

**SOUTHERN AFRICA FEDERATION OF THE DISABLED
(SAFOD)**

TRAINING MANUAL

ON

**HOW TO START AND RUN A BUSINESS
FOR
SELF-RELIANCE**

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Alexander M. Phiri
Secretary General

INTRODUCTION:

This manual was developed and written by the Southern Africa Federation of the Disabled (SAFOD) following the successful implementation of a project funded by UNIFEM called “Enhancing the Economic Security of Women with Disabilities in Southern Africa”, and is intended as a brief overview or guide to a range of business training programmes of people with disabilities. The manual cannot, therefore, attempt to address all the details required for carrying out a business training programme, but it includes basic information that is required for starting or expanding a business or income generating project. The information in the manual is not only user-friendly, but it is also adapted to the needs of small businesses, although most of the information will apply equally to larger concerns.

For example, preparation of a business plan is not only important to help ensure that the type of business you have chosen, the location, market, cash needs, expected profit and possibility of growth are all favourable, but a plan is also necessary for approaching financial institutions for funding.

SAFOD's experience with training individuals and groups of people with disabilities on how to start and run a business dates back to the early 90s when the organization launched the “Small Scale Enterprises for Economic Development (SEED) programme. In the second and final year of the Women's project funded by UNIFEM, the SEED programme was reviewed and a new programme, the Poverty Alleviation Strategy (PAST) was introduced to replace SEED. It is this vast knowledge gained over many years through SEED and the women's economic enhancement project that enabled the organization to compile this simplified version of a Business Training Manual in order to assist individual disabled people and their groups to generate viable business ideas successfully. The manual is suitable for especially people who are able to read and write and do simple calculations.

Many people who think of going into business strongly believe that when you have the money you need, you are in real business. This is not true. To run a successful business you need the following:

- Great ideas that meet real needs
- Goals that can be achieved
- The right people and resources to carry out the project
- Strong commitment and participation (including decision making)
- Excellent management
- Future plans for growth

GENERATING A BUSINESS IDEA

People with disabilities in general and women in particular have the potential to contribute economically, socially and politically to the development of their communities and countries if their participation in community programmes and/or activities is recognized and accounted for. In this way they can address their own economic empowerment and therefore come out of their poverty situation.

Throughout their lives, people with disabilities experience exclusion that cuts across all sectors that are responsible for their acute and chronic poverty. Many people with disabilities themselves, especially in (Sub-Saharan) Africa and other low-income and developing nations, have very low expectations, lack self-esteem and power. Years of continual exclusion and negative attitudes tend to put them in a situation of hopelessness.

The Southern Africa Federation of the Disabled and its member organizations are undertaking development programmes that aim to build the image and confidence of people with disabilities in their respective countries through engaging themselves in income-generating projects or business ventures of their choice. However, due to long periods of exclusion, many projects that grassroot member engages in are “traditional” and not so challenging. Examples of the project activities that come to mind are tailoring, crochet work, chicken rearing, shoe-mending, vending (selling fruits), basket weaving, carpentry, welding, etc. Rehabilitation institutions and vocational training centres that are operating in many countries in Southern Africa are even encouraging people with disabilities to undertake these traditional activities, without giving them the opportunity to explore such “up-market” and modern ventures as tourism, hair salons, printing, manufacturing, catering, transport, etc. Could it be due to high rates of illiteracy among people with disabilities that they are not given the opportunity to venture into these more challenging businesses?

An entrepreneur: a business person who attempts to make a profit by risk or initiatives:

- He or she is a business starter with sound judgment.
- A leader who is responsible for the success or failure of a business, and who also carries the risk.
- It is someone who has a brilliant idea and then finds the money or capital to back it.
- Entrepreneurs are women or men with disabilities capable of generating new business ideas, and finding the money to realize their dreams?

Yes, there is a high rate of illiteracy among people with disabilities and this may contribute to their further exclusion from being given the opportunity to explore new business horizons. Some people, especially men, think that women are too shy or not

educated enough to participate in or contribute to business development. Infact, for cultural and social reasons, many women, especially women with disabilities have not developed the same skills as men. Inclusion is the first step to a new balance of power. Women must be helped to organize themselves without men present, and they can become natural leaders! It is however, not true that in order to generate a new business idea one needs to be an expert or educated. The entrepreneur or business planner can be anyone who can “scan” the environment irrespective of disability or educational level to discover an opportunity which he or she can then turn into a business or something to generate income for himself/herself. By so doing, the entrepreneur’s main idea is to focus on a product to manufacture or service to offer; and when he or she is in business, the entrepreneur should be prepared to go or sacrifice regular income and/or a permanent job. His or her sacrifice includes working long hours with the family sometimes receiving little attention. Here it must be realized that when the entrepreneur takes this risk success is not automatically assured. The possibility of failure always exists despite all the sacrifices the entrepreneur makes. Failure can occur because of incorrect calculations and poor planning. The main goal of any business however is what it can offer in terms of potential satisfaction including financial rewards.

Business Start check list:

The following are some of the things you need to consider when starting a business:

- Choosing your form of business organization (non-profit?, partnership? Sole Proprietor? Corporation or company?)
- Business research/feasibility study;
- Naming your business and registering the name;
- Business Plan (very important for sourcing finance for the business);
- Bank Account;
- Insurance;
- Taxation;
- Licences and permits (approach local authority for details of these);
- Business site or location (lease or purchase space, or home based business or commercial);
- Advertising / marketing;
- Bookkeeping;
- Lawyer and other professional services;
- Communication tools (phone, cellular phone, fax, e-mail);
- Office supplies and equipment (computer and printer, photocopier, furniture);
- Transport

BUSINESS PLAN OR PROJECT PROPOSAL

A general business practice for both new and existing business enterprises is to prepare and submit a detailed and appealing business plan or proposal, especially when applying for finance or capital at a financial or funding/donor agency.

