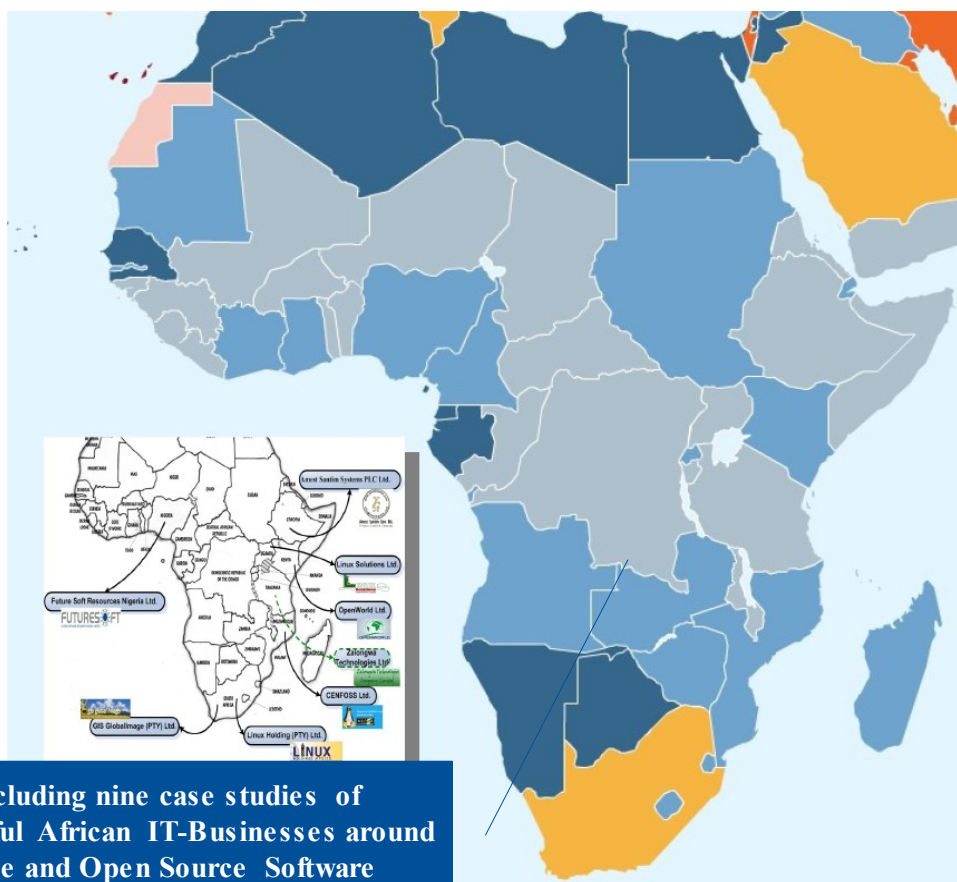


Creating Business and Learning Opportunities with Free and Open Source Software in Africa

## ict@innovation: Free your IT-Business in Africa!

### Module 4: INTRODUCTION TO GENERAL BUSINESS SKILLS

### Advanced Training Material on African Free and Open Source Software (FOSS) Business Models for IT-SMEs



<http://www.ict-innovation.fossfa.net>

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## About the material "ict@innovation: Free your IT-Business in Africa!"

"Free your IT-Business in Africa! - Advanced Training Material on African Free and Open Source Software (FOSS) Business Models for IT-SMEs" supports the building of knowledge and capacities in African small and medium ICT enterprises to make a business with Free and Open Source Software (FOSS). It aims to contribute to the growth of African ICT industries through spreading FOSS business models for enterprises in Africa.

Eight indepth case studies of African IT-businesses and organizations who successfully make a business around FOSS give concrete avenues for FOSS business models that work in Africa and are condensed in an African taxonomy of FOSS Business Models. The material has been collaboratively developed by FOSS experts from Africa and Europe for use as training material for experts and executive staff from IT businesses in Africa, ICT-associations, their member organisations, ICT-training institutions as well as universities and their trainers.

The Advanced African FOSS Business Models syllabus consists of 6 modules, spread along three thematic parts. The first part - *African FOSS Business Models* - introduces basic FOSS concepts and provides practical case studies across the African continent. Two modules are covered in this part of the syllabus; (i) Module 1: Introduction to Emerging FOSS Business Models and (ii) Module 2: African Business Models: Case Studies – including an African taxonomy of business models such as Software Selection, Software Installation, FOSS Training, Maintenance and Support, Software / Systems Migration, Consultancy, Software Localization and Internalization, FOSS Customization as well as Technical / Legal Certification.

The second part - *Knowledge and Skills for FOSS Entrepreneurs* - brings into focus FOSS communication and business skills which are deemed vital for businesses and may contribute immensely in help young entrepreneurs leverage FOSS to gain a competitive advantage. Innovative and cost effective tools and techniques, community building and networking, and FOSS strategies which are vital for starting and sustaining a viable FOSS business in Africa are also covered in this part of the syllabus. Three modules are covered in part two; (i) Module 3: Communicating FOSS, (ii) Module 4: Introduction to General Business Skills, and (iii) Module 5: FOSS Specific Business Knowledge and Skills.

Part three of the training material - FOSS Training as a Business – consists of one module which aims to foster understanding of some of the requirements for becoming an FOSS trainer, and identifying the opportunities that exist for FOSS training as a business in African as well as a global look at Linux training worldwide. For more information on the material, see <http://www.ict-innovation.fossfa.net>.

[ict@innovation: Free your IT-Business in Africa! Advanced Training Material on African Free and Open Source Software (FOSS) Business Models for IT-SMEs] Created during the initiative "ict@innovation - Creating Business and Learning Opportunities with Free and Open Source Software in Africa", a programme of FOSSFA and InWEnt – Capacity Building International, Germany. For more information see [www.ict-innovation.fossfa.net](http://www.ict-innovation.fossfa.net) / Provided under a Creative Commons Attribution-Share Alike 3.0 Germany License. Copyright: FOSSFA & InWEnt

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# MODULE 4

## INTRODUCTION TO GENERAL BUSINESS SKILLS

**Created by:** Content Creation Community

**for** ict@innovation, FOSSFA/InWEnt

**Version / Date :** ICT\_INNO\_17 / May, 2010



Federal Ministry  
for Economic Cooperation  
and Development



The Free Software and Open Source  
Foundation for Africa



Capacity Building International  
Germany

## Introduction

In a fast changing business environment, many business managers often seek to have a more "generalist" knowledge of business and business principles. This module aims to introducing some general business skills which learners can use to help them establish solid business foundations and understand the various leadership styles they may cultivate to ensure a cooperative structure within their business entities. The module also highlights organizational structuring and concludes with the significance of tenders, contracts and procurement. Components of business management skills, *financing ICT/FOSS-SMEs*, business skills and service provision, writing a FOSS business plan, and FOSS proposal contracts are the major modules covered in this module.

The module builds on already established FOSS concepts covered in Module 1. It makes use of the relevant FOSS business experiences covered in the case studies in Module 2, and the communicating FOSS skills and knowledge developed in Module 3. Equipped with introductory business skills in these modules, participants will then be able to have specific FOSS business skills (in Module 5) which may be appropriate for establishing FOSS business in their specific countries or regions.

## Learning Objectives

1. To understand how to establish a solid business foundation.
2. To know the various leadership styles of an effective businesses.
3. To develop knowledge in key areas such as management, sales, and accounting.
4. To understand the significance of tenders, contracts and procurement.

## Sessions and Timetable

The entire content in this module is estimated to be delivered in 1 day, with some variations within the modules. For instructional purpose, the content of this module can be delivered as proposed in the summarized table below.

Time <sup>1</sup>	Session
9:00 – 10:30	<ul style="list-style-type: none"> <li>• Starting a business</li> </ul>
10:30 - 10:45	Coffee Break
10:45 - 12:15	<ul style="list-style-type: none"> <li>• Business Plan</li> </ul>
12:15- 13:30	Lunch
13:30 - 15:00	<ul style="list-style-type: none"> <li>• SWOT Analysis</li> <li>• Market</li> </ul>
15:00 - 15:15	Coffee Break
15:15 - 17:00	<ul style="list-style-type: none"> <li>• Leadership</li> <li>• Organizational Structuring</li> </ul>
<b>Next day</b>	
9:00 – 10:30	<ul style="list-style-type: none"> <li>• FLOSS Proposals Contracts</li> <li>• Corporate Profile</li> <li>• End of Module Evaluation</li> </ul>
10:30 - 10:45	Coffee Break
10:45 - 12:15	<ul style="list-style-type: none"> <li>• <b>Start Module 5, where appropriate</b></li> </ul>

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**1 Note: Depending on the speed of delivery and response from participants, delivery of the content of this module may extend into the next day. In that case, the lecturer/presenter may deliver this module in conjunction with Module 5.**

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## Module 4.1 Starting a Business

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### Duration:

1:00hrs

### Delivery method:

For instructional purpose, it is advised that trainers/lectures use lectures and group and individual exercises as a major means of delivering this module.

