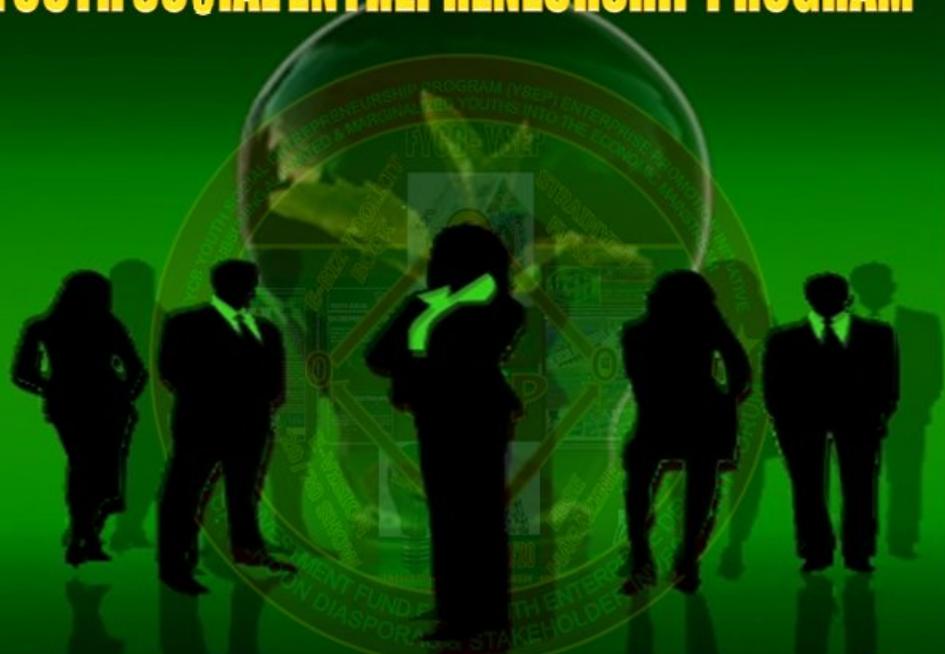


# YSEP



## YOUTH SOCIAL ENTREPRENEURSHIP PROGRAM



## START-UP SECRETS IN BUSINESS

**WHY DO YOU WANT TO BE AN ENTREPRENEURS  
THE 7 STEPS INVOLVED IN ENTREPRENEURSHIP  
MOBILIZING FINANCIAL, HUMAN & MATERIAL RESOURCES**

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## **Foreword**

*Top Secretes in Business Start-ups* is a compilation that is one of its kind to hit the market, targeting entrepreneurs right from pre-entrepreneurs to emergent entrepreneurs and emerging entrepreneurs who are currently working or will in future work towards opening a window in the world of self-employment, which is conceiving, planning and launching a successful business that will break historical records in that particular industry.

*This book introduces a few basic concepts in business that are most needed to start and launch a successful business that will lay a solid foundation to lead the business owners towards his future accomplishments of a company.*

*The aim of this book is to provide a positive image of best practices in business and to develop in entrepreneurs the key skills to run their own business, surpassing all the business challenges in start-up and growing businesses such as the 7 steps in entrepreneurship, key*

*business management concepts, financial sourcing alongside most capital raising strategies and their sources and human resource management.*

*The ideas in this book came about when I carried out a research on Income Generating Activities (IGA) and in Impact on Economic Development (case study in Kumbo in the North West Region) while studying in CDSTS Santa; I worked with a lot of CIGs, Associations and Community Based Organization whose primary activities were Income Generating Activities (IGAs). This got me so involved in business consulting when they realized I identified a lot of problems affecting their businesses and propose solutions that worked effectively and later on, I got baffled with questions like “I want to start a business but I have no idea how to do it?” it was really hard for me to explain to somebody how to start a business in two or three simple steps. So I decided to take a personal initiative to write a book called “Entrepreneurship Business Toolkit” that guides the reader on a step by step methodology on how to*

*start a business. Imagine that if you have never cooked in your entire life and you are thrown into a kitchen will you be able to cook that great dish that people will pay some hundreds of CFAs for?, most likely not. But what if someone gives you a recipe, a step-by-step-process, a method to actually start a business or to do anything in life? Whatever you do in life you need a method if you want to do it well. That's the same with entrepreneurship. Entrepreneurship is not more difficult or less difficult than any other skill. It just needs a method, it just needs a process. So if you have a method or you have a process, you could be great entrepreneurs in fact anybody can be a great entrepreneur. So that is what this book is all about, it is the Step-By-Step Process of conceiving and managing a business from dream to reality.*

*This book has 6 main parts that will drill you on all the procedures of conceiving and managing a business from dream to reality and after mastering these skills, you will have a substantial amount of clarity on how to become a successful entrepreneur. At the end of the book you should have a business plan which is the set*

*of solutions to your business, look for financiers or raise funds for your business and become a great entrepreneur.*

*This is in fact one of the most recommended resource for managers of small businesses and enterprises, or young people emerging with innovative business concepts that require an appropriate route map to achieve to achieve its set goals and objectives .*

## ***The basic concepts in business***

### ***What is a business?***

Businesses are activities that provide goods and/or services in exchange for money or other goods and services.

A variety of businesses contribute to our local economy.

### **These include:**

- designing (buildings, gardens, paths, posters, etc.)
- manufacturing or producing (goods like clothing or furniture, or parts of goods to be used by others to make complete goods, such as processing paper to make books)
- supply and distribution (moving goods from producer to client)
- selling (retailing - buying from a producer or another intermediary business and selling to the consumer, or wholesaling - buying from a business and selling to other retailers or repair businesses)
- installing (fitting or connecting the product to the customer's home or business)
- repairing (restoring broken or defective goods to

working order)

- Service industries (tourism, information and communication services, leisure activities, etc.).

### **Who is an entrepreneur?**

An entrepreneur is someone who starts or operates a business venture and assumes the responsibility for it. He or she provides goods or services to individuals or businesses for payment.

### **Some personal qualities entrepreneurs have include:**

- curiosity and creativity
- motivation and self-confidence
- willingness to take risks
- eagerness to learn \> ability to co-operate
- ability to identify opportunities
- Ability to innovate (do something that nobody has done before) and lead determination to overcome obstacles ('never take no for an answer!')
- Ability to learn from mistakes made by oneself and others, etc.

These qualities help the entrepreneur to think, analyze, solve problems and take action. Not every entrepreneur will have all of the above qualities. Many of these qualities are latent within us and we may not even be aware that we possess them. They can also be acquired through the learning process.

## **WHY DO YOU WANT TO BE AN ENTREPRENEUR?**

This might sound like a very simple question and may look like it is not really important but it is actually very important to know why you want to be an entrepreneur because when things get difficult this reason is going to help you become a great entrepreneur.

Just some of the reasons why some people want to be entrepreneurs are:

1. You want to be financially rich: When I look at most people in the forbs list of 400 richest people in the world almost all of them are entrepreneurs and I can't think of anybody who is not an entrepreneur, so that's one of the rea-

sons why a lot of people want to be entrepreneurs

2. Control over you career: if you are a painter, you have to go from place to place looking for a job but if you start a business and you call it Jonny's Painting Enterprise, you have created a job for yourself
3. Tax Benefits: in so many countries, you get tax benefit for being an entrepreneur you save a little bit of money invest it somewhere and you get this tax Benefit.
4. Pride of Ownership: this is a very important reason for a lot of people to be entrepreneurs. You are looked at in the society as someone who is respectable if you own a business rather than being employed somewhere else.
5. The fun of entrepreneurial spirit: a lot of people start businesses because of their entrepreneurial spirit, that supernatural urge in you that pushes you into an activity you will like to invest all your time and resources doing.

There are a lot more reasons than theses and it is

very important that you identify why those reasons are before you get into doing that particular business you want to do.

## **Advantages of being a business owner**

There are several advantages and disadvantages of being a business owner that, it is advisable that we go through them before starting a business.

### **Advantages:**

1. You have the opportunity to decide how big or how small you want to be e.g. if you want to be a multibillion company in one, two or three different countries, you can be that or you just want to be a local business catering to just your neighborhood of about 10 miles radius, you could do that as well. It is about deciding how big or how small you want to be depending on the lifestyle you want to live. That is the biggest advantage of being as business owner.
2. The Potential for high income: there is a potential for high income not a guarantee while being a business owner.

3. You can build a job that is an extension of you; if you are a fun loving person most likely, your business is going to be a fun loving business. But if you are a boring person, your business is going to be a boring business as well as if you are a serious person, your business is most likely to be serious and formal because, businesses are extension of business owners to a large extent.
4. Re-sell value of your business: This could also be like a re-sell value of your job. Let's say you work in an organization for 5, 10 or 20 years and after 20 years you want to quit and you day you move to your boss and tell him you want to sell your job, are you sure you will be able to sell it? Most likely no; whereas, if you build a business within 5, 10, 15 or 20 years you could sell your business to somebody else. So it has a resell value.

### **Disadvantages**

1. You do not have an income security; your income and success depend on your result. So if you work for a month and you don't get orders or make a sell you still need to pay your employees and your

rents. Whereas for certain jobs, even though you don't get results for month, a year, or whatever you still get paid. At most you could get fired at the job but with entrepreneurship, you have to cover up your expenses and whatever is left that yours and if nothing is left, you don't need to take home anything I guess.

