



Tanzania Private
Sector Foundation



Entrepreneurship Training for Micro Enterprises

Training Module

Micro Enterprises Training Workbook

Issue 1.0

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Introduction

The Micro enterprises training manual has been prepared by TPSF. The manual is to act as a reference and a facilitating tool for trainers to provide detailed information in the support of MSME training program. The manual has been carefully crafted to fit the needs of Micro enterprisers in the country.

The manual is user friendly since it provides activities and exercises meant to demonstrate to a reasonable extent of learning and understanding. The manual complements the e-learning modules to a great extent making it a source of reference for anyone in need of extra information. Each training participant will be provided a copy of this manual for further reading.

TPSF acknowledges the contribution from IML and from members of Business Development Service Providers who have made this work a success.

Aim of the Workbook

The course is structured so that the facilitator presents functionality using slides. Where relevant and possible, the participants will then have the opportunity to complete exercises to consolidate their learning. A training environment has been set up with training data provided, allowing participants to practice in a safe environment.

The aim of the workbook is to be a working document, reinforcing the information presented by the facilitator. Each participant will have a copy of this workbook, for further reference. It is not designed to provide a detailed explanation of all aspects of a technology or application.

Course Objectives

By the end of this course, you will be able to:

1. Discuss and understand activities involved in different types of business categories.
2. Identify own strengths and weaknesses in running and managing a microenterprise.
3. Support micro entrepreneurs Understand the processes of input and in business.
4. Demonstrate basics of starting a new business and engage in the right business.
5. Understand how to mobilise financial resources for a business
6. To realize the importance of financing a business and determine whether or not to start a business based on the available financial capital.
7. To demonstrate ability to prepare and make use of a business plan when starting or expanding a new business and use it as a management tool.
8. To demonstrate clearly an understanding of the entire marketing process while at the same time identifying the basic elements of a marketing strategy.
9. To support micro entrepreneurs be capable of understanding the usage of some business management terms and concepts when communicating, while at the same time selecting appropriate resources that will be used to collect business data.

Course Outline and Outcomes

Outline

- My window in the world of self employment
- Who is an entrepreneur?
- Developing Entrepreneurial Skills
- Communicating with your client
- Making the best use of my time
- Practicing business ethics
- Getting Started
- Assessing Demand
- Seizing Up the Market
- Estimating cost and setting price
- Observing rules and regulations
- Managing My Workplace
- Mobilizing Resources
- Human Resources Management
- Material Resources
- Business Plan Development
- Information and Communication Technology (ICT)
- The Internet and e-business

Outcomes

- Understand entrepreneurship and required skills to run a successful enterprise
- Identify types of businesses that an entrepreneur can get involve in and good and ethical practices.
- How to develop a business plan, source finance, and manage financial resources while adhering to prescribed laws, rules and regulations.
- Understanding on how to effectively use Information and Communication Technology (ICT) to enter into e-business

Unit 1 - My Window in the World of Self-Employment

1.1 Definition of a Business

A business is any legal commercial activity/venture that is done with the aim of making a profit.

1.2 Purpose of doing business

Any business undertaking is aim at making profit by providing a product or services which involve a business person to put everything in motion to deliver expected result to achieve commercial benefits.

Profit is the amount that remains after subtracting the cost of providing the service or product from what one gets after selling. When production cost is higher than sales then business make loss.

1.3 What are the business activities

There are three things that are required in any given business activity

- a) **Inputs:** these are the tangible and non-tangible things that are “input ” for the business to operate
- b) **Operational activities** (processes): these are the various tasks or activities that must be carried out for the business to produce; For example; Marketing activities, a process of linking business products and services to consumers
- c) **Output:** These are product/service ready to be consumed by esteemed customers in the business

For example: FOOD VENDOR

Category/business system	Inputs	Process (activities)	Output (Tangible/intangible)
Food Vendor (Mama Lishe)	Rice, Flour, Vegetables, cooking utensils, etc	Actions taken to make products	Number of attracted customers
	Costs/Budget Sample Products		Value of Sales Increase product/service knowledge to the community

1.4 Type of businesses

- Food vending
- Arts and crafts
- Drawing
- Selling vegetables and fruits
- Bicycle repair
- Newspaper seller

Unit 2–What is Entrepreneurship and who is an entrepreneur?

2.1 Introduction

What is Entrepreneurship?

There is no single statement to describe the whole meaning of entrepreneurship. The following statements carry a complete set of what entrepreneurship is.

Entrepreneurship is recognized as the ability to create and build a business that adds value to products or services for end users. It is initiating, doing, achieving and building an enterprise or organization, rather than just watching, analysing or describing one.

- It is the knack of sensing an opportunity where others see chaos, contradiction and confusion.
- It is the ability to build a founding team to complement your own skills and talents.
- It is the know-how to find and control resources and to make sure you don't run out of money when you need it most.

Finally, it is the willingness to take calculated risks, both personal and financial, and then to do everything possible to get the odds in your favour.

2.2 Who is an entrepreneur

A kind of person who organizes operates and assumes the risks for a business venture; a person who rather than working as an employee runs his/her own business and assume all the risks and reward of a given business venture, an idea or good or service offered for sale.

2.3 Key roles and functions of an entrepreneur

- **A business leader**
- **Innovator:** An innovator of new process
- **Profit maker:** Maker of profitable ideas
- **Visionary:** Deliver of potential economic profit (visionary)
- **Promoter:** Promoter of new idea, business concept or system
- **Mobilizer:** Mobilizer of factors of production (resources)
- **Organizer and planner:** Organizer and planner of factors of production

- **Manager:** Manager of factor of production

2.4 What are qualities of an entrepreneur?

1. Self-Discipline: These individuals are focused on making their businesses work, and eliminate any hindrances or distractions to their goals. They have overarching strategies and outline the tactics to accomplish them. Successful entrepreneurs are disciplined enough to take steps every day toward the achievement of their objectives.

2. Self Confidence: The entrepreneur does not ask questions about whether they can succeed or whether they are worthy of success. They are confident with the knowledge that they will make their businesses succeed. They display that confidence in everything they do.

3. Open Minded: Entrepreneurs realize that every event and situation is a business opportunity. Ideas are constantly being generated about workflows and efficiency, people skills and potential new businesses. They have the ability to look at everything around them and focus it toward their goals.

4. Self-Starter: Entrepreneurs know that if something needs to be done, they should start it themselves. They set the parameters and make sure that business follow that path. They are proactive, not waiting for someone to give them permission.

5. Competitive: Many businesses are formed because an entrepreneur knows that they can do a job better than another. They need to win at the sports they play and need to win at the businesses that they create. An entrepreneur will highlight their own company's track record of success.

6. Creativity: One aspect of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries.

7. Determination: Entrepreneurs are not frustrated by their defeats. They look at defeat as an opportunity for success. They are determined to make all of their endeavours succeed, so they will try and try again until it works. Successful entrepreneurs do not believe that something cannot be done.

8. Strong personal skills: The entrepreneur has strong communication skills to sell the product and motivate employees. Most successful entrepreneurs know how to motivate their employees so the business grows overall. They are very good at highlighting the benefits of any situation and coaching others to their success.

9. Strong work ethics: The successful entrepreneur will often adhere to rules and regulations set by the authorities. The following are examples of an unethical entrepreneur; a fruit seller who uses fruits from garbage

site/waste to make juice for his/her customers is unethical, an entrepreneur who sells uninspected or condemned meat is also unethical.

