility while performing activities</li> </ul>
4. Describe the characteristics of successful entrepreneurs	4. Identify successful entrepreneurs in the community	<ul style="list-style-type: none"> <li>▪ Be innovative and creative</li> </ul>
5. Describe the qualities of an entrepreneur	5. Identify unsuccessful entrepreneurs in the community	<ul style="list-style-type: none"> <li>▪ Be fair or unbiased while Describe competences lacking</li> </ul>

		in Unsuccessful entrepreneurs
6. Describe competences lacking in Unsuccessful entrepreneurs	6. Exhibit characteristics of an enterprising person	<ul style="list-style-type: none"> <li>▪ Use community things responsibly</li> </ul>
7. Identify things provided by entrepreneurs in the community	7. Produce a list of things provided by entrepreneurs to the community	<ul style="list-style-type: none"> <li>▪ Innovative and creativity</li> </ul>
8. Describe the general importance of entrepreneurs	8. Differentiate the various components of the entrepreneurial cycle	
9. Describe the entrepreneurial cycle	9. Arrange the components of the entrepreneurial cycle	
10. Describe the various components of the entrepreneurial cycle		

## Discovery activity

### Task 1:

You have heard about people saying, “I want to be an entrepreneur, I am an entrepreneur, or talk about entrepreneurship”. Probably you have studied entrepreneurship as a subject at your school.

- a. Who is an entrepreneur?
- b. Do you want to be an entrepreneur? Why? Why not?
- c. Give examples of entrepreneurs you know in the community
- d. What is the importance of entrepreneurship to your community?

## Topic 1.1: Explanation of Entrepreneurship Concepts

### Activity 1: Problem Solving

#### Task 2:

Using the background knowledge on business, answer the following questions:

- 1) Who do you think is an entrepreneur?
- 2) What do you think the concept of entrepreneurship means?
- 3) What do you think these terms of entrepreneurship mean?
  - a. Business
  - b. Enterprise
  - c. Innovation
  - d. Creativity
  - e. Invention
- 4) Why do you think entrepreneurship is important in the community?
- 5) What characteristics do you think entrepreneurs should possess?

## Key Facts 1: Explanation of Entrepreneurship Concepts

### ✓ Definition of Entrepreneurship Basic Concepts

- **Business:** refers to an organization or enterprising entity engaged in commercial, industrial, or professional activities.
- **Entrepreneurship:** the ability and readiness to develop, organize and run a business enterprise in order to make a profit.
- **Intrapreneurship:** refers to a system within an enterprise which allows an employee to act like an entrepreneur.
- **Entrepreneur:** a person who starts an enterprise with the associated risks to make a profit.
- **Enterprise:** this refers to a for-profit business started and run by an entrepreneur
- **Creativity:** refers to the ability to develop original concepts, ideas, services and products
- **Innovation:** refers to the ability to create changes to or build on already existing ideas, services and products
- **Invention:** refers to the creation of a new idea or concept

### ✓ Characteristics of Entrepreneurship

- **Ability to take a risk** – starting any new venture involves a considerable amount of failure risk
- **Innovation** – it should be highly innovative to generate new ideas, start an enterprise and earn profits out of it
- **Visionary and leadership quality** – entrepreneurs should have a clear vision of the new venture and be able to guide their employees towards success
- **Open minded** – ability to identify and take opportunity of every circumstance and turn it into an opportunity for the benefit of the enterprise
- **Flexibility** – ability to be flexible and open to change according to the situation.
- **Know your product** – ability to know the product offerings and also be aware of the latest trends in the market.

### Role of entrepreneurship (Business and Community)



**Figure 2: Role of Entrepreneurship in development <sup>1</sup>**

- **Promotes innovation:** entrepreneurship leads to innovation, creation of new products and services that solve various problems in the community.
- **Create Jobs:** entrepreneurship leads to creation of new businesses and creation of numerous employment opportunities
- **Raise standards of living:** entrepreneurship leads to increase in demand which result into increases in the incomes and standards of living of the people
- **Creates economic growth:** entrepreneurship boosts the GDP per capita of the country and helps in achieving the economic development goals.
- **Help other entrepreneurs:** help others entrepreneurs to avoid wasting time and making mistakes and to perform better.
- **Entrepreneurship accelerates economic growth:** by creating new products and services, they stimulate new employment, which ultimately results in the acceleration of economic development.
- **Entrepreneurship promotes innovation:** by producing new products and services or bringing innovation to existing products and services, entrepreneurship improve people's lives

<sup>1</sup> <https://jcventures.in/wp-content/uploads/2018/12/cmd-img.png>

- **Entrepreneurship can promote social changes:** entrepreneurship brings new technologies and systems that ultimately bring changes to the society
- **Entrepreneurship promotes research and industrial development:** along with producing new business ideas and thinking out of the box, entrepreneurship promotes research and development.
- **Entrepreneurship develops and improves existing enterprises:** through modernizing production processes, implementing new technology in the overall distribution and marketing process, they help the existing enterprises to utilize existing resources in a more efficient way.



### Task 3:

- 1) List any 10 items you use everyday that you think were made by an entrepreneur
- 2) List any 5 things used by the general community that you think were made by entrepreneurs
- 3) Do you think entrepreneurs are useful in our community? Give reasons to support your answer

### **Key Facts 1. 3: Importance of entrepreneurs ( In business and in Community)**

- **Basis of business:** the entrepreneur is regarded as the basis of business and prophet of business
- **Organizer of the society's productive resources:** an entrepreneur discovers various new uses of raw materials and semi-finished products
- **Creation of industrial environment:** industrial entrepreneurs create industrial awakening and industrial environments in the country
- **Captain of industries:** the entrepreneur does not only bear risks and uncertainties but is also the manager, predictor, inventor of new production methods and the builder of economic structure to maximize profits
- **Removal of poverty:** through increasing employment opportunities by establishing new industries, the entrepreneur which removes people out of poverty
- **Helpful in capital formation:** the entrepreneur increases the rate of capital formation which is essential for the economic development of the country
- **Assists in removing regional disparities:** entrepreneurs play an important role in the removal of regional imbalances through establishing new industries
- **Increases in employment opportunities:** the entrepreneur creates maximum employment opportunities by way of establishing new industries, developing and expanding the existing industries, undertaking innovative activities
- **Encouragement to investigation and research:** the entrepreneur encourages new techniques of production, takes risks in using new machinery and equipment, develops the scientific approach and develops new markets also.
- **Search of new markets and developments of existing markets:** an entrepreneur develops new markets and expands the existing markets
- **Development of new production techniques:** the entrepreneur carries out various experiments for saving time, labor and capital in the production, as well as improving the variety and quality of the product and service
- **Development of suitable raw materials:** entrepreneurs work for the search for new sources of raw materials and semi-finished products

- **Helpful in changing the social structure:** the entrepreneur has an important role in changing the social structures and the changes become easy also
- **Contribution to the execution of government policies:** entrepreneurs cooperate the government to implement development plans of the country
- **Establishment of new business enterprises:** entrepreneurs do not get satisfied only by the establishment of an enterprise but go on making efforts by the establishment of several enterprises.
- **Production and distribution of new products and services:** the entrepreneur works out possibilities of production and distribution of new products and services through innovations, inventions and experiments
- **Minimizes socio-economic problems:** entrepreneurs help in reducing the problems prevailing in the towns and cities, like polluted environment, overcrowding, slum areas and conflicts
- **Optimum utilization of resources:** entrepreneurs enhance national productivity by efficient utilization of unused resources, with their managerial skills.
- **Establishing self-sufficient society:** entrepreneurs may be helpful in increasing capital, wealth, assets, employment, income, etc.
- **Role in social responsibilities:** regional imbalance is improving, new employment opportunities are opened, new commodities and services being produced
- **Contribution to rapid and balanced economic growth:** entrepreneurs search for industrial opportunities and establish various new industries to utilize those opportunities which result in economic development of the country.



## Activity 2: Guided Practice



### Task 4:

1. Read the concepts on the right side of the table and match with their corresponding definition

Concept	Definition of concept
Business	creation of a new idea or concept
Entrepreneurship	ability to create changes to or build on already existing ideas, services and products
Intrapreneurship	ability to develop original concepts, ideas, services and products
Entrepreneur:	a for-profit business started and run by an entrepreneur
Enterprise:	person who starts an enterprise with the associated risks to make a profit.
Creativity	a system within an enterprise which allows an employee to act like an entrepreneur
Innovation	ability and readiness to develop, organize and run a business enterprise in order to make a profit.
Invention	an organization or enterprising entity engaged in commercial, industrial, or professional activities.

2. Which of the following are not characteristics of entrepreneurship?
  - a. Ability to take a very low risk
  - b. Innovation
  - c. Know your product
  - d. Rigid
  - e. Open minded
  - f. Inflexibility
  - g. Visionary
  - h. Selfish
  - i. Leadership quality

3. Read through the statements and arrange them according to the order of the entrepreneurship process:

- Evaluation of the opportunity
- Preparation of the opportunity
- Management of the enterprise
- Identification of an opportunity
- Determination and organizing the resources



### Activity 3: Application



#### Task 5:

Think about the following entrepreneurship concepts and briefly describe where you can apply them in your daily life.