Is there any difference between a business plan and a project proposal? A project proposal, which most people with disabilities and their organizations are familiar with, is much like a business plan. It is usually prepared for people who are not familiar with either your organization or your project. The project plan or proposal will give the reader all the information that is needed about you and the activity you have in mind. Therefore, in the same way that a bank would like to see your business plan before it can offer you a loan, and so will a funder or donor ask for a project proposal. However, unlike a bank, development agencies are not only interested in the management and financial parts of your business or project – they are also interested in the development aims. In fact, there are two areas in which the proposal must convince the funder that you deserve the support that you are looking for:

- Will the project contribute to the development of the community?
- Are you capable of managing the resources needed to meet your dream?

In your response to these two questions do not just think about what the funder wants to hear but rather consider what you need to do to manage your project effectively. If you have a clear concrete project plan then you are likely to have both a successful project proposal and project!

What are the common issues that funders or financial institutions look for in a project or business proposal? They all basically ask the same questions:

- a) WHO? Are you and who will benefit from the project.
- b) WHY? Are you planning a project.
- c) WHAT Do you hope to achieve.
- d) WHERE? Will the project take place.
- e) WHEN? Will it take place.
- f) HOW? Will you proceed.

As you prepare or design your proposal or plan you will find that these questions will lead you into further questions that you should attend to:

1. Who are you = whose project = project applicant.

The financial institution or funder reading your project proposal or business plan would like to know the following:

- Background of your organization or group. How was it started? Why was it started?
- Activities and services. What does the group do or what do you do?
- Previous experience, skilled people, or public support. Highlight anything that relates to the project.

By the way: funders prefer reading short, clear explanations and sentences rather than long ones. If you have extra information you want the funder to know (e.g. annual report or newspaper article about your group) please attach it as an appendix)

- a) Who are the partners working with you? Cooperating partners. The involvement of other organizations in your project shows that you have support from your community and you can therefore access skills you might not have within your group. If you have been involving government bodies or other businesses, even if for funding purposes only, this can lend support to your proposal.
- b) Who are the women among you? = “Women’s participation”. It is important for most funding agencies to know that women are fully included in the project. Women should be represented among the planners and decision-makers of the project leadership.
- c) Who are the beneficiaries? The beneficiaries, in the case of a group project, are the people for whom the project is being organized. The beneficiaries include the participants who will benefit “directly” from their involvement in the project. In addition, there will be “indirect” beneficiaries who may not be active in the project but whose lives will also be affected by the project activities.

2. Why do you need this project?

By using a process of participatory planning, it will be clearly understood why you chose your particular project, beginning with the problems you need to address. Some project guidelines ask for a description of the “problem”. Also remember to include some of the information gathered through group discussions, surveys and background research. In the case of a project of people with disabilities, remember to include the numbers and types of disabilities that live in your district, and how you think their situations will improve?

3. What do you hope to achieve? = “Overall and Immediate Objectives”

- in the long term
- by the end of the project

Overall objective is the long-term aim or vision. It is sometimes called the Development Objective or Goal or Purpose. Your project will help meet the Overall Objective, but this alone is not enough. For example, your vision or overall objective may be that people with disabilities in your country are educated. If it is a skills training project you are planning then it will help in moving towards this vision, but many other policies and programmes will also be necessary.

What you have to achieve during the time or period of your project are the Immediate Objectives. As the success of your project will be measured by how you are able to meet the objective(s), these should be realistic in the short term.

The objectives are generally written in point form.

4. Where, when, how will the project happen? These questions help you to develop a clean plan in terms of how the activity will be managed. The seven essential areas of your plan are:

- Description of activities (The activity is the plan you choose to solve your problem. The work plan provides more organizational details).
- Work Plan (A work plan provides all the organizational details of your activity, including a schedule and related resource needs. It should show a complete picture of how the project will be organized from the beginning to the end of the project).
- Time-line (This is based on the number of weeks or months required for the various stages of the project and related activities. A work plan is used to develop a time line by deciding how long each activity will take and/or when it should take place. Provide a project completion date. One way to include the list of activities in the work plan with a time line is to create a table. In this table activities are listed on the vertical line and months are listed across the horizontal and marking with an “X” the month in which the activity will take place.
- Budget: To plan a budget you must first consider all the different resources required to carry out your project or business. These different resources are sometimes referred to as the “means” or “inputs” of the project. The project’s costs can be grouped into the following categories:
 - Project personnel e.g. experts, coordinators, technicians;
 - Materials and supplies
 - Equipment
 - Travel/transport and accommodations
 - Communication costs; e.g. telephone, e-mail/internet, postage, etc;
 - Administrative costs; utilities, rent and administrative staff;
 - Insurance, licences
 - Miscellaneous

To develop your budget, consider the value of the different “inputs” or resources needed by the project, not just the costs you wish to be covered by the funder. Include the resources that your organization, your volunteers and other local donors will contribute. If there is no transfer of money, these are called contributions “in kind”. Include them in your budget by calculating how much someone else would normally pay for the item or free hours of expertise. Some donors will require that project partners contribute 10% of the total budget cost in cash or with the equivalent value of material or human resources. Under miscellaneous costs consider inflation and exchange rates.

Time Line:

Example:

Activity	J	F	M	A	M	J	J	A	S	O	N	D
Engage Consultant	X											
Meeting of Board		X										
Prepare Work Plan			X									
Call Press		X										
Prepare Media Materials	X											
Organise Community Meeting					X							
Prepare Reports							X					
Meeting of donors						X						
Review Meeting of Board									X			

- **Financial Management.** In the business plan or project proposal, it is important to explain or describe the steps you will take to manage the finances. Who will be responsible for the funds? Where will the funds be kept (full details of the bank are required)? How will the finances be monitored and reported? Is there an outside Auditor?

If your project or business already has financial reports or balance sheets from previous years, send a copy of the most recent one to the financial institution or funder, together with the proposal.

