**MARKING SCHEME-SENIOR FIVE**

**ENTREPRENEURSHIP - SENIOR FIVE/2019**

**1.With examples, differentiate business idea from business opportunity. (6 Marks)**

**The Differences**

A business idea is something that someone (including you) have developed to solve a problem or fill a need.

A business opportunity is different as it is usually something that can be capitalized to make money and the return on your capital.

**An Example**

A business idea would be something like, “Smart Home Parts Distributor”. This is something that is not tangible yet, has not been fully validated, etc.

An example of a business opportunity would be if I already had a Smart Home Parts Distribution company setup, and there was a new market for a type of sensor that came into use. By developing that sensor as a parts distributor, I would be taking advantage of that business opportunity to expand into a different sensor market.

**The Clear Difference Between a Business idea and Opportunity**

In conclusion, I want you to know that the world is filled with brilliant ideas but the world lacks entrepreneurs who have the capacity to turn such ideas to profitable business opportunities. It is one thing to develop an idea, but it is an entirely different ball game to turn an idea into a business opportunity.

**So, a major difference between an idea and an opportunity is that you can sell a business opportunity, but you cannot sell an idea** (*it is not entirely impossible but it’s difficult*).

Colonel Sanders tried for many years to sell his chicken recipe idea but no one listened to him until he repackaged it and KFC (*Kentucky Fried Chicken*) was born. **The moral of this lesson is that investors invest in business opportunities and ventures, not business ideas**.

**Now how do you turn a business idea into an opportunity**? Well, you can turn a business idea into a business opportunity by conducting market research and feasibility study on your idea, writing a business plan and assembling a business team that will work with you on your idea. Only then will such idea become an opportunity that will attract investors and probably get the needed financing.

**2.Explain any five external factors that hinder business growth.(5 Marks)**

**Outside** influences that can impact a **business**. Various **external factors** can impact the ability of a **business** or investment to achieve its strategic goals and objectives. These **external factors** might include competition; social, legal and technological changes, and the **economic** and **political environment**.

## ****How External Factors affect Business Environment****

In order to become successful, businesses should assess the **market environment** that exerts an impact on the development of the organization. After evaluating the external business environment factors, companies can draft suitable strategies that will be helpful in handling a specific situation. These impacts are out of control of the company and require evaluation and timely response to the external environment of a business.

**Laws**

Rules and regulations of a country have a very strong impact over a business. Many countries devise rules and laws that hinder the development of certain industries whereas, there are some countries where there are laws which serve to be a positive sign of the continuous support from the government. Evaluating laws, rules and regulations are important to make decisions that will be beneficial for the company.

**Economic situation**

**Economy of a country** is considered to be the most impacting factor for the success of an organization. Within the economy, there are several contributing factors like economic crisis, fluctuation in interest rates and other similar aspects that will have direct and strong impact over the consumption behavior of the buyers and ultimately over the profits of the business.

**Infrastructure**

In order to develop exponentially, considering the infrastructure of the country is also very important. If the road to the company is not good, this will be a restriction for the company. Delivery methods will face difficulty and will pose a big challenge for the organization.

### External Environmental Factors

#### Definition

On the contrary to internal factors, external elements are affecting factors outside and under no control of the company. Considering the outside environment allows businessmen to take suitable adjustments to their marketing plan to make it more adaptable to the external environment.

There are numerous criteria considered as external elements. Among them, some of the most outstanding and important factors need to listed the are current economic situation, laws, surrounding infrastructure, and customer demands.

#### Types

Micro factors:

1. Customers
2. Input or Suppliers
3. Competitors
4. Public
5. Marketing & Media
6. Talent

Macro factors:

1. Economic
2. Political/legal
3. Technology
4. Social an
5. Natural
6. Every business is affected by a myriad of factors. In other words, an organization as such can never exist and operate “in a vacuum”. It is a part of a larger entity known as the business environment. In broad terms, this environment can be divided into two categories. The first one is the micro-environment. This category influences the functionality of a particular business itself. The latter one is the macro-environment which affects the operation of all existing business entities out there.
7. The two categories may be different, but both are essential to understand in order to truly see your business in its full context. You have to be knowledgeable about the business environment in order to be able to track and comprehend how various factors affect your company.

## What is the micro-environment?

The micro-environment is basically the environment that has a direct impact on your business. It is related to the particular area where your company operates and can directly affect all of your business processes. In other words, it consists of all the factors that affect particularly your business. They have the ability to influence your daily proceedings and general performance of the company. Still, the effect that they have is not a long-lasting one.

The micro-environment includes customers, suppliers, resellers, competitors, and the general public.

## What is the macro-environment?

The macro-environment is more general - it is the environment in the economy itself. It has an effect on how all business groups operate, perform, make decisions, and form strategies simultaneously. It is quite dynamic, which means that a business has to constantly track its changes. It consists of external factors that the company itself doesn’t control but is certainly affected by.

The factors that make up the macro-environment are economic factors, demographic forces, technological factors, natural and physical forces, political and legal forces, and social and cultural forces.

## Micro-environment factors:

### Customers

The kind of customer base that your company attracts, as well as the reasoning behind purchasing your product, are going to highly affect the way you create marketing campaigns. Your customers can be B2C, B2B, international, local, and so on.

Important factors related to customers are:

* Stability of demand
* Prospects of sale growth
* Relative profitability
* Intensity of competition

### Suppliers

If a supplier of a particular product is the largest, or even the only one, they are certainly going to have a big influence on how successful your business is.