2. There is a possibility of losing your entire investment and this is the mistake I see first time entrepreneurs make is that they take a loan to start a business and they don't understand that there is a possibility of losing their entire investment. So that is the biggest disadvantage of being a business owner.
3. The journey is sometimes very lonely; it's very important that you find a mentor on your own, you may have employees, you may have business managers, you may have friends but at the end of the day, entrepreneurship is something that depends a lot on your determination.

## **The skills required to be an entrepreneur**

Possessing the necessary skills in order to be an entrepreneur is very important and it is something a lot of people often turn to ignore. To be a doctor you need to go to a medical school for like 10 years in most countries and work as an intern for another 2 years before you actually get to practice a medical profession. With entrepreneurship you don't have such requirements. So people think anybody could go out there and not have any thing and still be a great entrepreneur which does not relay happen that way there are certain skills that are required to be a great entrepreneur and we are going to discuss what those skills are in this book:

1. **Goal setting skills:** this is the most important of the skills to be possessed by entrepreneurs. You must be able to set goals on regular bases. The best entrepreneurs in the world are people who are goal oriented and to be successful you have to develop this particular skill of goal setting. You can get more about goal setting in Part I and Part IV of this book.

2. **Planning Skills.** You must be able to plan your entire venture. Whatever business you want to get in to, you have to plan it out.
3. **People Skills:** Business is all about managing people; dealing with employees, dealing with customers and partnerships or networking. In order to be successful, it requires people skills
4. **Salesmanship Skills:** in business if you don't sell you are definitely out of business. Some people think they can just hire a great sales person. You can do that but if you're not a great sales person you won't know how a great sales person looks like. You have to be a great sales person as well in order to convince other great sales people to work for you.
5. **Money management skills:** there is going to be a lot of money coming in and money going out and so if you are not good at managing money there will be so many things that will go wrong with your business.

6. **Organizing skills:** business requires a lot of organization and so this is another skill you need to work on.
7. **Networking skills:** Like I mentioned earlier, business is all about meeting people, helping people and trying to know people, strategic tie-ups and partnerships.
8. **Decision making Skill:** Entrepreneurship is all about making decisions. You can delegate a lot of things but I don't think you can delegate decision making and if you do, you are putting your life and your business in to somebody else's hands. Therefore, decision making is also a skill by itself and so if you want to make good decisions, you will first of all make a lot of bad decisions before you actually become good at making good decisions.
9. **Marketing skill:** You need to be able to get lots of Leads for your business. Marketing get you the leads and sales closes those leads. You need to know about branding and how to position your business in the marketplace

**10. Accounting skills:** this is the most important skill and most entrepreneurs, especially first time entrepreneurs have no idea about it. Accounting and financial statements are very important and you must be able to read financial statements. It's like being a doctor and you are not able to interpret all the medical reports. Similarly in business there are certain reports that tells you the financial health of your business and those are called financial statements; there is a cash flow statement, there is a profit and loss statement, also called the income statement and the balance sheet. You must know what all these statements are. So accounting is another skill you need to learn and you need to be good at it because accounting is called the business language.

### ***Other skills***

We all have skills that we use in day-to-day life. We can use some of these skills (or a combination of them) to launch a viable business.

There are different types of skills:

1. thinking (being creative, solving problems, making

decisions, observing my surroundings, basing actions on needs and opportunities of the immediate context, etc.)

2. Conducting myself (believing in myself, managing my life, being responsible, etc.)
3. Interacting with people (working with others and accepting others irrespective of their cast, gender, social status, whether they have a disability or not, etc.)
4. My safety and survival (HIV/AIDS prevention, self-preservation, first aid, drug abuse prevention, etc.)
5. what I can do (repairing bicycles, cooking, making crafts, reading, singing, etc.).
6. The skills that will help us in business are likely to be a combination of our personal (entrepreneurial) qualities and our technical knowledge and expertise acquired in school. Our skills should not be confined to traditional stereotypes. For example, girls may make good motor mechanics.

## **Top mistakes made by Entrepreneurs**

- 1. No focus:** so many entrepreneurs start so many businesses at the same time which is not recommended. Well at times you may have that entrepreneurial urge that you want to start like 3, 4, 5 businesses at the same time and no matter how much money you have in your savings. Focus on one business, build that business and once you have cash flows from that business you can expand yourself into other businesses if you like
- 2. Failure to read and understand financial statements:** As earlier mentioned above, your financial statements like the balance sheet, cash flow statements income statements are absolutely important therefore it is advisable to try and understand what exactly these statements are. accounting is the language of business, learn the language of business before you get into business
- 3. No target market:** If you hear anybody telling you my target market is everybody, then most likely your target market is nobody; Therefore it is

advisable to try and get a target market as quickly as possible

## **THE 7 STEP INVOLVED IN ENTREPRENEURSHIP**

In this section we are going to see what the seven are in starting and growing a business.

1. **Define your Job as an entrepreneur:** This is believed to be the most important step in entrepreneurship or anything in life for that matter. Imagine that you got a job in a huge multi international company and your boss said you are hired and your salary is 1,000,000FCFA. Then you ask him so what is my job and he says I have no idea, do you think you will be able to do well in that your job, that is very unlikely. And that is the main problem with a lot of entrepreneurs today; they do not know what their jobs are. Therefore as an entrepreneur you've got to define your job. The best definition I have heard as entrepreneurs is that of someone called ~~Ha~~ Huff Hecker, he said, the job of an entrepreneur is to solve problems for a

profit. If you look at most successful businesses around you will realize that they are solving problems for a profit. And that's what you are supposed to do; you need to solve problems for a profit.

2. **Find a target market:** A lot of people just develop a business, they develop a byproduct or a product and they go around selling it to everybody. That is a big mistake, you have to find the target market even you decide on your product or service. It should be understood that you cannot solve the problems of every single group of people around. First and foremost, what is a target market? A target market is a group of people with similar needs and wants. So if you find a group of people with similar needs and wants, it could be anybody, it could be based on a demographic, it could be based on a psychographic (i.e. based on psychological ways of thinking), it could be based on geographic reasons (i.e. for example a 5 mile radius around your neighborhood) or it could be

based on any other criteria. We will see how you can find a target market at a later time but for now remember that the second step in entrepreneurship is to find a target market.

3. **Identify their problems:** As discussed earlier, your job as an entrepreneur is to solve problems; so now you know your job, you have found a target market you identify what their problems are. This is not usually in black and white but a grey area and you need to use all appropriate research tools when it comes to identifying a target market. Some time you will realize that you are your own target market and so in that case, it is very possible to identify the problems of your target market which as earlier mentioned it has to do with proper research. You can do a simple survey by just going and talking to people and you can understand what exactly are their problems and want

4. **Bridge a solution:** After identifying the problems of your target market, you need to find the

solution to solve their problems. So what is the solution? The solution is your product or service. For example, you have so many tailors, dress makers, shoe maker etc. in town today and you may ask yourself what problems are these people solving? We all know we need to cloth ourselves, we need to protect our feet etc. and these people are helping us solve our problems with their product and services.

5. **Writing a sales letter:** You have identified your job as an entrepreneur, you have found the target market, you have identified their problem, you have found the solution and now is the time to communicate this to your target market and you do this through a sales letter. Your sales letter is your brochure because at the end of the day, your target market is going to know about your product and services just by looking at your sales brochure. If you are selling something in a box, your target market is going to look at the wordings on that brochure and the design of that package and make

a decision based on that. Therefore writing a sales letter will help you to communicate what is on your mind concerning a particular product or service

6. **Write a business plan:** If you have identified your job as an entrepreneur, you have found the target market, you have identified their problem, you have found the solution and written a sales letter, then writing a business plan becomes much easier. We won't go into the details of writing a business plan here because you will get it as this book unfolds that get you acquainted with the step-by-step procedure and detail methodology of how to write a business plan for astonishing results.
7. **Implementing a business plan:** There is no point having a plan if you are not going to implement it. So it is very necessary that you implement your business plan.

## **Starting my own business**

### **GOAL SETTING**

At this level we are going to talk about Goal setting and how your line of business goes with your personal goals as well as other very important factors that are going to help you develop a very strong vision before you start a business because entrepreneurship is all about having a strong vision.

So, let's start with goal setting. As we discuss earlier, I think goal setting is the number one skill you need to have in life and not just in entrepreneurship and it is recommended that your business goals should be align to your personal goals. This is so because if your business is not fulfilling your personal goal, you are going to be very stressed-out and you are not going to do well. You are always going to feel so unhappy if your business goals are not align to your personal goals. In other words, your business goals have to fulfill your personal goals because that is why you start a business for. In our previous topics we discussed why do you want to be an entrepreneur, why do you want to start a business. I will like

to assume that starting a business, building a business or growing a business fulfills some of your personal goals.