Some steps you can take to keep track of the project funds:

- Engage one person to be in charge of the cheque book and the bookkeeping. He or she must monitor and control the project expenditure of all other staff persons.
- If the project director is also the bookkeeper, appoint a treasurer who should take an active role in tracking the cash flow. The person involved with the cash should have a supervisor.
- Only the project's or organisation's bank account should be used for receiving funds and for spending the money. For group projects funds, every cheque must be signed by at least two people who are commonly known as signatories.
- Expenses and receipts must be tracked on a weekly or monthly basis. Use a receipt book for noting all payments. Enter these and the amounts of other payments into a "ledger". When you receive your monthly statement from the

- bank, make sure that what you have noted in the ledger matches the report from the bank account.
- e) In the office you must always have a certain amount of cash, sometimes called “petty cash”. Remember to track this money as “miscellaneous office costs” in your ledger, and keep receipts.
 - f) In the case of “foreign funding” record the official rate of exchange when you received the grant or loan from the donor or financial institution. Also take note of how the rate changed during the project implementation period. Any loss of exchange should be treated as a project cost. The project budget should be reported in US dollars or Euros or Local Currency (e.g. Malawi Kwacha or Zambian Kwacha or Zimbabwean Dollar).
 - g) For unforeseen costs such as exchange rates loss, budget a “contingency fund”, and you could make this approximately 10% of your total budget.

Example of a Cash Budget

Income & Expenditure	January			February			
	Budgeted	Actual	Reasons	Budgeted	Actual	Reasons	
Opening Balance (Cash on hand) Opening Balance (Cash loss)	1 000	5 00		5 630	2 250		
<u>Receipts (Income)</u>							
Cash Sales	20 000	3 000		25 000	15000		
Debts Collection	3 000	2 000		5 000	4000		
Other receipts:							
- Commission	1 000	750		1 500	1000		
- Rents, etc	10 000	5 000		10 000	10000		
	24 000	22000		41500	30000		
<u>Payments (Expenses)</u>							
Administration Costs	7 000	5 000		10000	3000		
Trading suppliers/creditors	5 000	4 000		5000	3500		
Salaries & Wages	15 000	10000		20000	15000		
Rentals	1 000	500		1200	1000		
Pension	150	100		150	100		
Insurance	120	100		120	100		
Taxes	100	50		100	70		
	28 370	19750		36570	27770		
	5 630	2250		4930	2230		

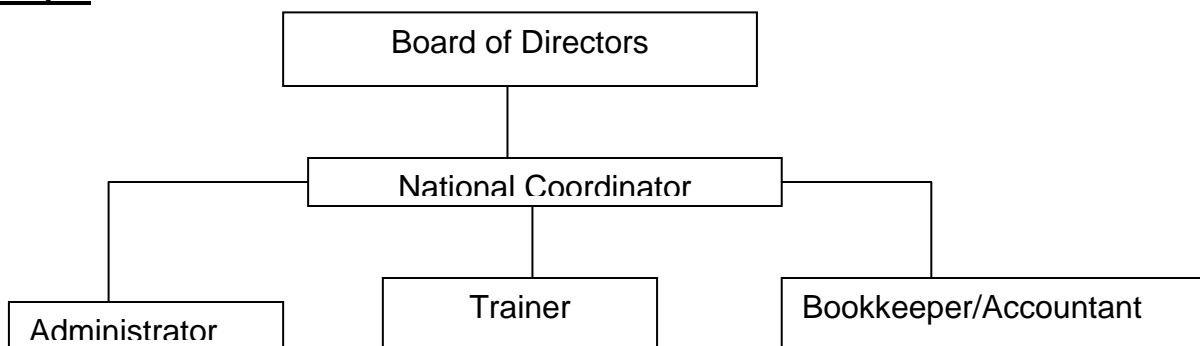
- Management Structure.

Most organisations or groups elect or appoint members to carry out certain key responsibilities; e.g. chairperson or president, vice president, treasurer, secretary, etc. Or an organization or group may have one or more staff persons and a small secretariat. Whatever structure is in place, a project should have at least two organizational levels to be responsible for the management of the project:

- Project team or staff
- Supervisory structure, such as the board of directors. As the project grows, there is sometimes tension between staff and board. Therefore, it is important to know the roles of each body.

Organisational Chart (Organogram)

Example



Major functions of the Board or Elected Leaders:

- Hire, fire, and evaluate the chief executive or executive directors
- Define the vision of the organisation
- Select policies
- Speak on behalf of the organization or project to government officials and in public places;
- Have final responsibility or accountability for the legal and financial operations of the organization.

Major functions of Staff:

- Chief Executive or Executive Director is in charge of hiring, firing and supervising other staff or volunteers;
- Follow the priorities of the board in carrying out the organisation's vision and policies;
- Report to the board for guidance on work plan and policies
- Be in charge of day-to-day operations, including financial management.

An organizational chart can help to further define or explain the different roles.

- **Monitoring and Evaluation:** This simply means checking progress of the project or business or organization. It means keeping track of the actual activities and outcomes in comparison to those set out in the project; this is called an “evaluation”. However, tracking of the project should actually begin when the project begins. This is called “monitoring”.

The project manager will know when something is not going right by constantly checking or monitoring progress. This helps the manager to tackle or deal with the problems before it is too late. Actually, your work plan and time-line will tell you if you have completed the tasks you set for yourself. Another focus of tracking or checking progress is on the expected results, a method sometimes called “results-based management”.

When you have decided what results you expect to see, tracking or checking progress requires a way of doing this over time. Changes can be noted simply by counting (called “quantitative indicators”). Sometimes the expected results are not so concrete or “measurable”, for example changes in people’s attitudes and way of doing things (called “qualitative indicators”).