- a. Business
- b. Entrepreneurship
- c. Intrapreneurship
- d. Entrepreneur:
- e. Enterprise:
- f. Creativity
- g. Innovation
- h. Invention

## Topic 1.2: Description of Entrepreneurial Characteristics

### Activity 1: Problem Solving

#### Task 6:

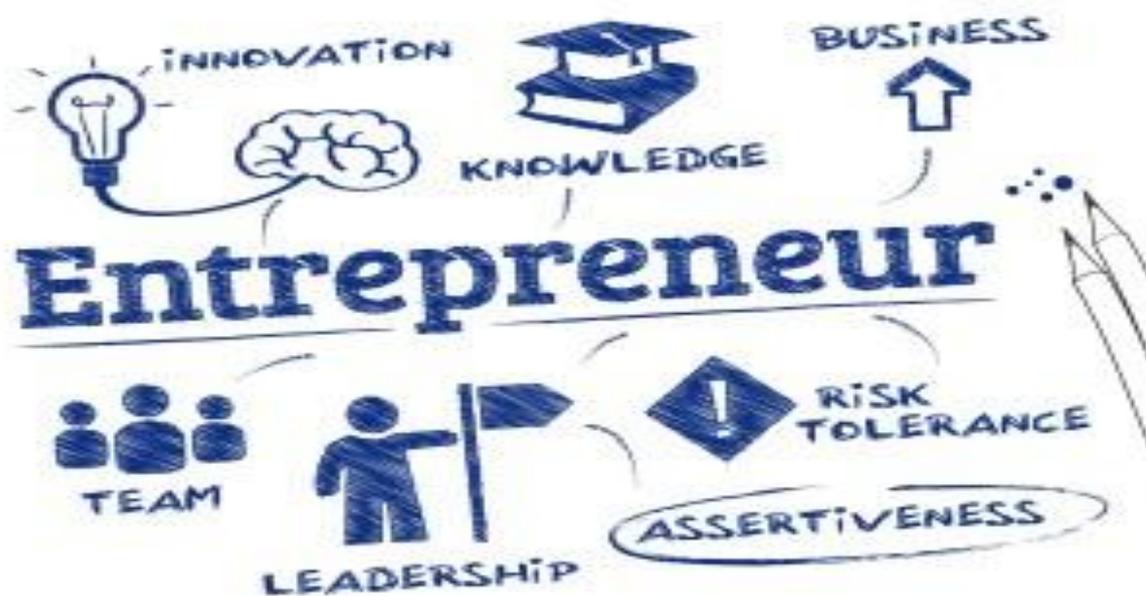


Figure 2: Characteristics of an entrepreneur<sup>2</sup>

Study figure 2: Characteristics of an entrepreneur and referring to any entrepreneur you know in your community, answer the following questions:

- Who is the entrepreneur?
- What business or activity does he/she do?
- Why do you think this person is an entrepreneur?
- What makes this person (entrepreneur) different (unique) from other people in the community?
- What do you think are the characteristics of successful entrepreneurs?
- Why do you think some entrepreneurs fail while others succeed?

<sup>2</sup> <https://www.toppr.com/guides/business-management-and-entrepreneurship/introduction-to-entrepreneurship/traits-and-characteristics-of-an-entrepreneur/>

## Key Facts 2: Description of Entrepreneurial characteristics

- **Description of Entrepreneurial characteristics**

✓ **Qualities of an entrepreneur**

- **Motivation:** hard working entrepreneurs are highly motivated to succeed
- **Creativity:** always think of new ways you can improve your business's workflow, productivity, and bottom line.
- **Persuasiveness:** need to be persuasive when presenting your ideas or convincing a client
- **Vision:** always keep an eye on your goals especially through strategic planning
- **Versatility:** ability to adapt new technology and keeping your skills current
- **Risk tolerance:** do not be afraid to take risks when pursuing new clients or testing a new product
- **Flexibility:** adapt to change and solve problems as they arise
- **Decisiveness:** ability to take actions when needed and knowing how to prioritize tasks and make decisions quickly
- **Collaboration:** you have to be an effective team player

✓ **Characteristics of successful entrepreneurs**

- **Curiosity:** ability to remain curious which allows them to continuously seek new opportunities
- **Structured experimentation:** with every new opportunity, an entrepreneur must run tests to determine if it's worthwhile to pursue
- **Adaptability:** evaluate situations and remain flexible to ensure the business keeps moving forward, no matter what unexpected changes occur
- **Decisiveness:** an entrepreneur has to make difficult decisions and stand by them – confidence to make challenging decisions and see the through to the end
- **Team building:** they surround themselves with teammates who have complementary talents and contribute to a common goal
- **Risk tolerance:** successful entrepreneurs are comfortable encountering some level of risk, however, their risk tolerance is tightly related to their efforts to mitigate it

- **Comfortable with failure:** successful entrepreneurs prepare themselves for, and be comfortable with failure
- **Persistence:** successful entrepreneurs are willing to learn from mistakes, continue asking questions, and persist until they reach their goal
- **Innovation:** successful entrepreneurs improve existing products or services and drastically improve them to meet changing needs of the market.
- **Long term focus:** successful entrepreneurs focus on the process of running their businesses from beginning to end to ensure long-term success

#### ✓ **Competences lacked by Unsuccessful entrepreneurs**

- **Inflexibility:** the inability to take your business where it needs to go or grow as an entrepreneur
- **Short-term thinking:** unsuccessful entrepreneurs look for quick success. Success involves doing wrong things in order to get a few things right
- **Lacking focus:** unsuccessful entrepreneurs do not fully give 100% attention and effort to the success of their business
- **Poor problem solving skills:** unsuccessful entrepreneurs lack the skills to solve unexpected problems with calm, clarity and commitment to their vision
- **Un-generosity:** unnecessary entrepreneurs are stingy with their time and resources including content, advice and support for their peers
- **Not goal oriented:** they are not strategic in their plans and have no clear idea of what they want to achieve and how they plan to do it
- **Not committed to their business:** they are easily defeated, don't view failure as an opportunity for future success.
- **Not hands-on:** they are not inherently proactive and if something needs to get done, they do not do it themselves
- **They do not thrive on uncertainty:** they fear on facing new challenges and they are not calm in the face of those challenges
- **Do not look for opportunities to improve:** they do not generate new and innovative ideas
- **They are not willing to take risks:** they take low risks which are less paying.

- **Entrepreneurs are willing to listen and learn:** they do not seek advice from others and so rarely listen to advice
- **They lack people skills:** they lack good communication skills, they cannot motivate, inspire, and influence those around them



## Activity 2: Guided Practice



### Task 7:

1. Think of any people you know and who inspire you as successful entrepreneurs in your community.
  - a. Who are those people?
  - b. Which businesses or activities do they do?
  - c. Why do you think they are successful entrepreneurs?
2. Think of any people you know who you think are not successful entrepreneurs in your community.
  - a. Who are those entrepreneurs?
  - b. Which businesses or activities do or did they use to do?
  - c. Why do you think they are unsuccessful entrepreneurs?



## Activity 3: Application



### Task 8: Entrepreneurial Characteristics-self assessment

What characteristics of successful business owners do I possess?

Many young people like you think about becoming business owners or entrepreneurs.

Since no one has the secret formula for being successful in business, the results of this

assessment cannot tell you 100% if you should become a successful entrepreneur or not. Instead, the assessment can help you know yourself better.

Read the entrepreneurial characteristic and put (X) on the choice that best describes you as an entrepreneur

<b>Entrepreneurial Characteristics and Qualities</b>	<b>Yes, this is definitely me.</b> 	<b>I don't really know.</b>	<b>No way! This is definitely NOT me.</b>	<b>This is crucial/ I need to improve this!!</b> 
I do things by my own. Nobody has to tell me to get going.				
I can keep going as long as I need to. I don't mind working hard for something I want.				
I work more than most people.				
I am patient with people. I can easily bear with anybody regardless of any kind of behavior.				
I like to take charge of things and see them through.				
I like to have a plan before I start. I am usually the one to get things organized when the group wants to do something.				
If I make up my mind to do something, I don't let anything stop me.				

I always try to do something with the limited resources I have.				
I don't waste resources, make unnecessary phone calls, and spend money without a plan.				
I am highly motivated and self-driven				
Even if someone tells me it can't be done, I have to try it myself.				
I know what I want and I have a plan to achieve it				

- If most of your answers were, **“Yes this is definitely me”** then you possess many characteristics for successful entrepreneurs.
- If most of your answers were **“I don't know,”** then take some more time to get to know yourself. Don't worry, it's better to say, **“I don't know”** than to give an answer you are not comfortable with!
- If most of your answers were **“No way! This is definitely NOT me!”** you may not be ready or you may not be suited to or may not possess the characteristics of successful entrepreneurs.
- Also you may definitely possess the characteristics of successful entrepreneurs or business owners but need to improve or work on those characteristics to boost your chances of succeeding in business

## Topic 1.3: Description of Entrepreneurial cycle

### Activity 1: Problem Solving

#### Task 9:

Visit your library or computer lab and do research on the following aspects of the entrepreneurship cycle.

- a. Planning
- b. Opportunity evaluation
- c. Idea generation
- d. Growth
- e. Company formation/launch

#### Key Facts 1. 4: Description of Entrepreneurial cycle

- ✓ **Idea generation:** every new venture begins with an idea, which could be description of a need or problem
- ✓ **Opportunity evaluation:** you ask whether the opportunity is worth investing in,
  - Is there a sufficiently attractive market opportunity?
  - Is your proposed solution feasible, both from a market perspective and a technology perspective?
  - Can we compete (over a sufficiently interesting time horizon): is there sustainable competitive advantage?
  - Do we have a team that can effectively capitalize on this opportunity?
  - What is the risk / reward profile of this opportunity, and does it justify the investment of time and money?
- ✓ **Planning:** plan to capitalize on opportunity:
  - Strategy
    - Target customer
    - Business model
    - Position
    - Milestones / company objectives
  - Operating plan
    - Company timeline

- Staffing plan
- Budget
- Financing plan
- ✓ **Company formation/launch:**
  - Choose the right form of corporate entity
  - Actually, create the enterprise as a legal entity
- ✓ **Growth:** after launch,
  - Create products or service
  - Generate revenue
  - Move toward sustainable performance
  - Shift from planning to execution
  - Spend more time carrying out the plans



## Activity 2: Guided Practice



### Task: 10

Read through the statements and arrange them according to the order of the entrepreneurship process.

- a. Planning
- b. Opportunity evaluation
- c. Idea generation
- d. Growth
- e. Company formation/launch



## Activity 3: Application



### Task 11:

Think of any product or idea you want to start and describe the process you will go through. Make a report describing the whole process.