## **Goal setting**

First and foremost, your goals should be measurable and should have a deadline. When I say measurable, it has to have a certain number let's say you set a goal like you want to make a lot of money but what does a lot of money mean? To some people 1,000,000 FCFA is a lot of money whereas to others 100,000,000 is not a lot of money. So you need to quantify what exactly a lot of money means which should be followed by the deadline. For example, my goal is an income of 3,000,000 FCFA per month by December 31<sup>st</sup> 2015 and that's a goal so what is your own goal? A goal has to be measurable and must have a deadline. So after going through this book it is very important that you set your goals both personal goals and business goals and they should be clearly written. There is no point having goals in your mind because a lot of people don't remember what they had for breakfast not to mention of what their goals are so make sure you

write down your goals clearly which is very important.

### **Mission statement**

A mission statement is nothing but the purpose of your existence and the purpose of the existence of your business which in more or less concrete terms should answer the question “why do you or your business exist?” Just like your goals, a mission could be a personal mission and a business mission and so, how do you write a mission statement? This statement includes what you stand for, what are your values, your business focus, and why do people buy from you and eventually your employees you will hire have to conform to your mission; they have to believe in your mission and have the buy-in towards your mission. If your employees do not buy into your mission it's going to be very hard to motivate them to do well in your business but if they buy in to your mission, it's going to be much easier to motivate them to do well within your business. When you write your business mission make sure your employee's mission also fits in to your business mission

and you also need to hire people who are so focused on your mission. So your mission is very important towards building a business and you have to clarify the mission of your business even before you start which is absolutely crucial. Once you have written your mission, you need to also clarify the purpose of your business; some people will say for example: I want to start a business because I want to make a lot of money usually in some of my entrepreneurship training workshops, the first thing I ask participants is, “Why do you unlike other people want to start a business?” Since I’m so familiar with this phrase “I want to make a lot of money” each time I ask this question, it should be noted that you can as well make a lot of money doing other things than business. I have also seen some samples of mission statements that say “the purpose of this business is to make a lot of money” which of cause yes; it is the purpose of a business to make money but you have to understand what does your business do to make money? That’s very crucial because you have to be very clear about what your business does to make

money. What are the values or benefits it offers a certain group of people that makes you money it is very important that you answer this question as clearly as possible. Another question you need to ask yourself is, why should someone buy from you order than your competitor?

Yes you are solving a problem for your target market, but there are going to be other people who are trying to solve the same or similar problems for your target market therefore, you need to sit down and ask yourself, why should someone buy from you rather than your competitor. These are all very crucial questions that should be answered by your mission

### **My market**

Businesses function by selling a product or service to its market.

If a product or service is needed by a person or a group of people, there is a **demand**. The people who need the product or service, and are willing to pay for it, are **customers**. The number of customers in the community represents the **market** for a service or product. Businesspeople who provide similar prod-

ucts or services are **competitors**.

A business can estimate the size of its market by carrying out surveys of customer needs, preferences and willingness to pay.

### **Design a simple market survey for your start-up business.**

The survey should try to find answers to questions such as:

1. Who are the people (the part of the community) interested in my product (age, gender, income status, etc.)?
2. Why do they like or dislike my product (shape, size, colour, etc.)?
3. Are they willing to pay a commercial price for it?
4. Will they always want to buy the product regularly or seasonally (sustainable)? Or will they stop buying it completely (unsustainable)?
5. How many of my products or hours of my service will they need?
6. Where should the product be available (location of sales points)? Who are my competitors?

## *Assessing demand*

One of the first things you do in starting a business is to identify needs in the community. Estimating the size of that need is called **assessing demand**. Effort should not be put into any other part of business planning before demand has been assessed.

Referring to the needs identified earlier within the community, the entrepreneur can establish a list of methods and criteria they will use to assess demand for a product or service. These could include:

- listening to people's complaints about a need in the community
- informal surveys in the marketplace
- mail surveys / questionnaires
- a need that is highlighted in the local newspaper or radio
- local focus groups, etc.

## *Sizing up the market*

The people in the community who need our product or service and are willing to pay for it are the **market**.

The market must be aware of the availability of the

product or service and be able to obtain it. Helping the community to know about a product and how to obtain it is a marketing strategy. It makes sense for a business to have an effective marketing strategy.

A marketing strategy must take into consideration:

- the location of the business
- advertising
- packaging
- the need for good relationships with other businesses
- reputation in the community ('word-of-mouth')
- Competitors' prices.

The entrepreneur should be willing to adapt products or services to customer preferences, taking into consideration local safety and security regulations.

A new product may have an initial period of high demand. However, a saturation point may be reached, and demand may stay stable or even decrease. A sustainable market is one in which demand keeps increasing or stays stable with a steady rate of replacement.

## *Estimating cost and setting a price*

A product or service may be exchanged for money or for another product or service.

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

Fixing the selling price of a product or service must take into consideration the following three factors:

- cost of production (including your own salary)
- Overheads
- Profit.

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

$$\text{Cost of production} + \text{overheads} + \text{profit} = \text{selling price}$$

### **Cost of production and overheads**

Calculate each component that goes into production and overheads carefully, and add them up. Labour and **depreciation of equipment** (when equipment loses its

value over time) may also need to be taken into account. In calculating the cost of labour, the entrepreneur should set a wage that adequately compensates the workers' knowledge and contribution, taking into account the experience and qualifications of the worker, prevailing basic wage rates, holiday pay, government tariffs and social security contributions.

Paying a lower price for materials and/or production could enable the entrepreneur to reduce the selling price.

## **Profit**

The entrepreneur should be careful in setting the level of profit made on the sale of a product or service, taking into account the relationship between **demand** for the product (how many people want it) and the available **supply** (amount of product available to be sold). If demand is great for the available supply, the price (and thus the profit) may be increased. If there is a large supply, but few people want to buy, then prices may drop. An excessively high price due to a big margin of profit will dis-

suade customers. When sales increase, profit margins may be reduced. This can enable the entrepreneur to lower the selling price, therefore allowing the business to 'capture' the market and even expand it.

### **Finding your target market**

It is a very simple but a challenging aspect trying to find a target market and there exist primarily, 4 ways in which you can find a target market which are:

1. You yourself are your target market. I wish to imagine that every human being is unique and they fit in to a group of people. Let's say you are a student, your target market could be students because you fit into that particular target market. If you are between the ages of 50 and 75, that is your target market. So you yourself are your target market when you turn to look at the groups of people you do fit in to. If you yourself is your target market then you have a big advantage because you are so close to the people around you that have similar needs as you do and with this I believe it is an urge you have.

2. Family and friends: One of the things you have to understand about your family and friends is that they fit into a certain group of people e.g. my mother fits into a group of housewives and so, that is a target market. Again you have an urge because you are so closed and intimate to this particular target market. So it is so easy for you to identify the particular need this target group have and fulfill that particular need or problem accordingly with your products or services.
3. Your Neighborhood: You can do this by just walking around your neighborhood and you will understand that most neighborhoods are clustered around certain income level e.g. a lot of rich people live around rich neighborhoods as well as the middleclass people live around the middle class neighborhood and this is the situation in cities like Douala and Yaoundé. You just need to walk around your neighborhood for that neighborhood could be another target market
4. People in the media: you can target about 100 companies for your product or service and that is

a huge target market and they are big spenders too. So just go through your magazines or newspapers you could identify a group of people you could target

### **Managing my own business**

People who start their own business have control over what they do in their working life. By managing their own business, they have the opportunity to shape their work environment and make an impact on their community. But often there will be resistance, especially if a new business idea is introduced. Therefore, one needs management skills to make the business successful as well as to convince the community that it can only help them, or at least can do them no harm.

A good manager is a planner, a person who has vision, sets goals for achieving that vision and ensures that the necessary resources, financial and human, are obtained and allocated in time.

**Some key qualities good managers have:**

- reliability
- integrity (financial and ethical)
- ability to lead
- Ability to set a goal and work towards it in small steps eagerness to meet obligations, etc.

## **TASK MANAGEMENT AND DECISION MAKING**

In entrepreneurship while starting and growing a business you will be faced with a lot of tasks to achieve particular results and you need to be making consistent decisions. So why do you need to be making consistent decisions? Consistent decisions need to be taken because you need to get the same results every time for example if you go to a restaurant on three different days and eat the same dish that has three different thirst each day you go there; will you like to go to that restaurant again? Probably not; there is a lot of uncertainty about the product and this always causes people to walk away from your business. Therefore it is recommended you get the

exact same results every single time which means, consistent decision making is important. Another one is better employee morale. When you are making consistent decisions, your employee knows exactly what to do, your recommendations, your decisions and it involves employee morale and that is why it is important to have consistent decision making.

**Creating consistency in Business:** you can prepare consistency in business by preparing the policies and procedures manual: this is a manual about the rules and regulations about your business and how each procedure is done. Let's say you run a restaurant and that restaurant has a menu and the menu has the exact recipes on how many onions, how many potatoes and how much vegetables need to be in to that dish. The exact recipes are put up there and every employee needs to follow the procedures of what to include in that recipes in the menu. You can follow such procedures for customer service as well how you greet your customer, how you talk to him, how you welcome him and how you let him go. All these are rules and regulations to a large extent. So these poli-

cies and procedure exists in large companies and this is why large companies are large and the difference between small and large companies are policies and procedures that manual to a large extent which is very important that you have a policy and procedure manual in your business or company. It is also recommended that you make that policies and procedure manual as your guide to decision making and the first thing you need in preparing the policies and procedures manual is to make a list of every single task that needs to be done in your business right from answering phone calls, cleaning and separate them into categories as well as try to keep them into four or five categories. So the lists of categories could be accounting, administrative, operations, marketing and sales. These categories are usually being an act for most businesses. Once you have identified the categories, state below each category decide what outcome you expect from each of them then add who is responsible for that particular task and add the rules that exist for this task knowing that there is always what can be done and what cannot be done in

each and every task. Also caution your employee on what penalty exists for bridging this rule. You can have different employee manual as you like and they may include how many holidays that employee may have, how many Vacation days, how many sick days, as well as your dressing code and punctuality. It is very important to have and follow the employee manual. Once the manual is prepared, you hold a meeting with your staff members present to them as well as have their signature on a sheet of papers that they have read the manuals and they will follow the policies and procedures of the company. What is left for you to be done is to follow the policies and procedures of your company because if you do not follow it, none of your employees will follow it.

