**MARKING SCHEME-**

**SENIOR FOUR ENTREPRENEURSHIP**

**SECTION A: ATTEMPT ALL QUESTIONS (55 Marks)**

**1.Identify any five qualities for a good citizen in Rwanda. (5 Marks)**

**- HONESTY** is the most important characteristic of good citizenship. To be honest in their work, leisure, and relationships with others.

**- COMPASSION** is the emotion that you feel when you genuinely care for other people and living things. Our compassion enables us to think about others and see the importance of their needs.

**- RESPECT** for self and others is an important citizenship trait. Self-respect allows us to take pride in our behaviors and our work. Respect for others. Respecting others also means valuing different ideas and points of view. A good citizen always obeys the law and respects authority.

**- RESPONSIBILITY** is the skill of becoming accountable and responding wisely. People take responsibility for their skills and social wellbeing and recognize their duty to represent our country positively.

**- COURAGE** means doing the things that may be difficult or unpopular in order to help others. Denbigh students are expected to make wise and ethical choices.

- **A good citizen always contributes to society and the community** byperforming civic duty.

- A good citizen loves his/her country and shows patriotism.

- A good citizen shows courtesy and respect for the rights of others.

- A good citizen istrust worthy and honest.

- A good citizen has tolerance.

- A good citizen has accountability.

- A good citizen has moral courage.

- A good citizen had self discipline.

A good citizen should possess three qualities, viz., intelligence, self control and conscience. By conscience we mean a sense of responsibility towards all social groups ranging from family to humanity by a right ordering of loyalties.

Wide ranging commonsense, knowledge and devotion are the basic qualities of a citizen. A citizen should have enough commonsense so that he may be able to understand important problems concerning his role in society.

He should have sufficient knowledge and should have that devotion towards duty which urges a man to work honestly and sincerely.

A typical good citizen possesses the following qualities:

**1. Sound Health**:

A good citizen is robust and healthy. He is careful about the rules of health and observes them scrupulously. Only a sound body has a sound mind.

**2. Intelligence and Education:**

A good citizen is intelligent enough to shift good from bad and takes a dispassionate view of everything. He is educated. His education enables him to play his part in the society more successfully and usefully.

**3. Self control and Self confidence:**

A good citizen is sober in temperament and exercises self-control in his public dealings. He pos­sesses a disciplined character. He does not indulge in vicious habits. He is self confident without being vain.

**4. Public Spirit:**

A good citizen is ready to take a living interest in all public affairs. He is prepared to fight for the rights of others and takes an active part in all public activities.

**5. Self-sacrifice:**

A good citizen subordinates his self-interest to the interest of the community. He is imbued with the spirit of service and devotion to the common good.

**6. Honest exercise of Franchise:**

A good citizen is supposed to be honest in the exercise of his vote. Self interest or sectional interest of the state, class, religion or community does not prejudice his judgment.

**7. Sincere performance of Duties:**

A good citizen performs his duties sincerely and faithfully. He co-operates with the state officials in the discharge of their duties and makes due payment of taxes.

**8. Right ordering of Loyalties:**

Good citizenship exists in the right ordering of loyalties. A citizen is the member of various social groups, i.e., family, locality, city, state and the world.

A citizen must sacrifice his narrower interest for the sake of wider interests. If there is a conflict between the interests of the family and the locality, one must sacrifice the interests of the family for the sake of the locality because the latter represents larger interests.

**2.Explain any five strategies you can use to learn new skills.(5 Marks)**

**Strategies for learning new skills**

- Ask people to explain things when you don’t understand

-Watch other people perform a task you need to learn

- Choose a job that lets you work your hands and move around

- Take notes when listening to instructions

- Read instructions

- Ditch Your Learning Style : So, what’s really the best way to learn? It depends on what you’re trying to learn in the first place.

For example, if you’re trying to learn a new language, don’t just read the textbook. Watch TV shows, listen to music, and converse with a native speaker.

- **Gather Information :** Before getting your hands dirty and trying something for the first time, you should gather as much information about the new skill as possible. That means you should read blogs and articles, find out how other people started out, and what are the things you need to prepare beforehand, etc.

You shouldn’t start practicing unprepared.

Any kind of a mental preparation will help you become more determined to succeed and you will take things seriously. By being insightful and informed, you can secure an easy and care-free start to the learning process

Preparation is the key to success, so make sure you use all the resources you find interesting and dedicate a couple of days to researching this first phase of mastering a new skill.

## - Set a Specific Time for Practice: Mastering a new skill takes time and dedication! You have to find the best time of your day to commit yourself to practicing the new skill. Many people make the mistake of thinking they don’t have to be specific about their practice hours. Instead, they believe it is easier to practice on the spur of the moment, whenever they feel like it or they feel bored.

This kind of a mindset won’t take you far.

On the contrary, it is essential that you stay organized!

Setting a specific time for practicing the new skill will help you keep up with your progress and stay on the right track.

So, think about your week and your free time. Make up your mind and make a practice schedule. It can be any time of the day, any day of the week, it doesn’t matter. The only thing that matters is that you stick to your plan and practice eagerly.

**- Set Smaller Goals:** When trying to master a new skill, we all start by imagining ourselves becoming the best craftsmen, instrument player or artist there is!

We envision the success and long for that moment of proficiency and skillfulness. This is why often, when we start practicing, we get disappointed quickly. We seem to be so far away from our goal that it starts looking impossible to reach.

These moments of weakness can break us easily, and make us quit.

In order to avoid being discouraged, we need to think differently. The key is in setting smaller goals!

Hey, you’ve only just started playing the guitar yesterday. Don’t expect to be rocking Clapton’s solo parts after a day or two of practice. Instead, set a smaller goal such as mastering one or two chords.

A small goal is easy to reach, and it is part of your overall learning process. You will feel ecstatic once you reach that goal and inspired to keep on going.

### - Find a Practice Partner: Happiness is best when shared! The same goes with success. Starting a new project such as mastering a new skill isn’t something you should hide from people.  Not even in the beginning.

One thing you can try is to ask a family member or a friend to join you. Let them know what your plans are and ask them to hop on board! If this goes well, you can organize group practice sessions, sharing your progress and helping each other out.

If you can’t find a partner this way, search for an internet community of people mastering the same skill. This way you will still have someone to share your ideas and improvement with.

### - Don’t Give up: Patience is a virtue. Let’s get one thing straight- mastering a new skill is going to be hard! It will take a lot of hard work, practicing and possible failures, in order to start seeing an improvement.

Until that first successful moment, you will feel like quitting a thousand time. Don’t! You are a step closer to reaching your goals with each day that goes by.

Every time you feel like giving up, take a breath and look back at the moment you first started. There is already an improvement, isn’t there?

So, be patient and keep on going! It will be worth it once you get there.

- **Keep yourself prepared**: When you are going to attend the class, try and do some study before so that you have a fair idea of what to expect from the class and what will be taught in the class. Also if already have an idea about the curriculum of the lecture then it would help you understand the lecture better and hence help you retain the knowledge better and also you will be able to ask various queries about the topic at the same time and resolve them immediately. This way you can avoid feeling confused and at loss when reviewing the topic that you just learnt. So try and prepare yourself for the lecture. Try and get the books you might need for the class or download the software that you might need so that you can easily and better understand the proceedings of the class.

-**Be organized** : Keep your notes organized and well divided. Create separate folders for the various notes taken down by you in your computer or keep your notes in the separate files and folders. This little technique will not only keep you organized but will also save you a lot of trouble and make your task easier when you are in a hurry and want to find something out of your notes. And not just get organized but keep up the habit of staying organized. This will help you remember where you kept your stuff and will help you at the time of hurry. Keeping your desk organized or keeping your notes organized can make your life much easier.

-**Be punctual** : Being punctual never cost anybody anything. It only helps you be ready for the class that you are about to take. Reach for the class five minutes early and try and keep everything that you need for the class ready. So that you won’t be disturbed having to sort things out during the class. This will not only affect your concentration level but will also disturb the fellow students also. Keeping everything ready will help you focus better and you will be much more attentive in the class. Being punctual helps you take you mind off other things. And being punctual for the class has an added advantage that you will complete your other tasks on time and won’t have to rush through things.

- **Keep a notebook handy**: Take notes of the things being taught in the class. Taking notes can be quite helpful. Try and be multitasking but if you can’t then listen carefully during the class and take the notes later on. If the class is recorded then you can re-view the class and make notes at that time. Taking notes keeps you from the hassle of reading the whole thing and you can review the topic better and also helps you better remember the things being taught in the class. And make sure that you review your previous notes before the next class.

-**Establish your learning style**: Everybody has a particular learning style so recognize your learning style and take the classes accordingly. If you are able to better understand and learnt he things just listening then you can purchase the audio CD of your class and listen to them while being stuck in a traffic jam, or you can keep in a notebook handy so that you can take notes and review them whenever you find some free time. It not only turns your otherwise useless time into productive time but it also helps to understand better as you are learning in the style which you find the best.