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### Introduction

Business is both context and product specific. While one kind of business may work in one region or country, the same business may not prosper in another region. The type of product defining ones business also plays an important part in determining whether the business will succeed or not. Thus, when starting a new business, there are many factors to consider, important decisions to be made, rules and procedures to be followed. In simple terms, there is no golden rule one can follow when starting a business. However, this module addresses some new business requirements by identifying some business opportunities one can explore, it discusses how one can set up a business, develop a plan and some business strategies that one can adopt to help set up a FOSS-based business in the African context. The module draws on experiences and practical issues discussed in some of the case studies in Module 2.

#### 4.1.1 Identifying Business Opportunities

Most successful businesses start with a good idea. This idea may be your own or may be drawn from any one of a number of available resources, including the following:

- Business contacts and acquaintances. These are people you are known to either by virtue of your current professional activities or through informal interactions.
- Business magazines and newspapers: these often contain business success stories, how-to information for would-be small business owners, and lists of start-up opportunities.
- Special interest publications: sector-related publications keep entrepreneurs informed of developments in their area of interest.
- Trade shows. During such events, there are exhibitors from all walks of life and one could chance upon a brilliant idea by simply interacting with them.
- Radio, television and the Internet. *With the wealth of information at our finger tips through the various media at our disposal, it is now possible to tap ideas from across the globe without ever setting foot outside your country.*
- Import goods list: Reviewing a list of the goods imported into an area might provide clues on a wide variety of business opportunities in import replacement and supplier development. If products are not manufactured locally, find out why not.
- Trend Analysis: Watch for trends in population, consumer or corporate buying behavior, government legislation, and other trends related to your business sector.
- Existing inventions and innovations: Inquire at universities, trade schools and other research centers for opportunities to acquire technologies already developed.
- Government departments, agencies and programs: governments departments and agencies are often committed to increasing the volume of federal government purchasing in their area of operation.

- Departments and agencies offer studies and reports on business trends and opportunities. Boards of Trade and Chambers of Commerce also compile a number of business and investment opportunities.
- Internet and personal blogs where you can search and read about what businesses others are doing, considering or commenting on other FOSS businesses in your region.

## 4.1.2 Components of Business Management Skills

The following resources have been identified as essential components for building an effective business.

**Finance and Accounting:** The lifeblood of a business is money and a concrete understanding how the finances keep a business afloat is critical to the success of a business. Another concept which is closely associated with finance and accounting is bookkeeping.

Bookkeeping is the recording of financial transactions. Transactions include sales, purchases, income, and payments by an individual or organization. Bookkeeping is usually performed by a bookkeeper. Bookkeeping should not be confused with accounting.

Accountancy or accounting can be simply defined as the systematic recording, verifying, and reporting of your company's assets, income, expenses, etc. Accounting has been defined by the *American Institute of Certified Public Accountants (AICPA)* as "The art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of financial character, and interpreting the results thereof."

The role and responsibility of book-keepers are appropriately summarized by Biswaroop Todi (2007) thus;

- Keep complete, up-to-date, and accurate records of accounts and financial arrangements.
- Bookkeepers verify and enter information into journals and ledgers or into a computer.
- They periodically balance the books and compile reports and financial statements.
- They also receive, record, bank and pay out cash.
- They balance checkbooks with monthly bank statements.
- They may calculate employee wages from plant records or time cards and issue payroll checks.
- Posting accounts receivable and payable, prepare and make bank deposits, record payrolls, maintain inventory records, purchase supplies, prepare purchase orders and do expense reports.
- Bookkeepers may also make schedules, sort documents, and file bills.

## Role and responsibility of accountants and controller

The role and responsibilities of accountants may vary from one company to another. However, there are some standard practices which must be adopted. For instance, your company accountant will evaluate your business records drawn up by the bookkeeper. Accountants must also be able to draw up a set of financial records and prescribe the system of accounts that will most easily give the desired information (M. Chatfield; 1977 and A. J. Briloff; 1972).

They must be capable of arriving at a comprehensive view of the economic and the legal aspects of a business, envisaging the effect of every sort of transaction on the profit-and-loss statement.

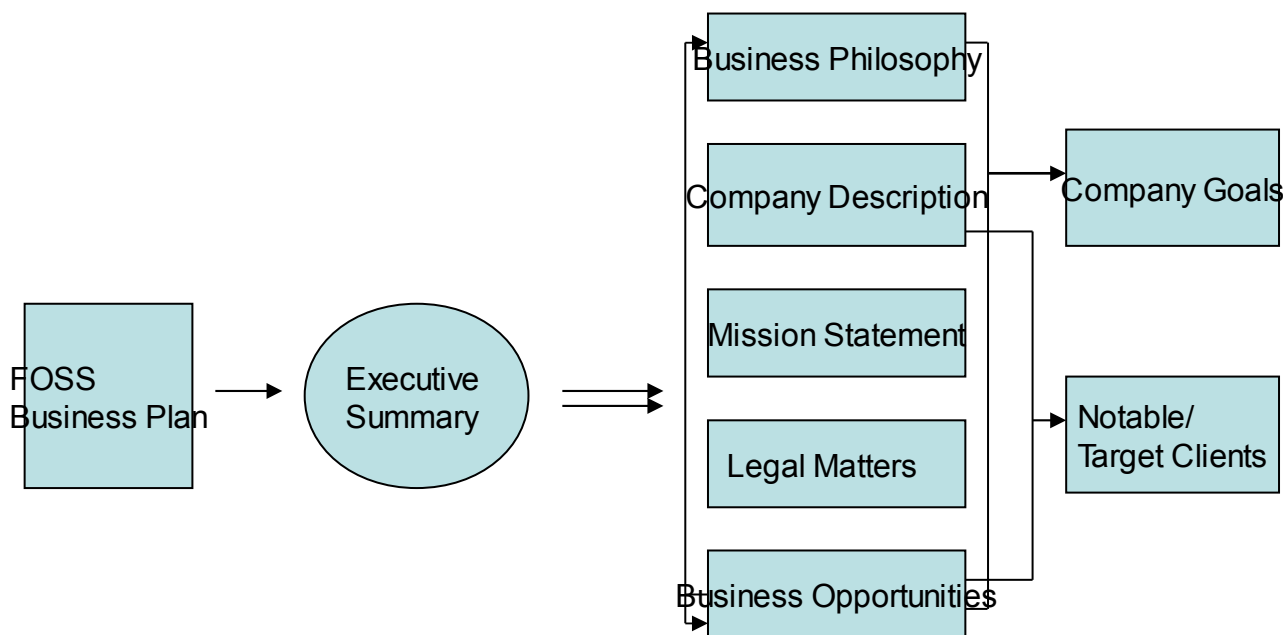
They must recognize and classify all other factors that enter into the determination of the true condition of the business (e.g., statistics relating to production; properties and financial records representing investments, expenditures, receipts, fiscal changes, and present standing). In addition, it is important that the accountant possesses the following skills and is able to carry out the following;

- knowledge and skills necessary for the implementation of sound accounting and financial protocols and procedures
- know and carry out basic bookkeeping and accounting terminology, such as financial statements, positive cash flow, bridge financing, liquidity, etc
- be able to assess project performance based on financial evaluations ie: general valuation concepts, project viability evaluations
- carry out cost accounting principles and local pricing strategy
- manage accounts receivables
- Again the topic and content under it does do justice to components of business skills

## 4.1.3 Business Plan

**Definition:** A business plan is a generic model suitable for all types of businesses.

However, you should modify it to suit your particular circumstances. In this case it should accommodate your plan of action; which should aim at sustainability and strategic actions detailing how you should generate revenue from FOSS. Paul Young (2008) listed components which you may consider incorporating into your business plan. The components of a business plan are schematically illustrated in the figure below:



### 4.1.3.1 Components of a business plan

As shown in the figure above, Young (2008) described a business plan as consisting of an executive summary, general company description, mission statement, company goals and objectives, the legal form of ownership of your company, and describing the business opportunities which may exist for your company. In addition to these, you may also want to state or list some of your notable or target clients and consider them as part of your business plan. Young's categorization of the components of a business plan are discussed below:

- **Executive Summary:**  
Write this section last and make it two pages or fewer. Include everything that you would cover in a five-minute interview. Explain the fundamentals of the proposed business: What will your business be? Who will your customers be? Who are the owners? What do you

think the future holds for your business and your industry? Make it enthusiastic, professional, complete, and concise. If applying for a loan, state clearly how much you want, precisely how you are going to use it, and how the money will make your business more profitable, thereby ensuring repayment. The table below shows examples of executive summaries from some companies

- General Company Description:

What business will you be in? The work you are planning to do is not necessarily the business you are in. As an example, if you are planning to setup a hotel, you are actually going into the business of Hospitality i.e. looking after people. That is the actual business and once you understand that, then all your efforts will be on making sure that the hotel 'looks after people' very well.