### **Time management**

Managing time is an essential part of good business planning, because time is a resource that has a monetary value. Poor time management usually leads to last-minute rushes to meet deadlines, causing stress and inferior performance. This may result in a prod-

uct or service of poor quality and/or it not being delivered in time. A disappointed customer may seek a more reliable business provider.

**Time should be allocated to tasks depending on:**

when the product or service is to be delivered

how long the preparation of the product or service is likely to take

the need to co-ordinate people working on the product or service preparation

How important the product or service and the client are to the business as a whole, etc.

Good time management allows for contingencies beyond our control, such as bad weather.

Often, we must undertake several tasks at the same time in order to complete our job. We do this by estimating the amount of time necessary for each task and organizing our work accordingly. This is true of many of the activities that we take on in our everyday lives. For example, when we cook we do not prepare one dish after another. Rather, we carry out our chopping, mixing and boiling up in such a way that all our dishes are ready to serve up just when we want them!

Similarly, a person working on a task may be asked to help with another task when the work situation requires it.

The time taken for the various stages of production should be recorded, so that clients can be given estimates of delivery time and the timeframe of future projects may be planned.

### ***Workplace Management***

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

A workplace is where goods and services are produced or sold, such as a factory floor or shop. Good workplace management helps small businesses to become efficient by:

- creating comfortable and safe working conditions
- gaining space
- reducing material damage and loss (wastage)
- Preventing work-related accidents.

Workplaces must be kept clean and safe for workers and clients. The entrepreneur should pay particular atten-

tion to:

- space
- lighting and ventilation
- material handling and storage
- Control of hazardous substances.

### **Space**

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

### **Lighting and ventilation**

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

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

### **Material handling and storage**

Storing materials properly helps to avoid accidents and save time. Raw materials, semi-finished goods and completed products should be kept in separate areas. Some raw materials and products should not

be exposed to the elements (bad weather). They should be stored indoors. Items that are not frequently used should be removed from the work area.

### **Control of hazardous substances**

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

Hands should always be washed after handling such substances.

### ***Communicating***

Good communication in business is important, because clients and business partners need to understand precisely what you are trying to buy or sell. Businesspeople need to be cheerful, keen, polite and helpful. Entrepreneurs should show interest in the customer and listen carefully to find out as much as possible about his or her needs. Listening is an important part of communicating.

The entrepreneur needs to inform clients and business partners about the products and/or services they are selling and how these can meet their needs. Being hon-

est and frank about our product or service can help build clients' trust and confidence in us. This means that we should not give the client an incorrect impression of our product. Being frank in general may also help us to buy materials or services at a reasonable price from our business partners.

The client should describe his or her needs, which may or may not be satisfied by the product. The businessperson should clearly describe the product or service and its uses, and explain how the product can be adapted to suit the client's needs. One of the most successful ways of communicating your products and services is through a sales letter

## **Sales letter**

Writing a sales letter is very specialized and one of the most important document in your business because at the end of the day, people are going to become your customers and they are going to buy from you based on your sales letter because that is where you will be able to communicate your message across to them

## Writing a sales letter

**Contents:** so many people are not sure what the sales letter should include and this very important document should include:

1. Product or service: Explain very clearly what your product or service is because if your target market does not know what your product or service is, they will not buy from you. So a clear explanation of your product or service should be in very simple language that your customers will read and understand.
2. Explain why should somebody buy from you;
3. The benefit of buying your product. This should not only be about the features of your product. It is always advisable to give let's say a 30 or 60 day guarantee to build that confidence in customers because they do not know you yet.
4. Your contact information: a lot of people don't include their contact information in their sales letter. This could range from a phone number, street address, email address or a website ad-

dress. Give them so many means they could contact you for further inquiries. It might sound so simple but most people forget it without knowing it's importance. Don't get scared of questions because if somebody have a question that means he/she is interested in your product

### ***Practicing business ethics***

Businesses need to function according to established law and rules set out by the community as well as the prevailing ethical standards. Investors, lending institutions and customers pay close attention to the standards of practice of businesses. But most importantly, young entrepreneurs may wish to set their own high ethical standards.

In addition, many groups of businesses have established ethical standards for specific businesses. These standards of practice are a core set of values, developed by that group of businesses that govern the relationships between business and customers. Although they are not legally required, these values help to provide levels of service that distinguish the best businesses and build confi-

dence among clients.

### **Issues surrounding some basic business ethics**

- conflict of interest corruption and bribery
- environmental responsibility
- non-discrimination against others, for instance women, people with HIV/AIDS and people with disabilities
- after-sales service
- truthful advertising
- fair treatment of staff
- Refusal to deal with illegal partners, etc.

### ***Matching my skills with business***

We all have skills that we use in day-to-day life. We can use some of these skills (or a combination of them) to launch a viable business.

There are different types of skills:

- thinking (being creative, solving problems, making decisions, observing my surroundings, basing actions on needs and opportunities of the immediate context, etc.)

- Conducting myself (believing in myself, managing my life, being responsible, etc.)
- Interacting with people (working with others and accepting others irrespective of their cast, gender, social status, whether they have a disability or not, etc.)
- My safety and survival (HIV/AIDS prevention, self-preservation, first aid, drug abuse prevention, etc.)
- What I can do (repairing bicycles, cooking, making crafts, reading, singing, etc.).

The skills that will help us in business are likely to be a combination of our personal (entrepreneurial) qualities and our technical knowledge and expertise acquired in school. Our skills should not be confined to traditional stereotypes. For example, girls may make good motor mechanics.

### **Mobilizing resources**

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

The entrepreneur may need to mobilize sufficient finances to initiate operations. Human resource sup-

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

The major resources to be mobilized in the business as outlined above involve the following:

### ***Financial resources***

People believe that they need a lot of money to launch a business. This is not always true. Talent, resourcefulness and hard work are all as important as money.

When we decide to start a business, we need to think about what materials we will need. Different types of business require different materials. What a business needs will depend on the nature of its activity (the product or service it is providing), and of course its size (how many people it employs, how many clients it has and the amount of goods or services it provides).

We should try to obtain<sup>53</sup> the things we need from sources in our community that will not require pay-

ment. Materials can be expensive, particularly if they have been transported long distances. Wherever possible, they should be obtained from the local community and its surrounding areas. If the necessary materials are not easily available for a reasonable fee, it may be necessary to change the business plan slightly so that we work without that item or work with an alternative item that is similar, or will serve the purpose.

We may also need premises to start our business.

If we need to pay for materials and premises to start our business, we will of course need some money. We will then need to identify sources from which we will be able to obtain the money we need.

### **Estimating the cost of launching a business**

When the nature of the new business has been decided, it will be necessary to estimate the cost of starting operations.

These may include the cost of:

- Premises ,
- utilities,
- equipment,
- initial stock,
- Insurance, etc.

**This stage however, will focus on how the entrepreneur can find the money as well as <sup>54</sup>how he/she can manage**

**the money needed for the establishment and running of his/her business**

## **FINDING THE MONEY FOR YOUR BUSINESS**

Finding the money to start a business is one of the biggest challenges for a lot of Entrepreneurs and this may not be that way when you already have an idea how to go about it probably when you go through this section of the book. There are a lot of successful businesses that starts with a little bit of money credibly; little savings that people have with and let's say 500,000 to 1,000,000 FCFA depending on the business because some businesses can be started with an amount less than 500,000 FCFA likewise other businesses can be started with an amount more than 1,000,000 FCFA. It all depends on the business you want to do in terms of size, scope and the geographic region you find yourself in. there are successful entrepreneurs who have started with a little amount of capital and they are now multi millionaires. And like I said earlier, it all depends, on the type of business you want to do because businesses do vary. However, having a lot of money to start a business is not really

a bad thing and it is always beneficial to a large extent. It is generally observed that businesses that are started with very little money are much better than those that are started with a lot of money. However having said that having money to start a business definitely helps to a large extent so we will discuss in this section the several sources of capital.

### **Types of capital**

I want to start by talking about the types of capital which there are primarily two types of capitals which are equity and debt.

1. **Equity Capital:** Equity is nothing but when somebody invest in your company you give them part ownership of the business. If an angel investor invests in to your company, he takes part ownership of the company. Let's say you need 5,000,000 FCFA for your business and an angel investor puts in 2,000,000 FCFA he probably takes 20, 30 or 40% of your company and you keep 60% of your company and then at the later time you may buy back the investor or you may continue to give him part of the profit.