Therefore, for each result, you have to consider a different indicator and method for noting changes, as well as target dates. The table or worksheet below can help in organizing your information:

Project Monitoring Interim Report (month 9)

Expected Results	Indicator	Method of Monitoring	Outcome of month 9
30 people trained to produce pens	More disabled people employed	Counting trained people	18 people trained, 7 people still training, 5 dropped
Profitability	Revenue from customers covers costs	Monthly financial statements	Performance of shop not so good
Visibility of people with disabilities	Participation of people with disabilities in other community activities	Survey of trained people and their involvement in community activities	95% responded that there has been an increase in their community involvement

Monitoring progress is the key to doing an “evaluation”, in which you also measure the final results and review the whole project including the objectives and the chosen activities. Why did some areas of the project go very well and others not? What would you do differently next time? Although an evaluation happens at the end of the project, what and how you will evaluate must be part of the project design; that is at the time of proposal writing you need to also list the expected results and describe how you plan to monitor and evaluate the progress. A final evaluation report should provide information

or if it was a one-off training event, the event itself will be over, but the expected results will be carried forward to new personal or organizational development opportunities. This transition of the one or two-year project to regular community life is called “sustainability”. Most funders or financial institutions would like to know what plans you have to make your project or business sustainable.

STRENGTHS-WEAKNESSES-OPPORTUNITIES-THREATS (SWOT)

One of the most important methods in choosing a project or business concern is to use the SWOT analysis technique. A SWOT analysis or review encourages your organization to be realistic about its strengths and weaknesses in undertaking a project. It also helps organizers to make use of current opportunities in their community and guard against the threats to a successful project.

In order to carry out a SWOT analysis, it is advisable to look internally first at the qualities of the organization that could influence project or business success. Consider also what effects the various strengths and weaknesses would have on the project and what strategies could minimize the weaknesses.

Strengths: the resources and capabilities of the organisation and its members that would contribute to the project success.

Weaknesses: the problems (including lack of expertise) of the organization and its members as related to the project.

Then look externally, that is at the conditions outside the organisation that could affect the project. How beneficial are the various opportunities, and how serious is the threat in each of the three cases?

Threats: situation, events and/or people outside the organization which could negatively influence a project.

Opportunities: situation, events and/or people outside the organization, which the project organizers could draw from to carry out a successful project.

Then compare the lists of strengths and weaknesses of the organization in relation to each project. Where are the internal strengths and external opportunities most encouraging? In which case are the internal weaknesses and external threats most serious?

You can then use the information you have gathered to decide which project or business is best at this time.

Once you have decided on your project, then the detailed planning begins.

MARKETING:

The word “marketing” is defined in many different ways. For our purposes it is:

- Part of a business that controls the way that goods and services are sold;
- The performance of business activities that direct the flow of goods and services from the producer to the consumer or end user. Services have to be marketed as well as goods;
- To know and understand our customers so well that the goods we produce or services we deliver are suitable and always in demand;
- A process by which individuals and groups obtain what they need and want by creating and exchanging products and value with other people. This means helping individuals like you and me to satisfy our needs and the business or company to reach its goals; in this context, marketing then becomes a continuous or on-going process in which what is exchanged is of value;
- The process of planning, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals. The process aims to develop this and relationships between the producer or service provider and the consumer or user.

As some people say: “Marketing is getting the right goods and services in the right place at the right time and making a profit on the operations.” The customer is the one who decides what is right. Therefore, it is important for the business enterprise to always research on customer needs and the need to create products and services to satisfy the identified needs. The focus of marketing is therefore to ensure customer satisfaction. What this means is that it is the responsibility of marketing personnel to find out what the market needs and/or wants. Creating customer value and satisfaction are the heart of modern marketing thinking and practice. The ability to do this requires the following:

- **Creating Customers:**
This requires a business enterprise to monitor its environment from time to time in order to identify opportunities and threats.
- **Keeping Customers:**
The needs of existing customers and the activities of competitors are closely monitored.
- **Profitable Customers:**
You should focus on those customers who have the potential to generate income that will exceed the costs rather than pursue any customers at any price. You should see marketing as a business function of coordinating all activities of a company so as to be customer-focused and satisfy the needs of the customer in well-defined target markets. Every employee in the business needs to be motivated to produce customer value.

Marketing should therefore spread through all areas of the business by focusing on ensuring maximum customer satisfaction. That is marketing should enable your business to achieve the highest possible level of customer care and then achieve maximum profit. In this way, you will be one hundred percent sure that customers will prefer to buy from you and not from other competitors.

MANAGING A BUSINESS:

In our discussion of project/business planning earlier on, we referred to some aspects of business management because managing a business cannot be separated from planning. One of the problems people experience in trying to define management is that it is a complicated subject. It means many things and therefore cannot be well defined like other disciplines. Some writers define management in terms of the elements or factors that contribute to what it (management) seeks to achieve, such as:

- Setting objectives (planning)
- Organizing (assembling)
- Motivating and communicating (leading)
- Controlling
- Developing people
- Process followed by a leader or manager to achieve an organisation's goals and objectives
- Directing an organization towards its objectives.

A manager's basic duties can best be summarized as follows:

- Planning
- Organising
- Leading
- Controlling
- Directing

However, in the course of their day-to-day work, managers of small businesses can make some critical mistakes, such as:

- Wasting time: management wastes too much time each day on unnecessary activities because of lack of planning;
- Not able to delegate: managers believe that nobody else can work as they do and therefore prefer to do the work themselves;
- Self-pity: a manager should not indulge in self-pity if he or she cannot master all the demands and activities of the business;
- A manager should be a leader and not a follower. He or she must be able to make decisions and carry them out.

Most businesses or projects, whether big or small, fail due to:

- No research
- No testing of ideas
- Poor planning
- No team work
- No management skills
- Lack of enough start-up capital
- No assistance
- Negative attitudes. The operating environment of entrepreneurs with disabilities need not present a negative attitude towards disability nor should such entrepreneurs display self-pity as this will definitely “kill” the business venture or project.

Exercise:

Give your reasons why “the customer is always right”:

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In brief show how you would motivate or encourage your customers or public to support your business.