The suppliers are extremely important factors as:

* Key link in the value delivery process
* Insurance that your business has the necessary resources
* Essential determinants in terms of price increase or decrease

### Resellers

If you decide to sell your product via a third party reseller, or middlemen such as wholesalers and retailers, then the success of your marketing is going to be highly dependent on them. If let’s say, a certain retail seller has a strong reputation, it will pass on to your product.

As a link between you and the customer, they are important in terms of these factors:

* Promotion
* Sale
* Distribution
* Marketing
* Financial mediation

### Competitors

Logically, every business that sells the same or a similar kind of product as you do is your competition on the market. So, their sale and marketing tactics matter to you a lot. You need to answer various questions, such as how their product and its price affects yours and how you can make use of that in order to gain an edge over them.

The three factors that matter in this case are:

* Desire competition
* Product form competition
* Brand competition

### The general public

Of course, every business organization has in its best interest to appease to the general public. Every step that you take needs to be viewed from their perspective as well. It is extremely important how your actions affect others because their opinion can be the one thing that either pushes you towards success or pulls you down from the pedestal.

So, the general public is very important in terms of:

* Public opinion
* Media
* Environmental pollution

## Macro-environment factors

### Economic factors

Basically, the very environment of the economy can have an effect on two essential aspects – your company’s levels of production and the decision-making process of your customers.

Some examples of economic factors affecting business:

* Interest rates
* Exchange rates
* Recession
* Inflation
* Taxes
* Demand / Supply

### Demographic forces

Each and every chunk of the market is affected by universal demographic forces. These are age, education level, cultural characteristics, country and region, lifestyle, and so on.

The crucial variables include:

* How income variables influence business
* Age variables that affect business
* Geographic Region Variables
* Education Level as a Variable

### Technological factors

These factors are related to skills and ability that are implemented into production, as well as all the materials and technology that a particular product requires to be made. They are essential and can have a big impact on how well your business is running. It boils down to even the most basic factors, such as what kind of maintenance trolleysyou use in order to preserve your tools and equipment for as long as you possibly can.

Some of the most common technological factors are:

* Automation
* Internet connectivity
* 3D technology
* Speed/power of computer calculation
* Engine performance and efficiency
* Security in terms of cryptography
* Wireless charging

### Natural and physical forces

Every business must also take into account the very planet and its resources. There are those that can be renewed, such as forests and agricultural products, and those that cannot, such as coal, minerals, oil, and the like. Both are strongly related to production. So, natural and physical forces can be:

* Climate change
* Pollution
* Weather
* Availability of both non-renewable and renewable resources
* Laws that regulate the environment
* Survival of particular biological species

### Political and legal forces

The market develops according to the political and legal environment in various areas. This means that every business needs to be up to date with such forces worldwide in order to be able to make the right decisions.

This generally includes legal factors such as:

* Copyright law
* Employment law
* Fraud law
* Discrimination law
* Health and Safety law
* Import/Export law

### Social and cultural forces

Finally, it is crucial to understand that the product that you bring to the market can have a strong impact on society. For example, your production needs to eliminate every practice that is hazardous to society, and show that it is socially responsible. There is a wide variety of social and cultural factors, some of them being:

* Purchasing habits
* Level of education
* Religion and beliefs
* Consciousness about health issues
* Social classes
* Structure and size of a family
* Growth rate of the population
* Emigration and immigration rates
* Life expectancy rates and age distribution
* Different lifestyles

## SWOT analysis

The SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) is useful both for understanding the micro and the macro factors. The former two are internal and affect the very business, while the latter are external and not under the organization’s control.

In terms of strengths, you should ask yourself what you are good at, what value you bring, what kind of difference you make, and so on. On the other hand, when it comes to weaknesses, you need to evaluate your dependency on outside vendors, aspects that need to be improved, and so on.

Opportunities are related to favorable circumstances that the company needs to make use of in order to improve its position on the market. Threats are factors that cannot be controlled but need to be acknowledged. This includes political, economic, and customer trends, as well as debts and costs.

## In Summation

Both micro and macro factors have a strong influence on how successful your business is. Every decision that you make needs to take these two environments into consideration. Your marketing strategies have to be based on them as well, if you truly want them to be lucrative, and retain a reputable position on the market.

**3.In Rwanda ,in every sector sensitize rwandan people to use ICT.Support the role of ICT in business.(6 Marks)**

**ICT** includes all digital technology that assists individuals, **businesses** and organizations in using information. ... **ICT** makes a **business** more efficient, effective and promptly respond to customers' needs.**ICT** can assist **business** activities including design, manufacturing, R&D, distribution and sales and feedback.

# The Benefits of Using ICTs in Business & Finance

Information and communications technology systems include desktop computers, laptops and tablets, fixed and mobile telephone systems, communications networks and software – even wearables. Your business can use ICT systems to benefit from improvements such as reducing costs, increasing efficiency, improving decision-making and increasing your competitiveness in the marketplace.

## Better Decision-Making

ICT systems allow your business to store, process, analyze and share vast amounts of data. The information available from corporate data enables managers and employees to make decisions quickly and accurately so that they can manage operations effectively and respond rapidly to business opportunities or threats. Communication networks also enable decision-makers in different locations to work together easily when they need to take joint decisions.

## Increased Manufacturing Productivity

By automating business processes and giving employees ICT tools, your business can improve its individual and overall productivity. On the production line, for example, solutions such as computer-aided design can help to reduce set-up times and improve manufacturing accuracy so that employees spend less time on reworking. Access to manufacturing data enables managers to plan production more effectively, making better use of resources and reducing lead times.