## Formative Assessment

1. Read the following statements (meaning) and complete them with the correct words

Meaning	Correct words
Refers to an organization or enterprising entity engaged in commercial, industrial, or professional activities.	
The ability and readiness to develop, organize and run a business enterprise in order to make a profit.	
Refers to a system within an enterprise which allows an employee to act like an entrepreneur.	
A person who starts an enterprise with the associated risks to make a profit.	
This refers to a for-profit business started and run by an entrepreneur	
Refers to the ability to develop original concepts, ideas, services and products	
Refers to the ability to create changes to or build on already existing ideas, services and products	

2. Why do you think entrepreneurship is important in the community?
3. The following are characteristics of entrepreneurs except
- Ability to take a risk
  - Fears Innovation
  - Visionary and leadership quality
  - Open minded
  - Inflexibility
  - Know your product

## Points to Remember

- **Entrepreneur's characteristics:**
  - ✓ Creativity
  - ✓ Responsibility
  - ✓ Curious
  - ✓ Goal Oriented
  - ✓ Independent
  - ✓ Risk taker
  - ✓ Action oriented
  - ✓ Positive attitude
- **Importance of Entrepreneurship**
  - ✓ Acceleration of economic growth
  - ✓ Promoting innovation
  - ✓ Promoting social changes
  - ✓ Promoting research and development
  - ✓ Developing and improving existing enterprises

## Self-Reflection

1. Fill in and complete the self-assessment table below to assess your level of knowledge, skills and attitudes after the unit.
  - a) There is no right or wrong way to answer this assessment. It is for your own reference and self-reflection on the knowledge, skills and attitudes acquisition after the learning unit.
  - b) Think about yourself: do you think you have improved in the knowledge, skills or attitudes to do this? How well?
  - c) Read the statements across the top. Put a check in the column that best represents your level of knowledge, skills or attitudes.

2. Fill in the table below and share results with your trainer for further guidance.

<b>Areas of strength</b>	<b>Areas for improvement</b>	<b>Actions to be taken to improve</b>
1.	1.	1.
2.	2.	2.
3.	3.	3.

## UNIT 2: ASSESS BUSINESS ENVIRONMENT



Figure 3: Types of Business Environment<sup>3</sup>

### Unit summary:

This unit describes the knowledge, skills and attitude required to assess the business environment. It includes identifying business opportunities based on results from the business environment together with identifying business opportunities related to made in Rwanda.

<sup>3</sup> <https://getuplearn.com/blog/types-of-business-environment/>

## Self-Assessment: Unit 2

1. Study Figure 3: Types of Business Environment and answer the following questions.
  - a. What do you see in the figure?
  - b. What is happening in the figure?
  - c. What do you think will be topics to be covered under this unit based on the figure?
  
2. Fill in and complete the self-assessment table below to assess your level of knowledge, skills and attitudes under this unit.
  - a. There is no right or wrong way to answer this assessment. It is for your own reference and self-reflection on the knowledge, skills and attitudes acquisition during the learning process.
  - b. Think about yourself: do you think you have the knowledge, skills or attitudes to do this? How well?
  - c. Read the statements across the top. Put a check in the column that best represents your level of knowledge, skills or attitudes.

At the end of this unit, you will assess yourself again.

<b>My experience</b>	<b>I don't have any experience doing this.</b>	<b>I know a little about this.</b>	<b>I have some experience doing this.</b>	<b>I have a lot of experience with this.</b>	<b>I am confident in my ability to do this.</b>
<b>Knowledge, skills and attitudes</b>					
Explain a business environment					
Categorize business environment					
Analyze environmental trends					

<b>My experience</b>	<b>I don't have any experience doing this.</b>	<b>I know a little about this.</b>	<b>I have some experience doing this.</b>	<b>I have a lot of experience with this.</b>	<b>I am confident in my ability to do this.</b>
<b>Knowledge, skills and attitudes</b>					
Identify business Opportunity based on results from business environment					
Identify business opportunity related to Made in Rwanda					
Explain what made in Rwanda means					
Explain the aim of Made in Rwanda policy					
Explain the vision of made in Rwanda policy					
Describe the objectives of made in Rwanda					
Describe the challenges of Made in Rwanda					
Describe the guiding principles of Made in Rwanda					

My experience	I don't have any experience doing this.	I know a little about this.	I have some experience doing this.	I have a lot of experience with this.	I am confident in my ability to do this.
Knowledge, skills and attitudes					
Describe the pillars of Made in Rwanda policy					
Describe business opportunities related to Made in Rwanda					

## Key Competencies:

Knowledge	Skills	Attitudes
1. Explain a business environment	1. Differentiate internal and external business environment	▪ Be creative
2. Explain business environment analysis	2. Differentiate micro and macro internal business environment	▪ Be details oriented
3. Describe the categories of business environment	3. Analyze a business environment	▪ Be critical thinker
4. Explain the meaning of 'gap in the market'	4. Follow steps to involved business opportunity identification	▪ Detail oriented
5. Describe the steps involved in business opportunity identification	5. Use various tools to analyze the business environment	▪ Appreciative of products made in Rwanda
6. Describe the tools used in business opportunity analysis	6. Carry out a SWOT Analysis to analyze gaps in the business environment	▪ Encourage other people to buy Made in Rwanda products
7. Define Made in Rwanda	7. Differentiate Made in Rwanda products and those imported	▪ Use Made in Rwanda products
8. Explain the aims, vision, and objectives of Made in Rwanda	8. Produce Made in Rwanda Products	
9. Describe the challenges faced by Made in Rwanda	9. Take advantage of the existing opportunities of Made in Rwanda	

10. Describe the pillars and principles of Made in Rwanda		
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## Discovery activity

### Task 12:

Think about businesses in your community and answer the questions below.

- 1) What things make up the business?
- 2) What factors affect the business operation in your community?
- 3) What term or name is given to the things or factors identified in (1) and (2) above?
- 4) What do you understand about the business environment?
- 5) What do you think will be covered under this topic?

## Topic 2.1 Analysis of Business environment

### Activity 1: Problem Solving

#### Task 13:

Visit your library and computer lab and make a research on the following aspects of the business environment:

- a. Meaning of business environment
- b. Categories of business environment
  - i. Internal business environment (Value system, mission and objectives, corporate culture and style of functioning of top management, quality of human resources, labor union, physical resources and technological capabilities)
  - ii. External business environment (PESTLE (Political, Economic, Social, Technological, Environmental and Legal))
- c. Environmental trends (Political, Economic, Social, Technological, Legal)

#### Key Facts 2.1: Business environment analysis

- **Business environment:** refers to the collection of all internal and external factors that affect the function of the company and how a company works directly or indirectly such as:
  - ✓ employees,
  - ✓ customer needs and expectations,
  - ✓ supply and demand,
  - ✓ management,
  - ✓ clients,
  - ✓ suppliers,
  - ✓ owners,
  - ✓ activities by the government,
  - ✓ innovation in technology,

- ✓ social trends,
- ✓ market trends, and
- ✓ economic changes.
- **Business environment** helps in:
  - ✓ identifying business opportunities,
  - ✓ tapping useful resources,
  - ✓ assists in planning, and
  - ✓ improves the overall performance, growth, and profitability of the business.
- **Business Environmental scanning** refers to a constant and careful analysis of the internal and external environment of an organization in order to detect:
  - ✓ Opportunities
  - ✓ Threats
  - ✓ Trends
  - ✓ Important lessons
  - ✓ Weaknesses
- **Categories of business environment**

Business Environment can be classified as follows:



Figure 2: Categories of Business Environment

## ✓ Internal Business Environment

refers to those factors within the enterprise that affect the function of the enterprise directly or indirectly



Figure 3: Categories of Internal Business Environment

The major internal business factors that affect the business include:

- **Value system:** the values of the founder/owner of the business penetrates down and has a reflective effective effect on the entire enterprise
- **Vision and objectives:** the vision and objective of a business guides its operations and strategic decisions
- **Management structure and nature:** the structure management/board and their style of functioning, the level of professionalism of management, the composition of the board affect the decision making.
- **Internal power relations:** the relations among board members, between board members and the CEO and the level of support enjoyed by the board from its stakeholders affect decision making and its implementation in the enterprise
- **Human resources:** the quality, skill competency, right attitude and commitment of its human resources is essential for the success of an enterprise
- **Company image:** the image of an organization plays an important role in:

- Introducing new products,
- selecting agents and dealers for distribution,
- forging alliances with suppliers,
- expanding and entering new markets both domestic and international,
- Raising finance.
- **Other factors:** the enterprise's ability to innovate reflected by:
  - its research and development,
  - the strength of its financial position and the capital structure
  - the efficiency in managing the marketing and distribution network
  - the physical resources like plant, building technology

✓ **External Business Environment**

refers to the factors outside the enterprise beyond the control of an enterprise and hence uncontrollable but affect the working of an enterprise

External Business Environment is subdivided into:

- **Micro environment:** these are factors which are in the immediate environment of the business which affect its performance.