- Mission Statement:

**Definition:** A mission statement is a brief description of a company's fundamental purpose. A mission statement answers the question, "Why do we exist?" Many companies have a brief mission statement, usually in 30 words or fewer, explaining their reason for being and their guiding principles.

- Company Goals and Objectives:

Goals are destinations—where you want your business to be. Objectives are progress markers along the way to goal achievement. For example, a goal might be to have a healthy, successful company that is a leader in customer service and that has a loyal customer following. Objectives might be an annual growth in your customer base and some specific measures of customer satisfaction.

- Business Philosophy:

Defining this helps you know what is important to you in business, to whom will you market your products, a brief description of your industry etc. However most of the information here is found in detail in the strategic plan, marketing plan and other sections of the business plan.

- Legal form of ownership:

Determine what form you want your business to take, that is

- Sole proprietorship: is a type of business entity which legally has no separate existence from its owner.
- Partnership: is a type of business entity in which partners (owners) share with each other the profits or losses of the business undertaking in which all have invested.
- Limited Company: is a corporation whose liability is limited by shares (Ltd), which is the most common form of privately held companies.

- Describing the opportunity:

Describe the gap that exists in the market. What has given rise to this gap and how can it be filled? One way of finding out what the market or your customers need is to use surveys, as demonstrated by the Linux Holding (Pty) Ltd. Case study in Module 2.4.

- **Describing the industry and the market:**

A deeper understanding of an opportunity involves systematic research. Paul Young (2008) argued that "It is very dangerous to assume that you already know about your intended local market". Thus, a form of SWOT analysis (Section 4.1.6) or market research must be undertaken to make sure you're on track; you know what the business climate is in your region, who your potential customers (e.g. government, private sectors, etc) and competitors are. Use the business planning process as your opportunity to uncover data and ensure that there is a realistic gap in the market for your product or service and that you can be competitive in providing that product or service. "Your time will be well spent" (Young, 2008).

- **Market research / competitive analysis:**

There are two types of market research. Namely, primary research and secondary research.

Primary research involves gathering new information, that are directly from the potential customer. It means collecting new relevant information by interviews or surveys. By this you can learn about the preferences and tendencies of consumers.

As you have to address many people for a professional market research, this type can be very expensive. Therefore you should seek advice from examples and market research success stories in publications.

Secondary research means desk research and involves compiling already existing information, e.g. information and research results in newspapers, magazines, statistical data or demographic profiles from government agencies.

If you want to analyze the market, you have to show sources, statistics, and numbers as exactly as possible. Efficiency of market analysis plays a major role, because it will result into a marketing plan and later into the all-important sales projection.

- **Industry Analysis and Analysis of barriers to entry:**

Young (2008) also listed barriers you may face when entering to a new and emerging market, especially FOSS markets. Some of these barriers may be relevant to your market or region while others may not:

- 1.High capital costs
- 2.High production costs
- 3.High marketing costs
- 4.Consumer acceptance and brand recognition
- 5.Training and skills
- 6.Unique technology and patents
- 7.Tariff barriers and quotas

- **Analysis of buyer power:**

Young (2008) posits that an important factor of your business is whether you customers have the buying power of/over the products you are offering. You must look at your market and ask your self; Do my potential customers have significant choice when buying my product or service? Are there substitute offerings for the product or service that I have? What is the likelihood that customers will switch to the substitute? What products and companies will compete with you?

- **List your major competitors:**

Will they compete with you across the board, or just for certain products, certain customers, or in certain locations? How will your products or services compare with the competition?

## 4.1.4 What is a Product

In their “Marketing Tutorials”, KnowThis. Com argued that, the term “product” is often used as a catch-all word to identify solutions a marketer provides to its target market. In essence, a product can be categorized as goods, services, or even an idea. You may find some of the definition of a product may extend beyond your FOSS business: :

- Goods – Something is considered a good if it is a tangible item. That is, it is something that is felt, tasted, heard, smelled or seen. Is your FOSS business offering tangible goods? Are you using non-tangible (software) as an 'enhancer' to the tangible goods in your business? For example, you can install Ubuntu as a dual boot in all the PCs or Laptops you are selling
- Services – according to KnowThis.com, something is considered a service if it is an offering a customer obtains through the work or labor of someone else. Services can result in the creation of tangible goods (e.g., a publisher of business magazines hires a freelance writer to write an article) but the main solution being purchased is the service. Unlike goods, services are not stored, they are only available at the time of use (e.g., hair salon) and the consistency of the benefit offered can vary from one purchaser to another (e.g., not exactly the same hair styling each time).
- Ideas – Something falls into the category of an idea if the marketer attempts to convince the customer to alter their behavior or their perception in some way (see FOSS advocacy in Module 3.1). Marketing ideas is often a solution put forth by non-profit groups or governments in order to get targeted groups to avoid or change certain behavior. This is seen with public service announcements directed toward such activity as youth smoking, automobile safety, and illegal drug use.

While in some cases a marketer offers solutions that provide both tangible and intangible attributes, for most organizations their primary offering -- the thing that is the main focus of the marketing effort -- is concentrated in one area. So while a manufacturer may offer intangible services or a service firm provides certain tangible equipment, these are often used as add-ons that augment the organization's main product.

## 4.1.5 Business Financing

Capital requirements are all the assets needed to begin a business. An astute entrepreneur is able to identify what those assets are and how to pay for them.

Forms of Capital;

- Debt Financing - Through banks, micro finance institutions, leasing or trade credit.
- Equity Financing - Through lenders, personal funds, family and friends or Partners

These two forms of financing are the most readily available capital financing modes in Africa. Ranging from private money lenders to the mushrooming micro finance institutions, there is now a big source of financing for small business people with big plans. The need for extra income has also spurred many gainfully employed people to invest in other people's business ideas as a way of earning a side income and this helps then ends up either as equity financing or debt financing.

The challenge with financing in Africa lies in:

- 1.The demand for security tends to be outrageous. Some banks require security in form of land titles or buildings owned before they can extend a grant of as low as US\$ 2000. This makes it hard for the small businesses to raise cheap money to do business because when you look at the rates of the bank Vs those of the money lenders, the difference is more than 5 times. The only advantage of the money lender is that they do not usually have very stringent terms before lending you.

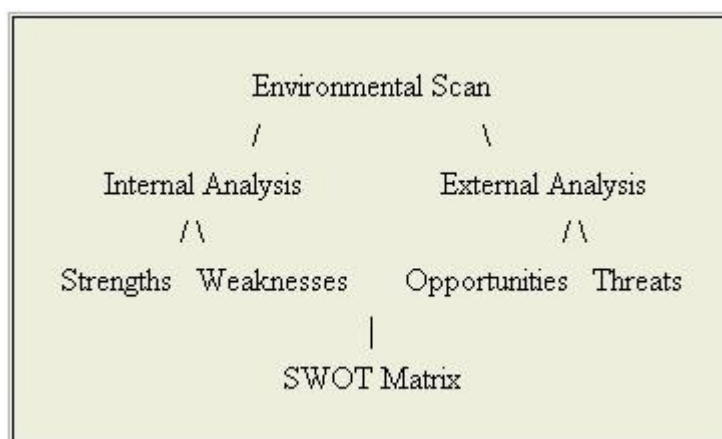
2.The lack of documentation makes it hard for one to get credit from the formal sector. A bank for example may require that you have certain documentation before it can lend you money.