## Improved Customer Service

Quality of customer service is an important differentiator for businesses. Your company can use ICT solutions to offer faster response to and higher standards of service to its customers. If you run a call center, for example, your agents can access databases that provide comprehensive customer information, including purchase history and product preferences. The information helps them deal quickly and efficiently with inquiries, boosting customer satisfaction. Service personnel working in the field can access customer, service and product databases using smartphones with secure Internet connections. This enables them to fix problems quickly and effectively, again boosting customer satisfaction.

## Greater and Virtual Collaboration

Communication networks enable your project teams to collaborate effectively. By using videoconferencing or web conferencing over the Internet, teams can hold virtual meetings that bring together members from different locations, or different organizations, such as suppliers or business partners. This helps to create stronger project teams and enables the teams to maintain progress on important projects, rather than waiting for members to meet in a single location. In a product development program, for example, teams can reduce overall project time and get new products to market faster, giving the company a strong competitive advantage.

## Improved Financial Performance

ICT solutions can help your organization reduce costs, increase revenue and improve profitability. Using videoconferencing to host meetings between members in different locations, for example, reduces travel costs. Production data can help staff identify quality problems, reducing waste and reworking costs. Call center agents can use information available on their customer databases to increase revenue by identifying opportunities for selling additional products or services. Cost reductions and revenue gains make an important contribution to overall profitability.

**5 Reasons for Accelerated Business Growth**

The technological revolution has improved businesses this century in the following five primary ways:

**1. Information technology has given business the tools to solve complex problems.**

Improved hardware (more memory, faster processors, sharper visual displays, etc) combined with smarter applications (Mindmapping software like X Mind, collaborative software like Kanban boards, organizers like Google calendar, etc) have made it easier to research data, analyze it, and plan scalability. Many tools available to solve complex problems.

**2. Information technology allows businesses to make better decisions.**

Good decisions in business are based on solid market research. This can be done through engaging teams through video conferences, reviewing public sentiment on social media and industry forums, and using online surveys to get customer feedback. There are also tools like Microsoft CRM Dynamics and Google Analytics.

**3. Information technology has improved marketing.**

Internet marketing using online advertising methods (SEO, PPC, Facebook Ads) are far more accurate ways than traditional marketing of finding target audiences, discovering their needs, and building a marketing campaign to persuade them to buy. It’s difficult to see how many people read a newspaper ad. It’s easy to figure out how many people clicked on an online banner.

**4. Information technology has improved customer support.**

Customers can receive support from multiple channels telephone, emails, social media platforms, webinars, and so on. Additionally, customer relationship management systems help businesses understand customer behavior.

**5. Information technology has improved resource management.**

Cloud computing allows a company’s employees to use any device anywhere in the world to access their enterprise level software.

**Innovation is the Wave of the Future**

If the purpose of business is to increase profits, then innovation is the way to make more profits, faster. The story of Jan Koum gives us a clue how much big businesses value innovation. He went from food stamps to billionaire because of his invention of WhatsApp.

**4.Desribe any five ways of being successful salesperson. (5 Marks)**

The basic sales process consists of establishing contact with a customer, developing a relationship of trust, presenting the product's value proposition, handling customer objections, closing the sale, asking for referrals, follow-up communication and account management activities. Out of this list of steps in the process, developing a relationship of trust and follow-up communication are the most important components of successful sales transactions and the development of future business.

## Prospecting

Prospecting for new customers and effective account management are closely related. In prospecting, the salesperson contacts numerous potential customers to see if they would be interested in a special promotion or specific product. Account or relationship management is simply the process of repeatedly contacting customers to inform them of special promotions or products they might appreciate. Both tasks require perseverance, consistency and careful attention paid to what the customer is saying and not saying to determine whether there is potential for a sales transaction.

## Relationship Building

Sales is not just concerned with selling one product to one customer. A successful enterprise builds on each customer transaction to bring that customer into an extended two-way communication process. The goal of relationship building and management is to convert the customer you have to proactively call to initiate a presentation into a customer who voluntarily calls you to solve a problem.

## Value Proposition

If the sales rep has listened carefully to what the customer is really saying, she should be able to identify the value proposition that would most appeal to that customer. Some value propositions relate to style, others to performance, and others are solely based on price comparison. A deftly presented value proposition should result in a sale, but sometimes the customer has questions. Part of the sales process is in repeating back the customer's question so he knows you are listening. Then, the presentation of the value proposition begins again, with a different emphasis.

## Referrals

Almost as important as closing the sale is asking the customer, "Do you know of anyone else who might be interested in this product?" Referrals represent potential future business, and they confirm that the salesperson has properly developed a good relationship with the initial customer -- another chance at future business. A customer who makes a referral often offers a testimonial to your good service, by way of introduction. Every written testimonial is a golden sales tool and should be used in the process of establishing trust with potential customers.