- **Clear your doubts is a good learning skills**: If you have some questions in your mind regarding any of the topics being taught then write down the questions and make sure that you clarify all your doubts. A doubtful mind cannot grasp all the knowledge that is being given to him and he will in turn get confused, so in order to be able to understand and learn properly, make sure that all your queries are answered properly. In any case, no query is silly or there are no dumb questions in the learning process. Plus you never know, you might share your query with someone, this will provide dual benefits. It is also believed by the instructors that having a query in your mind is a sign of attentiveness because if you are not listening to what the teacher has to say then you will never be able to come up with a query. After all an attentive mind is what you need the most in order to make the learning process most effective.

- **Complete the assignments**: Make sure you always complete your assignments. They can provide you with the extra help that you might need. If you are preparing from a self-help book, then make sure that you complete all the assignment given in that book. This will help you test your knowledge and will help you determine your success and how well you have learnt. You can also take some mock tests if you want. They can come in handy too. If you are attending online classes then make sure that you go through the recorded version of the class, in case you miss it. And after that, make sure solve some of the assignments given, they make sure that whatever knowledge you have just gained, retains in your mind and also tells you the key areas that you should work on in order to understand the lecture better. It is quite normal to feel lost when you seem to be getting too much information from various sources. But it calls for prioritization of the information received by you. Also having good reading and learning habits can take you a long way in the knowledge retention.

- **Create a perfect study place**: Create a work station for yourself where you can dump all your study material and just get started with the learning process. Keep all the books and the things that you might need, handy. Choose the place where you want to study, carefully. You don’t want to choose a dull place. As it would result in boredom and you wouldn’t want to go there and study anymore. But you also don’t want to choose a really interesting or activity filled place because then you attention will be diverted with the other things of the room and you won’t be able to concentrate on your studies. Also you don’t want your study place to have too much noise or any other such distraction as it will make it harder for you to concentrate on studying.

- **Develop a schedule** : Develop a schedule for yourself and decide how you want to study, when you want to study and where you want to study. Preparing a schedule for oneself is often not given due importance in the larger scheme of things. We often are of the opinion that having a schedule is not going to be of much help but it can be exactly the thing that you need. In order to be able to develop a schedule, create a time limit for yourself as to by which you have to complete the given assignment. If you are on a clock to complete a task, then you tend to put in much more concentrated effort in order to complete the tasks. Also setting a time limit tends to solve the problem of procrastinating and helps you avoiding the completion of the task at the last minute and not be able to give you best.

- **Start with the harder things**: When you are caught up in a dilemma of choosing between the easier task and the harder task, always go for the harder one because putting off the harder task for the last minute will reduce your efficiency to half and you will not be able to produce the best results. On the other hand if you take on the harder task first, then you have ample amount of time and energy to concentrate on the completion of the task. This will help you put in a much more concentrated effort and help you complete the task with much more efficiency. But make sure that you don’t waste too much time trying to complete the harder task that you forget about the other task and hence end up giving a below average result or thinking about the various things that you could have done better.

* Ditch Your Learning Style. Are you a visual learner?
* Make It More Meaningful for Yourself.
* Learn by Doing.
* Study the Greats, and Then Practice.
* Teach What You Learn.
* Spend More Time Practicing Things You Find Difficult.
* Take Frequent Breaks.
* Test Yourself.

**3.Show any four importance of business laws in Rwanda.(4 Marks)**

If you imagine doing business without any legal means to protect your best interests, you'll understand why the rule of law is important to business. The rule of law gives everyone a framework for how to act and operate. It holds people, businessesand government accountable for their actions.

#### Why is the rule of law important to business?

If you imagine doing business without any legal means to protect your best interests, you’ll understand why the rule of law is important to business. The rule of law gives everyone a framework for how to act and operate. It holds people, businesses and government accountable for their actions.

Without predictable rules and patterns to follow, doing business would be chaotic. You would never know how another party would act in any given situation and it would be all too easy to be taken advantage of. The rule of law provides much-needed stability, consistency and certainty in a potentially volatile landscape. With the guidelines for universal acceptable behaviour clear and universal, it’s a lot easier to ensure that organisations act predictably and responsibly.

Every business entity both big and small needs a business law attorney. There are a hundred of rules that a business entity needs to follow. Also in each industry, particular rules and regulations need to be followed. In such situations, you require advice from a legal practitioner. Business law attorneys are very valuable since they help address all the legal issues that arise in the course of conducting your business. In fact, very many business owners make wise decisions by consulting these attorneys.

We will discuss some of these situations, and you will get more insight on why you need a good business attorney.

1. **Business formation**: Which business option is right for you? There are several types of businesses you can choose from. They include; partnerships, limited liability partnerships (LLP), limited liability company (LLC) etcetera. As a new comer to the business world, advice on what to consider and what to avoid will come in handy. A qualified attorney’s advice at this stage is very vital. Remember mistakes at business inception can be very costly. They will explain each entity and their exposure to liability, tax treatment, and required paperwork among other factors.
2. **Help in the drafting of employment contracts**: When hiring your employees, you need contract agreements. You need clear guidelines under which employees operate and clear circumstances under which their contracts can be terminated. Remember, laws are in place that protects each employee, and any violation can cost your business dearly. There are also laws governing health and safety at work place. Depending on the legal jurisdiction in which you operate in, you need a good attorney to explain to you the legal position.
3. **Federal trademark and copyright protection**: Every business has its name, logo, or brand name. All these needs protection under trademark and copyright protection. This will protect your work and give you a legal ground to sue should someone infringe on your trademark rights. A good business attorney will help you on this.
4. **Licenses and permits**: Each business entity operates within specified laws which it must adhere to. Therefore, having the required licenses and permits from the necessary authorities is mandatory. An attorney will guide you on all the licenses and permits needed within a certain legal jurisdiction.
5. **Intellectual property (IP) laws**: These are rules governing the use of intellectual property of an entity. It ensures that the property is used without subjection to abuse. Having an attorney helps you understand these laws deeper.
6. **Environmental laws**: This is imperative for those in the manufacturing businesses. There are various laws set to protect the environment. For you to adhere to them, you must understand them, that’s why you need an attorney.

So many laws are involved in the business world. They keep changing from country to country, time to time, and from state to state. Therefore, you need a business law attorney to see to it that your business is protected.

**4.With example differentiate partnership from joint stock companies. (4 Marks)**

**Joint stock company**: Shareholders liability is limited only to the value of the shares. Joint stock company: It issues ordinary paid-up shares to collect the capital. It can also borrow from banks. **Partnership**: Each partner of the registered firm will pay tax individually.

**some differences between partnership and joint stock company**

1. Organizers and entrepreneurs are separate in Joint Stock Company. The share-holders are entrepreneurs, whereas the paid managers are organizers.

2. It has a limited liability. The liability of share-hold­ers is limited up to the face value of shares.

In a joint stock company, shares are transferable. Shares can be easily sold to another person.

4. A joint stock company has legal sanction or exist­ence. Company can sue or can he sue against any illegal activity.

5. A joint stock company has to obtain approval from the Registrar and has to abide by the company rules and regulations.

6. Joint stock companies have long life or are some­what permanent. It makes little difference to the company if any share-holder dies or transfers its shares to others. It is merely a question of change in the ownerships of shares.

7. There is no direct and close relation-ship between the workers and the employer in a joint stock company.

8. Large scale production is adopted in case of joint stock companies.

9. In a joint stock company, all the share-holders are not known to each other.

10. Risk can be taken in case of a joint stock company.

**5.Muhizi is a businessman who has juice making company in his community. He doesn't want to register his business. Advise him why is it necessary to register his business.(5 Marks)**

Both business types provide personal liability protection for business decisions or actions of the business. By registering your business, your business and personal assets are separated from each other. There are many reasons to incorporate but for the protection of your family, this may be the most important.

**Some reasons why you should register your business**:

**1. To be more professional**

First impressions are important they say. This is even more true in business. Would you prefer to buy an expensive Smartphone that has been created by an individual or by a company? That’s the power of registering a company. It establishes you as a professional in your field. You prove to the world that you are legitimate and are not after a quick buck. It shows your customers that you are serious and will not simply disappear tomorrow.

**2. To protect and secure your business name**

Registering your business name protects it from being used by other businesses. When you register a company, the name that you choose is reserved to you only. You may not have plans to start operating right away but registering that name that you have always wanted ensures that its available to you when you are finally ready to launch your dream business. Once your company name has been incorporated and registered, you can further restrict its usage by registering it as a trade name or trademark. This ensures that no-one else can legally use it.

**3. To get access to funding**

One of the advantages you enjoy when you register a company is the increased access that you get to funding sources. There are various government loans available for youths and small businesses. In addition, various economic development agencies, banks and NGOs provide low-interest loans to small to medium enterprise owners who may not qualify for traditional commercial loans.