Figure 4: Categories of Micro Business Environment

Micro environment includes the following:

- **Financiers:** the financial capability, policies strategies, attitude towards risk and ability to give non-financial assistance are all important to a business
- **Suppliers:** the suppliers of raw materials and other inputs play a vital role in continuity in production and reduces the cost of maintaining stock/inventory
- **Marketing channel members:** the marketing intermediaries serve as a connecting link between the business and its customers.
- **Public:** refers to any group like media group, citizen action group and local public which has an impact on the business
- **Customers:** it is essential for any business to understand the needs of its different customers like individuals, retailers, wholesalers, industries and government sectors.
- **Competitors:** these could be for the same products or for similar products.
- **Macro Environment:** the overall or general environment in which the business operates which offer enormous opportunities and also pose serious threats to the business



Figure 5: Categories of Macro Business Environment

Macro Environment factors include the following:

- **Economic environment:** the multiple variables in the macro environment which has a bearing on a business such as:
  - The nature of economy based on the stage of development

- The nature of economic system
- The economic policies of a nation
- Economic indices
- Development of financial markets
- Economic structure

● **Socio-cultural environment:** these are all factors of the society in which the business is located including:

- The social institution and groups
- Family structure prevalent in the society
- Role of marriage as an institution
- Caste system in the society
- Customs, beliefs and values
- Demographic factors which includes the size, composition, literacy level, distribution and mobility of the population
- The lifestyle of people and their tastes, likes and preferences

✓ **Political and Legal environment:** the framework for running a business is given by the political and legal environment elements including:

- Political stability (election system, law and order situation, civil war, etc.)
- Political organization (ideology and philosophy of the political parties, etc.)
- The image of the leader and the country in the international arena
- Legal framework of business and their degree of flexibility
- The constitution of the nation
- The foreign policy of the country with special reference to tariffs and free trade

✓ **Geo-physical environment:** the natural, geographical and ecological factors have a bearing on the business including:

- The availability of natural resources like minerals, oil, etc.
- The weather and climatic conditions and availability of water and other natural resources
- Topographical factors like the terrain types of business
- Ecological factors such as policies for ecological conservation and prevention of pollution
- Location of certain industries influenced by the geographical conditions

- Availability of natural harbors and port facilities for transporting goods.

✓ **Technological environment:** the development in IT and telecommunications has created a global market. The dynamic environment also includes:

- The level of technology available within the country
- Rate of change in technology
- Technology adopted by competitors
- Technology obsolescence

✓ **Global environment:** with rapid growth of technology the physical boundaries are fast disappearing and the new global market emerging. The international factors which affects a business include:

- Differences in language and culture
- Differences in currencies
- Differences in norms and practices
- Differences in tastes and preferences of people
- The tax structure relating to import and export
- Differences in the degree of adoption of technology



## Activity 2: Guided Practice



### Task 13:

Read the following case study and answer questions that follow.

#### Case study: Uwimana's Boutique

Uwimana is a TVET III graduate, who wants to start a business (Uwimana Boutique), in Nyamirama, Kayonza district. Uwimana's Boutique will sell tasty soft drinks (soda, water, tea, coffee, milk, etc.) to customers near the market. In the neighborhood, there is a lady selling juice and tea in the market, and a man selling coffee and bread about 4 blocks away; however, Uwimana 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 FRW, Bread- 300 FRW, Coffee- 3 00 FRW, Samosa- 300 FRW, Water- 1000 FRW, Soft drink- 1000 FRW, Milk- 300 FRW.

Uwimana Boutique 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.

Uwimana plans to use flyers posted nearby and public announcements (at meetings, football matches, etc.) to promote her Boutique. 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 flavorings 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, flavoring 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 Boutique as well as other utilities like water, electricity and a telephone. She will employ an assistant and will register her Boutique with the Sector office.

From the case study, assist Uwimana with the following:

- a. Describe her business environment
- b. Describe what makes her business environment by using the following categories:
  - i. Internal business environment
  - ii. External business environment
- c. Describe what environmental trends (Political, Economic, Social, Technological, Legal) would affect her business



### Activity 3: Application



#### Task: 14

Think of any product or idea you want to start and describe the business environment that will affect your business idea. Make a report describing the various categories of business environment below:

- i. Internal business environment
- ii. External business environment

## Topic 2.2 Identification of Business Opportunity based on results from business environment

### Activity 1: Problem Solving

#### Task: 15



Figure 4: Business opportunity identification

1. Study the Figure 4: Business Opportunity identification above and answer the questions below:
  - a. What do you see in the figure?
  - b. Is there a problem that affects the community?
  - c. How can you solve the problem identified above?
  - d. Which business ideas can you identify from the situation above?
2. In one of the holidays you went to visit your relatives in one of the districts of Rwanda. While there, you realized that there is a 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 kilometers away:

- a. List all possible solutions to the problems in the area.
- b. What do you call the list of possible solutions above?
- c. Make a list of business ideas that can be identified from the problem above?

## Key Facts 2.2: Identification of Business Opportunity based on results from business environment

- **Identification of Possible gaps linked to current business Environment Needs**

**Gaps in the market** refer to opportunities to offer something that customers want but that businesses are not currently providing

**A gap** refers to the difference between supply and demand for that offering.

Whether starting a small business or looking for growth opportunities in the current business, market gaps can be amazing sources of inspiration for the next big idea

- **How to identify gaps linked to current business Environment Needs in the market?**

When developing a new product or service, it is critical to assess what needs it will fill and what your competitors are offering. This so-called gap in the market could be the difference between an astounding product launch and an equally impressive product flop.

Here are four things that you can do to find the gap linked to current business Environment Needs:

- **Start with your strengths.** Your strengths are based on your competence, or knowledge, skills, and experience. Prepare yourself to take the following steps:

- ✓ Create a list of your most important strengths.
- ✓ Describe all the strengths you have listed in the previous step.
- ✓ List the things you can do depending on those strengths.
- ✓ Relate your strengths and the things you can do with possible problems.
- ✓ Problems that you can solve for other people.

- **Find a niche in the existing market where there are unsolved problems.** You need to find a niche in an existing market where unsolved problems are related to your own strengths. You need to start with the market on which you want to focus your research on finding the specific niche. The best markets that are worth your focus will need to have:

- ✓ High demand for the solution of the problems.
- ✓ Many existing products and services solving such problems.
- ✓ Lots of easy-to-find customers.
- ✓ The competition that you can easily beat.

When you choose the existing market where you want to find the gap, you will need to take the following action steps:

- ✓ Look again at your strengths and interests. Try to find a relation with the market and the problems that companies solve on that market.
- ✓ Make a list of the specific problems that aren't currently solved and you can solve them.
- ✓ Make a list of the specific Improvements of current problem-solving processes.
- ✓ Test your conclusions from previous steps. Ensure that you test with potential customers on the market you choose.

- **Copy and improve.** Something that can help you to find the gap is to copy someone else.

The idea is to copy something that exists and offer a better, improved solution.

You will need to research what other businesses are doing on the market at different locations.

Ask yourself the following questions:

- ✓ Is there some gap that with your competencies and strengths can be filled?
- ✓ What will be extra value for customers if you fill those gaps?
- ✓ Are target market customers ready for improvements you will provide them? Can they afford what you will offer to them?
- ✓ Is it hard to copy your gap fulfillment from other companies?

If your answers to these questions are positive, you have something worth to you.

- **Research the trends on the established market**

You can find amazing gaps linked to current business Environment Needs while researching different trends there. We are moving rapidly forward. The same is true for all established markets. The technological and economic forces are changing over time. You need to take this into account.

- ✓ The following tool can be used to identify possible gaps in the current environment:

- **SWOT analysis**

**SWOT** focuses on Strengths, Weaknesses, Opportunities, and Threats in the internal and external environment respectively.

**SWOT** analysis helps the entrepreneur to determine the current position within the industry or the market.



Figure 6: SWOT Analysis Matrix<sup>4</sup>

- **Internal Factors**
  - **Strengths** 😊 **(positive)** these are internal tangible and intangible attributes that determine the organization's strong points.
  - **Weaknesses: (Negative)** these are internal tangible and intangible attributes where an organization might improve including customer's opinion and opinion from other cue market players
- **External factors**
  - **Opportunities: (Positive)** this refers to a major situation in a company's environment and represents the reason for form to exist and develop. These opportunities may come from:
    - ❖ changes in competitive or regulatory circumstances,
    - ❖ changes in government policy related to your field technological changes
  - **Threats: (Negative)** these are external factors on which the organization does not have control such as:
    - ❖ The entrance of new competitors
    - ❖ Slow market growth,
    - ❖ Increased bargaining power of key buyers or suppliers
    - ❖ Technological changes, etc.

<sup>4</sup> <http://www.businessplantool.org/Dokumenti/SWOT%20analysis.pdf>

- Carrying out a SWOT Analysis to analyze gaps in the business environment:
  - i. Gather a team of experts from the relevant department so that their expertise will help you identify the problem and the gaps immediately
  - ii. Create a SWOT analysis matrix
  - iii. List down all the internal strengths and weaknesses of your business
  - iv. Note down the opportunities and threats that might be caused to your business from an external environment
  - v. Rearrange each bullet point in an order of highest priority right at the top and the least important ones at the bottom
  - vi. Analyze how you can use your strengths to minimize weaknesses and use the best available opportunities to avoid or get rid of the threats



## Activity 2: Guided Practice



### Task: 16

**Read the paragraph below and answer questions that follow**

The purpose of conducting a SWOT analysis on your business idea is to identify gaps linked to current business Environment Needs.

- a. What do you think SWOT stands for?
- b. What are some of the benefits of conducting a SWOT analysis for your business idea?
- c. Choose one business idea and write the questions/factors you are likely to consider while identifying gaps linked to current business Environment Needs.

Complete the table below by listing the questions for each word.

Strengths	Weaknesses
Opportunities	Threats



### Activity 3: Application



#### Task: 17

1. Visit your community. Identify business ideas you can start.

Use the steps to identify gaps linked to current business Environment Needs for your any business idea.

Make a report of the gaps identified for your business ideas which should include:

- a. The business idea identified
  - b. The steps followed to identify the gaps?
  - c. The gaps identified for your business idea
2. For the business ideas generated above in (1),
    - a. Perform a SWOT analysis to select good business ideas using the template.