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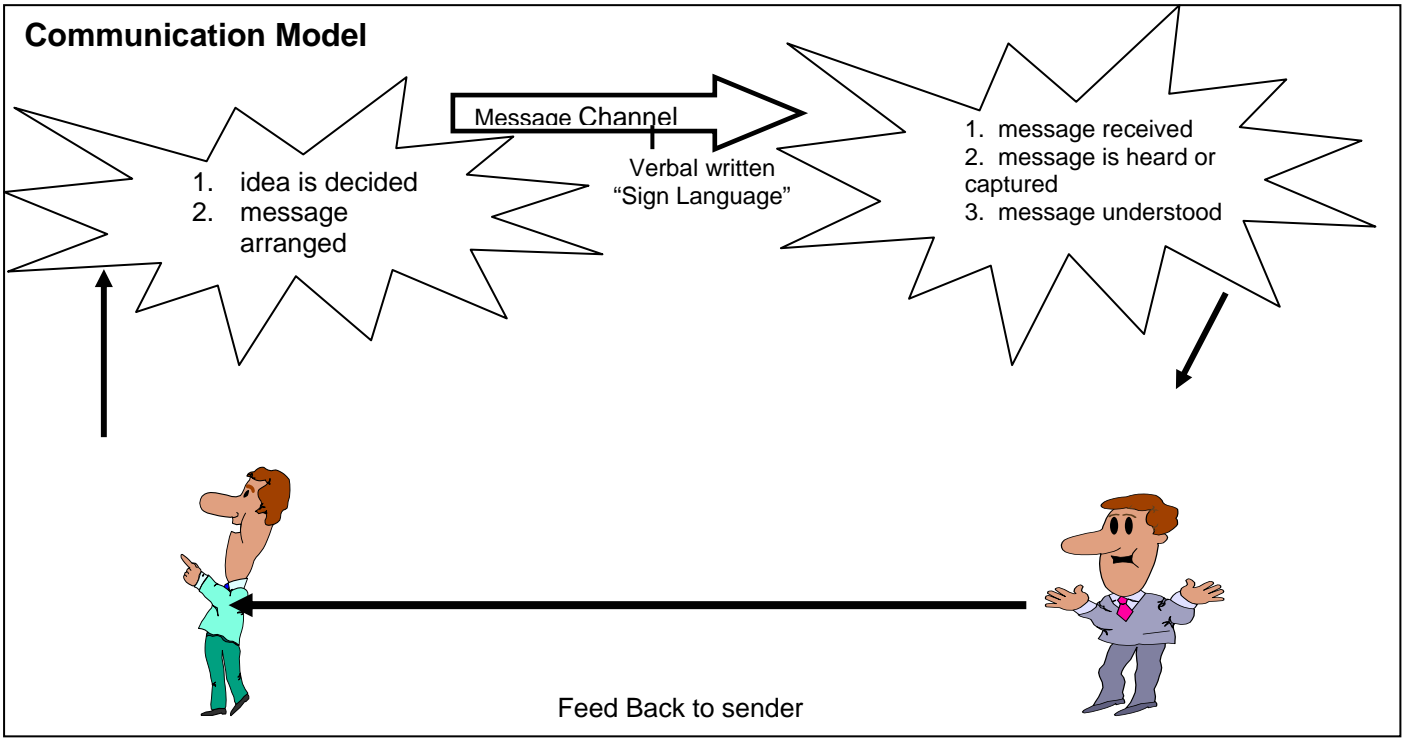
COMMUNICATION:

What is communication?

A process in which people create and share information with one another in order to reach a common understanding. It is the process through which we share facts, feelings, ideas and attitudes. More specifically, communication is the process of talking and listening to each other so that we can achieve our objectives. In the case of deaf people or those who cannot speak due to disability, Sign Language is their medium of communicating. It is therefore important and advisable for communities in which deaf people live to be encouraged to learn Sign Language. This is even more important for entrepreneurs who are deaf who may need to enjoy total communication with their communities for the success of their businesses.

Communication is therefore a day-to-day activity that serves different purposes because people in an organized society communicate all the time. In the context of business operations, we must be careful that communication should not be seen simply as a matter of saying words and hoping for the best. When we communicate it is important that we use the correct channels, instruments and/or tools to further the objectives of the organization or business venture. Today's common tools for communicating include e-mail, telephone, radio and television; communication can also be done through printing pamphlets or promotional written materials and distributing them to convey the desired message. Therefore, for communication to take place, there must be the sender of the message, a channel or medium of the message, and the receiver of the message. As observed earlier on, communication is very important to facilitate business operations. Inability to communicate effectively with the people who matter in our business can weaken or destroy our relations with them; and this will obviously have a negative effect on our business results.

As listening is also part of communication, it also means that we need to listen to the needs and voice of our customers if our business is to prosper. The customer is a king!



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Which of these methods do you use in your business?

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When you send out a message, how would you prove that your message was understood by the receiver?

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PUBLIC AND CUSTOMER CARE RELATIONS:

Many businesses fail because they cannot sell their products or services. They have marketing problems which can best be resolved by establishing a relationship between the business enterprise and the public. This is Public Relations. In this context, “public” refers to the community and its environment with which the business relates on a day-to-day basis. Customer care or customer relations on the other hand refer to that section of the community or public with whom the enterprise conducts its business and/or trade.

In order to have a clearer understanding of the definition and role of public relations we need to look at some of the activities that public relations people do, such as:

- To inform
- To create ideas
- To persuade
- To make things happen

In other words, the purpose of public relations in an organization or business is to:

- establish an understanding (between the business and public) that is based on truth, knowledge and information; and
- establish a two-way communication channel (between the business and public) in order to resolve conflicts by achieving common ground or ideas of mutual interest.

The ability to listen to and respect the opinion of the public on the business operations is an essential part of establishing a two-way communication channel between the business and the public, the dissemination of information on the products and services being offered by the business and how these can be improved in the event of a complaint, and the treatment by management of feedback from the public are both equally important. Infact, public relations is most effective when it is part of the decision-making of top management of the business. It involves counseling and problem-solving at high levels of the enterprises, and not just the releasing of information after a decision has been made.

For example, a typical public or customer care relations activity will involve:

- Analysing, researching and defining problems
- Drawing up a programme of action
- Communicating and implementing the programme
- Monitoring the results evaluation and possible modification (of the product or service) to satisfy the needs of the customer. This is Customer Care!