2. **Debt Capital:** Debt is just like a loan and money that needs to be paid back; so loans come under debt capital. One thing with debt capital is that if you take money from a bank and your business does not do well, then this is money that has to be paid back. Likewise with equity capital, if the business does not do well then most likely you don't need to pay back the money. So there are the two primary types of capital. There are also other hybrid types of capitals like convertible debt but we won't go into that at this point in time. For most businesses starting up, debt is probably the worst form of capital you can take. I can say going with equity capital and if you don't have the money, partner with somebody who already has the money. I do understand a lot of entrepreneurs don't want to give up control of their companies but if it is your first business you can always start up with equity capital and once you grow the business you can buy back the shares of the company or ownership of the company through the

profits of the company. So it is always good to start up with equity capital.

### **Sources of Capital for my a business**

From the two types of capitals you will need to chose the one that suits you and next to this we are going to see the sources of capital that are available in the market. However, there exist two main sources of capital in the market with combination of tructures that an entrepreneur must understand before going out there to raise capital to launch his/her business: which are:

#### **I.) Our common and local Sources of Capital:**

Capital for the business can normally be raised from most common sources locally and these sources include the following:

1. **Savings and investments:** A lot of people have saving, a lot of people have investments and they can liquidate their investments and start a business with that and savings is also a nice way of starting a business.

2. **Family and Friends:** Most common sources of capital are family and friends. Some businesses are started with help from family and friends who are so concerned about your progress in that particular business and before then you must have proven to them your worth in that business before they give you any form of support for that particular business.
3. **Community co-operative organizations, community financial syndicates:** These are most common structures which are very close to the community set-up by members of that particular community with the aim of offering financial services as well as empowering community members economically with those services. Typical example of such structures includes Common initiative groups, associations, community based organizations etc.
4. **Micro-finance organizations, Savings and loan associations:** These are other forms of institution in most communities that offer finan-

cial services just like banks but the difference is that they are closer to the community than banks. These are different from the above mentioned in that their services may not be bound by geographic, racial or tribal factors whereas, for the *Community co-operative organizations, community financial syndicates*, their services might be bound by those factors.

5. **Bank Loans:** this is another source of business financing but usually banks in Cameroon do not give loans to start up businesses. In other developing countries there are Small Business Association (MBA) Loans as well as personal loans and people take money on their house or other valuable properties in order to raise capitals to start up their business with and I strongly recommend against taking personal loans to start up a business because a lot of things can go wrong in a business you do not want to get

into financial trouble by taking a loan to start a business

Banks offer a variety of financial facilities, such as: current or cheque accounts, savings accounts, Loan services.

## **II.) Advanced Sources of Capital:**

While there exist local and common ways of raising capital for your business, there also exist advanced ways of raising capital which it is recommended that all these ways should be well know to the entrepreneur before he/she steps in to the first phase of fundraising/capital raising for his/her business.

1. **Angel investors:** these are basically former entrepreneurs who invest in start up businesses and this is another very good source of capital because Angel Investors Bin in more than just money to the tables; they bring a lot of expertise to the table and it's like getting a paid consultant for almost free. In fact the paid consultant who puts in money into your business. The advantage of

an Angel Investor is that you can tap into their network and you have networks like accountant, lawyers and marketers. So it is always a nice idea to get an angel investor to come in to your company at an early stage

2. **Venture capital:** These are programs and their approaches are very similar to those of Angel Investors who invests and take part of your company. But the difference is that they are large institutions and so they are companies whose business is to invest in to start-up companies.
3. **Business line of credit:** this is usually practiced in big banks in which banks give you a line of credit once you start a business and you have good transactions with the banks, banks give you a line of credit. With this line of credit, the bank allows you to borrow money than it in your bank account. Let's say you can go up to negative 5,000,000 FCFA or negative 10,000,000 FCFA or whatever, depending on the bank

4. **Government Grants:** This depends from country to country and government grants are not available to all types of businesses depending on your type of business and the amount of business you are bringing to the state you may be eligible for government grant. But again it depends on your type of business.
5. **Customer financing:** there are so many websites that have come up where they have seen fans financed a film music and other forms of creative projects. A typical; example of this website in the Kickstarter web site although these websites are limited to some particular countries. These projects are mostly financed using the crowd financing or you can call it customer financing or fans financing. So you can raise money from your customers or fans and this is another form of financing that is available.
6. **Donations:** You can also finance a business from donations from your family and you

don't necessarily need to call it a loan from your family members,. You can set up a website. There are several websites online where you can list a business or your project you are doing and you can ask your family and friends to donate money to your project that's also an option.

7. **Strategic investment:** there are lots of large companies that invests in smaller businesses and they do that as a strategic investment to help promote their products and services, for example. For example if you are in a retail business let's say cosmetics and you know a cosmetic manufacturer, or manufacturing companies, you can contact them with your Business plan and you might be lucky to know that they might be able to make a strategic investment into your company. The reason for that is because they get an outlet to promote their products and services basically if their products are cosmetics products. So they

may want their products to be in your retail store and they may be willing to help you out so you can get more customers for these products and in turn their products could be sold as well. So strategic investment are another option.

8. **Bootstrapping:** bootstrapping is nothing but any form of barter or any exchange of services where you do not need to pay money for a particular service but you bootstrap in the sense that you exchange services. For example an accounting services is needed in your company and you can contact a highly qualified accountant and give him a share of you company in return for his services instead of paying him money precisely if you don't have money to start up your business you can do that or instead of giving him a share of your company, you can supply him your product or services in exchange for the services he provides so that also is an option. So barter is something that

a lot of people do not think about and it is one form of bootstrapping. This can also include advertising; if you do not have the money to pay a company to advertise your product or services, you can exchange services or your products to an advertising agency in an exchange for advertising space. This is something you can try because it works effectively:

Although most of these capital raising structures listed above such as *Venture Capital funds*, *Crowd/customer financing* and *Small Business association (SBA) Loans* do not exist in the country, meanwhile the entrepreneur can inculcate the concept of mobilizing other sources such as *business line of credit*, *Crowd Financing*, *bootstrapping*, *Strategic Investment*. Most of these sources can also be mobilized through online search using the internet; although it may require a lot of patience and other factors based known to the investors but most successes have been registered from online capital/fundraising.

Every business is different and however, most businesses go through stages which are analyzed in the following points:

1. **Seed Stage:** The seed Stage is basically just your idea stage; you just have an idea, you don't have employees, you don't have the product you just brought an idea and that is what we call in business language the seed stage. In other developed and developing countries, there are lots of Angel Investors and Venture Capital Funds that are interested in the seed stage of a business. It is important to figure out what stage of business so that you can target the right type of investors for that particular stage of business because there are certain Angel investor and Venture capital funds that focus only on the seed stage of businesses.
2. **Star-up Stage:** The start up stage is when you set-up operations but you are yet to receive any sort of revenues; which means with the start-up stage, your product is ready, you have

set-up shop, but you are yet to get your first revenues.

3. **Growth Stage:** the growth stage is you are getting in revenues and your business is growing. Once you get pass the growth stage your business can be relatively fully developed
  4. **Initial Public Offering (IPO):** this I a stage of bridge financing the meaning of this stage is that you are just about to do an Initial Public Offering (IPO). This means that you will be listed in the stock exchange for the first time. Some of the reasons for doing an IPO or to get yourself listed on the stock exchange is liquidity to your investors and liquidity to yourself. Let's say you own 80% of your company and once you get listed on the stock exchange you can sell 10 or 20% of your shares to own 60% of your company and still run your company very well. Another reason for an IPO is to raise more money to grow the business even further.
- These are some of the various stages of funding and you need to figure out what stage of funding

you are in, based on that stage of funding you need to target the right investors

## **Capital raising strategies**

There are strategies you need to succeed in raising the money to start develop and run your business and this may include the following:

1. **Business plan:** The first strategy is to write a business plan which will help you and the financier understand your business before making any form of investment in to your business. If you cannot write a business plan you can hire an external consultant to write it for you.
2. **Get a website:** This is a web site you will use to communicate to your investors particularly when they are far off there you cannot contact them physically and you can put up your executive summary on the website. This is also a way of marketing your business that a lot of people might see and become interested in doing business with you. This website can be created for free and so when you come across an investor

or an investor contacts you. You can just give him the link to your website and your entire executive summary which is a snapshot of your entire business plan made available on that website. Well you might not really need a website but it is recommended because that is here and how a lot of people especially investors will get to know about your business.

- 3. Research and develop a list of Venture capital funds, investment programs or Angel Investor** that might be interested to invest in your business and either send them your Executive Summary by e mail, post mail or you link them up to your website. Most websites of venture capital funds have a place where they say “submit Your Business Plan” you can submit your Business plan executive summary to all the list of identified investors and you wait for them to get in contact with you. You will be surprised that a good number of them will contact you and if they contact you it means that they are interested in sponsoring your busi-

ness. So make an effort to contact as many venture capital funds or investors as many as possible because if you don't do this, it will be very unlikely that your business will be funded and once you email them or they contact you, reply to their inquiries as quickly as possible or when you get a reply or a mail, don't just sit down and wait for thing to happen or take your own time to reply to them because they may have doubt if you are really for real. Another thing you need to do is to start networking with the angel investors or venture capital funds to increase an awareness of you and your business because they may turn to finance only businesses from entrepreneurs they know fairly well. It is important that you network and get to know them better before you actually pitch them your business idea. This is a standard sample strategy and I recommend that you improve on this or you develop your own strategy and write down what you need to

do to raise capital for your business and then go out there and do it.