**4. To separate personal and business finances**

Most small business owners discover painfully that mixing business and personal finances is a recipe for disaster. The majority of small businesses that fail fall into this trap. If you keep business finances in your pocket you run into the temptation of *‘helping out Uncle Thomas’*  when he asks for financial help. And when month-end comes you discover that you don’t have enough to pay for business rentals or suppliers. Having your business incorporated helps you separate these two so that you don’t run into problems tomorrow.

**5. To participate in tender processes**

In order to apply for both government and commercial tenders you need to be a legalized business entity. All tenders have on their top of the list the requirement to be an incorporated company. Simply put: *‘No registration papers, no tender acceptance’*. Most tenders are advertised for big contracts and orders, so this represents a very real opportunity for your business to break out and make some large amounts of cash. Don’t neglect this.

**6. Lower taxes**

When doing business you have the option to do so as an individual or as a registered business. When you trade as an individual, you pay tax on the additional income you receive from your business. Unfortunately you don’t get any tax deductions on the expenses you incur in running the business e.g. internet costs, telephone costs, transport, rents, etc. These are all regarded as personal expenses more or less. One of the more appealing reasons for registering a business, as opposed to simply reporting your additional income, is the extra money you have left over. In Zimbabwe, businesses  receive tax deductions for business-related expenses, including use of your car, a home office or a rented storefront, insurance, and more.

**7. Liability protection**

There are two types of businesses registered in Rwanda and these are the Private Limited Companies and Private Business Corporations. The business is treated as a separate legal entity from its owners and enjoys corporate citizenship in Zimbabwe as if it were an individual. Both types of businesses offer limited liability to their owners or shareholders. Both business types provide personal liability protection for business decisions or actions of the business. This means that if the company incurs debt or issued, its members are not required to satisfy the claims with their personal assets. By registering your business, your business and personal assets are separated from each other. There are many reasons to incorporate but for the protection of your family, this may be the most important.

**8. Business continuity**

Do the names Microsoft, Facebook or Google sound familiar to you? Good. What do they all have in common? They were started by individuals. And because these individuals registered their companies it means their businesses are able to continue without them. They are now separate entities from their person. That’s the power of registering a business. It ensures the continuity of your business beyond just you. Customers are interested in knowing if your company has a future and if the company is able to continue serving them in your absence.

**9.obtaining licenses and permits.**

**6.Discuss the importance of food standards to you as a consumer.(5 Marks)**

The food industry has an essential role in the resolution of these food control issues because of its vested interest in the safety and marketing of foods. ... Finally, industry needs standards that permit flexibility and efficiency in producing and marketing foods that will serve their customers - the world's consumers.

A standard is a document that provides requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose. Product standards and code of practice assist manufacturers to produce commodities that meet minimum specifications for quality and safety. Standardization is a process of ensuring uniformity in products and services by use of appropriate standards. The process ensures efficient utilization of resources through reduction of wastes. Food standards are documents containing requirements, specifications, guidelines or characteristics that can be used consistently to ensure that food materials, products, processes and services produced are fit for human consumption. In any country, food standards are established by regulatory authorities and enforced by governments, food companies and retailers.

 Importance of food standards

1. Safeguards the health of consumers

2. Ensure confidence of consumers in the food systems (from farm to table)

3. Enable consumers to make informed decisions concerning the food they purchase.

4. Used to differentiate different food products

 5. Used to communicate product quality and safety to consumers 2 6. Used as a competitive strategy to enhance product marketing- (standards provide opportunities to companies/firms who use them to their competitive advantage).

**7.Explain any four components of marketing and show the importance in a commercial activity.(6 Marks)**

The 5 Ps are key marketing elements designed to help you think about your business strategically. Put broadly, marketing is a mix of business activities that aims to build your brand and business in a consistent way.

If you want to grow your business, the 5 Ps of marketing can help you think about the different areas of your business can add value and offer a product or service different from your competitors.

Working your way through each of the Ps can help you think about which areas of your business you can change or improve on, to help you meet the needs of your target market.

### Product

The product element refers to what you are offering as a whole - what exactly are you selling to your customers? This includes the value-added features, branding and packaging as well as service and warranty terms.

For example, if you're a jewellery maker who is looking to grow your business, you might think about giving your customers a free gift-wrapping service as an incentive to buy from you.

### Price

The price element refers to the way you set prices for your products or services. It generally includes all the parts that make up your overall cost, including the advertised price, any discounts, sales, credit terms or other payment arrangements or price matching services you offer.

Your pricing will also depend on your business's position in the market. For example, if you advertise your business as a budget car rental service, your pricing should reflect that choice. If you're looking to grow your business consider if your pricing reflects your business' positioning.

### Promotion

The promotion element refers to all the activities and methods you use to promote your business and products. This includes sales, public relations, direct marketing and advertising.

For example, if you're growing your sports management business, you might add sponsorships to your marketing mix to help promote your business.

### Place

The place element refers to how you deliver your product or service to your customers. This might include the physical location (e.g. via a shop front, online or a distributor), delivery methods as well as how you manage your stock levels.. For example, you could choose to provide your product from a shop front, over the internet or through a distributor.

If you're looking to grow your business, you might consider changing or expanding the way you sell your products and services. For example, if you're a home wares distributor, you might think about setting up a new store in a different location or offering franchises.

Alternatively, you might consider setting up an online website as a supplier that allows other businesses to purchase online from you.

### People

The people element refers to yourself, your staff and your customers. This covers customer service levels, as well as effective communication and training for your staff. You'll need to consider both your staff and customers if you're thinking of growing your business.

For example, if you're thinking of expanding your business online, you'll need to think about how your customers use the internet, if they would feel comfortable purchasing your goods online and if they would be willing to pay shipping costs for your products.

You'll also need to consider staffing elements. For example, do your staff have the skills to manage a website? Will you need to provide further training for them?

#### Family restaurant

You might run a restaurant catering to families. To position your restaurant towards your target market, you might consider having:

* **product** - food catering to fussy eaters
* **price** - affordable prices for families
* **promotion** - advertisements in school newsletters
* **place** - location and opening hours suited to busy, family lifestyles
* **people** - staff that are friendly and accommodating to the needs of parents and children.

#### Scuba diving shop

You might run a scuba diving shop catering to backpackers. To position your business towards this market, you might consider having:

* **product**- quick diving trips for people who are only in town for a short time
* **price** - cheaper dive trips to cater for budget-conscious travellers
* **promotion** - a Facebook page to promote your business online
* **place** - an in-town location so you can be found easily
* **people** - friendly staff who like to meet other travellers.

**8.Describe how customers are the backbone of every business.(5 Marks)**

For a business to grow and succeed, it needs a strong backbone. The corner stone of the human body is the backbone. Made up of a series of inter-connecting bones, it provides support and stability. A business is really no different being made up of various layers / limbs, each of which is dependent upon each other.

Every business is different. This is not news. Every company has different needs, different goals, different structures and rules. The one thing every business has in common, no matter how big, how new or how well known, is the need for customers.

### Customers Are The Biggest Disruptor Of All

- customers are the biggest disruptor of all. + we tend to agree with him.

*Everyone knows of course that only customers create value. You can create all the products in the world, you can have all the inventory in the world, but if you don’t have a customer, you don’t have a business.”*

### - Customers Are In Charge Of Your Destiny

Customers play a crucial role in any businesses. They possess the power to see a company prosper or fall.

### - Technology Makes Customers Even More Powerful Than Ever Before

Cue the age of technology + they become even more powerful, especially when it comes to purchasing goods + services. In fact, in a Customer Experience study undertaken by McKinsey, it was found that three-quarters of customers expect a “now” service from companies after only five minutes of online contact.

### - Like Salt, They Want It + They Want It Now!

**Put simply, they want action.** Gone are the days of 24 to 48 hour service turnaround, the customer wants it + the customer wants it NOW!

Not only that, but they use apps to compare prices, businesses + services, + put their trust in online reviews as if they were receiving them from close friends or family. Times they are a changing.

A business can never place too much emphasis on its customers. The customer is the foundation of any business' success. One of the primary goals of any marketing strategy should be to identify and meet the needs of the consumer. Considering customer importance at all stages of the marketing process helps your company to ensure greater customer satisfaction and increase its long-term goal of repeat business.

**Psychological Considerations**

The psychological makeup of consumers plays a crucial role in developing a product and a marketing campaign that identifies and addresses consumer needs. According to Lars Perner, assistant professor of clinical marketing at the University of Southern California, some of these considerations include how consumers "think, feel, reason and select between different alternatives." These considerations can be influenced by environment, such as culture, family and media. The purpose of marketing research is to identify these variables and to incorporate them into the campaign.