## 4.1.6 SWOT Analysis

When you setup a business plan, often this plan does not operate in a vacuum. There are other external/internal factors which may impact your business. The key elements you identified as part of your business' s internal resources and key capabilities or issues must be matched or assessed against the external environment in which you business operates. The technique which helps you in this endeavour is a process called SWOT analysis. SWOT which stands for Strength, Weakness, opportunities and threats is, according to David and Robert (1998) the most familiar of all [business] performance assessment techniques. A scan of the internal and external environment is an important part of the strategic planning process.

**Definition:** Environmental factors internal to the firm usually can be classified as strengths (S) or weaknesses (W), and those external to the firm can be classified as opportunities (O) or threats (T). Such an analysis of the strategic environment is referred to as a SWOT analysis.

The online QuickMBA.com course on “Strategic Management” provides a SWOT analysis framework, shown below, and discusses what you may consider for your business in of the elements in the framework:



*Figure 1: compare with s.91, Kahraman, Gengiz: Fuzzy Multi-Criteria Decision-Making, Theory and Application, NY 2008.*

### Strengths

A firm's strengths are its resources and capabilities that can be used as a basis for developing a competitive advantage. Examples of such strengths include:

- strong brand names
- good reputation among customers
- cost advantages from proprietary know-how
- exclusive access to high grade natural resources
- favorable access to distribution networks

### Weaknesses

The absence of certain strengths may be viewed as a weakness. For example, each of the following may be considered weaknesses:

- lack of patent protection
- a weak brand name
- poor reputation among customers

- high cost structure
- lack of access to the best natural resources
- lack of access to key distribution channels

In some cases, a weakness may be the flip side of strength. Take the case in which a firm has a large amount of manufacturing capacity. While this capacity may be considered a strength that competitors do not share, it also may be considered a weakness if the large investment in manufacturing capacity prevents the firm from reacting quickly to changes in the strategic environment.

## Opportunities

The external environmental analysis may reveal certain new opportunities for profit and growth. Some examples of such opportunities include:

- an unfulfilled customer need
- arrival of new technologies
- loosening of regulations
- removal of international trade barriers

## Threats

Changes in the external environmental also may present threats to the firm. Some examples of such threats include:

- shifts in consumer tastes away from the firm's products
- emergence of substitute products
- new regulations
- increased trade barriers

## The SWOT Matrix

According to QuickMBA.com, a firm should not necessarily pursue the more lucrative opportunities. Rather, it may have a better chance at developing a competitive advantage by identifying a fit between the firm's strengths and upcoming opportunities. In some cases, the firm can overcome a weakness in order to prepare itself to pursue a compelling opportunity.

To develop strategies that take into account the SWOT profile, a matrix of these factors can be constructed.

- **S-O** strategies pursue opportunities that are a good fit to the company's strengths.
- **W-O** strategies overcome weaknesses to pursue opportunities.
- **S-T** strategies identify ways that the firm can use its strengths to reduce its vulnerability to external threats.
- **W-T** strategies establish a defensive plan to prevent the firm's weaknesses from making it highly susceptible to external threats.

State your competitive advantages and disadvantages with respect to the following:

- Change in technology
- Change in government regulations
- Change in the economy
- Change in your industry

## 4.1.7 Sales and Marketing

The sales and marketing divisions of a business have a very important role in securing cash through sales to keep the business vibrant.

- Role and responsibility of sales and marketing personnel
- Sales strategy and targets
- Role of sales personnel



- Market research of FOSS business potential, competition and self-assessment
- Distribution Channels
- Development of a “Preliminary” Marketing Mix

## 4.1.8 Operations Management

The operation of a company is the glue that pulls all the company divisions together for a common purpose.

- Role and responsibility of Operations
- Setting targets and building capacity
- Setting personnel and sales call scheduling
- Manage Inventory controls
- Compliance to ISO or other standards
- Compliance to privacy and other regulatory controls

## 4.1.9 Human Capital

The HR or personnel department is essential in building the necessary talent pool to perform all the functions of the business.

- Role and responsibility of HR professionals
- Recruitment strategy of suitable candidates
- Hiring and firing methodologies
- Specifications of job descriptions and salary levels
- Compliance rules for Labour Law, Fair Recruitment & Selection process
- Personnel professional development
- Personnel performance appraisal and organisational effectiveness mapped to business goals and strategy

## Module 4.1: ASSESSMENT

• **Assignment 1:** List and describe resources (business magazines, ministries, trade shows, Association etc.) in your country which are vital for establishing FOSS business in your country.

1. **Assignment 2:** Using your knowledge in Module 4.1.2 identify and list accounting procedures in 3 companies you may know in your country.

2. **Assignment 3:** Identify and describe the FOSS opportunities which exist in the market in your country.

3. **Assignment 4:** Using the table below, describe the support structures in place in your country which support or finance ICT or any kind of enterprenural<sup>2</sup> initiative.

Country	Support structures for finance	Example/Case
eg. Republic of Gambia	Commercial bank, Chamber of commerce, 'Asusu' <sup>3</sup>	Kumba enterprise obtained a loan of 2000\$ to start Linux training in the Gambia
.....	.....	.....
.....	.....	.....
.....	.....	.....

• **Exercise 1:** Using your knowledge in Module 4.1.3 and the case studies in **Modules 2.1 -2.7**, complete the table below by ticking where you think the complete information is complete.

Business Plan Score Sheet for Case Studies					
Company	Executive Summary	Company Description	Mission Statement	Company goals & objectives	FOSS market opportunities
OpenWorld					
GIS Globallmage					
FutureSoft Resources					
Linux Holding					
Linux Solution					
Amest Santim					
CenFOSS					

1. **Exercise 2:** List and identify 5 FOSS services and 5 FOSS products commonly used in your country or region

2. **Exercise 3:** Based on your knowledge of SWOT analysis in Module 4.1.7 develop a matrix for a FOSS company you may know in your country.

(a) **Exercise 4:** Develop sales and marketing plan for a particular FOSS solution (database system, CMS, etc) using your local market as the target for business.

(b) **Discussion:** Possible means of overcoming the barriers to entry to market listed in Module 4.1.3?

2 Find some reference for "Technology Incubators" here: <http://www.infodev.org/>

3 *Asusu* is a 'Fula' word describing a local form of banking where a group of closely knit friends contribute a fix amount every month and give it to a member of the group to start a business.

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## Module 4.2 Defining Target Market

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### Duration:

0:45hrs

### Delivery method:

For instructional purpose, it is advised that trainers/lectures use lectures and group and individual exercises as a major means of delivering this module.

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### Introduction

The current market downturn demonstrates that one of the most fluid aspects of the world's economy and indeed the economies of individual nations is the market. Defining a target market is like defining a moving target. As Module 4.1 established some basic foundations necessary to start a business, this module builds on those concepts to list some steps, based on expert experience, to help new businesses define a niche for their markets and products.

#### 4.2.1 Five Steps to Defining Your Target Market

Is your target market "anyone who will pay you for your product or services?" or are you focusing your efforts on a tightly defined market niche with an identified need for your business' offerings? If it's the former, you will do well to define your target market.

- Briefly state your target market and the needs you will be fulfilling: Ask yourself why you choose this particular business, which your products/services are meant for, who you want to do business with, and what is unique about your product. Let's say you are planning to sell products used in automotive detailing. You decide that vehicle owners are your broad target market. Your business will help them keep their vehicles clean and shiny.
- Next, break this large market down into smaller sections (segmentation): There are people who restore classic automobiles. There are people who drive an old clunker and run it through the car wash occasionally. There are people who own "status" automobiles. There are truck owners, motorcycle owners. Your job is to consider various subgroups and decide upon your niche market. Remember, there are auto owners who don't care about keeping the vehicle clean and shiny. Then there are those who care, but lack the time and the interest to do the work themselves. They take their vehicle to a shop. Others only worry about auto detailing when it is time for a trade in. You reject these segments as unsuitable for your niche market. After consideration, you decide that your market segment will be automobile owners who have both the time and the interest to do their own detailing work -- people who enjoy putting with their vehicles, who have the time to spend, and who take pride in their vehicle's appearance. Do you think that there are enough potential customers in that group to support your business? Are you supplying a service that is not readily available to them from other sources? If yes, move to step three.
- Develop your customer profile: Describe your potential customers as fully as you can. What do you know about them? Where are they situated geographically? What do they spend on car detailing? What are they likely to spend? Where do they shop? What is their annual income? What languages do they speak? What kind of automobiles do they drive? If you are selling online, what methods do they prefer for online payment? What type of web sites do they visit? How do they want their product delivered? Identify your customer profile before you do your market planning.