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"><li>• .</li><li>• .</li><li>• .</li></ul>	<ul style="list-style-type: none"><li>• .</li><li>• .</li><li>• .</li></ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"><li>• .</li><li>• .</li><li>• .</li></ul>	<ul style="list-style-type: none"><li>• .</li><li>• .</li><li>• .</li></ul>

## Topic 2.3 Identification of Business opportunity related to Made in Rwanda

### Activity 1: Problem Solving

#### Task: 18



Figure 5: Made in Rwanda<sup>5</sup>

By studying the Figure 5: Made in Rwanda above and referring to what you have heard about Made in Rwanda, answer the following questions, visit your school library or the computer lab and make a research on the following aspects of Made in Rwanda:

- a. The meaning of Made in Rwanda Program?
- b. The aim of Made in Rwanda Policy
- c. The vision of Made in Rwanda Policy
- d. The objectives of Made in Rwanda Policy
- e. The challenges to Made in Rwanda Policy

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<sup>5</sup> <https://imbere.rw/2022/08/07/made-in-rwanda-objectives-pillars-achievements-and-challenges/>

### Key Facts 2.3: Identification of Business opportunity related to Made in Rwanda

#### ✓ What is made in Rwanda Program?

**Made in Rwanda** is a campaign or program initiated by the Government of Rwanda in 2015, and approved in 2017, intending to address the trade deficit by boosting production of and stimulating sustainable demand for competitive Rwanda value-added products

#### ✓ Aim of Made in Rwanda Policy

**Made in Rwanda's** aim is supporting local industries, enhancing quality and quantity of goods produced in Rwanda in order to reduce Rwanda's trade deficit. This policy also encourages Rwandans to consume more local products and services.

#### ✓ Vision of Made in Rwanda Policy

The Vision of this Policy is:

“With the Made in Rwanda Policy and an effective partnership with the private sector, the Government of Rwanda strives for economic transformation through enhanced competitiveness and industrial growth.”

#### ✓ Objectives of Made in Rwanda Policy

The overall objective of the MIR Policy is to:

“Address the trade deficit and increase job creation by promoting exports, boosting production of and stimulating sustainable demand for competitive Rwandan value-added products by addressing factors constraining their quality and cost competitiveness”

This policy seeks to:

- Promote and develop Rwandan products that meet international standards on all aspects, including price, quality and safety.
- Reduce the trade deficit by boosting domestic supply to compete with imports, as well as improving export capabilities.
- To change the perception that Rwandan-made products are of lower quality than imports.

#### ✓ Challenges of Made in Rwanda

- Most consumers prefer local products but hesitate to buy local due to concerns over quality

- Rwandan industrialists are working under already tight margins in order to avoid passing on additional costs to consumers in an attempt to compete with imported products, which inevitably reduces their incentive to produce more and limits their ability to grow.
- Capacity Utilization remains a major issue, driven by lack of access to working capital and raw materials
- Pressing cost drivers are the cost of transport, finance and the cost of complying with GOR regulation, which covers taxes, licenses and other mandatory compliance issues.
- Limited access to raw materials, high utility costs, labor shortages, infrastructure deficits
- Landlocked: Rwanda is landlocked and transportation costs for imports and exports are among the highest in the world
- Rwanda lacks a link to regional railway networks, which means all trade is conducted by road or air
- Non-tariff barriers add to high transportation costs and contribute to inflated prices of domestically manufactured products, as most raw materials used for manufacturing need to be imported.
- Cost of electricity: Rwanda's average residential commercial electricity costs, at \$0.20 per kilowatt (kWh) before tax, exceed the rate in other East African countries
- Low purchasing power: annual per capita income at \$830 in 2019
- Low level of human resource development: general shortage of skilled labor including accountants, technicians, tradespeople and other skilled professionals
- Limited access to finance: high interest rates and limited local capital markets
- Competition from state-owned enterprises: some investors complain about competition from state-owned and ruling party-aligned business
- Investor aftercare issues: while business registration is easy, implementation can be less smooth due to delays in government payments for services or goods delivered, changes in memorandum of understanding (MOU) conditions during contract negotiations, and/or additional tax assessments.

- Taxation: investors have cited the inconsistent application of tax incentives and import duties as a significant challenge to doing business in Rwanda.



#### Task 20:

By studying the Figure 5: Made in Rwanda above and referring to what you have heard about Made in Rwanda, answer the following questions, visit your school library or the computer lab and make a research on the following aspects of Made in Rwanda:

- a. Guiding principles of Made in Rwanda
- b. Pillars of Made in Rwanda policy
- c. Business opportunities related to Made in Rwanda

#### Key Facts 2.8: Made in Rwanda

- **Guiding principles of Made in Rwanda**

The following guiding principles have guided the Made in Rwanda policy:

- ✓ **Safeguarding competition:** Rwanda is an open market economy, committed to regional integration, trade liberalization and private sector-led growth. Rwanda recognises the importance of the EAC and regional cooperation for the continued sustainable development of the region
- ✓ **Competitiveness is necessary for long-term development:** To achieve the Vision 2020 goals of economic transformation in a sustainable manner, the key drivers hindering the underlying competitiveness of the Rwandan economy need to be addressed
- ✓ **Meaningful public-private partnership:** Any attempt to enhance the competitiveness of the Rwandan economy needs to be grounded in meaningful relationships with the Private Sector, responding directly to identified constraints and needs, leveraging private investments, knowledge and skills.
- ✓ **GOR will facilitate economic transformation:** GOR's role is to support the emergence of a competitive private sector which will generate jobs, exports and economic

transformation. Where supply-side capacity issues hinder firms' ability to respond to market signals, GOR will support as required

- ✓ **Ensuring quality:** Cost competitiveness should not come at the expense of quality. The success and sustainability of Made in Rwanda depends on its reputation as being safe, reliable and durable

- **Pillars of Made in Rwanda policy**

This section elaborates the five key pillars of the MIR policy framework, namely:

**Pillar 1: Sector-Specific Strategies:**

Strategies must set out clear proposals for addressing gaps in:

- ✓ The policy, legal and regulatory environment
- ✓ Availability of skills, both basic and those needed for innovation
- ✓ Product testing facilities and standard certification capacity
- ✓ Existing market linkages, domestic, regionally and internationally
- ✓ Sector-specific public-private dialogue

**Pillar 2: Reducing the Cost of Production:**

Strategies must set out clear proposals for addressing the general cost of production in:

- ✓ Access to Modern Technology
- ✓ Access to Finance
- ✓ Utility Tariffs
- ✓ Access to Affordable, Serviced Land
- ✓ Skills Development and Labour Productivity

**Pillar 3: Improving Quality:**

Strategies must set out clear proposals for:

- ✓ Upgrading Quality Infrastructure and Support
- ✓ Regulation and Enforcement for Consumer Protection

**Pillar 4: Promoting Backward Linkages:**

Strategies must set out clear proposals promote:

- ✓ Access to Accurate Business Analytics
- ✓ Supplier Development Unit (SDU)
- ✓ Cluster Platforms

**Pillar 5: Mind-Set Change:**

Strategies must set out clear proposals promote:

✓ Sensitization and Communications Campaign

✓ Local Preference in Public Procurement

### **Business opportunities related to Made in Rwanda**

✓ Modernize and increase productivity of Agriculture and livestock

✓ Commercialization of crop and animal resource value chains

✓ Productivity of key crops in tons per hectare

✓ Building post-harvest handling and storage facilities

✓ Production of high-value crops

✓ Professionalization of livestock farmers and increase their output in terms of quality, volume and productivity

✓ Food processing for domestic and international markets

✓ Construction such as Wood based products, cement, metallic

✓ Information and communication Technology targeting:

✓ Domestic and international services companies

✓ Data centers

✓ Business continuity centers

✓ Agriculture and commodities

✓ Knowledge management

● Finance and Banking opportunities including:

✓ Investment banking services

✓ Asset management

✓ Insurance schemes

✓ Private equity funds

✓ Venture capital and mutual funds

✓ Mortgage and agricultural banks

✓ Brokerage activities (Rwanda Stock Exchange)

● Tourism: Rwanda has unique assets, such as

✓ mountain Gorillas,

✓ a great variety of bird species and

✓ primate species,

✓ game reserves,

✓ equatorial forest and the

- ✓ most remote source of the Nile
- Textiles and leather:
  - ✓ Establishment of a tannery to process hides and skins
  - ✓ Production of garments for local and export market
- Mining: there are opportunities for mining and trade in:
  - ✓ Tin, tungsten and Coltan
  - ✓ Gemstones such as beryl, corundum
  - ✓ Industrial minerals and rocks, such as silica sands, limestone, etc.



## Activity 2: Guided Practice



### Task: 21

1. Based on your knowledge of Made in Rwanda policy and from what you hear from the media and people:
  - a. Describe how the government of Rwanda has:
    - i. Changed the Mind-set of Rwandans about Made in Rwanda Policy
    - ii. Improved the quality of her products and services
    - iii. Reduced the cost of production for her products and services
    - iv. Promoted the backward and forward linkage
  - b. Describe some business opportunities related to Made in Rwanda Policy you can take advantage of in the following sectors
    - i. Agriculture (ex: Meat and dairy, milling products, sugar)
    - ii. Construction (ex: Wood based products, cement, metallic,...)
    - iii. Tourism (ex: Leisure tourism, MICE,..)
    - iv. Knowledge based services ( ex: Finance, ICT, Kuvugira inka, ..)
    - v. Manufacturing (ex: Texture, tiles, brick...)
    - vi. Arts crafts (Leather product, Uduseke...)



## Activity 3: Application



### Task: 22

The government of Rwanda is targeting export of some unique products to the international market and wants to do it by promoting Made in Rwanda products. You have been chosen to participate in this market.

Describe which business opportunity you would identify

Describe which unique features your business opportunity will have



### Formative Assessment

1. Read the following statements and answer TRUE or FALSE
  - a) *Business environment: refers to the collection of all internal and external factors that affect the function of the company and how a company works directly or indirectly*
  - b) *Business Environmental scanning refers to a constant and careful analysis of the internal and external environment of an organization*
  - c) *External Business Environment refers to those factors within the enterprise that affect the function of the enterprise directly or indirectly*
  - d) *Internal Business Environment refers to the factors outside the enterprise beyond the control of an enterprise and hence uncontrollable but affect the working of an enterprise*
2. For any business complete the table below by giving examples under each element of SWOT

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

3. What are the challenges to the Made in Rwanda Policy?

## Points to Remember

- **Business opportunities related to Made in Rwanda**
  - ✓ Agriculture (ex: Meat and dairy, milling products, sugar)
  - ✓ Construction (ex: Wood based products, cement, metallic,...)
  - ✓ Tourism (ex: Leisure tourism, MICE,..)
  - ✓ Knowledge based services ( ex: Finance, ICT, Kuvugira inka, ..)
  - ✓ Manufacturing (ex: Texture, tiles, brick,..)#
  - ✓ Arts crafts (Leather product, Uduseke,..)