10. Passion: Passion is the most important trait of a successful entrepreneur. They genuinely love their work. They are willing to put in extra hours to make the business succeed because there is a joy their business gives which goes beyond money. The successful entrepreneur will always be reading and researching ways to make the business better.

Successful entrepreneurs want to see what the view is like at the top of the business mountain. Once they see it, they want to go further. They know how to talk to their employees, and their businesses soar as a result

Unit 3 - Developing Entrepreneurial Skills

3.1 Introduction

Being the owner of a micro enterprise comes up with a number of challenges which are unique to the size and functions of the business itself. The owner is under obligations to handle all of these challenges from selling, delivering, financing, growing business with little or no staff at all. While trying to make it successful, and most important and unique challenges are managerial functions. Effective management of a business can be largely rewarding both personally and financially.

3.2 What is good business management?

Good business management means organizing your business in such a way that you make as much profit as possible. It therefore includes all the issues of costing and pricing, marketing activities under market mix represented by four P's: Product, Place, Price and Promotion.

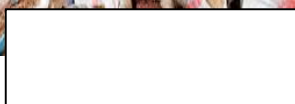
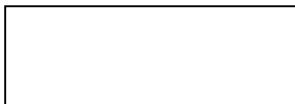
3.3 Various aspects of a good business management relationship

Some people are destined to be entrepreneurs. An entrepreneur starts business with a reason behind. Some of the reasons may include assisting a sick family member, who is being nursed at home, a school child who needs uniforms, shoes or exercise boots etc.

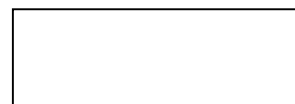
Exercise: Brain storm for other reasons as to why do you want to start a business.

Time 10 minutes.

Customers Family



Workers Supplier



3.4 Personal qualities that help one succeed in business

A good business management comprised of many aspect of business in general: keeping records of income and expenditure and buying and selling on credit, calculating your profit or loss, setting a good price and good planning.

- Be a good manager
- Manage people effectively
- Effective decision making
- Personal development
- Effective planning and organizing
- Effective financial management

3.5 Self assessment and matching skills and the businesses

Scoring criteria: Use the following rating scale to rate yourself

Very well= 1 Well=2 Not so well=3 Poor= 4Very poor= 5

Skill	How well do they match with what is required?
Research and analysis skills	
Communication skills (What type of communication skills) interpersonal skills	
Networking and team building skills	
Financial literacy skills	
Idea generation & creative thinking skills	
Commercial awareness skills (marketing activities)	
Business leadership skills	
Negotiation skills (in which setting a group, selling skills, presentation skills)	
Management skills	
Ability to plan, make profitable and timely decisions.	
Personal effectiveness	

Unit 4 - Communicating with your clients

4.1 Introduction

Communication is essential for success in any business, and the type of communication vary given the circumstances and business needs. This lesson covers verbal, non-verbal, formal and informal communication. Examples of internal communication are all those records for your own uses from books or records, letters, while external communication include statements to be submitted to TRA, proposal of loan from bank, promotional materials, suppliers' records, clients, reports to register of business etc.

The role of business communication is to inform, persuade, convince, and build good will in both in the internal and external business environments.

4.2 Business communication skills

Business communication is any form of communication being verbal, nonverbal that is used to relay the message, promote a product or service or share information.

4.5 Types of communication

Communication can be divided into verbal and non-verbal communication. **Verbal communication** is communication using speech that is understood by all parties to the communication. In other word written communication falls under its own category.

Non-verbal communication: is a bit more complicated. It is sending a message without using words to convey meaning. Non –verbal communication can include many different elements. E.g. vocal clue, body movement, facial expression, facial expressions, handshake, sign language, clothing and arts and crafts.

4.5.1 Formal and informal communication:

Entrepreneurs need to communicate effectively. This is especially true to big entrepreneurs where personal interactions may not be practical. This is where formal communication comes into play.

Formal communication: involves utilizing the formal communication channels through well written guidelines memo etc. where informal communication is between entrepreneurs outside the formal communication structure.

4.6 Elements of communication

For communication to exist there must be at least four elements:

- A sender/Encoder
- A receiver/Decoder
- Message
- Channel and medium

Other elements

- Response
- Feedback

4.7 Guidelines for effective communication

- Clarity of purpose
- Shared activity of communication in different ways
- Common set of symbols
- Focus on the need of receiver
- Active listening
- Controlling emotion
- Politeness
- Eliminate noise
- Avoid ambiguity
- Completeness

A business letter for inquiry, apology, offer, acceptance, memo, application, promotion, replies etc. E-mail, telephone they facilitate business communications.

Unit 5 - Making the best use of my time

5.1 Introduction

The history of time management starts with the industrial revolution. The concept has evolved slowly but steadily to the modern notion of time management, such as doing things effectively to gain control over one's life.

5.2 What is Time

Time is a measure in which events can be ordered from the past through the present into the future, and also the measure of durations of events and the intervals between them.



Time is what clock

measure”

5.3 What is Time Management

Time management is a systematic, priority –based on structuring time allocation and distribution among competing demands. Since time cannot be stored, and its availability can neither be increased beyond nor decrease from the 24 hours, the term “time management” is said to be the more appropriate one.

5.4 Important things to know about time management

Any busy person who wants to be effective must be able to manage his/her time properly:

- Time management works well when it is treated as an integral part of the overall plan in the business enterprise and each individual, rather than as an isolated and often a by-the-way activity that has to be done as and when we find time.
- We all have exactly equal hours available to us – it is the use of these hours that makes the difference between effective people and others. Those who always do the most important things they need to be

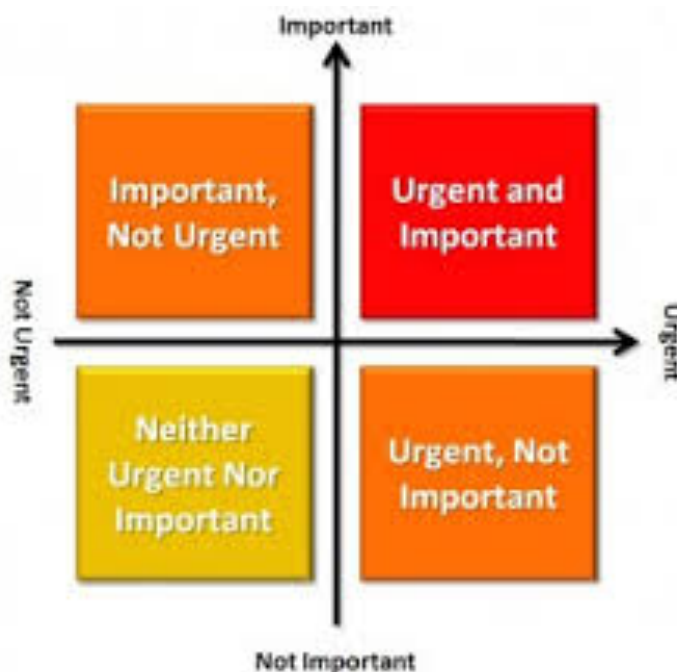
doing at that time, are most effective.

- Many successful people and business enterprises budget money for business operations and they further budget time (scheduling) as well.

5.5 Three steps for time management

To manage time properly you have to do the following three steps:

- Identify the things that waste your time and are not productive
- Make a list of all your tasks and priorities (the most important ones)
- Draw up a daily to-do list to make sure that all tasks are completed in time.