## **MONEY MANAGEMENT**

Managing money is a critical activity to be carried out during implementing your business and in entrepreneurship in general, what you as an entrepreneur needs to know about money management is, how much money is coming in and how much is going out or what your sales and expenses are which will in turn tell you if you are making a profit or a loss. Your profit is Sales minus your expenses and another thing you need to know is breakeven which is how much sales you make in the business that will cover up your expenses in other words, how much sales you need to make so that your profit is zero. These are some of the things that you need to know when it comes to money. Some of the financial statements you need to know is the profit and loss statements which is also called the income statement, the cash flow statement, the balance sheet. Basically what the cash flow statement tells you is how much money is coming in and how much is going out. The income

statement also called the profit and loss statement tells you how much profit or loss you have made within a given period while is sales minus your expenses. If you make a sale whether or not you get paid you get to record it as a sale and expense gets incurred whether or not you pay your bills so, these are some of the statements that you need to know. Another statement you need to know about is the balance sheet this statement tells you how much money you owe and how much money you own. So it is very important that you take a look at the various financial statements and get acquainted with these financial statements which are recommended that as an entrepreneur you learn how to manage money very well. Accounting is extremely important in business and it is very important that you learn the various financial statements. As they say in the business world that accounting is the language of business, therefore, you have to learn the business language before you get into the business. If you have never done accounting, it is very important that you lay your hands on an accounting book and learn just the

basics of some accounting procedures like financial Statements which includes: cash flow statements, income Statements, profit and loss statements and the balance sheet; this is extremely very important. It is necessary that you understand what these financial statements look like. To many people accounting and finance does not come naturally and so it is something that you need to learn from scratch.

### ***Banking***

**The above mentioned different types of bank accounts available in the local community may be described as follows:**

**Cheque (current) accounts and savings accounts:** these are perhaps the most frequently used banking services. Other account options are also available, such as fixed deposit accounts.

#### **Current (cheque) account**

A person can **deposit** (put in) money into a current account and **withdraw** (take out) the amounts needed by writing cheques from a chequebook provided by the bank. Usually there is no charge for withdrawing money, as long as there is sufficient money in the account. The

bank may also give us a magnetic card, which may be used at that bank's money-distributing machines. Usually banks do not pay interest on money deposited in current or cheque accounts.

Money in a current account may be used to pay the day-to-day costs of running our business.

### **Savings account**

A savings account is for keeping money that we will not need to use on a day-to-day basis. The money in a savings account earns interest. That means the bank pays us some money for leaving our money in the account.

We can have both kinds of accounts at any time. When we open a bank account, we must be sure to keep a record of the amounts of money we deposit (put into) the account and the amounts we withdraw (take out of it).

*If we have a bank account for our business, it must be a separate account from our personal or family account [trick question in participant's workbook!].*

The bank will send us a **statement** regularly. This lists the amounts of money that have been deposited and the amounts that have been withdrawn. It tells us how much money we have in the account on the day the

statement was written. We should check that our own accounts match the bank's statement.

Our community post office may also provide similar financial services to our bank.

It may be necessary to open an account with a bank before you qualify to obtain any form of financial assistance. It should be noted that loans obtained from banks will involve repayment with interest. A new entrepreneur should investigate as many sources of funding as possible in order to secure the best terms and conditions for repayment. This means 'shopping around' for the most favourable interest rates.

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

### **Records keeping**

Keeping track of my money is a very crucial activity in the business as capital raised as well as funds from sales need to be recorded in a chronological manner. Therefore, it is important to keep records of all the money earned and

all the money spent.

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

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

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

There are two types of financial records we need to know which basic and advanced book keeping

## **Basic Records**

The things we need for keeping good records are:

1. a **receipt book**, for recording each transaction in which the business receives money
2. an **expense book**, for recording money spent
3. a **cashbook**, for recording all the money transac-

tions, both amounts received by the business and amounts paid out by the business.

To ensure that our documents are kept safely and methodically, we should have a filing system. Each type of document should be kept in a separate file (for example, copies of receipts in one file, orders in another file), in alphabetical order. This will help us to find the documents we need quickly and easily.

## **Advanced Records**

### **The 3 main financial statements**

These are records that somehow need specialized skills to be able to keep it properly. They are mostly done by accountants and they include the following:

#### **Income statement**

An income statement is a simple summary of the business' cash generating ability. It should be prepared on a monthly basis and should contain at least the following information:

**Income** (funds procured to start the business, such as the loan, and money earned by selling your product or service)

- **cost of materials** (includes all costs incurred in

buying materials)

- **Operating expenses** (own salary, labour costs, overheads such as electricity and water, etc.)
- **repayment of loan** (capital + interest)
- **gross profit** (the earning after cost of production, including the repayment of the loan, has been reduced from the money earned from sales)
- **taxes** (the national government as well as local authorities may levy taxes on business operations)
- **Net profit** (the earnings of the business after taxes have been paid).

### **Cash flow statement**

A cash flow statement is important because it gives the entrepreneur an idea of the amount of liquid cash available in the business at any given time. It is prepared by recording all income received by the business on the one hand, and all expenditures incurred by the business on the other. The difference between the two will give an indication of the positive or negative cash flow situation in the business at the end of a given period.

## An example of recording cash flow statement

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total for year	Out-standing at year end
Cash sales														
Other income														
<b>Total income</b>														
<b>Outgoings/costs</b>														
Material costs														
Labour costs														
Overheads														
Market- ing costs														
Loan payments														
Taxes														
<b>Total expenses</b>														
Cash flow value														
<i>Cumula- tive cash flow</i>														

## Balance sheet

A business needs to prepare its balance sheet periodically, as an indication of the performance of the business. This information is of interest not only to the entrepreneur, but also to concerned organizations such as investors, lending institutions, suppliers of materials, staff, etc.

The balance sheet is a summary of the business' assets, liabilities and equity:

1. **Assets are the premises**, materials, equipment and stock owned by the business.
2. **Liabilities** are the financial obligations of the business, such as rent for premises, loan repayments, etc.
3. **Equity** is the difference between the monetary value of the assets and the liabilities.

## **Assets**

### **Current assets**

*Cash in hand*

*Total income*

*Materials in stock*

### **Long-term assets**

*Equipment*

*Property*

### **Total assets**

### **Liabilities**

### **Current liabilities**

*Outstanding debts*

81

*Cost of outstanding*

re-

*pairs*

*Taxes*

**Long-term liabilities**

*Bonds payable*

*Mortgage*

**Total liabilities**

**Equity**

**Some of the top financial mistakes made by Entrepreneurs**

There are mistakes or some very impotent issues in business that entrepreneurs or business men generally make that are not good in managing and growing a business which are:

1. **Not having a budget:** you need to make a budget at the beginning of every month and the essence of having this budget in for you to know how much money is going to go out and how much money is going to come in for that particular period therefore it is very important that you have a budget
2. **No financing before starting a business:** It is necessary that you make a budget and the list of the start-up cost that will be run over a period of time. Most start-up businesses are under financed

by at least 40% and in the long run those businesses always fail to achieve their stated goals and objectives

3. **Not having six months cash to cover expenses:** When you start up and launch a business, you must have cash in your bank account that will cover up your expenses for at least 6 to 12 months before you can succeed in the business you are doing
4. **Not tracking incoming and outgoing cash:** it is important in business that you as an entrepreneurs keep a track of where money is either coming in or going out to and this activity is absolutely crucial.
5. **Not making an effort to understand financial statements:** You have to make an effort to understand financial statements as earlier mentioned because it will go a long way helping you assess the financial health of your Company before hand in order for you to know whether you are on the profit or loss status of business. As mentioned above there are primarily 3 financial statements you need to know which are:
  - The cash flow statement
  - The profit and loss statement

- The balance Sheet

All the above 3 financial Statements are interconnected to each other and like I said it is very important to lay a hand on these three statements because they tell a story about your business.

When starting a business let's say in a month or in a year it is advisable to have a budget. Make it a habit to have a monthly or an annual budget drawn before you start the business for that month or year. What the budget does for you is it keeps a check on unnecessary or loose expenditures and you don't want to be making unnecessary loose expenditure especially when you are starting up so, every transactions or whatever you want to do has to be planned at the beginning of the year and every month before it gives you the results you expect at the end of that year. The budget sets boundaries so that you don't always spend because if you don't have a budget there is a tendency to always spend so it is very important that you make a budget so that you don't spend more than you can afford. Another reason you need a

budget is you will be able to project future capital expenditures. That means if you have a need for more money, the budget tells you that there is a need for more money then you have to go out and try to raise more money for your business when the need arises

### ***Human resources***

#### ***Hiring people to work with me***

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

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

### **Hiring**

In entrepreneurship there are certain skills the entrepreneur may assess and employ whereas

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

**Productivity** is the amount of work a person does in a fixed period of time.

The entrepreneur should keep in mind that the wage is not the only cost associated with hiring people to help with the business. There may be dues to be paid to the national government and/or the local authority in the form of social security, health benefit payments and training.