**5.Explain any five factors considering when choosing appropriate technology for your business. (15 MARKS)**

S — SOCIAL factors • Housing facilities; type, distribution • Public desires and preferences; aesthetic considerations, pressure groups • Welfare and equity considerations • Willingness to pay; ability to pay • Water tariffs, methods and ability to pay • Population distribution (age, location; growth rates) • Migration, urbanization • Cultural and religious aspects, including attitude towards water recycling and sanitation practices All of above may affect consumption • Education levels; structure of workforce; training • Influence ability to operate and maintain H — HEALTH factors • Health statistics, morbidity and mortality rates • Significant faecal-oral (and other) diseases • Health services available

T — **TECHNOLOGICAL factors** • Water demand and use • Availability of spare parts and materials • Availability of local knowledge and expertise • Present water supply and sanitation facilities; proposed future investments • Design life of treatment facilities • Raw water characteristics: source, quantity, quality, availability, and reliability • Water-quality standards • Power requirements

E — **ECONOMIC factors** • Structure of economy, output by group, industrial and agricultural component • Major employment sectors • Foreign-exchange earnings (exports) All affect priorities for water supply • Size of economy, future prospects, balance of payments, trade relations, isolation of economy and vulnerability, distribution of incomes All affect ability to pay

F — **FINANCIAL factors** • Finance available; method of funding • Ability and willingness to pay

I — **INSTITUTIONAL factors** • Existing roles and responsibilities for organization and management • Relationships between organizations • Legislation, policing and regulations

E — **ENVIRONMENTAL factors** • Climate, rainfall, hydrology • Soil conditions, geology, groundwater characteristics • Water-resource availability • Impact of any plant: noise, smell, insects, visual impact, health considerations • Sustainability

Social Social desires for increased convenience of supply mean that many villagers want a piped water supply to stand posts — to be of better quality than the existing supply Health High incidence of diarrheal diseases in village Technological Chemicals and spare parts difficult to obtain Economic Large amount of agriculture in area requiring irrigation water Financial Income levels still low in village Institutional There is little involvement of water agencies in the area Environmental Rainfall is fairly even throughout the year

**6.Explain the importance of budgeting.(5 Marks)**

**The Importance of Budgeting in Business**. ... It enables the **business** owner to concentrate on cash flow, reducing costs, improving profits and increasing returns on investment. **Budgeting** is the basis for all**business** success. It helps with both planning and control of the finances of the **business.**

## The Importance of Budgeting in Business

Some business owners begin their operation with a wave of optimism and enthusiasm but without a well thought out budget they find it is not possible to create a successful action plan.

When running a business it’s easy to get bogged down with day to day problems and miss the bigger picture. Successful businesses allocate time to create and manage budgets, prepare and review business plans and regularly monitor their financial situation and business performance.

Budgeting identifies current available capital, provides an estimate of expenditure and anticipates incoming revenue. By referring to the budget businesses can measure performance against expenditure and ensure that resources are available for initiatives that support business growth and development. It enables the business owner to concentrate on cash flow, reducing costs, improving profits and increasing returns on investment.

Budgeting is the basis for all business success. It helps with both planning and control of the finances of the business. If there is no control over spending, planning is futile and if there is no planning there are no business objectives to achieve.

**A budget is a plan to:**

* control the finances of the business
* ensure that the business can fund its current commitments
* enable the business to meet it objectives and make confident financial decisions; and
* make sure that the business has money for future projects.

**The benefits of budgeting should never be underestimated when running a business:**

* budgeting estimates revenue, plans expenditure and restricts any spending that is not part of the plan
* budgeting ensures that money is allocated to those things that support the strategic objectives of the business
* a well communicated budget helps everyone understand the priorities of the business
* the process of creating a budget provides opportunities to involve staff, resulting in them sharing the organisation’s vision; and
* engaging the team in reviewing and comparing the budget with actuals can provide information that highlights the strengths and weaknesses of the business.

If you’re running your business without a proper budget you may find you’re actually just running around in circles and not meeting your long-term goals. By taking the time now to set a budget, you will free up time in the future and give yourself the best chance of achieving the rewards you want for your hard work.

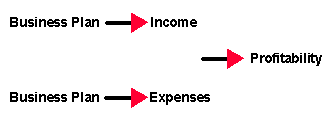
The purpose of budgeting is basically to provide a model of how the business might perform, financially speaking, if certain strategies, events, plans are carried out. In constructing a Business Plan, the manager attempts to forecast Income and Expenditure, and thereby profitability.

# Purpose of Budgeting

In the context of business management, the purpose of budgeting includes the following three aspects:

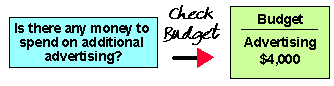
* A forecast of income and expenditure (and thereby profitability)
* A tool for decision making
* A means to monitor business performance

## Forecast of income and expenditure

Budgeting is a critically important part of the business planning process. Business owners and managers need to be able to predict whether a business will make aprofit or not. The purpose of budgeting is basically to provide a model of how the business might perform, financially speaking, if certain strategies, events, plans are carried out.

In constructing a Business Plan, the manager attempts to forecast Income and Expenditure, and thereby profitability.

## Tool for decision making

The purpose of budgeting is to provide a financial framework for the decision making process i.e. is the proposed course action something we have planned for or not.

In managing a business responsibly, expenditure must be tightly controlled. When the budget for advertising has been fully expended, the decision on "can we spend money on advertising" is likely to be "no".

## Monitoring business performance

The purpose of budgeting is to enable the actual business performance to be measured against the forecast business performance i.e. is the business living up to our expectations.

In the figure opposite, "variance" is the difference between budgeted expenditure and actual expenditure.

**7.Show any five external business growth strategies.(5 Marks)**

The main advantage of external growth over internal growth is that the former provides a faster way to expand the business. However, organic growth is widely regarded as a better measure of a company’s performance than external growth.

### External Growth Strategies

Companies may achieve external growth using two primary vehicles: mergers and acquisition (M&A) and strategic alliancesStrategic AlliancesStrategic alliances are agreements between two or more independent companies to cooperate in the manufacturing, development, or sale of products and services or other business objectives. For example, in a strategic alliance, Company A and Company B combine their respective resources, capabilities, and core. The main difference between the two categories is the change of ownership. M&A deals involve the complete exchange of ownership between the companies in the transaction. Conversely, a strategic alliance allows businesses to pursue their collective objectives while remaining independent entities.