5.6 How to set priorities

Exercise: Use the above model to assess Hassan priority and make wise decision?

Example: Hassan is an entrepreneur, is a trader of goods at major market in Dar Es Salaam. He normally works seven days a week. Among many of his business activities are to trade, and he is a member of MSHIKAMANO VICOBA they meet once per week on Monday. In the last few months his business is not doing well the leaders of MSHIKAMANO VICOBA has recalled him to attend the urgently on Monday at 14:30 hours while on the same day he has expects his long-time client from Comoro are coming to his business around the same time

5.7 How to identify time wasters

Time wasters are all those things that are not essential to your core tasks. You may do them because you are used to doing them, or because they are easier to do or because other people demand them but do not make you get money, these may be time wasters. These time wasters can either be caused by your business enterprise, by yourself or others.

Exercise: Write on a piece of paper time wasters caused by him/herself, others and the business

Causes caused by yourself:

- Unorganized visits
- Text messaging
- Disorganizations of goods/products

Caused by others

- Unplanned visits at the business place
- Colleague interruptions

Mtakuja restaurant is famous for its chicken soup that is sold every morning from 07:00 am up until around noon. The owner of the grocery buys supplies from all sorts of sources including local butchers and individual suppliers who source of meat is not clearly known. One day the neighbour saw young people carrying sacks. Inside the sack there were large quantities of already dead chickens and it was suspected that these young men gathered them from the dumping place. The owner of grocery uses to buy dead chickens at very lower prices and brought him good profit.

standards of practice of business. But most importantly, entrepreneurs are free to set their own higher ethical standards as they wish.

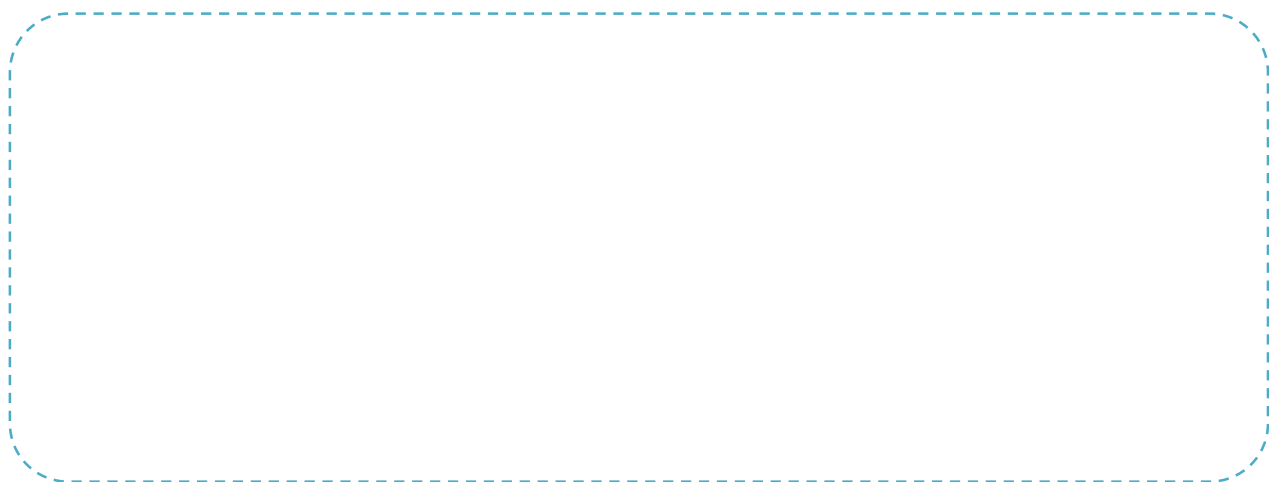
Various group business networks have set their own ethical standards for their specific businesses. These standards of practice are a core values, developed by that group of businesses that govern the relationship between business and customers. Although they are not legally required, these values help them to provide a level of service that distinguishes the best businesses and building confidence among clients.

6.2 Definition of business ethics

Business ethics are moral principles that guide the way a business behaves. The same principles that determine an individual's action can also apply to business.

Acting in an unethical way involves distinguishing between "right" and "wrong" and making the right choice. It is relatively easy to identify unethical business practices.

For example:



6.4 Sources of business ethics

- Law and rules set by community
- Prevailing ethical standards
- Business practices

- Various groups of business networks

6.5 Issues surrounding business ethics

- Conflict of interest
- Corruption and bribery
- Environment responsibility
- Non-discrimination against others, for instance women, People Living With Disabilities and people living with HIV/AIDS
- After sales service
- Truthful advertising
- Fair treatment of staff
- Refusal to deal with illegal partner etc Business ethics responsibility, commitment, Quality AND Reliability

Business Ethics

V	Responsibility
V	Commitment
V	Quality
V	Reliability

Unit 7 - Getting Started

7.1 Introduction

The topic aims at stimulating entrepreneurs to identify needs in the local community and using their skills to fulfil that need, in the process earning compensation for themselves in the form of sales revenue/profits. Every entrepreneur like any other person has talent; skills they use in their daily life; when these skills are properly combined they become a powerful force to launch a viable business enterprise.

7.2 What is a Skill

A skill is the learned ability to carry out tasks with pre-determined results often within a given amount of time, energy, or both. In other words, the abilities that one possesses

7.3 What is a talent

A talent is a set of personal characteristics that enhance ones' ability to achieve expertise in an accelerated manner. A talent often becomes apparent after a moderate amount of practice as this is when ones' ability to adapt and improve is more visible.

7.4 Classifications of skills

Skills can often be divided into domain general and domain specific

For example, in the domain of business, general skills would include, time management, business leadership, self-motivation, entrepreneurship, marketing, financial skills etc

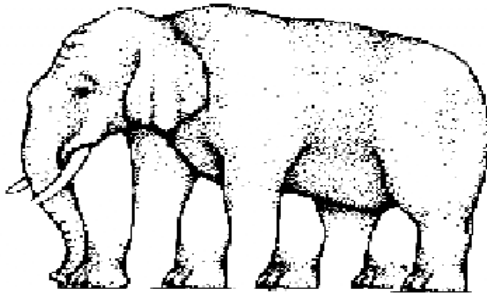
Whereas domain specific skills would be useful only for a job, skill usually requires certain environmental stimuli and situation to assess the level of skill being shown and used.

People need a broad range of skills in order to contribute to business success.

Exercise:

Time: 20 minutes

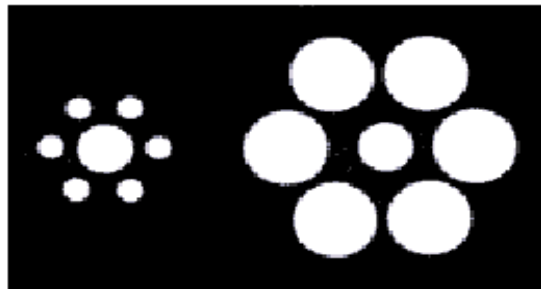
1. How many legs does the elephant have?



How many legs does this elephant have?

2. On the right figure, is the left circle bigger?

Is the left center circle bigger?