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

- Production,
- Quality control,
- administration,
- transport,

- Customer relation etc.

## **EMPLOYEE MANAGEMENT**

Employee management is a very important area of business and a widely neglected area and the reason I mention this statement is because I think employees make a greater company and they represent you at the end of the day. If the customer has a bad experience with an employee then he is going to have a bad experience with you and your company because your employees are going to be a reflection of your company. The reputation of your company will depend on the effectiveness and the likeness of your employees. People have to like your employees at the end of the day because they may never see you, they may never meet you and they may have heard about you, but at the end of the day their first interaction is going to be with the employees of the company which is the reason you need to manage your employees very well. Another thing you should know is that employees can take up all your time and energy if you don't manage them well therefore, this is an

other very important issue I will like you to give as much important as you can.

## **Some of the Hiring Mistakes**

I will like to start by elaborating on some of the hiring mistakes made by first time entrepreneurs.

1. **Hiring too fast:** most people hire too fast because they are desperate in filling up that job and it is not a planned hiring decision. You need somebody to do the job and you just quickly hire which is the case with people who hire employees without having to look at their resumes or carry out an interview just because they look at that person they like and they just hire them which is not recommended. I therefore suggest you make hiring a planned decision in order to take your time to select skills and management talents that are suitable for your business
2. **Not conducting at least 3 interviews:** there is a situation when somebody might look great in the first interview but in the second and third interviews the true colours of that person might come

out. The reason for that is because a lot of people are thought what to say in an interview and what not to say in an interview. This has been witnessed in so many courses organized on how to do well by putting your best self forward in an interview while hiding some of your weaknesses that may be uncovered only when a particular task is given to an employee to accomplish. Many of these people may be very good at giving interviews but may not be very good at doing the job which therefore means you conduct at least 3 interviews before you can be able to hire an appropriate staff for a job. Once you have conducted an interview, hire them on a trial bases and tell them you are going to work for two, three, four, five to six months let me see your performances before deciding whether you are appropriate for this job and always remember to pay them for that trial work. In may not be very possible, but there are situations where it may be possible and so the good thing to do is, put them on trial work which is one of the mistakes I see people do is not being

able to put employees in to trial work before hiring them. Your interview and trial process is like dating and once you hire them is like marriage because hiring people is a very expensive process and you don't want to keep hiring people on regular bases because they are quitting very soon. So what does a great hire looks like? Put down a list of what you need to look for in a great hire or a great employee:

- **They should be hard working:** there is no used hiring very creative or talented people who are not hard working. Therefore it is very important that they are hard working before you can hire them.
- **Ability to accomplish tasks and on time:** You need to look for people who will get the job done on time because you do not need people who for some reasons do not get the job done on time
- **Ability and eagerness for further learning:** Look for employees who are always looking for learning opportunities because once somebody

joins a particular job or a profession he may not know everything that is to know in that particular job and when it comes to something new, he is willing to learn that thing and continue to grow on the job. So hire employees who are looking for learning opportunities perhaps the best employees are the ones who are always learning and growing and you need that in your employees

- **Willingness to work overtime when necessary:** The willingness to work extra hours is mostly needed in any business and requires people who are willing to work overtime. There are people who do 96 jobs but there are days when they just want to leave early or they don't want to stay up the excess hours. Sometimes you are required during emergency situations for employees to work extra hours and in that case, you need employees who can work extra hours; that is important as well. Furthermore, you need to look for employees who are looking for the sense of urgency.

Sometimes you may look at somebody who is calm, composed and those are very good qualities that could be seen.

- **Employees who are looking for the sense of urgency** always want to get the job done and do not look at complacency because you do not want employees who are very complacent about things and they are a bit led back unlike employees who are restless and they want to get the job well done with no exceptions
- Also look for employees who are willing to fight it hard when things gets tough

## **Outsourcing**

What do you understand by outsourcing? Outsourcing is nothing but delegating your work or activity to an outside firm instead of an employee. A business may choose not to hire an employee to do some of its work. It may instead assign the work to a person or agency outside the business for payment for that assignment only. For example, many businesses do not have permanent cleaning staff. Instead, they hire other businesses to provide cleaning services.

1. There are a lot of advantages of outsourcing which are:

2. You can hire certain services for which you temporary are in need of. Let's say you want to organize an event for your business you can hire an event planning and management company for that particular event. So you can hire services as and when you need them for example accounting services are outsourced to an outside accounting firm for that matter whereas, legal services can be outsourced. So these are some of the activities that can be outsourced if you are in temporarily in need of them precisely when you believe somebody could do the job better than an employee
3. You can outsource a specialized skill like I said earlier that accounting is a specialized skill that can be outsourced, legal services can be outsourced so these are some of the advantages of outsourcing.
4. Business can choose to terminate the services of the contracted person or agency if their perform-

ance is not satisfactory or their charges are excessive and then hire another person or agency better suited to its needs.

There are certain disadvantages of outsourcing as well

1. There are times when outsourcing can be expensive and again it depends on your particular need at the time. So sometimes they can be expensive and there are also times that outsourcing can be less expensive than an employee
2. You may have the outsour4ced company working let's say on multiple accounts at the same time for example if you outsource your accounting services for your company, you may have the accounting firm working with multiple companies like yours and you are not the only client; they will have like 10, 15 to 20 clients and they may be working on all these accounts at the same time

3. It may not always be possible to find a firm that fits your exact need
4. The contracted person or agency would feel no significant loyalty or commitment to the business, and would not be a part of the working of the business as a whole.

So these are some of the disadvantages of outsourcing and when you start up as a new company, outsourcing is a nice way to fulfill certain needs that is required to be done on a temporary bases. Some of the outsourcing freelancers depend on your particular business but on genuine bases, you need an accountant, you need a lawyer, you need an marketing firm because a lot of people forget about marketing and they marketing is very easy to do and anybody could just get up and become a very good marketer whereas, marketing is one of the most very difficult areas in business. If public relation is part of your strategy you can outsource this activity to an outside firm, then you may also require an advertising agency as an outsourced partner as well as copy writers. People forget this issue of copy writing be-

cause it involves all the writings in the brochures, on you sales letters, and other marketing materials written are basically written by copy writers. I can see a lot of people do ask administrative assistants to do the writing aspect but writing should be done by copy writers because at the end of the day like I said, in the first chapter when it comes to a sales letter, the first impression of your company is going to be made by your sales letter as people are going to read it before they actually decide to do business with you. So, that is the reason you need a copy writer for that and you need to first of all understand that good copy writers are expensive and there are other copy writers who are not so expensive but they may not be as good as required and you have to endeavor to chose a good copywriter for your business.

### **Things to look for in an outsourced partner:**

- You need your outsourced partner to be knowledgeable in that subject
- They need to act fast
- They need to be specialists in their field

This is very important to observe the above mention

points and always try to look for a specialist. If somebody is trying to do everything under one roof, they may not always be the best option for you. so try to look for specialists

## **DEALING WITH LAWYERS AND ACCOUNTANTS**

Some of the most important people in your team will be lawyers and accountants and most likely they will be an outside firm. It is always advisable that you outsource your accounting and legal activities especially when you are starting up because you can hire specialized talents for relatively fair price when you are starting up.

### **Dealing with Lawyers**

One of the things you have to know at this juncture is that you have to know the different types of lawyers out there who are door layers and anytime you open the doo and place anything on the table, they will do it for you. Those are not the types of lawyers you need to be looking at. I will mention some of the different types of lawyers that exist:

1. **Intellectual property lawyers:** There are basically lawyers that protect your intellectual property like your patterns, like your copyrights, your trade secrets. So depending on the type of business, you are going to need intellectual property lawyers. In publication business, a lot of things are protected by the intellectual property lawyers
2. **Releases Lawyers:** If you are a retail store and you are going to lease a property you need a releases Lawyer to draft you lease agreement or if you are going to buy a property you will need a Release Lawyer for that.
3. **Corporate Lawyers:** These are sets of lawyers who deal with corporate law. If you own a company and it is a Private Limited or Limited Liability Company or a corporation, then you will probably needs a Corporate Lawyer to maintain your statue to these requirement
4. **Litigation Lawyers:** if you get into any sort of trouble with anybody, you need a litigation lawyer and they are needed to solve problems

between clients and other companies. Then you may require Litigation Lawyers and there are general lawyers who deal with everything and anything that comes to them

### **Dealing with accountants**

It is generally known that accounting is the language of business and some of the first time entrepreneurs are people who have never been in a business school, they have never done accounting, they have no idea about accounting works and accounting might be one of your first few hires; it could be an outside firm or it could be a specialized accountant and specialized accountants as full time employees can be very expensive and so, you may want to hire an outside accounting firm initially because they have all the resources and they can be cost effective as well. Why do you need an accountant in the first place? Or what is the requirement of an accountant? To calculate and pay your taxes, they could be sales taxes depending on the country you live in and a good accounting firm must know how to calculate and pay these taxes as well as what type of taxes and requirement you need

to maintain. So you need an accountant to take care of your taxes be it sales taxes or whatever status and requirements are that are needed to be paid in your city.