#### 1. Mergers and acquisitions (M&A)

Mergers and acquisitions refer to transactions between business entities that involve the complete exchange of ownership. A merger is a financial transaction in which two companies unite into one new company with the approval of the boards of directorsBoard of DirectorsA board of directors is essentially a panel of people who are elected to represent shareholders. Every public company is legally required to install a board of directors; nonprofit organizations and many private companies – while not required to – also establish a board of directors. of both companies. In a merger, the involved companies may create a completely new entity (under a new brand name) or the acquired company becomes a part of the acquiring company.

Conversely, an acquisition is a financial transaction in which the acquiring company (bidder) purchases a controlling stake in a target company. It can be done with the consent of the management and shareholders of a target company (friendly takeoverFriendly TakeoverIn M&A transactions, a friendly takeover is referred to as the acquisition of a target company by a bidder with the consent of the management and board of) or without it (hostile takeoverHostile TakeoverA hostile takeover, in mergers and acquisitions (M&A), is the acquisition of a target company by another company (referred to as the acquirer) by going directly to the target company’s shareholders, either by making a tender offer or through a proxy vote. The difference between a hostile and a friendly).

Generally, the M&A transactions can provide substantial benefits and growth opportunities to the participating entities. Nevertheless, mergers and acquisition are commonly challenging in terms of the integration of the companies.

#### 2. Strategic alliances

Unlike M&A transactions, strategic alliances do not involve the complete exchange of ownership between the participating companies. Conversely, companies combine their assets and resources for a certain period of time to achieve predetermined goals while remaining independent.

A strategic alliance can take two different forms: equity and non-equity alliances. **Equity alliances** are created when independent companies become partners and establish a new entity jointly owned by the participating partners. The most common form of an equity alliance is a joint venture.

On the other hand, **non-equity alliances** are created through the contracts. Examples of non-equity alliances are franchising and licensing in which one company provides products, services, or intellectual property to another company in exchange for a fee.

Unlike M&A transactions, strategic alliances are much easier to execute and do not involve a strong commitment for the parties. At the same time, the benefits and growth opportunities of strategic alliances may be limited.

### Uses of External Growth Strategies

A company can use external growth strategies to achieve a number of different objectives such as:

* Obtain access to new markets
* Increase market power
* Access new technology/brand
* Diversify a product or service
* Increase the efficiency of business operations

Theoretically, external growth strategies may provide immediate benefits to a company as they combine the available resources of two or more entities. However, in reality, the implementation of external growth strategies can be challenging for a number of various reasons. For example, a company that wants to acquire another entity may face resistance from the target’s management or shareholders.

In addition, the selection of a potential target company (in case of a merger or acquisition) is a challenging process that involves many risks.  For example, merged companies may face a clash of corporate culture or the synergies created through the transaction may not be sufficient.

**3.Franchising**

**Franchising** is based on a marketing concept which can be adopted by an organization as a strategy for business expansion. Where implemented, a franchisor licenses its know-how, procedures, intellectual property, use of its business model, brand, and rights to sell its branded products and services to a franchisee. In return the franchisee pays certain fees and agrees to comply with certain obligations, typically set out in a Franchise Agreement.

A franchise business is a business in which the owners, or "franchisors", sell the rights to their business logo, name, and model to third party retail outlets, owned by independent, third party operators, called "franchisees". Franchises are an extremely common way of doing business. In fact, it's difficult to drive more than a few blocks in most cities without seeing a franchise business. Examples of well-known franchise business models include McDonalds, Subway, UPS, and H & R Block. In the United States, there are franchise business opportunities available across a wide variety of industries.

## Investing in a Franchise Business

To invest in a franchise, the franchisee must first pay an initial fee for the rights to the business, training, and the equipment required by that particular franchise. Once the business begins operating, the franchisee will generally pay the franchisor an ongoing royalty payment, either on a monthly, quarterly, or annual basis. This payment is usually calculated as a percentage of the franchise operation’s gross sales.

After the contract has been signed, the franchisee will open a replica of the franchise business, under the direction of the franchisor. The franchisee will not have as much control over the business as he or she would have over their own business model, but may benefit from investing in an already-established, name brand.

**4.Joint-ventures**

### What Is a Joint Venture (JV)?

A joint venture (JV) is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task. This task can be a new project or any other business activity.

In a joint venture (JV), each of the participants is responsible for profits, losses, and costs associated with it. However, the venture is its own entity, separate from the participants' other business interests.

### How a Joint Venture (JV) Works

Joint ventures, although they are a partnership in the colloquial sense of the word, can take on any legal structure. Corporations, partnerships, limited liability companies (LLCs), and other business entities can all be used to form a JV. Despite the fact that the purpose of JVs is typically for production or for research, they can also be formed for a continuing purpose. Joint ventures can combine large and smaller companies to take on one or several big, or little, projects and deals.

Regardless of the legal structure used for the JV, the most important document will be the JV agreement that sets out all of the partners' rights and obligations. The objectives of the JV, the initial contributions of the partners, the day-to-day operations, and the right to the profits and/or the responsibility for losses of the JV are all set out in this document. It is important to draft it with care, to avoid litigation down the road.

**5.Development new products**

**New product development**

New product development (NPD) is the process of bringing a new product to the marketplace. Your business may need to engage in this process due to changes in consumer preferences, increasing competition and advances in technology or to capitalise on a new opportunity. Innovative businesses thrive by understanding what their market wants, making smart product improvements, and developing new products that meet and exceed their customers' expectations.