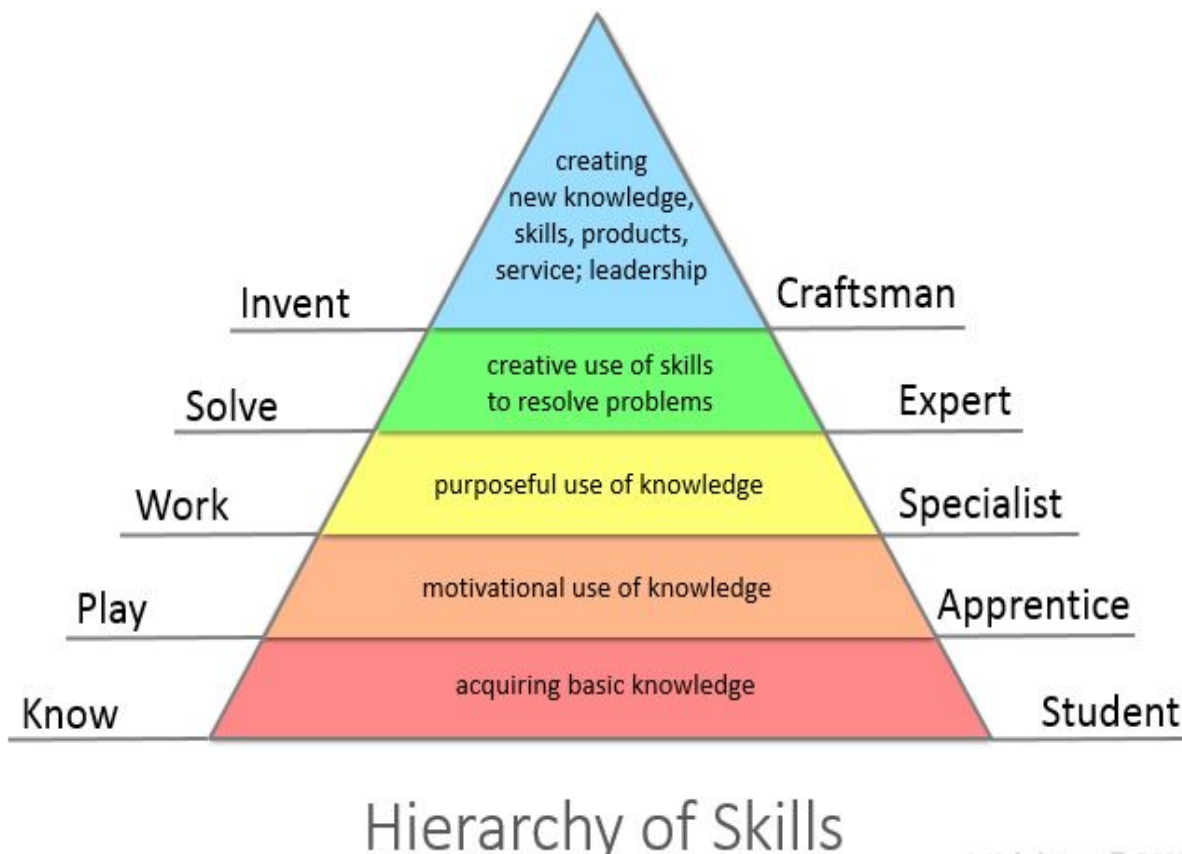
No, they're both the same size

7.5 The typical skills /talents may be possessed by entrepreneurs are:

- Creativity: creative thinking, problem solving, decision making, negotiations, spot
- business opportunity

- Self-management: having self-confidence, personal development, assertiveness
- Interacting with other people without any discrimination
- Technical skills like cooking, reading, singing, dancing etc.

However, entrepreneurs (qualities) and technical knowledge and academic education could be a combination that will empower entrepreneur to launch successful business enterprise.



7.6 Personal assessment of skills:

Personal assessment of skills can be seen as the building blocks that underpin your learning in different situations and that allow you to adapt and apply what you have learned. We all possess such skills – but it’s inevitable that some will be more evident than others. Have a go at this audit to identify where your strengths and weaknesses lie, and to help you identify where you give to justify your rating?

Key to rating

1. Started but need more practice
2. Able to do this with some help

Example: Masalakulangwa is a gifted designer of clothes, at early age he was on all things related to drawing, cutting and the likes. He would spend hours and hours try to perfect his cuttings. His parents wanted him to become a lawyer like his father who was a prominent lawyer in town. Only his mother encouraged Masalakulangwa to go ahead and joined vocational studies at VETA. Now he has won a fame and popularity for his design and fashion to his clients. He own a larger factory for design and fashions and his business is booming in a recent years

Unit 8 - Assessing Demand

8.1 Introduction

The first step in starting business is to identify a need in the community. Establishing the size of that need is called assessing demand. It is a waste of time to jump into business plan development before doing thoroughly and proper demand assessment first.

8.2 Definition of “Demand”

Is willingness to go out and buy a certain product/service. For example, market demand is the total of what everybody in the market wants.

8.3 How to assess demand for product/services?

- By listening to people complaints about need in the community
- By conducting informal survey especially at the market place
- Sending out questionnaire to sample population
- A need highlighted in the local newspaper or radio
- Local focus groups etc.

The information gathered, should be analysed into the following demographic groups

- Age
- Gender
- Occupation
- Income status

The purpose of analysis is to determine which segment of population is asking for their product/service. A nature of the market whereby entrepreneur examine product/service relevance within the wider economic arena. What target market looks like and what is the size of potential customers.

8.4 Market environment

This highlight demand led factors within the political, social, and economic arena. How will the product suit the current and future needs of customers? What more prospect customers to be expect in this market?

8.5 Target market

The kind of customer attracted to buy products /service offered come from

which demographic segment like their age, gender, occupation, and income status

8.6 Market size

What size is the market? With supportive evidence is the market growing in numbers or decline and how do you reach them? In addition to that you need to examine trend which is relevant to target market.

8.7 Competitive arenas

Show clear what do your business provide in the area. You need to demonstrate how your product/service differs with that of your competitors.

Unit 9 - Seizing up the Market

9.1 Introduction

Seizing the market is a necessary task for business planning and budgeting for all start-ups. If you wish to invest in certain business then you need to know about potential market size. In order to determine the market size for your start up, you need to ask yourself the following questions.

9.2 How to identify questions you need to answer

- What problem are you solving,
- who is your target customer,
- What competitors' products/services exist in your space? And
- What is the estimate number of target customers?

9.3 Where to get information

Through observation and asking: The customers who need the product/services are willing to pay for it is the market. The market must be aware of availability of the product/service and can be able to obtain it. Helping the customers to know about a product/service and how to obtain it is a marketing strategy. It makes sense for a business to have an effective marketing strategy.

Any marketing strategy must take into consideration the following factors:

- The location of business
- Advertising
- Packaging
- The need for good relationship with other businesses
- Reputation in the community (word of mouth)
- Competitor's price

How to use the findings

The entrepreneur should be willing to adapt products or service to customer preference, taking into consideration local safety and security regulations. A new product may have an initial period of high demand. However, a situation point may be reached and demand may stay stable or even decrease. A sustainable market is one in which demand price keep increasing or stay stable with a steady rate of replacement

	Existing Products	Modified Products	New Products
Existing Markets	Women shampoo	Alternative greeting cards	Solid state still camera
Identifiable Markets	Clothes for professional women	Overnight package delivery	Specialty sports cars
New Markets	Mobile pet grooming device	Personal computer	Laser discs

Unit 10 - Estimating cost and setting a price

10.1 Introduction

A product or service may be exchanged for money or for another product or service. Most businesses will want to make profit on product or services sold. Profit is the difference between cost price and selling price. A part of the profit can be reinvested or used for expansion of the business. A reasonable margin of profit enables the business to continue and even expand.