**Marketing Considerations**

Some of the considerations to take into account when marketing to your customers are honesty, integrity and clarity. Keeping consumer needs in mind is also an integral part of effective marketing. Sneaky advertising campaigns can generate quick sales, but those sales will falter as consumers realize they've been duped. Selling a good product marketed with integrity brings back customers. To do this, a company needs to build customer confidence in its product over time. Customer confidence is what brings consumers back to your product and ensures long-term success.

**Word of Mouth**

Underestimating the power of customer word of mouth is detrimental to your success. Consumers like to talk, whether they are talking about a product they enjoyed or a product that left them wanting. Word of mouth has a snowball effect, particularly in an age when fast worldwide communication is common. Your company can't afford not to consider how quickly its product and reputation can be badmouthed or blacklisted. This is why marketing a product honestly and with integrity is important.

**Customer Service**

Considering customer needs during the development and promotion of a product is not the only way to emphasize customer needs. Customer considerations after the product has been marketed are important as well. Customer service and interaction with the consumer after the product has been sold not only build strong relationships with the consumer but offer companies valuable information that will help to design more effective marketing efforts in the future.

 **Make Your Customer Your Number One**

We all know that customers are the backbone of + the reason businesses exist. These days, they are more than just a number – they are Number One: the number one asset of any business.

To have a business tomorrow, owners + leaders need to step up, take note, see the business through the customer’s eyes + start focusing on establishing a long-term relationship with them. The best way to do that is to build a Customer Strategy… but that story is for another day.

**9.Do you think that a market survey is it necessary for every business ? Support your answer.( 5 Marks)**

Purpose of **Market Survey**

Gain critical customer feedback: The main purpose of themarket survey is to offer marketing and business managers a platform to obtain critical information about their consumers so that existing customers can be retained and new ones can be got onboard.

Market survey is the survey research and analysis of the market for a particular product/service which includes the investigation into customer inclinations. A study of various customer capabilities such as investment attributes and buying potential. Market surveys are tools to directly collect feedback from the target audience to understand their characteristics, expectations, and requirements.

Marketers develop new and exciting strategies for upcoming products/services but there can be no assurance about the success of these strategies. For these to be successful, marketers should determine the category and features of products/services that the target audiences will readily accept. By doing so, the success of a new avenue can be assured. Most marketing managers depend on market surveys to collect information that would catalyze the market research process. Also, the feedback received from these surveys can be contributory in product marketing and feature enhancement.

Market surveys collect data about a target market such as pricing trends, customer requirements, competitor analysis, and other such details.

### Purpose of Market Survey

* **Gain critical customer feedback**: The main purpose of the market survey is to offer marketing and business managers a platform to obtain critical information about their consumers so that existing customers can be retained and new ones can be got onboard.
* **Understand customer inclination towards purchasing products**: Details such as whether the customers will spend a certain amount of money for their products/services, inclination levels among customers about upcoming features or products, what are their thoughts about the competitor products etc.
* **Enhance existing products and services**: A market survey can also be implemented with the purpose of improving existing products, analyze customer satisfaction levels along with getting data about their perception of the market and build a buyer persona using information from existing clientele database.
* **Make well-informed business decisions**: Data gathered using market surveys is instrumental in making major changes in the business which reduces the degree of risks involved in taking important business decisions.

### Importance of Market Survey

There are 5 factors that depict the importance of a market survey.

**1. Understanding the demand and supply chain of the target market:** A product is most likely to be successful if it is developed by keeping in mind the demand and supply of the target market. This way, marketers can obtain insights about market capabilities to absorb new products and concepts to develop customer-centric products and features.

**2. Developing well-thought marketing plans:** The World is a target market for an organization, especially a well-established one. Getting data from the target market through thorough market research using market surveys and segmentation can be a source of creating concrete and long-term marketing plans.

**3. Figure out customer expectations and needs:** All marketing activities revolve around customer acquisition. All small and large organizations require market surveys to gather feedback from their target audience regularly, using customer satisfaction tools such as Net Promoter Score, Customer Effort Score, Customer Satisfaction Score (CSAT) etc. Organizations can analyze customer feedback to measure customer experience, satisfaction, expectations etc.

**4. Accurate launch of new products:**Market surveys are influential in understanding where to test new products or services. Market surveys provide marketers a platform to analyze the scope of success of upcoming products and make changes in strategizing the product according to the feedback they receive.

**5. Obtain information about customer demographics:** Customer demographics form the core of any business and market surveys can be used to obtain intricate and sensitive details about customer demographics such as race, ethnicity or family income.

**Reasons why market research is important for businesses:**

Market research is essential in several ways - to understand the requirement of a specific product and its value in the market, the existing market players that dominate the market for a particular product, the impact of the product on customers post launch, the success of the product over competing products and so on. Let’s now elaborate the importance of market research through the following points that will help analyze the necessity of market research for an organization:

**1. Assists in effective decision making**

In order for a business to improve and grow, an efficient and cost-effective research is required to obtain information from customers and other businesses to make essential business decisions related to survival of the business, success as per different geographical regions, evaluating competitors, adopting an approach appropriate for the specific industry type.

Honda, a leading motorcycle company in India, did not conduct market research before shipping its product to the US. This resulted in business loss since the US market for motorcycle is seasonal and limited in between April to August. Also, in comparison to the US roads, the engine size was not compatible and thus sales suffered. Since sufficient market research was not conducted beforehand, appropriate strategic decisions could not be taken.

**2. Identify undermined challenges**

Market research provides detailed information on the market share, competitors, customer dissatisfaction levels if any, issues related to sales performance and channel distribution. Identification of the root cause of the problem helps address the issues in a prompt manner.

ARTec Colorist Collection, a hair color manufacturer, conducted market research on the consistency of its product based on customer satisfaction. Through the online survey and regression analysis, it was deduced that consumer’s attitude and usage behavior of the product plays a key role in deciding the future market of the product.

**3. Recognize new business opportunities**

The key responsibility of a business is to identify new market opportunities for existing and new products. As a result of severe competition, consumer needs are difficult to predict based on product functions alone. A good market research study will assist in production planning and make the distribution process seamless. Also, basis this information, correct product pricing can also be determined. A well-planned pricing and promotion of the end product successfully increases sales.

Frito-Lay, a famous chips and wafers company conducted a primary market research to increase its customer base depending upon flavors. Before it introduced any flavor, it wanted to gather information on the flavors in demand or that their competitors already had. Instead of conducting its survey through focus groups or control panels, it relied on social media. On Frito-Lay Facebook page, the company added “I’d Eat That” button next to suggested new flavors. This enabled respondents to select the flavor of their choice that they want the company to introduce. The survey suggested two particular flavors beer-battered onion-ring flavor and churro flavor, craved by the potential buyers. This proved useful to locate new business opportunities.

In a separate instance, using $20 per month, a subscriber can choose goods displayed by Conscious Box. The company, in return, requests its subscribers to share feedback on the products bought, rewarding them points that can be used to buy from Conscious Box's online store. Through this method, the company gathers data to share with the product manufacturer, select merchandise for the online store and decide on the product pricing.

**4. Frame market strategies**

Due to rapid globalization, companies are finding it difficult to effectively control the distribution channel. It is absolutely necessary to predetermine strategies based on market research. The collection of relevant data and analysis of the same helps entrepreneurs adopt a proactive approach for both, framing and implementing market strategies. Market research also helps in sales forecasting through market share method, sales force estimate method and the jury method. Scientific forecast assists in fixing sales quotas and marketing plans.

A caramel company in USA named Happy Goat made handmade chocolates and sweets. It conducted an online survey through SurveyMonkey to find out what appeals the mass. The market research concluded that the buyers are more interested in flavor and quality of the product than the ingredient. This made the company change its marketing strategy since initially it was stressing more on the fact that it uses organic ingredients in its product.

**5. Understand customer requirements**

Companies, across the globe, are becoming more customer-centric and thus the marketing and distribution of a product is gradually becoming more customer-oriented. With the help of market research tools like questionnaires, messaging, meetings, discussions and so on, companies try to understand customer expectations so that they can address them through improved solutions.

Lego, the Danish toy company conducted market research to find out their expanse of customer base. The research suggested that only 9% of its customers constituted girl children. This propelled the company to invest a massive four years’ time to analyze the changes that are rightfully needed to make in-house Lego toys more alluring for a girl child. To successfully implement these changes, the company ensured to also observe the playing habits of these kids (girls), even seeking their views on probable features that might interest them more. Putting all their research findings into place, Lego introduced a new range of toys and named them ‘Friends’ in January 2012, they had a more vibrant appeal with usage of bright colors, changed packaging and modified size and structure.

In a separate instance, it is worthwhile to mention that McDonald’s depends largely on market research to improve their product and service. The company tried to analyze the product acceptability, the amount of money consumers is willing to pay for the food, the media advertisements consumers are following, and the restaurants customers visit often. Through this kind of extensive market research, McDonald’s has been able to determine if their customer base is increasing. Keeping the perspective of business growth in forefront, the company also introduced healthy and organic food in their menu.