CONFLICTS AND THEIR RESOLUTIONS:

Conflicts arise in an organisation or business mainly because of:

- difference of opinions or ideas;
- jealous and dislike of other people;
- different abilities among workers or groups;
- laziness;
- interference with one another's responsibility;
- failure to separate issues' e.g. mixing personal issues with those of the business;
- dictatorship on the part of management.

Conflicts between people with disabilities and non-disabled people are usually caused by attitudes from the latter that tend to be negative and therefore hinder people with disabilities from participating in mainstream activities.

Conflicts between men and women in organizations are common and are usually based on our culture, which makes a woman assume a less important role in society. Some of the sources of conflict in this context include:

- dominating tendencies by men when they make decisions that affect women;
- at workplaces, men tend to relegate women to such domestic tasks as cooking, cleaning, etc;
- women sometimes have difficulties in expressing themselves before or in front of men as a result of cultural dominance;
- women failing to report for duty or coming to work late because of their various domestic roles;

- on the other hand, women get irritated by men who frequently absent themselves or report for duty late as a result of heavy drinking.

Exercise:

Conflicts or disputes can destroy a business. Explain:

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List down the major causes of disputes in a business

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Explain how you would settle conflicts in your business?

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CONFLICTS WITH RELATIVES:

- In most cases relatives ask for free products and services from the store, or they will ask for reduced prices.
- Relatives would prefer “handing over” their children to be looked after by a relative who is a businessperson.
- A husband or wife may demand to have access to business finances or assets.
- A husband is jealous or envious of a successful business that is run by his wife.

How can conflicts or disputes in a business enterprise or project be resolved?

Are there any known prescriptions for resolving conflicts? Experts in conflict management say that issues of conflicts or disputes have no prescriptions. Each conflict or dispute should be resolved in accordance with its cause(s). Infact, it is unusual to find one solution to a conflict or dispute. For example a particular conflict may require a “mixture” of procedures or solutions to resolve it, and in the process of doing this care must be taken in the selection of a method to help settle conflicts because some methods may be used on a selective basis. The idea is to provide the parties in a conflict with options, which may avoid declaring one party a “winner” and the other a “loser”. Therefore any method of settlement should seek to unite rather than divide the conflicting parties.

The development of a group constitution and/or clear conditions of service, and job descriptions for the workers can help in the settlement of conflicts or disputes. Job descriptions, for example, can help to minimize disagreements as they provide a frame for allocation of tasks for each member of staff. The constitution as a written statement of the rules and regulations of the business or organizations clearly states how the business is expected to perform, be managed, shares the profits, etc. The conditions of service, do state all the requirements in terms of staff benefits and other conditions of employment, e.g. leave, sick and compassionate leave, medical aid, pension, including disciplinary and grievance handling procedures. Disagreements are a common cause of conflict in businesses, especially group projects.

STOCK CONTROL:

What is Stock? This means all the products that your business is keeping for sale. Stock includes all the raw materials or parts that your business keeps and uses to make products or provide services.

Stock Control means organizing the way you:

- receive your stock
- record your stock
- store your stock
- arrange your stock
- check your stock

- re-order your stock.

Stock Control and/or stock recording are very important for your business because it helps you to:

- Keep the right amount of stock;
- Stock goods that sell quickly;
- Arrange and display your stock well;
- Check your stock regularly;
- Keep stock records

Some of the recommended guidelines for better stock control include the following:

- Keeping accurate or proper record of all orders or purchases;
- Check all deliveries;
- Accurately record everything on stock cards or records;
- Take or count stock regularly or periodically;
- Do spot checks to keep staff on their toes (alert);
- Adjust record levels regularly to suit market trends especially for fast selling products;
- Try to eliminate or replace slow and average moving lines (products) as much as practicable
- Monitor cash-flow requirements regularly;
- Keep regular contact with suppliers of stock and also regularly monitor price trends.

Stock-taking therefore involves the actual counting or measuring or weighing of all your stock. It is a system of physically counting amounts and writing down all the stock in your business on a stock-taking list. The practice is important because it helps you to find out if stock is missing, and for the purposes of checking the condition of your stock.

Exercise:

Explain why stock control is important in your business.

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STOCK CARD				
Product.....				
Cost per item.....				
Selling Price.....				
Re-order level.....				
Date	Details	Stock		
		In	Out	Balance

Example of Stock Card

RECORD KEEPING:

Every business or project should have accounting records in which the transactions of the business are entered in a methodical way. Businessmen and women know that they should have proper business records. In almost every country (Malawi, Zambia and Zimbabwe for example), there are laws, which require that every business should have proper accounting books for recording the following:

1. Capital: This is the sum of money put in a business and/or money borrowed from a bank for the purposes of starting or running a business by the owner of the business.
2. Cost of Assets: It is important to keep a record of and to know what was paid for and the value of shop fixtures, office equipment, delivery van, etc.

3. Purchases: This term refers to stock bought for resale; hence the need to record all goods bought for resale.
4. Business Expenses: These include rent, office stationery, postage, telephones, wages, and other business expenses which are paid out at least once per month.
5. Income: This is what a business receives from its operations/sales. If he/she is a landlord his/her income will come from rent; and all the income should be recorded.
6. Debtors: If goods are sold on credit we must keep records to remind us how much each debtor owes. The records should show what goods have been sold to customers, how much each customer has paid and how much is owed by each customer.
7. Creditors: Most businesses buy goods on credit and only pay for those goods when money comes in. Proper books should be kept to show how much is owed to each creditor.
8. Drawings: These are sums of money or goods taken by the business owner for personal use, and these should be noted/recorded. Business persons are advised to have a fixed salary or wage to take care of his or her private needs in order to avoid the drawings.