10.2 Definition of “Costs”

An amount that has to be paid or given up in order to get something, In business, cost is usually a monetary valuation a) efforts, b) materials c) time and utilities consumed, d) production and delivery of goods and services. All expenses are costs, but not all costs (such as those in acquisition of income generating assets) are expenses.

10.3 Differentiate and classify direct and indirect costs

There are two types of costs:

- a) **Direct costs:** These are costs that are directly related to the product or services that a business makes or sells. E.g. the cost of buying the product or materials involved in producing the product; the money we pay people who work in making or selling product; transport of materials/products and consumable bills.
- b) **Indirect costs:** These are all other costs for running the business for example rent, license, security, utility etc Indirect cost are also known as overheads costs is paid whether the business is producing or not.

Example: The milk vendor is buying a litre of milk at Tshs 1000/- and transport 200/-, what should be vendors' cost price per litre? ADD direct costs and indirect costs.

Computing total production costs/cost per item

Example: Helen is a seller of second hand clothes at Karume, Kariakoo Dar es Salaam and lives in Mbagala. Early in the morning she travels from home to Ilala for Tshs 1500/- one way, food Tshs 2,000/- per day and she buys second hand clothes Tshs 50,000/- and transport from Ilala to Karume carriage costs Tshs 500/-. Normally she buys children clothes (total pieces in one lot is 100pcs to 200pcs). Helen sales her second hand clothes at random at the auction between Tshs 500/- to Tshs3,000/- per piece

Direct cost:	Amount (Tshs)
Carriage of second hand clothes	500.00
Purchase of second hand clothes	50,000.00
<i>Total direct costs</i>	50,500.00
Indirect Cost	
Transport from home-work-home 1,500/- x 2 trips	3,000.00
Food and drinks per day	2,000.00
<i>Total direct costs</i>	5,000.00
<i>Total costs</i>	55,500.00

Now, if Helen has 200 pieces how much did it cost per item?

Take the total cost of 55,500/- divide by 200 pieces = Tshs. **277.50**

(Does Helen set a correct price? Is it profitable to her business?)

10.4 Factors to consider in setting a price and formulate effective price strategy

When setting a price for a product or service one needs to consider the following:

- Total product cost (direct and indirect)
- How much customers are willing to pay
- Competitors prices

- Total costs + Profit = Price
- Short supply of product /service “scarcity”

It is therefore important to accurately calculate each of these, so that the final selling price is realistic.

Cost of production + overheads + profits = selling price



Profit

The entrepreneur should be careful in setting the level of profit made on the sale of a product or service, taking into account the relationship between demand for the product (how many people want it) and the available supply (amount of product available to be sold). If demand is great for the available supply, the price (and thus the profit) may be increased. If there is a large supply, but few people want to buy, then prices may drop. An excessively high price due to a big margin of profit will discourage customers. When sales increase, profit margins may be reduced. This can enable the entrepreneur to lower the selling price, therefore allowing the business to ‘capture’ the market and even expand it.

Unit 11–Business License and Taxation

11.1 Introduction

11.2 What is a license?

The term refers to a written agreement entered into by a government or institution giving a legal permission to individuals/groups or an entity to use a property or engage in an activity in relation to that property.

11.3 Why business licenses are required?

Business licenses are required by law for the following reasons:

- To identify your business and make sure you are accountable for your actions
- To protect the public health and safety
- It enables businesses, particularly small ones, to gain access to funding and to certain protections by the law
- It also helps formalize the economy as registered businesses pay tax and deliver other important benefits to the economy
- To keep track of your finances for tax purposes

11.4 Procedure for licensing

Business licenses, permits are administered by the local government through the local village/hamlet government. You will need to fill in an application form for the licence, provide three passport size photos, an identity card and a contract for renting a premise.

Apply for the business license from the Ministry of Industry and Trade (MIT) and Local Government Authorities (LGAs). You will have to pay a certain fee depending on the type of business you have planned to undertake.

Apply for Tax Identification Number (TIN) at the Tanzania Revenue Authority (TRA). TIN is for free, you don't need to pay for anything. It takes a minimum of 1-2 days to get it, depending on the number of requests made to the TRA at the time.

11.5 Registering with Tax Authorities

In order to obtain a Tax Identification Number, you need to visit TRA regional or district office and fill TIN application form to apply for Taxpayer Identification Number. The application can also be made online, however you must physically visit TRA offices for biometric scanning which involves taking photograph, finger prints and signature.

Once the Tax Identification Number has been issued, the tax file will be opened. Once a file number has been issued, your business is expected to complete provisional tax return forms. These have to be submitted within three months of the initial accounting date. You must estimate its profits for the first year and make quarterly provisional tax payments. Once a file number is issued, TRA will issue an Income Tax Clearance Certificate, which can be used to obtain the general business license.

After obtaining TIN certificate, you will be required to apply for business license from the Trade office in District, Municipal, City and the Ministry of Trade and Industry depending on the type of business.

11.6 Certificate of Registration:

You may opt to register the business name to the agency commissioned by Ministry of Trade and Industry known as Business Registration and Licensing Authority (BRELA). The registered name can be obtained before or after application for TIN. The registered business name shall be indicated on the TIN certificate together with an individuals' name showing the owners name trading as (T/A).

You will be required to declare the estimated income or turnover for the provision tax assessment for the particular year. At the TRA office the tax officer may interview you and record your business and personal particulars.

The Individual Presumptive Tax Assessment

Annual Turnover	Not Complied	Complied
Where turnover does not exceed Tshs 4,000,000/=	NIL	NIL
Where turnover is between Tshs. 4,000,000/= and Tshs 7,500,000/=	Tshs 150,000	3% of the turnover in excess of Tshs 4,000,000/=
Where turnover is between Tshs 7,500,000/= and Tshs 11,500,0000/=	Tshs 318,000	Tshs 135,000/= plus 3.8% of the turnover in excess of Tshs 7,500,000/=
Where turnover is between Tshs 11,500,000/= and Tshs 16,000,000/=	Tshs 546,000	Tshs 285,000/= plus 4.5% of the turnover in excess of Tshs 11,500,000/=
Where turnover is between Tshs 16,000,000/= and Tshs 20,000,000/=	Tshs 862,000	Tshs 487,000/= plus 5.3 % of the turnover in excess of Tshs 16,000,000/=
<p>Note:</p> <p>1. Where turnover exceeds Tshs 20,000,000/= p.a you will be obliged to prepare audited financial statements in respect the business.</p> <p>2. If your turnover exceeds Tshs 14,000,000 p.a is obliged to acquire and use the Electronic Fiscal Device (EFD).</p>		

Source: TRA, Taxes and Duties at Glance 2015/2016

Unit 12 - Managing my workplace

12.1 Introduction

This topic introduces the importance of organizing the workplace and the need for basic safety measures.

12.2 Definition of “workplace”

Workplace is a physical location where someone works; such place can range from home –office to large office building or factory. It is one of the most important social spaces other than the home, constituting “a central concept for several entities: the worker and his/her family, the employing entity, the customers and society as a whole. The workplace is not necessarily located in one physical location/space.

12.3 The concept of management of workplace

The concept addresses issues related to workplace management from human resources and material resources used to executing business functions in daily to day activities.