**6. Detect potential customers**

Market research helps a company determine the type of product or service that would be profitable to introduce in a market. This determines the potential customers along with an effort to find out if the existing product/service line is poised to satisfy the unmet customer needs. If not, then one can find out if change is required in the packaging, delivery or in the product features itself. It will also help determine whether the brand value has lost its sheen among customers.

McDonalds largely depend upon market research to improve their product and capture the potential market. Based on such research, the company changed its business strategy, functioning and brand awareness to accept and adapt different cultures and be flexible in modifying their product rather than forcing one culture across the globe. To create brand awareness, companies must also engage with their customer at culture level. When McDonalds introduced their product in India and Australia, it tried to understand the potential market through market research. Based on the local market, original McDonalds burgers and BigMac were replaced with McAlootikki burgers, Chicken Maharaja Burger or Aussie burger, Brekkie Wraps and even Macca’s Steak keeping the Indian and Australian market in focus. This resulted in McDonald’s global success.

**7. Analyze why existing customers switch brand**

The whole idea is to promote and distribute ideas, goods and services to create a satisfying customer base. Along with this, market research also helps to analyze the cause of an existing customer to choose a different brand over the old one. The philosophy here, is to retain customer base while generating profit at the same time.

Starbucks conducted a research to locate the reason why existing customers changed brand. Through the market research, it was found that the customer base for dairy-free milk alternatives was increasing. So, the company began offering products made of soy milk, almond, coconut milk and oat milk. Post the launch of such dairy-free products, a consecutive survey indicated that there has been a steep increase in its sales.

**8. Ensure Effective communication**

Integrated and effective communication is the key to successful business. Use of promotional research to study media mix, advertising effectiveness and integrated communication tools helps organizations create market for their product.

Through market research and feedback, Verizon understood the customer concern of change of mobile numbers along with change of the service provider. This created unnecessary inconvenience to modify all legal and government documents that contained the old number. Considering all of this, Verizon became the first company in US to enable its customers to retain their mobile numbers even while switching carriers. This improved the company customer relationship to a great extent. Along with this it also introduced few flexible policies to improve brand loyalty. No charges were levied from Verizon to transfer numbers. Throughout the transfer process, the company ensured that the old connection works. All porting activities were informed via free text messages to maintain an effective communication.

**9. Improve selling techniques**

In order to improve the selling techniques, a company evaluates performance and effectiveness of a sales force. It also tries to identify the sales territories and allied shortcomings. Through market research, it tries to find an alternative method for distribution of goods.

Colgate was existing in the United States since a long time, when it wanted to capture the international market on oral care, it conducted a survey on the existing customers to find out the brand value. Based on the survey results, the company could gauge the brand acceptability and strategized to capture a wider market. The company along with the local merchandisers offered sample products and merchandising services to get high visibility in each store. It also invested on brand advertisement on print media as well as television and radio.

**10. Set achievable targets**

Market research ensures that the organizational goal of optimum customer satisfaction is achievable.

Apple depends on extensive market research to understand the need of their customers and what they expect from an Apple device. Accordingly, the company tries to figure out if incorporation of such requirements is possible in reality. Apple conducted a market research campaign on selected customers through a periodic survey. An email was sent from Apple's Market Research department to select customers. The email contained a survey that promised to take less than five minutes of the respondent’s time and invited the respondent to fill it, basis the apple product they own. Also, customers were requested to complete the survey with an assurance that their opinions matter and their identity will remain anonymous. The online survey, “Apple Customer Pulse” enabled the company to compile and analyze data faster and based on such survey, Apple modified its design and product specifications as well.  As per the Apple Customer Pulse panel, the platform is considered as an online community of Apple product users who take the survey to provide input on the issues they face while using Apple products. Participants receive up to two surveys a month. On completion of the survey, the customers were invited to become a member of the "Apple Customer Pulse" group.

**Conclusion**

Customers are exposed to colossal amount of information today, and that is why a sturdy market research study with accurate results and data will definitely act as a trigger to swing an organization’s behavior and influence the decision-making process. An organization’s success broadly depends on the appropriate data about customers, products and the market, in general. Market research studies are a critical tool that helps gain exhaustive knowledge. Be it a quick research or an elaborate work, market research is fundamental to take business decisions. Similarly, be it a large or a small company, the fundamentals should be right in place, and should be well positioned to gain traction in the market. However, smaller players should definitely be having access to market research reports in their domain, they should look at market research companies which can offer all of these under the same umbrella – affordability, quick turnaround times, and ability to offer customized services. Therefore, as a business entity, you should ask the right questions and reaffirm your assumptions!

**10.With example what is supply chain involved.( 4 Marks)**

A supply chain is the network of all the individuals, organizations, resources, activities and technology involved in the creation and sale of a product, from the delivery of source materials from the supplier to the manufacturer, through to its eventual delivery to the end user. The supply chain segment involved with getting the finished product from the manufacturer to the consumer is known as the distribution channel.

Supply chain management (SCM) is the oversight of materials, information, and finances as they move in a process from supplier to manufacturer to wholesaler to retailer to consumer. The three main flows of the supply chain are the product flow, the information flow and the finances flow. SCM involves coordinating and integrating these flows both within and among companies.

A supply chain is a network between a company and its suppliers to produce and distribute a specific product or service. The entities in the supply chain include producers, vendors, warehouses, transportation companies, distribution centers, and retailers.

**SECTION B: CHOOSE ANY THREE QUESTIONS (45 Marks)**

**11.Suppose you want to run a company for producing tomato sauces. Show any five things you will consider for choosing the right suppliers. (20 Marks)**

**How to Choose the Right Supplier for Your Business**

1. Set your criteria. Create a list of the supplier's selection criteria that companies need to fulfill to be able to provide you with the items you need.
2. Define your process. Identify the methods that you will use to find suitable suppliers.
3. Call for bids.
4. Evaluate the bid submissions.
5. Monitor the supplier performance.

The second part of the discussion wrap this month looks at the factors that are considered when deciding on supplier partnerships. The top five factors were (in no particular order):

* Cultural Fit – including values
* Cost – covering price, Total Cost of Opportunity (TCO)
* Value – value for money and value generation opportunities
* Experience in the market and current references
* Flexibility
* Response to change – in orders and products
* Quality – covering product and service quality and quality history

Okay, we know that’s seven but it was hard to split a couple of the more popular ones!

Other factors suggested by the community included trust and professionalism, strategic and process alignment and technical ability.

The final factors are worth investigating in more detail. It’s critical to have executive level buy-in from both sides otherwise it can cause the relationship to stall. Supplier innovation should also be considered, particularly in line with any cost-cutting or process streamlining efforts by the supplier, as this may in turn lead to value creation for the purchasing organization.

Finally, it was recommended that buyers should be aware of the breakdown in business percentage on both sides. You neither want to represent a high percentage of the supplier’s business, nor do you want to rely on the supplier too heavily.

Selecting the right suppliers for your business needs is vital to ensure that you are able to deliver your products and services on time, at the right price, and in compliance with your quality standards. By implementing specific supplier’s selection criteria, it’s possible to identify companies that will work with you to meet the demands of your customers.

Here are five tips for finding the right suppliers for your raw materials or other company procurement requirements.

## 1. Set your criteria.

Create a list of the supplier’s selection criteria that companies need to fulfill to be able to provide you with the items you need. This could include issues like:

* Lead times from receipt of your order to delivery
* Minimum and maximum order quantities
* Storage and handling facilities
* Specific methods of delivery
* Quality assurance processes
* Payment terms and conditions
* Return policy
* Contactable references

Setting the criteria in advance will enable you to evaluate potential suppliers on each of the listed items and ensure that you don’t overlook any important requirements.

## 2. Define your process.

Identify the methods that you will use to find suitable suppliers. Decide whether you will publish your requirements in trade publications and call for bids, or whether you will approach selected companies directly for proposals and estimates. Allocate a time frame for conducting your suppliers selection process. Appoint qualified members of your team to review the proposals and recommend a short list of suppliers to choose from.

## 3. Call for bids.

Put out a call for bids according to the selection process you chose. This could be a Request for Proposal (RFP) or a Request for Quotation (RFQ). Whatever form it is, it should include full details of the products or services you need, along with quantities, delivery dates, and quality standards identified in your criteria. Ask bidders to provide detailed information on the processes they use, the stability of their raw material suppliers (if applicable), and reasons why you should choose them.

## 4. Evaluate the bid submissions.

Compare each submission you receive against a checklist of criteria for suppliers and question any items that appear to be lacking in clarity. The American Society for Quality suggests taking steps to ensure the validity of the submission. Review the scope of the services outlined in the proposal and consider whether they match your requirements. Decide on each criteria’s importance and score all submissions against this for an objective method of evaluation. Identify what the agreement or contract period with each potential supplier comprises to ensure you aren’t drawn into a situation that could be damaging to your business.