- Now that you have fully identified your target market, do your research to verify that there will be enough business in this group to support your company in its growth. This is where you verify that the need actually exists, and was not "wishful thinking" on your part. Use both primary and secondary sources in your research. You might consult business directories, obtain statistics regarding automobile owners and their car care practices, locate newspaper articles and magazine stories written on the subject, or conduct your own research using market research techniques such as surveys, focus groups, online searches, etc.
- Lastly, do research to determine the market size and your potential market share. In other words, use primary and secondary sources to find out how many potential customers there are in the geographic area you have defined, and how many businesses are directly or indirectly competing with you. Your market share will be the number of customers that are likely to buy from you rather than your competition.

Having defined your target market as described by (Campbell, 2000), you are now better positioned to develop a marketing plan that will reach your potential customers and perhaps your sales will start to rocket immediately.

## Module 4.2: ASSIGNMENT

**1. Assignment:** Write an essay of 200-350 words describing the status of the FOSS market in your country.

## Module 4.3 Leadership

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### Duration:

0:45hrs

### Delivery method:

For instructional purpose, it is advised that trainers/lectures use lectures and group and individual exercises as a major means of delivering this module.

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## Introduction

### Definition

Leadership is the ability to lead a group of followers effectively, make them and the organization successful, and still maintain valid principles and ideals.

Leadership plays a vital role in business. The character and approach of people holding responsibility in any business can make an immense impact on the success of the business. A lot of discussions on effective leadership in business is the subject of many business analysts (Adair (1988), Kotte (1991), Authenticity Consulting). In this module we'll reflect on what leadership is all about and how good leadership is vital for the success of any FOSS business.

Leaders must have followers to be successful, and they must know how to treat the followers to ensure their success. They should have values that are consistent with high moral and ethical standards, and they should know how to motivate others effectively.

In a leadership without management situation, the leader or manager sets the direction or vision that the company or other employees should follow, without considering too much how the new direction is going to be achieved. Other people then have to work hard in the trail that is left behind, picking up the pieces and making it work. In a management without leadership situation, on the other hand, the leader controls resources to maintain the *status quo* or ensure things happen according to already-established plans. For example, a referee manages a sports game, but does not usually provide "leadership" because there is no new change, no new direction - the referee is controlling resources to ensure that the laws of the game are followed and *status quo* is maintained. In an ideal company situation a good managing director or CEO will combine leadership with management. However, the company's organizational structures can be setup in such a way that the manager can dedicate duties and responsibilities to various individuals in the company.

### 4.3.1 Leadership and management:

All businesses require professional leadership setting the vision and targets of the business. The personality style of the company management directly impacts the bottom line of all businesses.

Key components include:

- Setting and managing specific and measurable business and personal goals
- Consultative process of creating the business and marketing plans
- Employ time management systems
- Prioritizing the needs of the company and measure the strategic goals to milestones and targets
- Establishing effective leadership communication style
- Motivating staff for business success

- Setting sales targets and performance benchmarks
- Building effective relationships
- Establish work plan and task delegation
- Create proactive conflict resolution styles and coping mechanisms to deal with difficult employees and customers
- Fostering a productive and positive work environment

### 4.3.2 Types of leadership styles

One dimension of has to do with control and one's perception of how much control one should give to people. The laissez-faire style implies low control, the autocratic style high control and the participative lies somewhere in between.

#### The Laissez-faire Leadership Style

- The style is largely a "hands off" view that tends to minimize the amount of direction and face time required. Works well if you have highly trained and highly motivated direct reports.
- The Autocratic Leadership Style
- The style has its advocates, but it is falling out of favor in many countries. Some people have argued that the style is popular with today's CEO's, who have much in common with feudal lords in Medieval Europe.
- The Participative Leadership Style
- It's hard to order and demand someone to be creative, perform as a team, solve complex problems, improve quality, and provide outstanding customer service. The style presents a happy medium between over controlling (micromanaging) and not being engaged and tends to be seen in organizations that must innovate to prosper.

### Module 4.3: ASSESSMENT

- (a)**Assignment:** Sketch the organizational structure of a known FOSS company in your country. Clearly state the roles (directors, managers, sales, developers, customer relations officer, etc)
- (b)**Discussion 1:** Does a FOSS-based company require a different leadership style than a traditional manufacturing company?
- (c)**Discussion 2:** Using your knowledge of the Linux community structure in Module 1.3.1 is Linus Torvalds' role as a benevolent dictator of he Linux kernel community a suitable role to replicate in a FOSS company in Africa.

## Module 4.4 Organizational Structuring

### Duration:

1:00hrs

### Delivery method:

For instructional purpose, it is advised that trainers/lectures use lectures, role play and group and individual exercises as a major means of delivering this module.

### Introduction

Management sciences and organizational theories websites (e.g. Learn management2.com and Orchart.co.uk) posit that the structure of an organization, business or otherwise, plays a vital role for the success of any business. Organisations are structured in a variety of ways, depending on their objectives and culture. The structure of an organisation will determine the manner in which it operates and its performance. Structure allows the responsibilities for different functions and processes to be clearly allocated to different departments and employees.

The wrong organisation structure will hinder the success of the business. Organisational structures should aim to maximize the efficiency and success of the organisation. An effective organisational structure will facilitate working relationships between various sections of the organisation. It will retain order and command whilst promoting flexibility and creativity.

Internal factors such as size, product and skills of the workforce influence the organizational structure. As a business expands the chain of command will lengthen and the spans of control will widen. The higher the level of skill each employee has the more the business will make use of the matrix structure to maximize these skills across the organization.

**Definition:** The term **Span of Control** is used to describe the number of employees that each manager/supervisor is responsible for. The span of control is said to be wide if a superior is in charge of many employees and narrow if the superior is in charge of a few employees.

### 4.4.1 Types of Organizations

The most common organisation structures as described by learn management2 are:

#### 4.4.1.1 Tall Structure Organisation

As discussed in Learn Management2, a tall organisation has many levels of management and supervision. There is a “long chain of command” running from the top of the organisation down to the bottom of the organisation (eg Chief Executive to shop floor worker). However, tall structures rarely exceed 8 levels of management. This is firstly because the number of layers (i.e. management levels) decreases the span of control. Secondly the disadvantages of the tall structure begin to outweigh the advantages of a tall structure. However, tall organizations have their own advantages and disadvantages, according to Innovative Business Resource (page 4).

Advantages of tall Organizations	Disadvantages of tall Organizations
There is a narrow span of control i.e. each manager has a small number of employees under their control. This means that employees can be closely supervised.	The freedom and responsibility of employees (subordinates) is restricted.
There is a clear management structure.	Decision making could be slowed down as approval

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	may be needed by each of the layers of authority.
The function of each layer will be clear and distinct. There will be clear lines of responsibility and control.	Communication has to take place through many layers of management.
Clear progression and promotion ladder.	High management costs because managers are generally paid more than subordinates. Each layer will tend to pay its managers more money than the layer below it.

## 4.4.1.2 Flat Structure Organisation

In contrast to a tall organisation, a flat organisation will have relatively few layers or just one layer of management (Innovative Business Resource). This means that the “Chain of Command” from top to bottom is short and the “span of control is wide”. Due to the small number of management layers, flat organisations are often small organisations:

Advantages of flat Organisations	Disadvantages of flat Organisations
More/Greater communication between management and workers.	Workers may have more than one manager/boss.
Better team spirit.	May limit/hinder the growth of the organisation.
Less bureaucracy and easier decision making.	Structure limited to small organisations such as partnerships, co-operatives and some private limited companies.
Fewer levels of management which includes benefits such as lower costs as managers are generally paid more than worker.	Function of each department/person could be blurred and merge into the job roles of others.

## 4.4.1.3 Hierarchical Organisation

In a hierarchical organisation employees are ranked at various levels within the organisation, each level is one above the other. At each stage in the chain, one person has a number of workers directly under them, within their span of control. A tall hierarchical organisation has many levels and a flat hierarchical organisation will only have a few.

The chain of command (ie the way authority is organized) is a typical pyramid shape. A traditional hierarchical structure clearly defines each employee’s role within the organisation and defines the nature of their relationship with other employees. Hierarchical organisations are often tall with narrow spans of control, which gets wider as we move down the structure. They are often centralised with the most important decisions being taken by senior management. In the twentieth century as organisations grow bigger, hierarchical organisations were popular because they could ensure command and control of the organisation. However with the advent of globalisation and widespread use of technology, in the 1990’s tall hierarchical organisations began to downsize and reduce their workforce. Technology was able to carry out many of the functions previously carried out by humans.