## Self-Reflection

1. Fill in and complete the self-assessment table below to assess your level of knowledge, skills and attitudes after the unit.
  - a) There is no right or wrong way to answer this assessment. It is for your own reference and self-reflection on the knowledge, skills and attitudes acquisition after the learning unit.
  - b) Think about yourself: do you think you have improved in the knowledge, skills or attitudes to do this? How well?
  - c) Read the statements across the top. Put a check in the column that best represents your level of knowledge, skills or attitudes.
  
2. Fill in the table below and share results with your trainer for further guidance.

Areas of strength	Areas for improvement	Actions to be taken to improve
1.	1.	1.
2.	2.	2.
3.	3.	3.



Figure 6: Generation of Business Idea<sup>6</sup>

### Unit summary:

This unit describes the knowledge, skills and attitude required to generate business ideas. It includes properly explaining the concepts of business ideas, correctly generating business ideas based on identified business opportunities together with correctly analyzing business idea feasibility.

<sup>6</sup> <http://www.techstartupschool.com/training/business-idea-generation-training-course.html>

## Self-Assessment: Unit 3

1. Study Figure 6: Generation of Business Idea and answer the following questions.
  - a. What do you see in the figure?
  - b. What is happening in the figure?
  - c. What do you think will be topics to be covered under this unit based on the figure?
  
2. Fill in and complete the self-assessment table below to assess your level of knowledge, skills and attitudes under this unit.
  - a. There is no right or wrong way to answer this assessment. It is for your own reference and self-reflection on the knowledge, skills and attitudes acquisition during the learning process.
  - b. Think about yourself: do you think you have the knowledge, skills or attitudes to do this? How well?
  - c. Read the statements across the top. Put a check in the column that best represents your level of knowledge, skills or attitudes.
  - d. At the end of this unit, you will assess yourself again.

My experience	I don't have any experience doing this.	I know a little about this.	I have some experience doing this.	I have a lot of experience with this.	I am confident in my ability to do this.
Knowledge, skills and attitudes					
Define a business idea					
Describe the sources of Business idea					
Describe the characteristics/qualities of business ideas					

My experience	I don't have any experience doing this.	I know a little about this.	I have some experience doing this.	I have a lot of experience with this.	I am confident in my ability to do this.
Knowledge, skills and attitudes					
Describe the techniques of discovering new business idea					
Explain the reasons for generating business ideas					
Identify of Business idea					
Analyze business idea feasibility.					
Define business feasibility study					
Identify the purpose of business feasibility study.					
Explain the components of business feasibility study:					
Analyze steps involved in feasibility analysis:					
Define business idea feasibility analysis					
Describe the purpose of business idea feasibility analysis					

## Key Competencies

Knowledge	Skills	Attitudes
1. Define a business idea	1. Generate business ideas	<ul style="list-style-type: none"> <li>Be critical while identifying business opportunities</li> </ul>
2. Describe the sources of Business idea	2. Produce a list of sources of business ideas	<ul style="list-style-type: none"> <li>Being analytical in identification of business opportunities</li> </ul>
3. Describe the characteristics/qualities of business ideas	3. Assess business idea	<ul style="list-style-type: none"> <li>Being analytical while perform the study</li> </ul>
4. Explain the need for generating business ideas	4. Apply different techniques to generate business ideas	<ul style="list-style-type: none"> <li>Be Details oriented</li> </ul>
5. Define a business opportunity	5. Assess business idea to come up with business opportunity	<ul style="list-style-type: none"> <li>Be attentive</li> </ul>
6. Differentiate a business opportunity from a business idea	6. Follow steps in identifying business opportunity	
7. Describe factors to consider whether there is a business opportunity	7. Perform a business idea feasibility analysis	
8. Define business idea feasibility analysis	8. Follow steps in performing a business idea feasibility analysis	
9. Describe the purpose of a business idea feasibility analysis	9. Make a feasibility analysis report	
10. Describe the components of a business idea feasibility analysis		

 Task: 23



Figure 7: Generate Business Ideas<sup>7</sup>

Study the Figure 7: Generate Business Ideas above and answer the questions below:

- 1) What do you see in the figure?
- 2) What do you think is a business idea?
- 3) What are the sources of business ideas?
- 4) What characteristics do you think a good business idea should have?
- 5) What do you think will be covered under this topic?

<sup>7</sup> <https://nomadentrepreneur.io/how-to-generate-business-ideas/>

## Topic 3.1 Concepts related to business idea

### Activity 1: Problem Solving

#### Task: 24

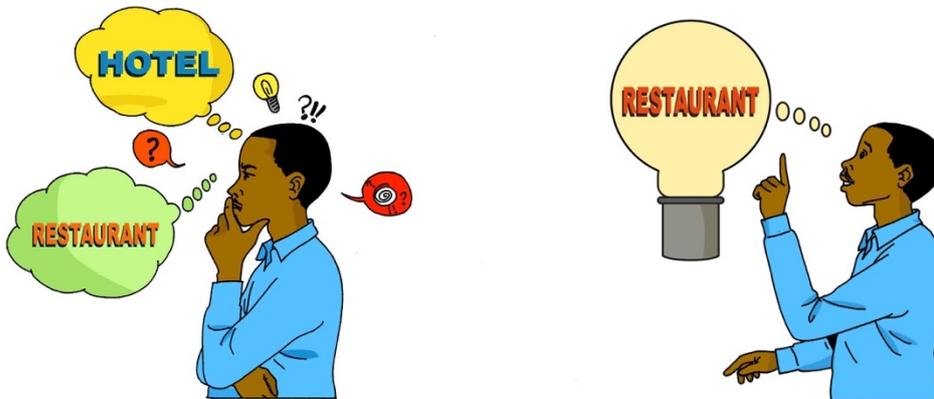


Figure 6: Business Idea

- Study Figure 6: Business Idea and answer the following questions.
- What do you see in the figure above?
- What do you think is happening in the illustration?
- What do you think is a business idea?
- What business ideas did the person in the illustration come up with?

- f. Where can one get Business ideas from?
- g. What characteristics/qualities should business ideas possess?

### Key Facts 9: Concepts related to business idea

#### Explanation of the concepts related to business idea

1. **Definition of Business Idea:**

- **A business idea** is a unique concept that revolves around creating a product or service offered to a particular market segment for money, for the purpose of achieving profitability or financial returns
- **A business idea** is a short and precise description of the basic operation of an intended business
- **A business idea** is a concept can be used to make money
- **A business idea** will tell you:
  - ✓ Which need will your business fulfill for the customers
  - ✓ What kind of customers will you attract?
  - ✓ What good or service will your business sell?
  - ✓ Who will your business sell to?
  - ✓ How is your business going to sell its goods or services?
  - ✓ How much will your business depend upon and impact the environment?

2. **Sources of Business idea**

The entrepreneurial idea is a feasible, financially sound, technically, and socially acceptable idea of a project or product that may have utility to prospective customers. It may be useful to think about business ideas by considering all the resources and institutions in your area.

Entrepreneurs throughout the world use the following sources to identify good ideas:

- ✓ **Natural resources:** Think of what is abundantly available in your area that could be made into useful products without harming the environment. Natural resources include materials from soil, agriculture, forest, mineral, water, etc.

- ✓ **Characteristics and skills of people in the local community:** Consider whether the people in your area have some special characteristics or skill that could be useful for a business:
  - Are there people in your community who are good artisans, tailors or carpenters or who have specific skills creating items unique to your area
  - Are there recent graduates looking for jobs who you could employ?
  - Are there caregivers, nurses or people who could offer services to children, the elderly or the sick?
  - Is your community digitally connected?
  - Is the infrastructure in your community well developed?
- ✓ **Waste products:** business opportunities can be generated by using materials that have been previously used by both homeowners and businesses. Think about the possible use of waste materials for the production of other useful and marketable items by:
  - Recycling
  - Reusing
  - Repairing
  - Recovering
- ✓ **Import substitution:** can you think of anything that is being imported that might be locally made? Investigate the possibility of operating a business that can easily make the imported goods locally
- ✓ **Publications:** these could be from the internet or other printed material where you may find ideas. Newspapers are a great source of ideas
- ✓ **Trade fairs and Exhibitions:** these fairs may give you exposure to a number of new business ideas that you had not previously considered.
- **Customers:** new product or service ideas may come from customers' reactions to the present product and the expected product idea
- **Existing products and services:** analysis may uncover ways to improve offerings that may result in new products or service
- **Trends** will provide opportunities include:
  - ✓ Green trend

- ✓ Clean-energy trend
  - ✓ Organic/local/sustainable trend
  - ✓ Economic trend
  - ✓ Social media trend
  - ✓ Health & Wellness trend
  - ✓ Mobile/web trend
- **Existing organization:** competing products and services of existing organizations and evaluation thereof is a successful source of new ideas
  - **Distribution channels:** members of the distribution channel, intermediaries, transient customer preference, and possible expectations may be a good source of business ideas
  - **Government:** the files of the Patent Office or RDB, government regulations, industrial policy, investment guidelines, government agencies and government publications
  - **Financial institutions and Development Agencies:** these provide ready projects and offer suggestions to potential entrepreneurs who help identify promising projects
  - **Research and development:** own research and development and formal institution research and development are often better equipped, therefore a good source of business ideas
  - **Trade shows, Fair aid exhibitions:** these display new products and innovations in processes and services from which one can get product ideas or modify and produce
  - **Focus groups:** one is stimulated by comments from other group members to conceptualize and develop a new product idea to fulfill market needs
  - **Brainstorming:** people can be stimulated to greater creativity by meeting with others and participating in organized group experiences
  - **Collective notebook method:** a small notebook containing a statement of the problem, blank pages, and any pertinent background data, is used to generate ideas
  - **Checklist method:** one can use the list of questions or statements to guide the direction of developing entirely new ideas or concentrating on specific “idea areas”.
  - **Dream Approach:** coming up with new ideas requires that the entrepreneur dreams about the problem and generates business ideas.