'New products' can be:

* products that your business has never made or sold before but have been taken to market by others
* product innovations created and brought to the market for the first time. They may be completely original products, or existing products that you have modified and improved.

NPD is not limited to existing businesses. New businesses, sole traders or even freelancers can forge a place in the market by researching, developing and introducing new or even one-off products. Similarly, you don't need to be an inventor to master NPD. You can also consider purchasing new products through licensing or copyright acquisition.

**8.Explain any five good customer skills.(5 Marks)**

What are customer service skills?

Customer service skills are the set of behaviors you rely on when interacting with a customer. They can also be useful when following up after an initial conversation. For example, if you work as a virtual assistant for a technology company, you may need to help customers troubleshoot problems with their devices. To accomplish this, you will likely use several different skills:

* **Communication.** You will need to be responsive in a timely manner. You will need to communicate with them in a clear, easy-to-understand way to solve the problem.
* **Empathy.** Your interactions may begin with someone who is frustrated or unhappy. It is important that you understand and identify with the feelings of others and communicate accordingly.
* **Patience.** Clients and customers might ask several questions, be unhappy or ask you to repeat instructions several times. Patience is important to keep the conversation on track, remain personable and provide a positive experience.
* **Technical knowledge.** To effectively solve problems, you will likely need to know a bit of technical or industry knowledge to help them resolve the issue at hand.

After your conversation, you will likely use active listening skills to record action items and complete any follow-up tasks. Effectively working with others will require different skills to help create an effective

Customer service skills list and examples

Although customer service is often seen as a skill in and of itself, there are many associated skills that support strong customer service abilities.

Necessary customer service skills include:

1. Active listening
2. Adaptability
3. Attentiveness
4. Conflict resolution
5. Creativity
6. Decision-making
7. Dependability
8. Effective communication
9. Empathy
10. Friendliness
11. Knowledge of your product or service
12. Open-mindedness
13. Patience
14. Quick thinking
15. Reading physical and emotional cues
16. Responsiveness
17. Timeliness

Many customer service skills are soft skills. As you help learn how to more effectively communicate, make decisions, think independently, and expand your understanding of empathy, you’ll find you can more easily relate to and assist others. Employers value people with strong soft skills because of how well they can interact with both customers and colleagues.

**9.Compare journal and ledger.( 5 Marks)**

The Journal is a book where all the financial transactions are recorded for the first time. When the transactions are entered in the journal, then they are posted into individual accounts known as Ledger. The Journal is a subsidiary book, whereas Ledger is a principal book.

The Journal is a subsidiary day book, where monetary transactions are recorded for the first time, whenever they arise. In this, the transactions are regularly recorded in an orderly manner, so that they can be referred in future. It highlights the two accounts which are affected by the occurrence of the transaction, one of which is debited and the other is credited with an equal amount.

Ledger is a principal book which comprises a set of accounts, where the transactions are transferred from the Journal. Once the transactions are entered in the journal, then they are classified and posted into separate accounts. The set of real, personal and nominal accounts where account wise description is recorded, it is known as Ledger.

## Key Differences Between Journal and Ledger

The difference between journal and ledger can be drawn clearly on the following grounds:

1. The Journal is a book where all the financial transactions are recorded for the first time. When the transactions are entered in the journal, then they are posted into individual accounts known as Ledger.
2. The Journal is a subsidiary book, whereas Ledger is a principal book.
3. The Journal is known as the book of original entry, but Ledger is a book of second entry.
4. In journal, transactions are recorded in chronological order, whereas in ledger, transactions are recorded in analytical order.
5. In the journal, the transactions are recorded sequentially. Conversely, in the ledger, the transactions are recorded on the basis of accounts.
6. Debit and Credit are columns in the journal, but in the ledger, they are two opposite sides.
7. In the journal, narration must be written to support the entry. On the other hand, in the ledger, there is no requirement of narration.
8. Ledger accounts must be balanced, but journal need not be balanced.

### Conclusion

In the beginning, we talked about the procedure of recording a transaction. It involves a series of actions like they are first recorded in the journal, from there they are classified and grouped into separate accounts and posted into the ledger, which is then transferred to trial balance and at the end the final accounts are prepared.These steps provide a base to prepare the financial accounts of a company. If any of the above steps is missing, then it would be hard to prepare the final accounts.

**10.Advise on any five responsibilities of employees at work.(5 Marks)**

**Main Responsibilities of Employees**

Employees have responsibilities towards their employers, even if they work part time or don't have a written contract with their employers.

These are the main responsibilities of employees:

* to personally do the work they were hired to do
* to do their work carefully and seriously (In some cases, they could be fired or disciplined if they're often late for work, or if they're absent too often or for no good reason.)
* to avoid putting themselves or others in danger
* to follow their employer's instructions (There are some exceptions. For example, if an employer asks an employee to do something dangerous or illegal, the employee doesn't have to.)
* to be loyal

**SECTION B. ANSWER ALL QUESTIONS**

**11.Analyse le process of research in business. (1 5 Marks)**

**Following are the main steps in social or business research process.**

Research process contains a series of closely related activities which has to carry out by a researcher. Research process requires patients. There is no measure that shows your research is the best.  It is an art rather than a science. Following are the main steps in social or business research process.

1. Selection of Research Problem
2. Extensive Literature Survey
3. Making Hypothesis
4. Preparing the Research Design
5. Sampling
6. Data collection
7. Data Analysis
8. Hypothesis Testing
9. Generalization and Interpretation
10. Preparation of Report

## ****Selection of Research Problem****

The selection of topic for research is a difficult job. When we select a title or research statement, then other activities would be easy to perform. So, for the understanding thoroughly the problem it must have to discuss with colleagues, friend, experts and teachers. The research topic or problem should be practical, relatively important, feasible, ethically and politically acceptable.