## 5. Monitor the supplier performance.

Even the most reliable supplier can occasionally slip up. Make sure they have a direct contact point at your company and conduct regular performance reviews. This will help you keep tabs on their work and make sure they’re fulfilling their end of the agreement. These reviews will also help you when it comes time to talk about contract renewal, so you know where you stand.

Following these tips will enable you to successfully select suppliers who can support your business requirements by delivering the appropriate goods and services you need on time and within budget. This will help you improve your productivity and ensure you produce quality goods/services.

# Choosing suppliers for your business

The right suppliers provide the most suitable goods or services at the most suitable prices and in the right time frames for your specific business needs.

## Finding suppliers

Online is the best way to locate suppliers such as manufacturers and wholesalers. They may also advertise in the Yellow Pages. Attending industry events and exhibitions is another good way to find suppliers and examine their products and services. You can also use your networks to find suppliers.

Key factors for choosing suppliers are outlined below. Once you have a list of potential suppliers, ask them for written quotations and, where appropriate, a sample of the items you need. You can then compare their services to see which suppliers are the best fit for your business.

## Price

If you are in a new business, a key consideration for choosing suppliers is affordability. If you are focused on managing your finances, competitively priced suppliers are an attractive option.

However, cheap does not always represent the best value for money. If the quality of your supplier's product or service is poor, you may incur extra costs for returns and replacements, and risk losing business with any delays that result. If you decide to pass poor quality on to your customers, you risk damaging your business reputation.

## Reliability

Reliability should be another key consideration for choosing suppliers. Reliable suppliers deliver the right goods or services on time, as described.

Large suppliers are generally reliable because they have enough resources and systems in place to make sure they can still deliver if anything goes wrong. However, you can often develop a closer relationship with small suppliers - especially if you are their main customer. In these cases your supplier may also respond better to different requests, such as rush orders or holding on to stock.

## Stability

Look for experienced suppliers who have been in business a long time. Stability is important, especially if you are entering into a long-term contract with a supplier or they are the only supplier of a particular item you need for your business.

Exercise due diligence. Check the supplier's credit history to see if they are financially stable. It is worth finding out what businesses have used a particular supplier's services and asking them for a reference.

## Location

Think about location when choosing suppliers. Dealing with distant suppliers might mean longer delivery times and extra freight costs. If you need something quickly, a local supplier might be a better option. But be sure to investigate freight policies of distant suppliers. Bulk orders, for instance, might get you free shipping or you might be able to combine different orders to reduce costs.

## Supplier groups

While using a single supplier has its advantages (e.g. you can develop a close business relationship that benefits both sides) it also has its risks. If your supplier goes out of business or cannot deliver, your business will suffer. It might be a better idea to use a carefully selected group of suppliers as insurance against any problems occurring.

# Supplier selection process

Choosing the right supplier involves much more than scanning a series of price lists. Your choice will depend on a wide range of factors such as value for money, quality, reliability and service. How you weigh up the importance of these different factors will be based on your business' priorities and strategy.

A strategic approach to choosing suppliers can also help you to understand how your own potential customers weigh up their purchasing decisions.

This guide illustrates a step-by-step approach you can follow that should help you make the right choices. It will help you decide what you need in a supplier, identify potential suppliers and choose your supplier.

* Thinking strategically when selecting suppliers
* What you should look for in a supplier
* Identifying potential suppliers
* Drawing up a shortlist of suppliers
* Choosing a supplier
* Getting the right supplier for your business

## Thinking strategically when selecting suppliers

The most effective suppliers are those who offer products or services that match - or exceed - the needs of your business. So when you are looking for suppliers, it's best to be sure of your business needs and what you want to achieve by buying, rather than simply paying for what suppliers want to sell you.

For example, if you want to cut down the time it takes you to serve your customers, suppliers that offer you faster delivery will rate higher than those that compete on price alone.

For some pointers to help you identify what you want from suppliers, see the page in this guide on what you should look for in a supplier.

**The numbers game**

It's well worth examining how many suppliers you really need. Buying from a carefully targeted group could have a number of benefits:

* it will be easier to control your suppliers
* your business will become more important to them
* you may be able to make deals that give you an extra competitive advantage

For example, if you've got a rush job for an important customer, your suppliers will be more likely to go the extra mile if you spend $1,000 a month than if you spend $250.

However, it's important to have a choice of sources. Buying from only one supplier can be dangerous -where do you go if they let you down, or even go out of business?

Equally, while exclusivity may spur some suppliers to offer you a better service, others may simply become complacent and drop their standards.

## What you should look for in a supplier

**Reliability**

Remember - if they let you down, you may let your customer down.

**Quality**

The quality of your supplies needs to be consistent - your customers associate poor quality with you, not your suppliers.

**Value for money**

The lowest price is not always the best value for money. If you want reliability and quality from your suppliers, you'll have to decide how much you're willing to pay for your supplies and the balance you want to strike between cost, reliability, quality and service.

**Strong service and clear communication**

You need your suppliers to deliver on time, or to be honest and give you plenty of warning if they can't. The best suppliers will want to talk with you regularly to find out what needs you have and how they can serve you better.

**Financial security**

It's always worth making sure your supplier has sufficiently strong cash flow to deliver what you want, when you need it. A credit check will help reassure you that they won't go out of business when you need them most.

**A partnership approach**

A strong relationship will benefit both sides. You want your suppliers to acknowledge how important your business is to them, so they make every effort to provide the best service possible. And you're more likely to create this response by showing your supplier how important they are to your business.

## Identifying potential suppliers

You can find suppliers through a variety of channels. It's best to build up a **shortlist** of possible suppliers through a combination of sources to give you a broader base to choose from.

Recommendations

Ask friends and business acquaintances. You're more likely to get an honest assessment of a business' strengths and weaknesses from someone who has used its services.

**Directories**

If you're looking for a supplier in your local area, it's worth trying directories such as Yellow Pages and Thomson.

**Trade associations**

If your needs are specific to a particular trade or industry, there will probably be a trade association that can match you with suitable suppliers.

**Business advisors**

Local business-support organisations, such as chambers of commerce, can often point you in the direction of potential suppliers. You can also contact our Strategic Information Centre.

**Exhibitions**

Exhibitions offer a great opportunity to talk with a number of potential suppliers in the same place at the same time. Before you go to an exhibition, it's a good idea to check that the exhibitors are relevant and suitable for your business.

**Trade press**

Trade magazines feature advertisements from potential suppliers. You can contact our Strategic Information Centre for a list of specialist trade magazines.

## Drawing up a shortlist of suppliers

Once you've got a clear idea of what you need to buy and you've identified some potential suppliers, you can build a shortlist of sources that meet your needs.

When considering the firms on your shortlist, ask yourself the following questions:

* Can these suppliers deliver what you want, when you want it?
* Are they financially secure?
* How long have they been established?
* Do you know anyone who has used and can recommend them?
* Are they on any approved supplier lists from trade associations or government?

Do some research and try to slim your list down to no more than four or five candidates. It's a waste of time for you and the potential supplier if you approach them when there's little chance of them fulfilling your requirements.

## Choosing a supplier

Once you have a manageable shortlist, you can approach the potential suppliers and ask for a **written quotation** and, if appropriate, a sample. It's best to provide them with a clear brief summarising what you require, how frequently you'll require it and what level of business you hope to place.

Get a quotation

It's worth asking potential suppliers to give you a firm price in writing for, say, three months. You can also ask about discounts for long-term or high-volume contracts.

Compare potential suppliers

When you've got the quotation, compare the potential suppliers in terms of what matters most to you. For example, the quality of their product or service may be most important, while their location may not matter.

Price is important, but it shouldn't be the only reason you choose a supplier. Lower prices may reflect poorer quality goods and services which, in the long run, may not be the most cost effective option. Be confident that your supplier can make a sufficient margin at the price quoted for the business to be commercially viable.

Check that the supplier you employ is the one that will be doing the work. Some suppliers may outsource work to subcontractors, in which case you should also investigate the subcontractor to determine if you are happy with this arrangement.

Wherever possible it is always a good idea to meet a potential supplier face to face and see how their business operates. Understanding how your supplier works will give you a better sense of how it can benefit your business.

And remember that your business' reputation may be judged on the labour practices of your suppliers. It makes good business sense to consider the ethical dimensions of your supply chain.

**Negotiate terms and conditions**

Once you've settled on the suppliers you'd like to work with, you can move on to negotiating terms and conditions and drawing up a contract. See our guide on how to negotiate the right deal with suppliers.

## Getting the right supplier for your business

**Know your needs**

Make sure you know what you need. Don't be tempted by sales pitches that don't match your requirements. Understand the difference to your business between a strategic supplier, who provides goods or services that are essential to your business - such as high-value raw materials - and non-strategic suppliers who provide low-value supplies such as office stationery. You will need to spend much more time selecting and managing the former group than the latter.