Advantages of Hierarchical Organisations	Disadvantages of Hierarchical Organisations
Authority and responsibility and clearly defined.	The organisation can be bureaucratic and respond slowly to changing customer needs and the market within which the organisation operates.
Clearly defined promotion path.	Communication across various sections can be poor especially horizontal communication.
There are specialists managers and the hierarchical environment encourages the effective use of specialist managers.	Departments can make decisions which benefit them rather than the business as a whole especially if there is Inter-departmental rivalry.
Employees very loyal to their department within the organisation.	



## 4.4.1.4 Centralised and Decentralised Organisation

Learn management2.com noted that, in a centralised organisation head office (or a few senior managers) will retain the major responsibilities and powers. Conversely decentralised organisations will spread responsibility for specific decisions across various outlets and lower level managers, including branches or units located away from head office/head quarters. An example of a decentralised structure is Tesco the supermarket chain. Each store of Tesco has a store manager who can make certain decisions concerning their store. The store manager is responsible to a regional manager.

Organisations may also decide that a combination of centralisation and decentralisation is more effective. For example functions such as accounting and purchasing may be centralised to save costs. Whilst tasks such as recruitment may be decentralised as units away from head office may have staffing needs specific only to them. Certain organisations implement vertical decentralisation which means that they have handed the power to make certain decisions, down the hierarchy of their organisation. Vertical decentralisation increases the input, people at the bottom of the organisation chart have in decision making.

Horizontal decentralisation spreads responsibility across the organisation. A good example of this is the implementation of new technology across the whole business. This implementation will be the sole responsibility of technology specialists

Advantages of Centralised Structure For Organisations	Advantages of Decentralised Structure For Organisations
Senior managers enjoy greater control over the organisation.	Senior managers have time to concentrate on the most important decisions (as the other decisions can be undertaken by other people down the organisation structure.
The use of standardised procedures can result in cost savings.	Decision making is a form of empowerment. Empowerment can increase motivation and therefore mean that staff output increases.
Decisions can be made to benefit the organisations as a whole. Whereas a decision made by a department manager may benefit their department, but disadvantage other departments.	People lower down the chain have a greater understanding of the environment they work in and the people (customers and colleagues) that they interact with. This knowledge skills and experience may enable them to make more effective decisions than senior managers.
The organisation can benefit from the decision making of experienced senior managers.	Empowerment will enable departments and their employees to respond faster to changes and new challenges. Whereas it may take senior managers longer to appreciate that business needs have changed.
In uncertain times the organisation will need strong leadership and pull in the same direction. It is believed that strong leadership is often best given from above.	Empowerment makes it easier for people to accept and make a success of more responsibility.

## Module 4.4: ASSESSMENT

- (a)**Assignment:** Present and discuss the organizational structure of a know FOSS company in your country
- (b)**Discussion:** From your understanding of the organizational structures described in this module, list and discuss the ones you think are applicable to your company or the African context

## Module 4.5 FOSS Proposals and Contracts

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### Duration:

1:00hrs

### Delivery method:

For instructional purpose, it is advised that trainers/lectures use lectures, role play and group and individual exercises as a major means of delivering this module.

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### Introduction

The terms and conditions of standard Bid Proposals for IT services can be a serious barrier for FOSS business. Most IT bid documents are prepared by the commercial software sales; which provide commercial only software solutions into the bid documents. The procurement departments of large companies and governments do not have the in-house expertise or access to alternative specifications which results in a very queued set of tender documents. Contract bidding on tenders need to be scrutinized as any blatant bias against FOSS specifications. Businesses and managers need to be alert and develop understanding of the processes and procedures (laws, guidelines, obligations, compliance etc.) governing business in their respective countries. Thus, there is an urgent need for FOSS-SMEs to have the knowledge needed to help them understand contract proposals, what elements/clauses/terms of reference are in most proposals which may inhibits FOSS based SMEs for successfully bidding for contracts. Furthermore, as most bid proposals are not aimed at companies offering FOSS products and services, this module leverages knowledge and skills in previous modules (Module 1 and 2, in particular) to help FOSS based SMEs to push forth and negotiated with contractors to consider including clauses and terms in bids which do not discriminate against FOSS products and services.

However, in the African context, most ICT oriented bids come from outside the continent, albeit with a low success rate in winning such contracts. Outsourcing from IT intensive countries provide opportunities to lower cost countries to bid on contracts. In some cases preferred purchasing policies from the EU and elsewhere provide windows of opportunities for developing countries to bid on IT contracts to *help these countries diversify their economic base away from low technology hinterlands*<sup>4</sup>. A wide gulf exists between first world and third world IT services, in fact, most of the IT services offered in the world have their origin in Africa and the bulk are from South Africa.

A concerted effort needs to be made to position local FOSS companies so they can compete for calls for proposals with other companies both within their respective countries and with companies abroad.

The challenge remains for very small companies to provide the proof of talent, management, capital, bid bonds and ability to prepare the bid proposals and the lobby capacity to secure contracts.

### 4.5.1 Knowledge on Proposals Writing

A business proposal in essence is a written document produced for a prospective client who wants to procure services. According to the Wikipedia, proposals can take one of three formats, namely:

- Formally requested proposals - these are written responses to published requirements
- Informally requested proposals - these are the interactions between a client and a service provider
- Unrequested proposals - these are like marketing brochures

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4 A case study with examples of outsourcing can be found in **Module 2.3**

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For the purpose of this subsection, we will consider informally requested proposals in relation to providing FOSS training. You, the prospective service provider should ask as many questions as possible, to ensure that your proposal meets the requirements. Some pointers to keep in mind when drawing up a proposal:

- Study the market for similar services by either visiting websites of competitors and/or requesting them to provide you with information/quotes.
- Ask around and solicit information from friends and colleagues who might have undertaken similar work.
- Ask as many questions as possible from the prospective client as pointed out above; make a list of questions to be answered.
- Circulate a draft of the proposal amongst colleagues or even friends to provide comments

The following could be some of the headings for a training proposal.

## **Preamble**

The preamble sets who the parties are. Each party could be described in one or two sentences.

## **Your Capabilities**

Indicate in this section what you are capable of. Indicate whether you have done similar work before and expand on your experience. This might also be an opportunity to provide some testimonials or indicating clients you have worked with.

## **Training Objectives**

The training objectives will be formulated on the basis of information provided by the client; why they want to do the training. This will ensure that there is an agreement on what should be achieved.

## **Training Content Outline**

Provide in detail what will be covered on the course. You might also want to indicate whether or not there are any prerequisites for the courses.

## **Training Schedule**

Outline when what will be covered, where the breaks are located in the training, starting and finishing time.

## **Certification/Accreditation**

Indicate whether the course is accredited and what type of certificate participants will receive. This might also be the place to discuss:

- Whether there will any assessments and if so, is it internal or external
- Whether or not participants might be able to sit for international examinations

## **Training Cost**

The training cost will take in consideration, the following:

- The cost of using a training venue.
- Travelling to and from the training venue.
- The production of course material; if it should be developed then the cost will naturally be higher.
- The cutting and labeling of CDs.
- Preparation of the training.
- Support and monitoring.

- Refreshments.
- Any examination fees.
- Do you have to hire equipment?
- Accommodation if the training is out of town.
- Inclusion of Value Added Tax (VAT in the case of SA)

Also, indicate whether there should be a minimum or maximum number of participants.

## Payments

Provide the prospective client with a payment schedule. Generally, the idea is to request 50% up front of the total training cost; 25% half way through the training and 25% when you deliver the report. Also, include the validity period of the training proposal. Include pertinently the period of notice you require before training could commence.

## Responsibilities

Outline any responsibilities between the client and you.

These could include items such as that the client will be responsible for:

- Recruiting the participants and ensuring that they meet the requirements.
- Arranging accommodation for participants.
- Arranging transport for participants.
- Your responsibilities could include responsibilities such as:
  - Facilitating sessions in a professional way.
  - Producing an interim report after a training session

## Appendix

This is the place where you could provide a profile of your company.

### 4.5.2 Company Profiling

A company profile presents a concise outline about a company, its mission, objectives and goals, and a highlight of its achievements to date. The company profile identifies the best qualities of your company. For instance, the quality of your products and, or services and a few unique features. It should be written in a fashion that gives the reader an idea of the company's personality. For a FOSS company it will have to emphasise the specific value to the customer and distinguish itself from commercial products. As many FOSS companies in Africa may be relatively new compared to their commercial product counterparts, the profile may have to be beefed up using the business plan or strategic plan. In other words where the past performance history is short; the statement of intention would be used instead.