A workplace is where goods and services are produced or sold, such as a factory floor or shop. Good workplace management helps small businesses to become efficient by: creating comfortable and safe working conditions; gaining space; reducing material damage and loss (wastage); prevent work related accidents; workplace must be kept clean and safe for workers and clients.

12.4 Things to put to attention in workplace by entrepreneur/owner/manager

The entrepreneur should pay particular attention to: space, ventilation, materials handling and storage and control of hazardous substances.

12.5 Space

Each worker should be provided with sufficient space to carry out her or his tasks without interfering with other workers or other ongoing processes.

12.6 Lighting and ventilation

High precision work requires appropriate lighting. Workplace windows must therefore be cleaned regularly to allow sufficient light to come through.

Similarly, ventilation is important for good health, particularly where work is being carried out with machines, chemicals or raw materials. The work area should allow enough space for air to circulate.

12.7 Material handling and storage

Storing materials properly helps to avoid accidents and save time. Raw materials, semi-finished goods and completed products should be kept in

separate areas. Some raw materials and products should not be exposed to the elements (bad weather). They should be stored indoors. Items that are not frequently used should be removed from the work area.

12.8 Control of hazardous substances

Substances like organic solvents, paint and glue must be kept in covered containers. Whenever possible, less hazardous materials should be used.

Hands should always be washed after handling such substances.

Unit 13 - Mobilizing Resources

13.1 Introduction

The resources usually needed to launch a new business may be broadly classified in three groups: financial, human and material.

The entrepreneur may need to mobilize sufficient finances to initiate operations. Human resource support, on the other hand, may not be required in the initial stages if she or he can manage the work at hand alone. The entrepreneur's innovative qualities are expected to help with findings. Finance and material resources, while a spirit of initiative and self-reliance is important in getting the business off the ground.

13.2 Definition of "Financial Resource"

Is the money available to a business for spending in the form of cash, liquid and credit? Before going to business, an entrepreneur needs to secure sufficient financial resources in order to be able to operate efficient and sufficiently to promote success.

13.3 How to get capital

Funds for launching the business may be obtained from one or a combination of sources: personal savings; family funds; community co-operative organizations; community financial syndicates; Microfinance Institutions; Post Office; savings and loan associations; banks, etc

- Get part time job
- Start business from home
- Get advance commitment for work
- Apply for a micro loan
- Apply for a business loan
- Apply for a loan through group lending
- Mobilize your own savings Banks offer a variety of financial facilities, such as: current or cheque accounts; savings accounts; loan services.

It may be necessary to open an account with a bank before you qualify to obtain financial assistance. Loans obtained from banks will involve repayment with interest. A new entrepreneur should investigate as many

sources of funding as possible in order to secure the best terms and conditions for repayment. This means ‘shopping around’ for the most favourable interest rates and repayment conditions.

Lending institutions may require evidence regarding the prospective business, such as a business plan, a guarantee and a contribution by the entrepreneur, before they actually disburse funds.

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13.4 Estimating the cost of launching a business

When the nature of the new business has been decided, it will be necessary to estimate the cost of starting operations. They may include premises, offices, equipment, initial stock etc. The following is a standard template for estimating start up costs.

START-UP COSTS	Tshs	EQUIPMENT/CAPITAL COSTS	Tshs
Registrations		Business purchase price	
Business name		Franchise fees	
Licences		Start-up capital	
Permits		Plant & equipment	
Domain names		Vehicles	
Trade marks/designs/patents		Computer equipment	
Vehicle registration		Computer software	
Membership fees		Phones	
Accountant fees		Security system	
Solicitor fees		Office equipment	
Rental lease cost (Rent advance/deposit)		Furniture	
Utility connections & bonds (Electricity, gas, water)		Shop fit out	
Phone connection			

Internet connection			
Computer software			
Training			
Wages			
Stock/raw materials			
Insurance			
Building & contents			
Vehicle			
Public liability			
Professional indemnity			
Product liability			
Workers compensation			
Business assets			
Business revenue			
Printing			
Stationery & office supplies			
Marketing & advertising			
Total start-up costs	Tshs	Total equipment/capital costs	Tshs

13.4 Managing my money

When funds have been obtained for the purpose of launching a business, the entrepreneur needs to be careful about keeping records of income on the one hand, and expenditures on the other. The entrepreneur's financial records need to be reconciled with periodic statements bank statements.

The entrepreneur needs to be particular about making repayments, according to the schedule agreed on by the two parties, in order to avoid penalties and higher interest rates.

Financial discipline is key to a successful business. Business accounts need to be kept completely separate from personal accounts.

13.5 Record Keeping

Record-keeping is important because you cannot keep everything in your head. Memory is not good enough for proper analysis and planning.

Advantages of regular record-keeping are:

- You will know how much money you have received, how much you have spent and how you have spent it.
- You can calculate whether you are making a profit or a loss.

- You will be able to make better decisions on when and what to buy and sell.
- You can keep records of buying and selling on credit.
- You can keep records of money coming in and going out of group projects therefore preventing misuse of the money and avoiding mistrust among group members.
- By comparing your actual records with your planned budget, you can determine if you are on the right track during your business year.

13.5.1 Consequences of Keeping Poor Records

- You will not know how much money you are earning, whether your business is making a profit or losing money.
- You will not be able to make good decisions that will allow you to make more money and prevent your business from losing money.
- You will not know which customers owe you money, how much they owe you or how much you owe someone else.
- Where groups of people work together, lack of a proper record-keeping system often leads to mistrust and accusations between group members.

13.6 Various Approaches to Keeping Records

Records may be kept in a variety of different ways depending on the knowledge, time and interest of the person keeping the records. Different record keeping systems will have different levels of accuracy with the most complete records being the most accurate but also taking a large amount of time. The business owner must make a choice as to what and how much information they need, who will record the information and how much time it will take, and how the information will be used.

Many simple record-keeping methods have been devised to keep records of money transactions. However, all methods require self-discipline and commitment. People have to be motivated by the desire to improve their income level or perhaps to get themselves out of debt.

13.7 Types of Records for Various Businesses

The kinds of records and amount of detail kept may vary according to your

type of business, legal requirements, purchases and sales involving credit and number of employees. More information will assist you in making more accurate business decisions. However, collecting more information requires more time and cost and you must decide whether you will need or use all the information.

Some businesses only need to maintain a Cash Book. Other businesses may need to maintain a Cash Book, Credit Book, Inventory Records, Production Records, Labour Records, or perhaps even individual records for each machine or each employee.

13.7.1 The Cash Book

The book in which we write all the money that comes in and goes out is called a 'cash book'. You can use an ordinary arithmetic exercise book as a 'cash book'. An example of a Cash Book that records the money coming in and money going out of a business would be as follows:

Date	(+) Money In	Amount	Date	(-)Money Out	Amount

- All money that comes in is written on the left page
- All the money that goes out is written on the right page

13.7.2 Record Keeping for Inventory

An Inventory Record keeps a record of physical items that your business has at any point in time. It includes what you had at the beginning of the year, what has been added to those items through purchases and production and how much has left your business through sales, consumption, planned use or losses. This information is of critical importance to the daily operation of your business.

Inventory records can help you decide when to re-order stock, how profitable your business is, if you should add or remove certain stock from

the business offerings, and can even help pinpoint inventory losses due to theft.