Example of Cash Book:

Receipts/Income									
Date		Fol	Cash	Bank	Date		Fol	Cash	Bank
2004 1 Jan	Balance		-	-	2004 1 Jan	Rent			5 000
3	Cash Sales		10 000			Electricity			3 000
4	Cash Sales		10 000			Water			5 000
5	Cash Sales		15 000		10	Cleaning Material			2 000
10	Banked			35 000		Administrative expenses			3 000
15	Cash Sales		20 000		25	Wages			22 000
	Banked		30 000			Transport			<u>30 000</u>
				<u>50 000</u>		Balance	C/f		55 000
				<u>85 000</u>					<u>30 000</u>
1 Feb	Balance	B/d		30 000					<u>85 000</u>

BUYING / PURCHASING:

Whether you are going into the business of manufacturing a product or selling goods or providing a service, it is very important for you to first of all think of what you will purchase, where you will purchase, and how you will purchase raw materials for your business, or what you will need to provide a service. Therefore before deciding on your purchasing plan and strategy you should establish the following facts.

Step 1: List your products; list all the products or services you intend selling or ordering to achieve your expected turn over; indicate the expected selling speed of each item that is:

- fast selling (F)
- average seller (A)
- slow seller (S)

Step 2: List all your potential suppliers for each product or service.

Step 3: List your purchase price from each supplier for the same goods. Prices for the same or similar goods often vary from supplier to supplier. Shop around and compare prices. Do not, however, sacrifice quality and supplier's reliability. Remember to take into account consumer preferences and support advertising.

Step 4: List all the other purchasing conditions and benefits. Make effort to assess each product and supplier in respect of the following other important purchasing conditions and benefits, that is:

- discounts offered
- payment terms
- settlement discounts
- product quality
- warranties, guarantees and purchase contracts
- reliability
- after sales, services and training.

Step 5: Rate each product and supplier in terms of each of the following:

- E-excellent
- G-good
- A-average
- P-poor
- EP-extremely poor

Step 6: Decide on the product that suits your needs, and place an order with the appropriate supplier.

Step 7: Review and adjust your product regularly.

In preparing the product cost, you should gather your data through letters of enquiry, quotations, magazines, journals, etc.

COSTING AND PRICING:

Every businessman and woman should determine what it will cost to sell his/her product or service depending on whether or not his/her target market will accept his/her price. This implies that the price that the businessperson can charge for the product or service will, to a large extent, be determined by what competition is charging. It is essential to determine the following issues:

- what your actual costs are
- what is the acceptable selling price range that the target market will tolerate.

How long should you cost your product or service?

There are various methods of costing products or services depending on the type of business that you intend doing or getting into. There are no fixed rates but only guidelines and recommendations. The type of costing method you use will probably be slightly different for the following three major types of business, that is:

- manufacturing
- training
- service industry

The costing method that is eventually decided upon will be influenced by a range of factors, such as:

- whether you only sell one product/service or many
- whether staff are paid hourly, weekly or monthly
- whether you produce goods or merely sell them
- what exactly you regard as fixed and variable costs

When doing any costing exercise, there are three general categories that costs can originate from, that is:

- material (stock, goods, etc)
- labour (wages)
- overheads

Remember to include a fair salary for yourself!

Costing of a Manufacturing Business:

Step 1: Determine your fixed costs. Fixed costs are constant expenses or costs that do not vary from month to month irrespective of whether you produce or sell an article or 100 articles; e.g. rent, water and lights, on loan repayments, and maintenance, wages and salaries and insurance.

Example: Your total fixed overheads amount to \$600 per month; you produce and sell 200 shirts per month. Your fixed cost contribution per shirt per month is \$3, i.e. 600 divided by 200. It should be noted here that the more you sell, the lower the fixed cost contribution; and the less you sell, the greater the fixed cost contribution to total costs.

Step 2: Determine your manufacturing costs. Manufacturing costs are all costs, which vary directly with the amount of items produced, e.g.

- materials
- labour wages
- indirect costs

Example: Work out the costs for materials of each item, .e.g.for 200 shirts you will need to purchase material, cotton and lining for \$600 or \$3 per shirt. Work out the labour costs per item; e.g. you employ two members of staff at \$400 per month; i.e. it costs \$800 to produce 200 shirts or \$4 per shirt (\$800 divided by 200).

Work out indirect costs per item, .e.g. cleaning, insurance, depreciation, etc, at \$200 per month or \$1 per shirt (\$200 divided by 200)

Total manufacturing costs:
 Materials - \$3 per shirt
 Labour - \$4 per shirt
 Indirect costs - \$1
 Total - \$8 per shirt

Step 3: Add your fixed costs to your manufacturing costs to get your total cost. You have now determined what the total product is costing you per item before deciding on a suitable mark up and determining your final selling price, i.e.

Fixed costs - \$ 3 per shirt
 Manufacturing costs - \$ 8 per shirt
 Total cost (true cost) - \$11 per shirt

Costing for a Trading Business

Step 1: Establish budgeted sales for 12 months, e.g. \$1000. Establish budgeted costs of sales (i.e. purchase value of purchases less closing stock) e.g.

Opening stock	- \$ 20 000
Purchases	- <u>\$760 000</u>
	\$780 000
Less Closing stock	- <u>\$ 30 000</u>
	<u>\$750 000</u>

Work with cost of item purchased from supplier at \$25 each.

Step 2: Establish the total expenses for same time period as your calculation in Step 1, in this case 12 months.

Let us assume an amount of \$75000 for 12 months. Use the following formula:

$$\frac{\text{Total Expenses}}{\text{Cost of Sales}} \times 100 = \text{Percentage add on}$$

$$\frac{75000}{750000} \times 100 = 10 \% \text{ add on}$$

Step 3: Establish the total cost

Purchase price of shirt	- \$25.00
10% add on for expenses	- \$ <u>2.50</u>
Total cost per shirt	- \$ <u>27.50</u>

Costing for a Service Industry Business:

Step 1: Establish the number of chargeable hours per month.