An eye-catching and refined professional profile will provide the reader with a thorough understanding of your company's vision and mission, the products and services you offer, your USP (Unique Selling Proposition), your credibility and your history.

A sample online company profile of Sabinet Online Ltd based in South Africa

(<http://www.sabinet.co.za/>)

Company Profile : Sabinet Online Ltd - <http://www.sabinet.co.za/>

With a sound track record of 25 years, Sabinet Online Ltd, trading as Sabinet, has pioneered and become an established leader in the facilitation of high-level access to trusted electronic information. Our clients include public and private organisations, as well as academic institutions in South Africa, the USA and the rest of Africa. Our offerings are characterised by global partnerships and information best practices that straddle the physical and electronic worlds.

Our offerings are characterised by global partnerships and information best practices that straddle the physical and electronic worlds.

To meet the unique information needs of our diverse client base in this rapidly growing market, we combine

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specific elements from our broad portfolio of products to create a total solution, so aiding research and decision making, and assisting organisations to improve services, save costs and increase productivity. Bringing it all together!

#### **The focus for Sabinet:**

- Information Access by obtaining the full-text of the best or most frequently requested local content.
- Access to online references, abstracts, and full-text documents, supported by electronic document procurement, and an alerting service.
- Library Support through library acquisitions and cataloguing, interlending, and retrospective conversion.
- Information Management with specialist consultation, support, electronic publishing, and software.

#### **International alliances**

Sabinet is well placed in the global online information market, and maintains good relationships with a number of partners.

The company also holds a number of distributorships, which it manages to the benefit of its users, including:

- A number of products from Online Computer Library Center, Inc. (OCLC) a worldwide library cooperative for the location, acquisition, cataloguing, lending and preservation of library materials;
- IngentaConnect a company renowned for its publishing services and collection of scholarly research materials;
- Nielsen BookData a provider of bibliographic data; and
- Infotrieve's Ariel transmission software

FOSS is still a new concept and model in most places. It is therefore important that the company profile of a FOSS company is kept free from technical or obscure terminology. Specialised terminology or jargon poses serious communication barriers. The company profile seeks to disseminate information aimed at attracting potential FOSS customers and supporters. Avoiding jargon is vital in facilitating comprehension and retention of interest of the reader. The highlights in the profile should reflect company values. For example inclusion of comments from existing client shows commitment to customer service and value. On the other hand mentioning the employees who have made special contributions or achieved outstanding results shows your commitment to employee satisfaction and motivation as well as dedication to client satisfaction.

#### **4.5.2.1 Why make a company profile?**

Important as it is, many companies have invested a lot of effort in making a good profile. But why devote a lot of time and effort in writing a company profile? The basic idea in creating a company profile is to briefly and concisely introduce a company to a target customer audience or stakeholder group. Important stakeholder groups include potential investors, customers, and new employees. The goal may be to make the company attractive to potential investors, to market the products and services of the company by showcasing past performance and track record or new employees to aid growth and expansion of the company. The flavour of the company profile you make and send out to interested parties provides them with a bird's-eye view of information relevant to their interest in your company, creates expectations and provides a glimpse as to how these expectations will be fulfilled by the company.

#### **4.5.2.2 What should you put in a company profile?**

There are a few basic elements of content that every company profile must contain (See HowToDoThings in the reference section). While you can make specific profiles aimed at a specific group of people, say investors, for example, the information contained in such a profile may not have much relevance to other segments or groups such as customers or employees. A better alternative is to make a general company profile that includes sections highlighting relevant information specific to a certain segment, but also providing an overall view of the company's ethos and principles. Such a company profile should include an introduction, brief history on the origins of the company, relevant data on the company in terms of income, revenue, structure, infrastructure

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and resources, products, professional experience, capacity, future plans, both in the short and long terms, testimonials from existing customers, employees and major investors and a mission statement or a 'guiding philosophy' for the company.

#### **4.5.2.3 Presentation and length of a company profile**

As an indicator about the healthy prospects and future of your company, a profile should be professionally created. A good profile must be built on a professional layout, *must have no errors and if it is designed as a brochure*, it is preferable to get it professionally made using quality paper, printing and structuring. As a page on the website, it should be attractive in appearance, immediately catching a reader's eye, interspersed with relevant pictures and sub-headings. The length of the profile will depend upon the information you wish to provide, but a good rule of thumb relating to the length is about 10-15 pages. Any more might actually bore the reader and become a waste of efforts and any profile shorter might indicate a weak position and make the reader question the company's potential.

#### **4.5.2.4 When to use the company profile?**

The answer to this question is any time. Don't make a company profile only because you want to woo potential investors or customers. Rather, once you have been in business for more than a couple of years, prepare the company profile and keep upgrading it at least once a year and make sure to keep adding achievements and growth prospects as and when they happen.

Making a company profile is a simple and easy task for anyone who has been in the business for some time. If it is a **new business**, you would have made a business plan (as discussed in module 4.1.3) to begin with, a company profile is just an extension of that business plan, the only difference being that you are presenting actual facts of achievements rather than projections for success as you would in a business plan.

A company profile can be a slick and colourful brochure detailing information or it can be a web page on the company's website, usually referred in sections titled "About Us" or "Who are we", etc. Follow the guidelines listed below to prepare your own company profile and how to use it to promote your company.

#### **4.5.2.5 What do you need to include in your professional profile?**

What you need to include in your professional profile is exactly what you need to accomplish in your business. The following pointers are useful in this regard.

- It needs to tell your company's story in a way that effectively engages your audience.
- It needs to be creatively crafted, well written and professionally polished.
- It needs to be about the heart and soul of your company. Your professional profile needs to tell your readers what your business is all about.
- It needs to tell the story of your company's vision and mission. What are the dreams you have for your company? What is the purpose of your company?
- It needs to be about how your company began, how it grew and what it is today. Why did you start your business? How did it begin?
- It needs to include key personnel. If you are not the only key player in your company, include a few tidbits about the others. Who are your managers or other key players? What roles do they play?
- It needs to include product and service descriptions. What types of products and services do you offer and how do these help your visitors solve their problems?
- It needs to include a sense of the culture surrounding the business
- It needs to be honest. You need to be honest to establish credibility.
- It needs to be attention-grabbing

## 4.5.2.6 The Professional Profile Writing Tips

1. Before you begin to write your profile, write down a short outline showing your personal qualifications and your business accomplishments. Be precise and specific towards in this process. Include everything that shows off the professionalism of your company and your staff. It is useful at times to use brainstorming or mind mapping software to organise your thoughts. FreeMind is a good piece to use for this task and can be downloaded at <http://sourceforge.net/projects/freemind/>. In her “Writing Your Professional Profile - 7 Tips to Creating a Polished Professional Profile”, Anita Aspen enumerated these tips on writing a good profile, which can be useful both from a company and individual perspective:
2. Use strong, descriptive words. You want the final profile to be short yet powerful. You are looking to grab the readers’ attention so make it strong and definitive.
3. As you sit and write your profile, you will want to include a brief mention of the type of clients you work with, as many clients like to know who else they may be dealing as well as you.
4. Include any awards or recognitions you or your business may have received. Credential such as these signify to others the high quality of your work. You will also want to make sure you include any associations you may belong to for these connections can go a long way in establishing credibility.
5. Writing a company profile is similar to writing a personal profile in that you have to make sure you spell out the facts for the readers. If you hold a certification in a particular field, don’t assume that the reader will know what that acronym stands for. Spell it out so your readers are clear as to what you are qualified in. The whole purpose in writing a professional profile is to gain more contact, associations and clients so be clear and precise.
6. It is best to write a company profile in your own words, coming from your heart. You know your business better than anyone else and no one is going to describe it better than you.
7. Once you have the rough draft done, take a second look at it. Take out anything you feel is not imperative for your reader to know, spice up any parts that are lacking and read it one more time. Once you are at this point, it’s a perfect time to have it proofread and edited either by a reliable friend or colleague or a professional writer.

## Module 4.5: ASSESSMENT

- (a)**Exercise 1:** Write down and present to the class 5 Tips for doing FOSS business in your country
- (b)**Exercise 2:** Write down and present to the class 7 tips for winning FOSS contracts in your country
- (c)**Exercise 3:** In the introduction to this module, there is a call for “*a concerted effort to be made to position local (African) FOSS companies so they can compete for calls for proposals with other companies both within their respective countries and with companies abroad.* List at least 5-10 efforts African IT-Based SMEs need to do in this regard
- (d)**Exercise 4:** Answer and Discuss the following questions
- 1.What are the pre-requisites to establishing a business?
  - 2.What are the various business start-up options?
  - 3.What are the major obstacles to service provision?
  - 4.What are the key components of a business plan?
  - 5.What are the challenges in securing government business?