**Spend time on research**

Choosing the right suppliers is essential for your business. Don't try to save time by buying from the first supplier you find that may be suitable.

**Ask around**

People or other businesses with first-hand experience of suppliers can give you useful advice.

**Credit check potential suppliers**

It's always worth making sure your supplier has sufficiently strong cash flow to deliver what you want, when you need it. A credit check will also help reassure you that they won't go out of business when you need them most.

**Price isn't everything**

Other factors are equally important when choosing a supplier - reliability and speed, for example. If you buy cheaply but persistently let down your customers as a result, they'll start to look elsewhere.

**Agree on service levels before you start**

It's a good idea to agree on service levels before you start trading so you know what to expect from your supplier - and they know what to expect from you. See our guide on how to manage your suppliers.

**Don't buy from too many suppliers...**

It will be easier for you to manage - and probably more cost-effective - if you limit the number of sources you buy from. This is particularly the case with low value-added suppliers.

**...but don't have just a single supplier**

It's always worth having an alternative supply source ready to help in difficult times. This is particularly important with regard to suppliers strategic to your business' success.

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# Choosing the Best Suppliers for Your Business

 Choosing the right suppliers for your small business requires strategic thinking. You should have a strong sense of what you as a business owner are looking to achieve and how you can do it before you make your selection, because choosing suppliers is about much more than just the goods you want to buy. For example, if you want to cut down the time it takes you to serve your customers, consider suppliers that offer you faster delivery in addition to those that compete on price alone.

Here are some of the most important factors in choosing the best suppliers for your business.

* **How many do you really need?** Narrowing potential suppliers to a carefully targeted group gives you at least two important benefits. One, it makes your operations easier to manage. And two, when you send more of your business to fewer suppliers, you become a more important client to them. As such, you may be able to make deals with them that will give you a competitive edge. For example, if you have a rush job for an important customer, a supplier which you give a substantial portion of your business to is more likely to go the extra mile for you than one you use only on occasion.

Nevertheless, it’s critical to have several sources from which to choose. Buying from only one supplier can be dangerous: Where do you turn if it lets you down or even goes out of business? And, while giving a certain supplier “exclusivity” may prompt that supplier to provide you with better service, it can also make it complacent.

* **Reliability:** This is just as important a factor as price, because if a supplier lets you down, you may well end up letting your customers down. So when you find reliable suppliers, you want to keep them. Focus too much on getting the rock-bottom price and you may well end up losing these suppliers. And even if you don’t lose them, if you’re constantly bargaining you may find these suppliers less willing to go out of their way for you when you need it.
* **Quality and value:** Your customers will associate poor quality with you, not your suppliers. So you need suppliers that provide consistent quality. And you must decide what you’re willing to pay for it. Strike a balance among cost, reliability, quality, and service.
* **Good service and communication:** You need suppliers that can deliver on time or that will be honest and give you ample warning if they can’t. The best suppliers will also keep in touch with you regularly to find out what needs you have now and how they can serve you better in the future.
* **Sound financial health:** It’s very important to be sure your suppliers have strong enough cash flow to deliver what you want, when you want it. Running a simple credit check with one of the leading credit bureaus, like Dun & Bradstreet, can assure you that a supplier won’t go out of business just when you need it most.
* **Team approach to business:** A strong relationship between you and your suppliers benefits everyone. If your suppliers acknowledge that your business is important to them, they’ll likely make every effort to provide the best service possible. And you’ll be more likely to achieve this by letting them know how important they are to you and your business.

 **12.Develop a marketing plan for any business. ( 25 Marks)**

Marketing plan composed by

a. Product description

b. Customer description/need for the product, competition,

c.Current production

d.Price

e. Sales forecast for next 12 months

f. Business location

g. Promotion

## THE MARKETING PLAN

**IMPROVING YOUR COMPETITIVE EDGE**

A Marketing Plan is a written strategy for selling the products/services of a new business. It is a reflection of how serious a company is in meeting the competition head on, with strategies and plans to increase market share and attract customers. An effective Marketing Plan is backed by carefully collected market, consumer and competitor information, sometimes citing professional advice.

**Why Prepare a Marketing Plan?**A good Marketing Plan will help you to improve your odds against more experienced competitors and newly emerging ones. The Plan enables you to recognize and take action on any trends and consumer preferences that other companies have overlooked, and to develop and expand your own select group of loyal customers now and into the future.

The Plan also shows to others that you have carefully considered how to produce a product that is innovative, unique and marketable- improving your chances of stable sales and profits - reasons for investors to financially back you.

**CONTENTS OF A MARKETING PLAN**

**Title Page**

1. Include the name of the company, period of time that the contents of the marketing plan covers, and completion date.
2. Use a clean and professional format with examples of the company logo and product designs and packaging types.

**Table of Contents**

1. List all the contents of the marketing plan in the order they appear, citing relevant page numbers.
2. List tables, graphs and diagrams on a separate page so that the reader can locate these presentation tools quickly. List the appendices that will be included at the end of your document.

**Cover Letter**

1. This letter should form a personalized overview of the document. Highlight areas of the plan that are particularly crucial to the reader, providing an indication of how this plan will help your business attain overall success in the future.

**Historical Background**

1. Give the reader an indication of where your business idea originated, citing the date you began researching into the idea, the existence of any mentors or advisors, the scope of your business (the specific of what the business "does"), and opportunities for expansion. Indicate how the future success of the business can be attributed to the strategies found in the Marketing Plan.

**Marketing Goals and Objectives**To introduce this section, include the "mission statement" of the business; an idea of what its goals are for customers, clients, employees and the consumer, then proceed with:

*Sales Objectives*

1. Compare your prospects for future sales with either past performance, or a general industry performance report. By analyzing the industry average as well as your own performance you will demonstrate to the reader that you can look "beyond your borders" to the competition to give yourself an idea of how well you are performing, or what general difficulties the whole industry may be facing.
2. Identify industry wide problems and create strategies to challenge them. This will also demonstrate that you have the necessary foresight to allow you to recognize problems in the future.
3. Set "benchmarks" for your sales objectives by using quarterly reports as a way of evaluating the success of your overall marketing approach. Indicate how much "market share" you intend to collect over the next 5 years, to show that you expect to advance your position against your competitors using your "individual" approach.

*Profit Objectives*

1. Include your predictions for after tax profit for each of the next five years. Relate this profit assumption based on the contents of your operating budget's costs figures found in your Business Plan.
2. Indicate how you will reinvest your profit margin in specific areas of the Marketing Plans future activities, as well as countering operating and start up costs you already have. Don't neglect the future of the Marketing Plan because you have to defer the costs you already have. A sound Marketing Plan should do more than "pay for itself" and its activities.

*Pricing Objectives*

1. Focus on the weaknesses of your competitors by offering better quality at a competitive price. Remember what your own attitudes are towards products you consume on a day to day basis. Remember how you react to high prices for poor or marginal quality or service.
2. Justifying your prices for your product or service while thinking like a customer will give you an advantage. Survey a sampling of your potential customer group and ask them directly how they feel about competitors products, services, industry prices and any areas for improvement.

*Product Objectives*

1. Much like what you would be doing for your prices, focus on the wants, needs and perceptions of your consumers and the general public. Identify any problems for your industry/product.
2. Show how you will attract more customers while keeping the ones you have. Determine the determining factors of customer preference towards a product, like price, or social considerations such as environmental impact, product quality or convenience.
3. Indicate the goals you have for quality of service, level of service (speed and accuracy), customer satisfaction, and your own flexibility to support consumer demands and requests.

**Market Analysis**

1. Examine whether or not your industry is growing, maturing or declining.
2. If it is declining, identify the problems that exist and be able to change the ones you can. Show how you can adapt to changes that you can't control.
3. If your industry is maturing, show how as a new company, you may be able to better adapt to external forces; better than the more mature competition.
4. In a newly emerging and growing market (the best scenario), differentiate yourself from new competitors. Show how you expect to become a major market share holder, using a new approach to the marketplace and utilizing the latest technology. Identify the older methods of generating your product/service being challenged by your business' approach.
5. Acknowledge the problems and challenges of the marketplace you are entering. Use your analysis to construct a strategy that will put you ahead of your competition.
6. Look to ways of prolonging the "life" of your business if you recognize that what your getting into is threatened by newly emerging technologies and business approaches. To advance your business in the new economy means finding your "niche", or, creating one of your own.
7. In your market analysis focus is on key areas like industry wide sales performance. Acknowledge why sales (as a whole) may be declining. Look to national and provincial averages, citing reasons for poor performance. Reasons can be both external to a particular businesses operations, or internal to the way the business operates. People called "industry analysts" have developed a way of determining the causes of business failures, focusing on the direction newly emerging business can take to realize success. Reference these professionals.
8. Your focus should also turn to the local scene, since local markets may or may not follow the greater industry trend for various reasons. Compare the local situation to the national and provincial averages; the trends in sales, and the estimated total market that can be reached by local companies.
9. Recognize the position your local competitors have taken in the local market; the clientele they serve, the product they produce, the price they expect to charge for their products and services.
10. Finally, relate your own businesses position to the position of others, reflecting on the maturity and experience of your business competitors.