Open for business per day	= 8 hours
Chargeable time	= 6 hours
5 day week (6 hours x 5)	= 30 hours
Chargeable hours per year (30 hrs x 10)	=1500 hours
Average monthly hours	= $\frac{\text{Annual hours}}{12} = \frac{1500}{12}$
Chargeable hours per month	= <u>125 hours</u>

Step 2: Establish monthly expenses (including owner's salary)

Monthly expenses = \$6250

Step 3: Establish costs per hour

$\frac{\text{Fixed monthly expenses}}{\text{Monthly chargeable hours}} = \text{Cost per hour}$

$\frac{6250}{125 \text{ hours}} = \50 per hour

NB: For those service Businesses which do repairs and maintenance the cost of spares used on a job must now be added.

Example: TV repairs

3 hours @\$50 per hours	= \$150
Spares tube	= \$ 75
PC Board	= \$ 25
Other	= \$ 50
Total cost of Job	= <u>\$300</u>

FIXING MARK-UP

Before making a final decision on what mark-up is desirable, it is advisable to first establish what the acceptable customer price range might be. This can be done by evaluating your competitor's prices for the same or similar products. In order to determine this, the following exercise should be done:

- List all your products
- List all your competitors products that are the same or similar
- List all their selling prices per product
- Work out the price range per product

This will now give an indication of what the low average and high price range tolerance might be.

Determine your Mark-Up and decide on a Final Selling Price per product:

You know exactly what your total cost (true cost) per item is, what the competitors price range is and what their strengths and weaknesses are. This should help you to determine what Mark-Up you should put on goods and what your selling price should be, that is, manufacturing cost or purchase price plus Mark-Up (e.g. 25%).

$$\begin{aligned} \text{Mark-Up \% formula} &= \frac{\text{Mark-Up}}{\text{Purchasing for Manufacturing cost}} \times \frac{100}{1} \\ &= \text{Selling Price} \end{aligned}$$

The mark-up must have the true cost and leave room for a reasonable profit.

There are many factors that will have an influence on your final decision, and these are:

- Your break-even point;
- Your credit terms policy;
- Your selling strategy, i.e. are you aiming at high turnover and low mark-up or lower turnover or higher mark-up;
- Your target market expectations;
- Your competitors' activities;
- Your short, medium and long term plans

Revise your costing and pricing regularly.

It is necessary that you revise your costing and pricing policies and strategies regularly so that you can keep in touch with market trends, customer expectations and charges. However, do not forget that the market will not tolerate excessive and continual changes.

IMPACT OF HIV AND AIDS ON BUSINESS

HIV and AIDS is known to be the biggest health threat of modern day times and has no known cure. In Sub-Saharan Africa it affects the lives of many productive people and leaves many families without parents, without incomes and with emotional suffering, among other effects. AIDS is an issue that people do not easily talk about as they do not like to admit that they might be infected by the disease. HIV and AIDS also affects business and the workplace. As a result of this pandemic many businesses are losing valuable staff. Sometimes owners are even affected; something which raised fears on how the business will continue when the owner falls sick or dies. Infact the daily operation of the business is also affected when the workplace often becomes sick. When this happens workers may suspect that someone amongst them is infected and may therefore discriminate this person because of fear of infection or social stigma. In the context of business operations there are a few critical questions to ask:

- How would you deal with these HIV and AIDS related issues as a business owner?
- Would you like your business to run smoothly?

Although it has no cure, HIV and AIDS is a disease, which requires more than medical care, more so as it affects everyone and every business; it should be everyone's concern. In the workplace those with HIV infection may be healthy-looking and show no signs of infection for many years and such people are referred to as "HIV carriers" capable of infecting other people. It is therefore very important for businesses to introduce schemes or educational programmes that will help reduce the spread of HIV and AIDS within and outside the workplace.

The following are some of the recommendations to be considered for implementing an HIV and AIDS education programme in the workplace:

- Design/formulate specific policies on HIV/AIDS to protect infected workers from dismissal and discrimination/ill treatment;
- Conduct training workshops on HIV and AIDS both management and for workers, schedule training sessions during normal working hours;
- Print and distribute pamphlets, newsletters, brochures and posters on HIV and AIDS;
- Encourage both management and lower staff to have voluntary testing so that they know their status on HIV and AIDS;

Glossary (list of technical words/definitions)

Activity;	action taken in a project to move from plans and objectives to results
Beneficiaries;	people who will benefit from the project
Budget;	detailed breakdown of expected expense
Contingency;	money set aside for possible but still unknown expenses
Criteria;	bases on which decisions are made
Cross-disability;	involving a variety of disabilities, e.g. blind and deaf
Empower;	strengthen the sense of personal control and potential to determine one's future.
Evaluation;	a critical review of the project, including a measurement of results. (What happened, why it happened that way and what might be done differently next time).
Focus Group;	Gathering to get the opinion of a group of persons who have similar interests.
Guidelines;	directions offered to ensure that the reader is aware of specific information required
Folio;	page number as it refers to a cash book
Impact;	the effect of the project.
Implementation;	carrying out of the project plans
Indicators;	signs that show that an objective or expected result has been fulfilled
In-kind;	budgetary term to describe goods, things or services that have been donated yet still have a financial value related to the project
Inputs;	Staff, volunteers, materials, space, administrative resources, etc, that are all being used for the project.
Integrate;	include fully among others
Interim report;	one that is offered while the project is still underway
Ledger;	a notebook that is used by bookkeepers to keep track of money flowing in and out of a business
Monitoring;	periodic checking of actual project progress versus expected progress
Myths;	common belief that is not based on truth
Participatory project planning;	a project planning process that involves persons affected, including decision making that will influence the design of the project.
Project;	a planned activity designed to meet clearly defined objectives with described resource in a specific time period
Resources;	the personnel, materials, services, travel and other items needed for the project to take place
Stakeholders;	groups and organizations who have an interest in the project, even if they have reason to be concerned about or dislike it; e.g. business people, government officials, media, etc
Survey;	series of questions developed for repeat use among a targeted population, often used to determine shared characteristics of that population
Sustainability;	long-term integration of the new project into systems, institutions and community life of the targeted population

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