The second work of an accountant is to prepare your annual financial statements and they also need to work with your book keeper in case you already have a book keeper or you plan on hiring a book keeper. You will require your accountant to work with your book keeper to set up your accounting systems that tracks sales, that tracks expenses and you will also want them to do your statutory updates every year. In certain countries or cities, these are the requirement to operate depending on how small or big your business is.

### **So what are the requirements you look for in accountants?**

1. **High degree of integrity:** Somebody with a high degree of integrity has to be knowledgeable in his subject as well as master the text very well because if he does, he can save you a lot of money in taxes

2. **He needs to give you clarity in all the accounting processes that are required for your business.** I will like an accountant who can double up as an accounting coach as well and so if I do have some questions, I should be able to pick up a phone and give him a call any time in a day
3. **Availability:** I will like my accountant to be available for me at all times and somebody who can quickly respond to my phone calls or to any requirement I might have.

### **Where do you find your outsourced partners?**

When I say outsourced partners I mean your lawyers and your accountants since you know you might require an accountant and a lawyer and you might require outsourced partners as well. So where do you think you can find these people.

1. **Referrers:** You can ask family, friends, and other business owners, on any source of referrers they can give you.
2. **Directories like yellow pages** (which is usually a telephone directory or section of a direc-

tory (usually printed on yellow paper where business products and services are listed alphabetically by field along with classified advertising) for your actual partners.

3. **Through your internet** and type the word accountant in your country or region probably if it is there and you might find somebody.
4. Then there are also business networking sites like linked-in where you may be able to search for accountants in your area and you might be lucky to find someone who is pretty good.
5. **The national Employment Fund:** The National Employment fund is a good and appropriate place you can find any skilled and talented people in any field in management you can require for your business. You just need to contact the nearest agency beside you or you can connect to them through their website, phone, e-mail or post mail for any of those talents you may require for your business or company.

There are several of these sources that you can use to

find several of these outsourced partners that could help you establish a good and reputable company.

### ***Material resources***

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

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

#### **A business needs two categories of items:**

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

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

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

Once the entrepreneur has decided on the necessary materials and their quantity, he or she must determine whether or not they are easily available.

Materials can be expensive, particularly if they have been transported long distances. Wherever possible, they should be obtained from the locality and its surrounding areas.

If the necessary materials are not easily available for a reasonable fee, it may be necessary to change the business plan slightly so that the entrepreneur works without that item or works with an alternative item that is similar, or will serve the purpose.

So when planning a business it is necessary to ask yourself the following questions like what

types of material will I need for my business?

In what quantities and where will they find them?

Remember, transporting materials from far away to your place of business is expensive and not always reliable and if so, it is also necessary to ask yourself this question: **How will they pay for them?**

## MY FIRST STEP IN THE BUSINESS WORLD

At this level, the entrepreneur should be expected to develop a simple business plan, drawing on all that they have learnt from the above mentioned topics discussed. The business plan will be the practical culmination of their involvement in the course. It is also expected to give them the confidence to take a well thought out, firm step into the world of business.

A business plan is a summary of what the business intends to sell, the resources it needs and how it expects to acquire them, who will manage the business and what profits may be expected.

## ***Compiling my business plan***

The business plan is a necessary document for summarizing the entrepreneur's business aspirations, securing legal authorization and mobilizing the resources to launch the business.

It is required in order to:

- Obtain permission from the local authority or the Chamber of Commerce to set up the business
- Convince funding institutions to provide finance
- Rent a space for business premises
- Convince business partners to supply materials or services, etc.

A business plan should consist of the following components:

- title page (name proposed for the business, entrepreneur's name, contact address and other coordinates)
- summary of business objectives

- table of contents
- structure of the proposed business
- intended product or service that is to be sold
- marketing plan (based on a market survey)
- financial plan
- anticipated returns
- Other supporting documents, such as letters of recommendation, certificates of education and training, community service documents, etc.

### **Information and Communication Technology**

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

This topic introduces ICT in a progressive fashion, starting with the established technologies and leading to contemporary ones.

## ***Contacting my clients and partners with ICT***

ICT will enable the entrepreneur to enhance efficiency in the business by:

- facilitating communication
- storing information
- tracking inventories of stock
- Providing a medium for advertising, etc.

Examples of commonly-used ICTs are given below:

### ***Telephone***

A telephone or 'phone' is used for communicating verbally with clients and business partners. Phones that are fixed in one place are called land lines or fixed lines. Phones that you can carry with you are called mobile or cell phones.

### ***Fax machine***

This is short for 'facsimile machine'. This is a machine that allows you to transfer a copy of a document through the telephone line. Both the person sending the fax and the person receiving it need to have a fax machine. Sending a written message by fax is a good way to make sure that it is received as quickly as possible.

If you are dealing with people far away, a fax can also be a less expensive means of communicating. A message sent by fax can confirm in writing anything that has been previously agreed verbally.

Most new fax machines also include a phone.

### ***Radio***

Radio is a very effective way to advertise a business. It is relatively inexpensive and can reach a large audience.

Some communities have a local radio service. The entrepreneur may use this service to advertise products or services by being interviewed on a radio programme.

The positive contribution of your business to the community can also be publicized via the local radio.

### **Television**

A business may use the medium of television for advertising. However, it is an expensive form of advertising.

### **The computer**

The computer can be used for:

- word processing (writing letters or receipts)

- storing information (financial data, customers' addresses, etc.)
- keeping track of inventories
- reminder messages about product or service delivery dates
- generating advertising leaflets and posters
- generating financial statements, etc.

## ***The Internet and e-business***

### **The Internet**

The Internet links computer networks together. To connect to the Internet, you must have access to the following:

- a computer with a modem connected to a phone line or subscribed to an internet provider
- Software that enables you to connect to the Internet (this is normally called a browser and you have browsers that are commonly used like internet explorer, Mozilla fire fox, opera, Google chrome etc.
- An Internet service provider account. There are so many internet account providers such as yahoo mail service, Gmail service, hop mail service,

rocket mail service etc. the most commonly used type of E-mail account is the Yahoo mail service.

These are basically free accounts type and for you to have a professional e-mail account you with your business domain need to pay for the service for example [yourname@yourbusinessname.com](mailto:yourname@yourbusinessname.com)

The Internet can be used by a business in two ways:

- sending electronic mail ('e-mail')
- Accessing the World Wide Web.

The Internet is usually available 24 hours a day. This means that communicating across different time zones is easy.

**E-mail** enables you to send and receive messages, pictures and sound on your computer. E-mail messages are sent and received almost instantaneously. This is an inexpensive way to contact people far away as sending a message may cost about the same as a local telephone call.

**The World Wide Web** is a part of the Internet that carries millions of pages of information, in sections called **websites (sometimes called a homepage)**. Each website carries information about a specific theme and may be updated regularly by its host or webmaster.

A business may obtain helpful information by scanning or 'surfing' websites. Some websites, known as **search engines**, can help you to identify other websites and/or information of interest. A business can launch its own website to advertise its products or services. Advertising via the World Wide Web ensures that the business can be publicized throughout the world. In this way even a small business can advertise its products worldwide and attract clients who would not otherwise know about them.

## **E-business**

E-business or e-commerce refers to the process of buying and/or selling by using the Internet to locate the desired product or service, and to discuss payment. One of the advantages of e-business is that geographical distance does not present a problem for conducting transactions.

The client may visit the website launched by a certain business and find a product or service that he or she needs. The client then communicates by e-mail with that business to order the product or service and to indicate

the method of payment. A small business may find it extremely cost-effective to advertise via the World Wide Web, as launching a website is a relatively inexpensive process.

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

However, there several business software and websites that are widely unknown to people that makes it possible for you to market and conact your clienst for almost free and an entrepreneur should know about all these websites :

These include:

1. Blogs and social networking websites like

- Face book
- Linked-in
- Tagged

2. Soft wares that are commonly used with the help of the internet

- Yahoo messenger
- Skype

# YOUTH SOCIAL ENTREPRENEURSHIP PROGRAM



Youth Social Entrepreneurship Program (YSEP) is a Micro Enterprise Program (MEPP) that offer enterprise education through training, publishing and business support, as well as mobilizes financial, material & human resources to invest in creative business ideas selected from local industries in Cameroon, with potentials for success growth and high income for investment.

The program is designed alongside the Information Technology and Computer Engineering Program (ITCEP) to nurse and develop new enterprise initiatives through the frame work of its 4 components which are:

1. **Business Toolkits Publications** which are printed books for enterprise education that deals with the various disciplines in business. These books will raise funds for investing in youth businesses
2. **E-VISION 20/20 TV Show**, This is a forum where youths businesses shall be selected and presented over the media for public appraisals and also the channel through which the program shall be well marketed
3. **Strategic Investment for Youth Enterprise Development (TRAINYED) Fund**: *this is the framework through which money will be raised from the above mentioned projects and all sorts of forum to invest in youths selected projects for financing youths businesses selected after appropriate training*
4. **Entrepreneurship Business Senior Executive Magazine**: *this a medium that successful entrepreneurs, local business partners and engages role models such as CEOs, Managers and Managing Directors to give informal advise and coaching to emerging entrepreneurs who are just making their ways in to the business world*

## IMPLEMENTING ORGANIZATION

PARTNER ORGANIZATION



PROGRAM SPONSORS