**Environmental Analysis - Global Business Environment**Conduct an environmental analysis to look at and comment on the world in which you will be operating. Unemployment rates for the past 2 to 5 years and the impact it has had on sales and the overall customer base is an effective way of demonstrating the effect of "external" pressures onto your business. Threats due to environmental conditions (like unemployment, layoffs, recession, high interest rates) reduce consumer activity, and should be explored in your marketing plan.

*Political and Legal*

1. Identify the regulations, permits, insurance, liability, municipal zoning and taxation requirements that you must follow in order to operate your business.
2. The business climate of your town, village and surrounding area is an important influence on your day-to-day operations. Reflect on topics such as taxation, zoning and other factors.

*Demographics*

1. Describe the population base that exists to support your product. Identify the market size for your product, and the people that make up your product/service's consumer group. Provide information about:
2. Where they live, What products do they buy, How much they spend on similar products each year,
3. Where they shop for these products, etc. Indicate whether or not your product is geared towards a specific age group, with spending patterns and consumer demands. Indicate whether this group is shrinking, expanding or yet to be tapped into.

**Environmental Analysis - Local Business Environment**Conduct an environmental analysis that looks at and comments on your local area and your network of business contacts, competitors and customers.

*Suppliers*

1. Identify your sources for direct purchasing by describing their locations, the frequency of your orders and the type and amount of supplies you will be ordering.

*Social/Cultural*

1. Explain any particular client support or other specialized consumer groups that can be identified apart from the general public. Describe the spending and product requirements of these groups and the characteristics of your company that support the product and services they are demanding. Indicate whether your product is part of the day to day activities of a specific group or the general public. Identify the influence this will have on your projected sales. Identify your networking contacts in the community, and the overall atmosphere surrounding your business. Identify the influence this will have on your projected sales. Predict the receptiveness of your product concepts, and how the community perceives your business.
2. Describe the expected response to your advertising, and how this will boost sales. Indicate what overall market trends you will be following in order to stay current and "in touch" with the public. What special techniques will you be employing in order to match consumer demands.

*Competition*

1. Identify your direct competition by naming their business, describing their facilities and operations, identifying their share of the consumer market, realizing support for their product and by reviewing the weaknesses of their approach.

**Consumer Analysis**

1. Identify your target market, describing how your company will meet the needs of the consumer better than the competition does. List the expectations consumers have for your type of product. Since demands may be different, products and services will vary between competitors. Quality, price and after sales service are just some of the areas where this difference occurs.
2. Identify the segment of the market that will benefit from your product and area of expertise as well as your approach to selling your product or service.
3. Predict the sales potential that may be realized by tapping into and holding onto your target market, and attracting others through different strategies and approaches. These different approaches can be all done at the same time or be more incremental - obtaining a core audience for your product or service first, then expanding into the rest of the market. Identify the sales potential for each of these target groups.

**Strengths, Weaknesses, Opportunities and Threats Analysis**

***Strengths***

1. List the strengths of your business approach such as cost effectiveness, service quality and customer loyalty.
2. List other assets of your operations such as flexibility, innovativeness, response to external pressures, creativity and company stability.
3. Relate your experience (professionalism, duration and diversity) and the contacts you have made in all areas of your businesses operations - from suppliers to clients, government officials to business professionals.

***Weaknesses***

1. Describe the areas of weakness in your company's operations, such as government policies and procedures, and management inexperience.
2. Capital financing, credit, loans and other financial debts should be identified, with strategies to control their effect on your business.
3. Recognize the limited impact of a new product on the market - its lack of recognition may be attributed to the companies inexperience in promoting.
4. Recognize that poor performance will mean lower than expected profits - which will result in a lot of the money going to reduce debts rather than improving business facilities, operations and expanding markets.

***Opportunities***

1. Examine how proper timing, as well as other factors such as your company's innovativeness, may improve your business's chances of success.
2. Use tools such as customer surveys to emphasize the need for product quality and after sales service.
3. Relate your company's focus to a segment of the present market that is being overlooked.

***Threats***

1. List the external threats to your business' success, such a existing and newly emerging competitors, performance of the overall economy, and your dependency on other businesses such as suppliers, retailers and distributors for market access and support.

**Marketing Focus**

***Product or Service***

1. Identify your product or service by what it is, who will buy it, how much they will pay for it and how much it will cost for you to produce it, why a consumer demand exists for your product, and where your product sits in comparison to similar products/services now available.
2. Describe the marketplace rationale for the differences between your product and a competitors. Look at quality, price, new ideas/approaches, and how your product appeals to a specific customer base - both existing customers and new customers you hope to attract to the market.
3. Be specific about how your product/service improves upon those already existing, your use of quality control, post purchase evaluation (and how you will obtain feedback) and the scope of service you will provide: responsibilities, liabilities and expectations.

***Location***

1. Identify the location of your business, why it is located there (strategic, competitive, economic objectives), your expected methods of distribution, and timing objectives.
2. Different products have different shelf lives and your estimation of how long your product will remain on the shelf is an important one.

***Promotion***

1. Describe the type of promotional methods you will use to spread the word about your product. Identify techniques such as word of mouth, radio and newspaper ads.
2. For radio, focus on a stations music format and its relationship to your products image, broadcast area, cultural focus, age focus, etc.
3. For newspapers and other print mediums, consider the level at which you wish to advertise (local, regional, provincial, federal, cross-national, etc.), in what mediums (trade magazines, professional, recreational, cultural, hobby, special interest, etc.), how often, and the timing of such advertisements (seasonal, special issues, etc.).
4. List accessible tradeshows that offer your business and opportunity to display banners and promotional literature.
5. Explain your use of expensive mediums such as television and billboards. Both are highly expensive, while computer based "bulletin boards" and the Internet can provide a global audience.
6. Promotion through associations and government support programs offer an opportunity for success stories to advertise.
7. In store promotions, sidewalk sales, plant tours, free samples, open houses, "point of sale" displays, acknowledgment in government programs, agendas, brochures and calendars are other avenues for promotion. Also, gimmicks like draws for free product samples and service visits also provide you with a mailing list for future considerations.
8. Alliance campaigns between yourself and associated businesses (retailers, suppliers, etc.) provide you and some complementary businesses the chance to improve your market image and potential sales.

***Price***

1. The prices of your products or services should reflect your overall company strategy. Pricing should be competitive as well as a reflection of the quality, costs and profit margin.
2. List the quality features of your product or service, as well as the associated cost component for each item or level of service.
3. List strategies you plan to use, such as providing a discount on some items you sell in order to increase the sales in other areas.

**Financial Information**

1. Show the predicted level of sales you expect to realize with and without the strategies you have outlined in the marketing plan. Show the natural level of sales as described in your business plan, and then show the expected increase in sales as they relate to specific marketing techniques you will use.
2. Show the market share you will hope to attain, based on "high", "medium", and "low" estimates for the success of your marketing strategy.
3. Forecast the "break even point" for each of the following 5 years, in the number of sales in dollars. This will demonstrate your need to realize a certain amount of sales in order to cover your expected costs for each of the next 5 years.
4. Outline the areas of weakness in the financing of your business; the deficiencies that may be found in areas such as "operating capital", outstanding loans, and insufficient credit.
5. Provide appropriate suggestions for reducing the effect that these deficiencies will have on the successful operation of your business.

**Tables, Graphs, Diagrams and Pictures**By presenting information in a picture format, some areas that are hard to express in words become easy to show to the reader. Here are some examples:

***Position Analysis***

1. A figure that shows where your company's image lies in relation to your direct competition.

***Advertising Examples and Other Promotional Materials***

1. Provide the reader with some examples of the type of artwork and advertising you hope to use to attract potential customers, and, to portray a particular image of your product/service.
2. Such materials can demonstrate the effectiveness of your message, successful product/service recognition and packaging design.

***Demographics, Consumer Statistics and Budgets***

1. Include appropriate demographic information such as populations, age distributions, projected population growth and household sizes.
2. Include statistics covering family expenditures, personal income characteristics, employment figures, and spending and consumer patterns.
3. Provide budget sheets for advertising campaigns, sales promotions, and expenses such as uniforms, business cards, logo designs, banners, flyers, billboards, etc.
4. Include printing costs and expected reordering schedules.
5. Demographics and other statistics can be found in Statistics Canada information, available at the local library.

***Pricing***

1. Relate the pricing of your products or services to your costs, profit margin, "break even point" in sales, competitor pricing schemes, consumer profiles and product/service expectations.

Separate the "fixed cost" components and your "variable costs". Fixed costs are those that should remain stable over the next 5 years, while variable costs are those that adjust to external and internal pressures.