**Literature Review or Extensive Literature Survey**

After the selection of research problem, the second step is that of literature mostly connected with the topics. The availability of the literature may bring ease in the research. For this purpose academic journals, conference and govt. reports and library must be studied.

**Making Hypothesis**

The development of hypothesis is a technical work depends on the researcher experience. The hypothesis is to draw the positive & negative cause and effect aspects of a problem. Hypothesis narrows down the area of a research and keep a researcher on the right path.

**Preparing the Research Design**

After the formulation of the problem and creating hypothesis for it, research Design is to prepare by the researcher. It may draw the conceptual structure of the problem. Any type of research design may be made, depend on the nature and purpose of the study. Daring R. Design the information about sources, skill, time and finance is taken into consideration.

**Sampling**

The researcher must design a sample. It is a plan for taking its respondents from a specific areas or universe. The sample may be of two types:

1. Probability Sampling
2. Non-probability Sampling

**Data collection**

Data collection is the most important work, is researcher. The collection of information must be containing on facts which is from the following two types of researcher.

**Primary Data Collection:** Primary data may be from the following.

1. Experiment
2. Questionnaire
3. Observation
4. Interview

**Secondary data collection:** it has the following categories:

1. Review of literature
2. Official and non-official reports
3. Library approach

**Data Analysis**

When data is collected, it is forwarded for analysis which is the most technical job. Data analysis may be divided into two main categories.

**Data Processing:** it is sub-divided into the following.

Data editing, Data coding, Data classification, Data tabulation, Data presentation, Data measurement

**Data Exposition:** Date Exposition has the following sub-categories.

Description, Explanation, Narration, Conclusion/Findings, Recommendations/Suggestions

**Hypothesis Testing**

Research data is then forwarded to test the hypothesis. Do the hypothesis are related to the facts or not? To find the answer the process of testing hypothesis is undertaken which may result in accepting or rejecting the hypothesis.

**Generalization and Interpretation**

The acceptable hypothesis is possible for researcher to arrival at the process of generalization or to make & theory. Some types of research has no hypothesis for which researcher depends upon on theory which is known as interpretation.

**Preparation of Report**

A researcher should prepare a report for which he has done is his work. He must keep in his mind the following points:

**Report Design in Primary Stages**

The report should carry a title, brief introduction of the problem and background followed by acknowledgement. There should be a table of contents, grapes and charts.

**Main Text of the Report**

It should contain objectives, hypothesis, explanations and methodology of the research. It must be divided into chapters and every chapter explains separate title in which summary of the findings should be enlisted. The last section would be clearly of conclusions to show the main theme of the R-study.

**Closing the Report**

After the preparation of report, the last step in business research process contains of bibliography, references, appendices, index and maps or charts for illustration. For this purpose the information should more clearer.

**12. Entreprise Kazi ni Kazi which its mission is to train youth people in different career related to Made in Rwanda wants to recruit intrapreneur for his company. Prepare the advertisement for them. (15 Marks)**

A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation.

**JOB DESCRIPTION**

- They come up with solutions to problems that cause glitches in the workflow.

**- Intrapreneurs** are described as skilled problem solvers.

- They are focused on meeting **work** goals in order to reach milestones.

- **Intrapreneurs** will motivate teams within an organisation to become driven and goal orientated

**The Importance of Intrapreneurship in an organization are:**

1. **Ideas identification**: The first task of an intrapreneur is to clearly identify the idea. Whether it is user friendly, market adaptable and compatible with the set goals and strategies.
2. **Idea presentation**: The intrapreneur clearly presents the idea to other members of organization and takes their feedback and suggestions for improvement.
3. **Ideas implementation**: To implement the discussed proposals, the intrapreneur forms a team which puts the idea in action and makes the idea as an enterprise.
4. **Strategy and Planning**: Effective intrapreneurial strategies always help the entrepreneur/organization to win over their competitors and grab every opportunity they can.
5. **Expansion of the enterprise**: The ultimate goal of Intrapreneurship is to create that kind of entrepreneurial mindset and infrastructure which are needed to support growth in an organization.
6. **Leadership**: Last but the utmost task of an intrapreneur is to be the leader and drive other employees within his team and then the organization for sustainability.

Intrapreneurship helps organizations generate new business growth. As they grow, the organization grows. An employee needs that kind of organizational climate which nurtures innovations and facilitates the transformation of dreams into reality. Implementing the start-up practices within a large organization, producing valued innovation and suggesting change with caution. Recognizing the leadership capabilities and supporting intrapreneurs is the biggest challenge for companies today.

## JOB PROFILE

## Qualification:

Masters or Bachelor in Accounting, Entrepreneurship, Business Administration,Project planning

**Skills**

## -Entrepreneurial spirit

You’re a person of dynamic thought and action. An activator of ideas and people. A spirit who can find comfort in a crowd, a team or alone.

## 2. Commitment to innovation

You’re a serial social change agent. You always feel there’s a way to do it better.

## 3. Appetite for risk and reward

You’re excited by risk. You can see the fortune and glory on the other side of the challenge.

## 4. Appetite for competition

You run towards the roar of a competitive situation. You see competition as an opportunity and validator and not as an obstacle.

## 5. High confidence and self-esteem

You can handle a “no” or a failed project or idea. You’re secure in your abilities as an ideator and activator.