- **Market Gap Analysis:** this is used to uncover areas in the market in which the needs and wants far exceed the supply to generate business ideas
- **Life style analysis method:** measure consumers' major activities (work hobbies, shopping, sports), interests (food, fashion, family), and opinions (business, products)

### 3. Characteristics/qualities of business ideas

Finding a good business idea is a challenging task before starting a business. A good business idea should possess the following qualities:

- **Profitable:** a viable business idea should be profitable in the long run, that is it should be able to generate more revenue than its costs.
- **Innovative:** a viable business idea should be possible to create new and unprecedented products.
- **Solving the problem:** a good business idea should be able to solves problem by offering solutions and new products that solve problems of customers
- **Unique selling proposition:** a viable business idea should possess a unique aspect of a product, differentiating it from competitor's products, such as price, features or quality
- **Substantial demand:** a viable business idea should have a substantial market demand to allow your new business to grow, generate more revenue, and lower costs
- **Adequacy of resources:** a viable business idea should ensure there is sufficiency of resources to start and sustain a business
- **Resilience to market dynamics:** a viable business idea should enable a business to thrive in a changing market environment.



#### Task: 25

Visit your library or computer lab and make a research on the following concepts related to business ideas:

- a. Techniques of discovering new business idea
  - i. Observation
  - ii. Story telling
  - iii. Interview

- iv. Survey
- v. Brainstorming
- b. Reasons for generating business ideas
  - i. Respond to market needs
  - ii. Changing fashions and requirements
  - iii. To stay ahead of the competition
  - iv. To exploit technology
  - v. Because of Product life cycle
  - vi. To spread risk and minimize failure

### Key Facts 10: Concepts related to business idea

#### Techniques of discovering new business idea

- **Focus groups:**
  - ✓ A moderator leads a group of 8 to 14 participants through an open, in-depth discussion in a directive or nondirective manner
  - ✓ An excellent method for generating and screening ideas and concepts
- **Brainstorming:**
  - ✓ Allows people to express and amplify their creativity. Be somewhat specific
  - ✓ Good ideas emerge when the brainstorming effort focuses on a specific product or market area
- **Reverse brainstorming:**
  - ✓ A group method that focus on the negative aspects of ideas and ways to overcome these problems
- **Gordon Method:**
  - ✓ Method for developing new ideas when the individuals are unaware of the problem
  - ✓ Solutions are not clouded by preconceived ideas and behavioral patterns
  - ✓ Layered presentation of the solution
- **Free association:**
  - Developing a new idea through a chain of word associations
- **Collective notebook method:**
  - Developing a new idea by group members regularly recording ideas

- **Big-Dream Approach:**
  - Developing a new idea by thinking without constraints

#### **Reasons for generating business ideas**

- **Responding to market needs:** Business idea help entrepreneurs to respond to market needs identified through the various techniques
- **Changing fashions and requirements:** an entrepreneur will need a new business idea to match with the changing fashions and requirements
- **To stay of ahead of the competition:** an entrepreneur will need a new and unique business idea if he/she is to remain competitive and relevant in the market
- **To exploit technology:** new advancements in technology can only be taken advantage of by coming up with new business ideas
- **Product life cycle:** there are products who survival and continuity is possible only through generating business ideas
- **To spread risk and minimize failure:** businesses need to generate new business ideas in order to spread risks and minimize failure
- **Less competition:** new ideas will reduce competition since you are being the first to launch the idea
- **Capturing Market Share:** technically, if you get your idea on the market first, you have 100 percent market share.
- **Brand recognition:** developing new ideas will enable you establish your brand as a recognizable and memorable one.



### **Activity 2: Guided Practice**



#### **Task: 26**

Read and answer the following questions:

- Describe the source of business idea in your locality
- Which techniques can you apply to identify business ideas in your locality?
- Which business ideas can be generated from your locality?
- Why is it important to generate the business ideas in your locality?

### Activity 3: Application

#### Task: 27

Referring to your community, identify any business idea and make a report which should include the following:

- a. The business idea and its source:
- b. What makes you think it could be a good business idea
- c. The techniques you used to identify the business idea
- d. The reasons for generating the business idea

## Topic 3.2 Identification of Business Opportunity from Business Idea

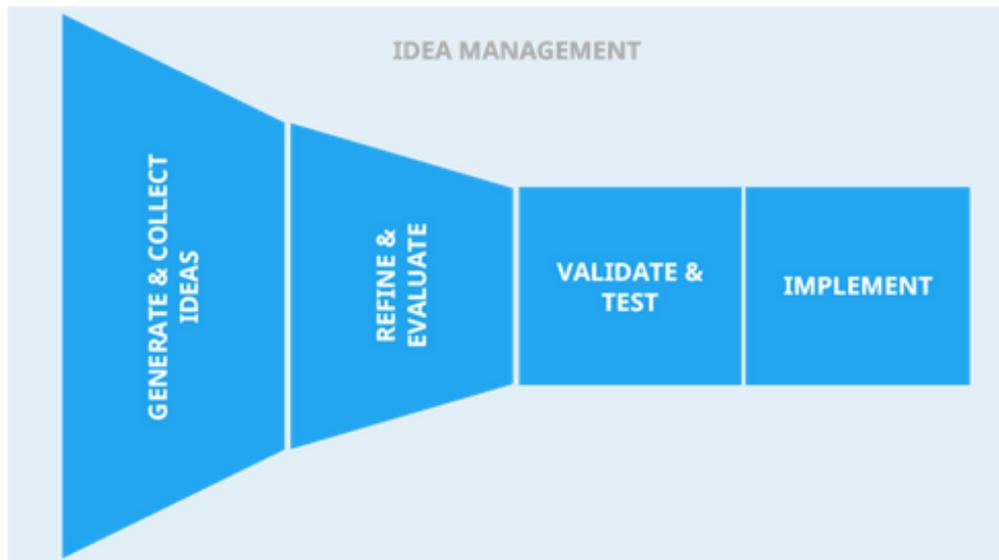


Figure 8: Identification of Business Opportunity<sup>8</sup>

### Activity 1: Problem Solving

#### Task: 28

1. Study the Figure 8: Identification of Business Opportunity and answer the following questions:
  - a. What do you see in the figure?
  - b. What process do you think is shown?
2. Visit your library or computer lab and make a research on the following aspects of Business opportunities and ideas:
  - a. A business idea
  - b. A business opportunity
  - c. Creating a business opportunity out of a business idea

<sup>8</sup> <https://www.viima.com/blog/idea-generation>

## Key Facts 11: Identification of Business Opportunity from Business Idea

### Identification of Business opportunity

- ✓ **A business idea** is a concept that could be used to make money
- ✓ **A business opportunity** is an idea that has the potential to become a viable enterprise, with a place in one or more markets.

It is a business opportunity if it:

- Forecasts high gross margins
- Has the potential to break even within 12-36 months
- Has a really dedicated, passionate team behind it
- Only faces low level, or manageable risks (and there are strong contingencies in place)

### Creating a business opportunity out of a business idea

- A business plan is essential to translate an idea into a viable opportunity.
- Look for gaps in the market and define how your idea would fit in
- Consider which resources you will need to bring your opportunity to fruition such as:
  - Funding
  - A competent team
  - Effective leadership
  - Manufacturers, etc.
- Determining the difference between a idea and an opportunity is the key in making money and capitalizing on trends
- There are bad ideas and good ideas, **BUT** not every good idea is a business opportunity.

Evaluating whether an idea is a business opportunity starts with asking the right questions in four main areas with the acronym **CRAM**:

- **C- Capability:** do you everything you need to set up and operate a business opportunity without any help? Meaningful questions to ask about capabilities include:
  - ✓ What knowledge, skills, and resources (including time and money) do you have already to bring my idea to life?

- ✓ What relationships do I already have to supplement the missing pieces of my idea?
- ✓ Will I need partners to produce a product or perform a service?
- ✓ Do I have an existing distribution channel, or do I need partners to help get the product or service to customers?
- ✓ How committed and passionate is the team of people I will need to make the idea a reality?

● **R- Risks:** every idea has risk, but how severe they are and how manageable can be the difference between a good idea and a viable business opportunity. Risks to consider are over-dependence on resources that are outside of your direct control, current or potential competitors, and existing or future regulations. Consider also:

- ✓ How much initial investment is necessary?
- ✓ How well known is the industry or sector?
- ✓ Are there patents in place or other ways to protect unique intellectual property?

● **A- Ambitions:** is the idea a good goal fit for the team that will bring the idea to life. A true business opportunity should consider the following:

- ✓ Will revenues be high enough to cover costs and make enough profit?
- ✓ How long will it take to break even after initial setup costs and investment?
- ✓ Does the business opportunity have a desirable end game? Can it be acquired, floated on the stock market, or run with minimal management?
- ✓ Will the business allow for the lifestyle I want to lead?
- ✓ Does the idea fall in line with the values and principles of the team?

● **M- Market:** is there is a significant group of people who need the product or service and have the means to pay for it. Consider the following:

- ✓ Who is the target audience? Consumers, businesses, particular demographics?

- ✓ How many people are in my target audience? Is the size of the market large enough?
- ✓ How much does your audience need my idea?
- ✓ Is my target audience able and willing to pay for the idea?

**Note:**

**Evaluating ideas can help you identify business opportunities. Saying no to ideas that are just good ideas can save huge amounts of wasted time, energy, and money.**



## Activity 2: Guided Practice



### Task: 29

Read and answer the questions below

- a. Which business ideas can be generated from resources available in your community? List all of them
- b. Can all the business ideas listed above become business opportunities? Briefly explain
- c. Using **CRAM**, list the business opportunities from the ideas above?