13.7.3 Why is Record Keeping for Inventory Important

- To help measure profitability
- To measure production
- To plan for re-order to avoid running out of supplies or items
- To sell
- To deter theft

13.8 How Can You Keep Better Records of Inventory?

- Record the number of units, cost and description of each group of items, then enter them as inventory. This includes production from farming, craft production, as well as any merchandise purchased for resale.
- As a product is sold, record the number of units, selling price and description. These amounts will be subtracted from the inventory on hand.
- Depending upon the type of business and type of inventory held, the entrepreneur should physically count the inventory on hand at frequent intervals. This is compared to the amount that should be on hand based on the quantity sold, quantity used for other production or household consumption, and the quantity lost due to spoilage or death. Any discrepancy should be investigated since theft or some other problem may cause it.
- At the end of the recording period the remaining inventory must be counted and verified with sales records to help determine the cost of the products sold.

Calculation of Ending Inventory:

+ _____ Value of Beginning Inventory
 + _____ Value of Production
 + _____ Value of Product purchased for resale
 - _____ Value of Product sold
 - _____ Value of Product used in business/personal
 - _____ Value of Product lost by theft or spoilage
 _____ Total equals ending inventory

Inventory Record Sheet

Date	Item Description	Beginning Inventory		Producti on	Purchas es	Sales	Used	Losses	Ending Inventory	
		Quantity	Value						Quantity	Value

13.8.1 Credit Book

Many entrepreneurs buy and sell on credit but they do not keep records of it. They try to keep this information in their head. Problems with repayments of credit often cause a loss of money. Keeping records of buying and selling on credit will help to avoid this problem.

The Credit Book keeps a record of all the money that customers have to repay you and all the money you have to repay to others.

There are different ways to keep Credit Books. You can keep two books - one for the goods or services that you have sold on credit and one for the goods or services that you have bought on credit. Another system is to have one book and use one half of the book for 'sold on credit' and the other half for 'bought on credit'

Recording Transactions Sold On Credit

The customer is the person who buys goods. Use one page in your credit book for each customer and begin by The following an example of Sold on Credit recording keeping sheet.

Name of Customer

Date	Goods Sold	Amount Sold	Amount Paid	Balance Owed	Signature

Goods Sold

- Goods or service that was sold on credit to the customer on that date.

Amount Sold

- Record the value of goods or services sold on credit.

Amount Paid

- Record the payment or part-payment of the amount sold on credit.

Balance Owed

- Record the total amount the customer has to repay.

Signature

- Get the customer to sign or make a fingerprint in this column each time she buys on credit or repays you.

Recording Transactions Bought On Credit

You record goods bought on credit when a supplier provide you goods on credit.

Name of Supplier

Date	Goods Sold	Amount Sold	Amount Paid	Balance Owed	Signature

Goods Sold

- Use a symbol to describe the goods or service that was bought

on credit from the supplier on that date.

Amount Sold

- Record the value of goods or services bought on credit.

Amount Paid

- Record the payment or part-payment of the amount bought on credit.

Balance Owed

- Record the total amount you still owe to the supplier.

Signature

- Get the supplier to sign or make a finger print in this column each time you make a payment.

Unit 14 - Human Resources Management

14.1 Introduction

Human Resources: is a resource that resides in the knowledge, skills, and motivation of people. Human resource is the least mobile of the four factors and (under right conditions, it improves with age and experience which no other resource can do. It is therefore regarded as the scarcest and most crucial productive resource that creates the largest and longest lasting advantage for an organization.

The concept of Human Resource Management (HRM) practice to MSMEs is still new in Tanzania is now widespread practice most of MSMEs still function informal ways even if some of business are formally registered with relevant authorities like BRELA and having a license.

14.2 Definition of Human Resource

Human Resource is the function that covers management of people/employees who work with business enterprise; it deals with issues related to people such as recruitment, performance management, organization development, safety, benefits, motivations, communication, administration, training and staff reduction.

14.3 Hiring people to work with

The entrepreneur may launch the business by him/herself, and consider obtaining assistance as it expands and the workload increases. She/he may also launch the business as a sub-contractor for another business, and consider getting help when circumstances of the business permit.

Mobilizing people to help with the business will involve compensating those people with a fair wage that corresponds to their suitability (qualifications) for the job and the number of hours, days, weeks or months they will work.

Before hiring workers, the business needs to identify clearly the nature of the work that is to be done and the professional qualifications and skills of the person who should be hired to do this work. Staff may need to receive training when they start work and then again periodically during their working life with the business. A relevant training may contribute to motivating staff and making them more productive.

The entrepreneur should keep in mind that the wage is not the only cost associated with hiring people to support the business. There may be dues to be paid to the national government and/or the local authority in the form

of social security, health benefit payments and training.

Workers may be hired to carry out the following functions in the business:

- Production
- Quality control
- Administration
- Transport
- Customer relation etc.

14.4 Outsourcing

A business may choose not to hire an employee to do some of its work. It may instead assign the work to a person or agency outside the business for payment for that assignment only. For example, many businesses do not have permanent cleaning staff. Instead, they hire other businesses to provide cleaning services.

An advantage of outsourcing is that the business can choose to terminate the services of the contracted person or agency if their performance is not satisfactory or their charges are excessive. The business may then hire another person or agency better suited to its needs. A disadvantage of outsourcing is that the contracted person or agency would feel no significant loyalty or commitment to the business, and would not be a part of the working of the business as a whole.

Unit 15 - Material Resources

15.1 Introduction

Starting and running a business requires materials. The materials a business needs will depend on the nature of its activity (the product or service it is providing), and of course its size (how many people it employs, Clients: how many clients it has and the amount of goods or services it provides).

15.2 Material resources

Are related to all things that you can touch, see, feel, and move. For example, machinery, equipment, computers, desks, office supplies etc

Material resources are physical and concrete ways which help to achieve a goal. The concept is common in businesses.

Examples of material resources

Material resources for entrepreneurs can be tangible and non-tangible. E.g. Knowledge on the business, sources of funding, network of contacts, accumulated wealth value or usefulness possessed by business enterprise or entrepreneur /owner/manager.

The entrepreneur must determine very carefully what items or types of materials she/he needs to best run the business, and in what quantities.

A business needs two categories of items:

- a. Items that enable the business to produce its goods or offer its services
- b. Items to manage the administration of the business, such as pens, paper and a calculator (and eventually perhaps a computer!).

How many or how much of each item is needed will depend on the size of the business and how many goods or services it aims to make available to customers.

Supplies: Some items will need to be obtained only once every few years, while others will need to be constantly renewed. For example, after initially acquiring several sets of drinking mugs, a restaurant will need to obtain new mugs only occasionally, as they break or their condition deteriorates. On the other hand, it will need to buy fresh food very regularly, or the customers will go hungry!

Sourcing of materials: Once the entrepreneur has decided on the necessary materials and their quantity, he or she must determine whether

or not they are easily available. Materials can be obtained from a combination of sources: community members such as agricultural workers; other businesses; council or local governments, etc.

Costing of materials: Materials can be expensive, particularly if they have been transported long distances. Wherever possible, they should be obtained from the local community and its surrounding areas.

Mobilization initiatives: As a potential entrepreneur, you may need to mobilize sufficient finances to initiate operations. Human resource support, on the other hand, may not be required in the initial stages if you can manage the work alone. Your innovative qualities are expected to help with finding finances and material resources. A spirit of initiative and self-reliance is important in getting the business off the ground by you.