**13.Kabera Paulin makes agreement with Murekatete Clare for supplying chickens to Murekatete's Hotel. Prepare a contract to them. (15 Marks)**

**Elements of a written contract**

-Title

-Parties to the contract

-Details of goods or services

-Terms and conditions of the contract

-Damages in the case of breach

-Signatures of parties and witnesses

**AN AGREEMENT BETWEEN PURCHASER AND SUPPLIER**

This Deed of Agreement is made and entered into on \_\_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_ 2019

**BETWEEN**

Organisation XY, an international non-government organisation having its Country Office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, represented by its Purchase Committee (here in after called THE PURCHASER which term shall include its successors and assigns) on the one Part.

**AND**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ having its office at \_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (here in after called THE SUPPLIER which term shall include successors and assigns ) on the other Part.

Whereas Organisation XY,\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ has a Project to houses to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ district of \_\_\_\_\_\_\_\_\_\_\_\_

And whereas THE PURCHASER is willing to purchase \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

for the purposes mentioned above.

And whereas for this purpose THE PURCHASER desires to appoint a Supplier to supply \_\_\_\_\_.

And whereas THE SUPPLIER expresses their desire to enter into an agreement with THE PURCHASER for the job fully described in Schedule-A.

**NOW THIS DEED OF AGREEMENT WITNESS THE TERMS AND CONDITIONS AS FOLLOWS :**

1.That the Agreement shall come into force immediately and shall remain valid until the final completion of the job or cancelled by THE PURCHASER.

2.That the materials more specifically described in Schedule-A shall be supplied by THE SUPPLIER at\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. That THE PURCHASER reserves the right to change their specified delivery site for any reasonable ground or grounds and the THE SUPPLIER shall be responsible to deliver the materials at the new site. The transportation cost for delivery at the new site will be decided by both the parties.

4.That the quality and quantity of the materials shall be as per specification given by THE PURCHASER as well as samples submitted by THE SUPPLIER and approved by THE PURCHASER.

5.That the delivery of the materials shall be made by THE SUPPLIER at their own cost, management and responsibility as per Schedule-B.

6.That THE SUPPLIER shall be fully responsible for delivery of the materials in good condition at the specified site of THE PURCHASER through delivery dockets in triplicate.

7.That THE PURCHASER's representative(s) shall inspect the goods at\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and reserves the right to reject any goods if the representative(s) considers those to be inferior quality to the approved samples.

8.That the goods rejected by the representative(s) of THE PURCHASER shall be replaced by THE SUPPLIER and THE SUPPLIER shall bear all risks/costs of the materials rejected by THE PURCHASER.

9.That the transportation of the goods shall be made by THE SUPPLIER on the same day as the quality control check by the representative(s) of THE PURCHASER. Representative (s) of THE PURCHASER will accompany the goods from the quality control check to the site of delivery. Any goods which are not accompany by the representative(s) of THE PURCHASER will not be accepted.

10.That the cost of supply of materials will be (*enter amount and currency*) described specifically in Schedule - A and payable by THE PURCHASER to THE SUPPLIER.

11.That THE PURCHASER reserves the right to change the quantity of items if they feel necessary during the validity of this Agreement.

12.That THE SUPPLIER shall not without the consent in writing of THE PURCHASER assign or sub-let the contract or any part thereof, or make any agreement with any person/company for the execution of any portion of the supply. In this regard consent by THE PURCHASER will not relieve THE SUPPLIER from full and entire responsibility for this Agreement.

13.That THE SUPPLIER shall indemnify THE PURCHASER in respect of all claims, damages, compensation or expenses payable in consequence of any injury or accident caused by them ie. THE SUPPLIER.

14.That the custom duty, VAT or other Taxes and cost of transportation, or any other incidental charges, if required in connection of the delivery of goods shall be borne by THE SUPPLIER.

15.That the Payment shall be made by THE PURCHASER from \_\_\_\_\_\_\_\_\_\_\_\_\_office in Currency (\_\_\_\_\_\_) through A/C payee Cheque only on production of invoice along with delivery dockets confirming receipt of goods by THE PURCHASER's Representative(s) at site.

16.That THE PURCHASER may allow Part Payment for running bill on the request in writing of THE SUPPLIER.

17.That if THE SUPPLIER shall in any manner neglect or fail to carry on the work or performance of the terms of the Agreement with due diligence or violates any of the terms of this Agreement THE PURCHASER shall be entitled to cancel The Agreement and demand damages.

18.That if THE SUPPLIER fails to deliver the materials as per agreed Schedule, penalty will be imposed by THE PURCHASER at the rate of (1%) of total contract value for each day of delay.

19.That the terms of this Agreement shall be governed by the Laws of the Land i.e. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

20.That if any dispute arises in connection with or under this Agreement between the Parties hereto, the matter shall be referred to the Country Director or designate and the decision of the Country Director shall be final, conclusive and binding upon both the parties.

**SCHEDULE - A**

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| **Sl. No** | **Item** | **Specification** | **Quantity** | **Rate** | **Total** |
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**SCHEDULE - B**

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| **Sl. No** | **Specification of Item** | **Quantity** | **Delivery Date** | **Delivery Site** |
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**Signed on the\_\_\_\_\_\_\_\_\_\_day of \_\_\_\_\_\_\_\_\_\_ for and on behalf of the Supplier and Purchaser as follows:**

**SUPPLIER** **PURCHASER**

1................................................ 1..............................................

2............................................… 2..............................................

3……………………………… 3……………………………..

**WITNESSES WITNESSES**

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**(Please initial each page).**