## Activity 3: Application



### Task: 30

Identify any source of business ideas in your community. Make a report on the business opportunities identified including:

- a. The source of business idea
- b. The business opportunity identified
- c. The techniques used to identify the opportunity
- d. The criteria used to identify the opportunity from the idea

## Topic 3.3 Analysis of business idea feasibility

### Activity 1: Problem Solving

#### Task: 31

1. Mutesi has a business idea of starting a restaurant in her community that provides food and drinks. She realized there are few restaurants in her community. As a student of Entrepreneurship;
  - a. Advise Mutesi on what she should first before starting the restaurant
  - b. Why do you think Mutesi needs to gather and analyze information to find out if the business idea is good or not?
  
2. Visit your library or computer lab and make a research on the following aspects of business idea feasibility:
  - a. Meaning of business feasibility study
  - b. Purpose of business feasibility study
  - c. Components of business feasibility study

#### **Key Facts 12: Analysis of business idea feasibility**

##### **Meaning of business feasibility study**

A feasibility study involves the gathering and analyzing of information to find out if the business idea is good or not.

##### **Purpose of business feasibility study.**

A feasibility study answers the question regarding whether you will be able to produce a product or service that people want to buy and that can be sold for a profit? A feasibility study will:

- Help determine if the proposed business idea is something that you can implement based on resources you can access and whether you can be competitive in the market
- Help further explore whether the proposed business will address the common problem faced by the potential owner members
- Help predict the likelihood of success or failure of a business opportunity
- Help in the adaptation of new of products or ideas into the business mix
- Included all the actions that are needed to be taken to determine whether a business idea is likely succeed
- It helps weigh the pros and cons of each step prior to getting into the actual process
- Provide results for key decisions that may be, moving forward with the idea, refining it or leaving it altogether.

#### **Components of business feasibility study**

There are a number of components of a business's feasibility study which depends on the purpose. The following components can be considered as key when conducting a business feasibility study:

- **New Product/Service feasibility:** this is a market research methodology that aims to provide predictive analytics to guide the next steps for marketing, sales and productive development. Purpose of Product feasibility is to provide an insight on:
  - ✓ Product placement
  - ✓ The target market
  - ✓ Marketing and advertising
  - ✓ The competitors
  - ✓ Pricing strategies
- **Industry/Market feasibility:** this is an assessment of the overall appeal of the market for the product or service being proposed. The proposed business should consider:
  - ✓ Industry attractiveness
  - ✓ Market timeliness
  - ✓ Identification of a niche market

- **Organizational Feasibility Analysis:** this is concerned with determining the business itself has sufficient skills and resources to bring a particular product or service idea to market successfully. Consider:
  - ✓ Management expertise
  - ✓ Organizational competence
  - ✓ Resources
- **Financial feasibility:** this looks at how much money is needed to start and run the business including where the money will come from, and the projected production costs and profit. Consider the following:
  - ✓ Total start-up cash needed
  - ✓ Financial performance of similar business
  - ✓ Overall attractiveness of the proposed venture
- **Recommendations and conclusions:** this is referred to as a feasibility report, which is a document that discusses multiple solutions to a problem before then making a recommendation on which solution to choose.
- **Conclusion:** this provides recommendations of which solution to choose based on the criteria they offer.



### Task: 32

1. Visit your library or computer lab and make a research on the following aspects of business idea feasibility:
  - a. Meaning of business idea feasibility analysis
  - b. Steps involved in feasibility analysis

## Key Facts 12: Analysis of business idea feasibility

**Business idea Feasibility analysis** refers to assessing your new business idea in detail to determine if it will be viable.

The business idea feasibility analysis is important to an entrepreneur because:

- It helps one to consider the costs and activities required to set up and run a business
- It helps one to make an informed decision about whether to start a business and how to do it
- It gives a picture of those costs involved that you will need to consider and the revenue and profit you can realistically expect to generate

### Analyzing steps involved in feasibility analysis

- **Step One: Conduct a Preliminary Analysis:** the primary purpose of the preliminary analysis is to screen project ideas before extensive time, effort, and money is invested. This involves:
  - Describing as specifically as possible the planned products/services, target markets and unique characteristics of the products/services
  - Determining whether there are any insurmountable obstacles.
- **Step two: Prepare a projected Income Statement:** anticipated income must cover direct and indirect costs, taking into account the expected income growth. This will be determined by:
  - Product/service provided
  - Price for product/service
  - Volume of product/service
  - Adjustment to revenues
- **Step 3: Conduct a market survey:** this gives a realistic projection of the revenues. This includes:
  - Defining the geographic influence on the market
  - Reviewing the population trends, demographic features, cultural factors and purchasing power in the community

- Analyze competing products/services in the community to determine their major strengths and weaknesses. Factors to consider are:
  - ✓ Pricing
  - ✓ Product/service lines
  - ✓ Source of referral
  - ✓ Location
  - ✓ Promotional activities
  - ✓ Quality of product/service
  - ✓ Consumer loyalty and satisfaction
  - ✓ Sales
    - Determining total volume in the market area and estimate expected market share
    - Estimate market expansion opportunities e.g. responsiveness to new product/service
- **Step 4: Plan Business Organization and Operations:** plan the organization and operations to determine the technical feasibility and cost involved in start-up, fixed investment, and operations. Develop detailed plans for:
  - Equipment
  - Marketing methods
  - Facility location and design/layout
  - Availability and cost of personnel
  - Supply availability
  - Overhead e.g. utilities, taxes, insurance
- **Step 5: Prepare an opening day balance sheet:** this should reflect the assets and liabilities of the business as accurately as possible at the time business starts, before the business generates income. Prepare a list of assets required for business operations including item, source, cost and available financing methods.

Necessary assets should include:

- Cash necessary for working capital
- Buildings
- Land

Liabilities to be incurred and the investment required by the business must also be clarified by considering:

- Whether to lease or buy land, buildings and equipment
- How to finance asset purchases?
- How to finance accounts receivable?
- **Step six: Review and analyze all data:** determine if any data or analysis performed should change any of the preceding analyses by:
  - Re-examining the projected income statement and comparing it with the list of desired assets and opening day balance sheet.
  - Analyzing risk and contingencies by considering the likelihood of significant changes in the current market that could alter projections.
- **Step seven: Make “Go/No Go” Decision:** if the analysis indicates that the business should yield at least the desired/minimum income and has growth potential, a “go” decision is appropriate. Anything less mandates a “no go” decision.



## Activity 2: Guided Practice



### Task: 33

Read the following case study and answer questions that follow.

#### Case study: Ashimwe’s’ 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 neighborhood, 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 FRW, Bread- 300 FRW, Coffee- 3 00 FRW, Samosa- 300 FRW, Water- 1000 FRW, Soft

drink- 1000 FRW, Milk- 300 FRW. 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 flavorings 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, flavoring 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 perform a feasibility study for her business by filling the table below following the steps involved:

<b>Steps involved in feasibility analysis of Ashimwe canteen</b>
Step One: Conduct a Preliminary Analysis:
Step two: Prepare a projected Income Statement:
Step 3: Conduct a market survey:

Step 4: Plan Business Organization and Operations:

Step 5: Prepare an opening day balance sheet:

Step six: Review and analyze all data:

Step seven: Make "Go/No Go" Decision:



### Activity 3: Application



#### Task: 34

For any business opportunity identified in your community, perform a business feasibility analysis. Make a report of the result of the study including:

- a. The components of the feasibility study
- b. The steps involved in the feasibility study

## Formative Assessment

1. Which of the following is not a source of business ideas?
  - a. Natural resources
  - b. Characteristics and skills of people in the local community
  - c. Are there people in your community who are good artisans, tailors or carpenters or who have specific skills creating items unique to your area
  - d. Are there recent graduates looking for jobs who you could employ?
  - e. Brainstorming
2. The following are techniques used to identify the business idea except
  - a. Focus groups
  - b. Brainstorming
  - c. Reverse brainstorming
  - d. Gordon Method
  - e. Trade fairs and Exhibitions
3. Read and complete the following sentences by filling in the correct word
  - a. ....study involves the gathering and analyzing of information to find out if the business idea is good or not.
  - b. ....is a concept that could be used to make money
  - c. ....is an idea that has the potential to become a viable enterprise, with a place in one or more markets.
4. Below are the steps for conducting a market feasibility analysis. Arrange them in the order they will be followed
  - a. Conduct a market survey
  - b. Prepare a projected Income Statement
  - c. Plan Business Organization and Operations
  - d. Conduct a Preliminary Analysis
  - e. Review and analyze all data
  - f. Make "Go/No Go" Decision
  - g. Prepare an opening day balance sheet



## Points to Remember

- **The components of business feasibility study:**
  - ✓ Product feasibility
  - ✓ Market feasibility
  - ✓ Organizational feasibility
  - ✓ Financial feasibility
  - ✓ Recommendations and conclusion
  
- **Steps involved in feasibility analysis:**
  - ✓ Step 1. Conduct a preliminary analysis
  - ✓ Step 2. Prepare a projected income statement
  - ✓ Step 3. Conduct a market survey
  - ✓ Step 4. Plan business organization and operations
  - ✓ Step 5. Prepare an opening day balance sheet
  - ✓ Step 6. Review and analyze all data
  - ✓ Step 7. Make "go/no go" decision

 **Self-Reflection**

1. Fill in and complete the self-assessment table below to assess your level of knowledge, skills and attitudes after the unit.
  - a. There is no right or wrong way to answer this assessment. It is for your own reference and self-reflection on the knowledge, skills and attitudes acquisition after the learning unit.
  - b. Think about yourself: do you think you have improved in the knowledge, skills or attitudes to do this? How well?
  - c. Read the statements across the top. Put a check in the column that best represents your level of knowledge, skills or attitudes.
  
2. Fill in the table below and share results with your trainer for further guidance.

Areas of strength	Areas for improvement	Actions to be taken to improve
1.	1.	1.
2.	2.	2.
3.	3.	3.

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