Unit 16 - Business Plan Development

16.1 Definition of Business Plan

- A Business Plan is a document which spells out the goals and objectives of a business and clearly outlines how and when they will be achieved.
- A structured guideline to achieve a business goal.
- A road map to owning and operating a business.
- A proposal that describes a business opportunity for financing agencies or investors.
- A detailed action program outlining every conceivable aspect of the proposed business venture.

16.2 Importance of a Business Plan

A business plan could be developed to assist the:

- Keeping of focuses and attentions on your goals and strategies
- Sourcing of finance from outside sources (i.e. banks)
- Guiding of opening a business
- Guiding of managing a business
- Communication with interested parties

16.3 Basic Components of a Business Plan

Basic components of a Business Plan is as follows:-

1. Executive Summary

- Write this section last. Include everything that you would cover in a five-minute interview. Make it enthusiastic, professional, complete, and concise.
- Explain the basics of your business: What will your product be? Who will your customers be? Who are the owners? What do you think the future holds for your business and your industry?
- If applying for a loan, state how much you want, precisely how you are going to use it, and how the money will make your business more profitable.

2. Business Description

- What business will you be in? What will you do? Briefly, who are your target customers? State your business hours and location.
- What is the legal form of ownership: Sole proprietor, Partnership, Corporation, Limited liability corporation (LLC)? Why have you selected this form?
- Who are the major owners of the firm? Briefly summarize their qualifications.
- Company Goals: Where do you see your business in the first year, in 3-5 years?
- Business Philosophy: What is important to you in business? What factors will make the company succeed?
- What do you think are your major competitive strengths? What “niche” are you taking that will help you to establish a place in the market?

3. Management and Operations

- State your business’s name, legal form and ownership: “ABC Enterprise will be a sole proprietorship owned solely by Jane Success.”
- Provide a brief overview of the owner(s) qualifications for this business. Attach a resume for each owner to the Appendix.
- Who will do what functions? If it’s just you, state that you will perform all needed functions: buying, marketing, bookkeeping, customers, inventory, maintenance, etc.
- Will you have employees? What will their role be? What qualifications do they need? What will you pay them? Training requirements?
- Will you use outside professionals or family members to help? Indicate any Accountants, bookkeepers, attorneys, etc. State family member’s role in your business.
- Does your business require any special licensing, bonding or regulations? Is your retail or production location zoned properly? What insurance do you have?
- Identify any key suppliers. Do you have back-up suppliers?
- Will you sell on credit? What will your policies and terms be? How will you determine creditworthiness for new clients?

4. Marketing

a. Industry Overview

- What do you know about the industry you're in? Is it growing? How is it changing? What is the industry/market like where you plan to operate your business?

b. Target Market

- Describe the "primary target market" for your business. This is your most important type of customer. What are their characteristics (age, gender, income, etc.), where are they located? What other "secondary market groups" will you target?

c. Competition

- List three major direct competitors (those that do exactly what you do).
- Will they compete with you across the board, or just for certain products, certain customers, or in certain locations?
- What are their advantages over you? How will you deal with these?
- What are their weaknesses? How will you take advantage of these?
- What niche are you filling the market? (Don't try to be all things to all customers!)

d. Product/Service

- Describe your major services and/or products. Do you need to categorize your products? The work you do may involve a wide variation of price and time

e. Promotion/Advertising

- How will you get the word out to customers? (Include any print advertising: trade shows, a website, brochures, business cards, direct mail, other media, etc.) Itemize all costs and include relevant dates, ad sizes, etc

f. Pricing

- How did you decide on your prices? Does your pricing fit your market? How do your prices compare to your competitors?

g. Placement

- Where are you running your business? From home? An office or store? If you do not have a location picked out yet, describe what you are looking for.

5. Financials

- a. Your Personal Financial Picture
- b. Financial Assumptions
- c. Start-Up Expenses and Sources of Capital
- d. Use of Funds and Collateral
- e. Cash Flow, Income Statement and Balance Sheets

Unit 17 - Information and Communication Technology (ICT)

17.1 Introduction

Information and communication technology (ICT) can help to launch and manage a business efficiently. Even though certain ICTs may not be immediately available in some community, it is important to have at least a basic knowledge of their potential to improve efficiency and expand a business.

17.2 Definition of ICT

Information and communications technology (ICT) refers to all the technology used to handle telecommunications, broadcast media, intelligent building management systems, audio-visual processing and transmission systems, and network-based control and monitoring functions.

17.3 ICT medium

Converging technologies that exemplify ICT include the merging of audio-visual, telephone and computer networks through a common cabling system. Internet service providers (ISP) commonly provide Internet, phone and television services to homes and businesses through a single optical cable. The elimination of the telephone networks has provided huge economic incentives to implement this convergence, which eliminates many of the costs associated with cabling, signal distribution, user installation, servicing and maintenance costs

The commonly-used ICTs are given below:

Radio

Radio is a very effective way to advertise a business. It is relatively inexpensive and can reach a large audience. Some communities have a local radio service. You may use this service to advertise products or services by being interviewed on a radio programme.

Unit 18 - The Internet and e-business

18.1 Introduction

The internet has revolutionized the communications world like nothing before. The invention of telegraph, telephone, radio and computer set the stage for this unprecedented integration of technology. The internet is at once a world-wide broadcasting capability, a mechanism for information dissemination, and medium for collaboration and interaction between individuals and their computers without regard for a geographic location.

18.2 Definition of “Internet” and “e-business”

The internet is a global network connecting millions of computers in more than 190 countries are linked into exchanges of data, news, opinions.

E-business and e-commerce are often used interchangeably to e-commerce (electronic commerce or EC) is buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business –to-business, business –to-consumer, consumer –to-consumer or consumer-to-business

The client may visit the website launched by a certain business and find a product or service that he or she needs. The client then communicates by e-mail with that business to order the product or service and to indicate the method of payment. A small business may find it extremely cost-effective to advertise via the World Wide Web, as launching a website is a relatively inexpensive process.

Communicating by e-mail and scanning websites depends very much of course on the quality and efficiency of the local telephone network and electricity supply.

18.3 Roles and functions of internet and e-business

- For buying, selling, marketing, as well as customer relationships and management services.
- Breaks geographical barriers and is cost-efficient, thereby improving business productivity and increasing revenue.
- Efficient procurement process to ensure uniform pricing.
- It provides business with inexpensive way of connecting with consumer globally through interactive websites, email newsletters, online survey and forms, blogs and discussion

groups.

- For marketing activities through website with advertisements, banners, pop ups or search engines such as Google ad words
- A business may obtain helpful information by scanning or 'surfing' websites. Some websites, known as search engines, can help you to identify other websites and/or information of interest. A business can launch its own website to advertise its products or services. Advertising via the World Wide Web ensures that the business can be publicized throughout the world. In this way even a small business can advertise its products worldwide and attract clients who would not otherwise know about them.
- The internet is usually available 24 hours a day. This means that communicating across different time zones is easy.
- E-mail enables you to send and receive messages, pictures and sound on your computer. E-mail messages are sent and received almost instantaneously. This is an inexpensive way to contact people far away as sending a message may cost about the same as a local telephone call.

18.4 Challenges of internet and e-business to micro enterprises

- Lack of financial, legal and physical infrastructure for the development of e-commerce
- Cultural differences and business philosophies across the developing countries
- Security concerns of the customers remain an important impediment to expanding e-commerce services and business.
- Reluctance of customers to provide online information about their credit cards
- Lack of competition, this result in bandwidth cost that can be up to 100 times higher than in developed countries.