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## Assignments and Answers

### TASK

- Develop an organizational profile indicating your capacity to deliver FOSS Training and Consultancy services to your target market.
- Explain at least one way a cash flow statement can be deceptive



## APPENDIX

### Module 4 Authors and Trainers

#### Pool of African ict@innovation expert trainers

	Name Module	Name
Module 4	Introduction to General Business Skills	Kofi Kwarko Derek Lakudzala <a href="#">More Trainers per country in full Pool of Trainers</a>

#### Main contributors

Module 4	Sulayman K. Sowe ( <b>Facilitator</b> ), Arnold Pietersen, James Wire Lunghabo, Foibe Kalipi, Kim Tucker, Glenn McKnight, Derek Lakudzala, Alex Gakuru
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## Partners

### Implementing Partners



#### FOSSFA - The Free Software and Open Source Foundation for Africa (FOSSFA)

FOSSFA partners with InWEnt to implement the ict@innovation programme. FOSSFA is the premier African FOSS organization. The vision of FOSSFA is to promote the use of FOSS and the FOSS model in African development, and the organization supports the integration of FOSS in national policies. FOSSFA also coordinates, promotes, and adds value to African FOSS initiatives, creativity, industry, expertise, efforts and activities at all levels.

<http://www.fossfa.net> To become a FOSSFA member, please fill the [FOSSFA Membership Application](#) .

Please also check the page on [acknowledgements](#) to some of the contributors, who are heavily investing in [ict@innovation](#).



Internationale Weiterbildung  
und Entwicklung gÜmbH

Capacity Building  
International, Germany

#### InWEnt – Capacity Building International, Germany

InWEnt – Capacity Building International, Germany, is a non-profit organisation with worldwide operations dedicated to human resource development, advanced training, and dialogue. Our capacity building programmes are directed at experts and executives from politics, administration, the business community, and civil society. We are commissioned by the German federal government to assist with the implementation of the Millennium Development Goals of the United Nations. In addition, we provide the German business sector with support for public private partnership projects. Through exchange programmes, InWEnt also offers young people from Germany the opportunity to gain professional experience abroad. <http://www.inwent.org/index.php.en>

InWEnt's it@inwent programmes strengthen IT sectors in Africa and Asia, fosters key innovations in Information and Communication Technologies (ICTs) for economic development, and support its partners to use ICTs as enabling tools for poverty reduction. <http://www.it-inwent.org>

## Funding / Strategic Partners



Federal Ministry  
for Economic Cooperation  
and Development

#### German Federal Ministry for Economic Cooperation and Development (BMZ)

The BMZ is the main funder of ict@innovation and shareholder of InWEnt, representing the Federal Republic of Germany. More information is online here: <http://www.bmz.de/en/>



Open Society Initiative  
for Southern Africa

## Open Society Initiative for Southern Africa (OSISA)

OSISA supports ict@innovation on a strategic level. The Open Society Initiative for Southern Africa (OSISA) is a leading Johannesburg-based foundation established in 1997, working in ten Southern Africa countries: Angola, Botswana, DRC, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe. As a foundation, OSISA provides African leadership in the definition and development, within the specificities of Southern African realities, of the concept and ideals of an open society.

<http://www.osisa.org>

## Training Partners



UNITED NATIONS  
UNIVERSITY

**UNU-MERIT** UNU-MERIT

UNU-MERIT is a joint research and training centre of United Nations University (UNU) and Maastricht University, The Netherlands. As the United Nations University's Maastricht Economic and social Research and Training Center on Innovation and Technology, UNU-MERIT provides insights into the social, political and economic factors that drive technological change and innovation. The Centre's research and training programmes address a broad range of policy questions relating to the national and international governance of science, technology and innovation, with a particular focus on the creation, diffusion and access to knowledge.

Within UNU-MERIT, the Collaborative Creativity Group (CCG) investigates the socio-economic aspects of collaboration across all domains. It examines the mechanisms that enable people and companies to innovate together, and helps policymakers to create a positive environment for creativity and innovation, promoting economic growth and social welfare.

<http://www.merit.unu.edu/>

<http://ccg.merit.unu.edu>



**AITI-KACE**

The Ghana-India Kofi Annan Centre of Excellence in ICT (AITI-KACE), Ghana's first Advanced Information Technology Institute works to stimulate the growth of the ICT Sector in ECOWAS. Established in 2003, through a partnership between the Government of Ghana and the Government of India, this state-of-the-art facility provides a dynamic environment for innovation, teaching and learning as well as practical research on the application of ICT4D in Africa.

<http://www.aiti-kace.com.gh>

## Introducing ict@innovation

### Creating Business and Learning Opportunities with Free and Open Source Software

#### What is Free and Open Source Software?

Free and Open Source Software (FOSS) is software which can be freely used, modified and distributed. FOSS offers a number of different opportunities. Developers are able to customize, change or add to open source software and join in global open production processes. This can help stimulate local innovation and growth in the IT sector. With FOSS, small and medium-sized IT businesses can create locally adapted IT solutions, independent of foreign software vendors. FOSS allows local value chains to be tapped, instead of forcing customers to rely on foreign software vendors.

Free and Open Source Software technologies are used all over the world. FOSS is often the technology of choice to run servers, networks, or content management systems, but also operating systems such as Linux, or business and office applications such as OpenOffice. As FOSS is adaptable and does not entail license fees, it is particularly useful when applications need to be adapted to a specific context.

The use of FOSS is spreading – governments and businesses are increasingly employing FOSS. This means that the business market around FOSS solutions is growing. Local businesses, in particular IT-SME can benefit from FOSS as users, but more importantly they can generate business models around FOSS such as offering high-value IT services, software development, training and qualification.

#### Free and Open Source Software creates business opportunities!

FOSS technologies offer opportunities particularly for small and medium sized IT enterprises to provide IT services for local IT markets.

What do small and medium-sized enterprises (SME) in Southern and East Africa need to work with FOSS? Many IT-SME are not yet aware of how they can use FOSS in their business models – knowledge sharing and training is needed to qualify employees. In addition, trust in FOSS needs to be improved, for instance by spreading quality standards. ict@innovation addresses these topics by:

- Sharing knowledge on African Business Models and Skills in FOSS
- Building trust and business through FOSS Certification
- Developing innovative local FOSS Applications

ict@innovation is an international capacity building programme, implemented in partnership by **FOSSFA** - The Free Software and Open Source Foundation for Africa and **InWEnt** - Capacity Building International, Germany.

The **ict@innovation** programme offers **advanced training courses** for training institutions and trainers on:

- business models and business development for IT SME – how to integrate FOSS services in your training portfolio
- how to get certified in basic FOSS technical skills

**Main objective of ict@innovation** is to foster small and medium-sized enterprises (SME) in the field of Free and Open Source Software in Southern and East Africa. Through advanced training and networking in FOSS skills, the programme contributes to qualify African IT SME in providing localized and adapted FOSS applications and services to public administration and private sector.

The programme focuses on Free and Open Source Software (FOSS) as a key technology to drive innovation, add local value and create sustainable and affordable ICT-solutions.

<b>Region of Implementation</b>	Southern and East Africa, particularly Ethiopia, Kenya, Malawi, Mozambique, Namibia, Rwanda, South Africa, Tanzania, Uganda, and Zambia
<b>Duration</b>	2008 – 2010 (first phase)
<b>Main Funding Partners</b>	German Federal Ministry for Economic Cooperation and Development (BMZ) & the Open Society Initiative for Southern Africa (OSISA)
<b>Website</b>	<a href="http://www.ict-innovation.fossfa.net">www.ict-innovation.fossfa.net</a>

[www.ict-innovation.fossfa.net](http://www.ict-innovation.fossfa.net)

## Site Features:

**Profiles** – Create your own profile, advertise your FOSS skills and share your interests in FOSS and the ict@innovation programme

**Forums and Wiki** – Read and contribute to discussions and work processes by engaging in online discussions in the forum and collaborative text editing using the wikis

**Blogs** – read and discuss about current news and developments on FOSS related topics and the ict@innovation programme in the blogs

**Groups** – Join in online organizational activities by engaging in topic specific groups

## Online Community Membership

*Do you have a FOSS project or initiative you wish to interest others in? Do you want to contribute to the ict@innovation programme in a specific way?*

The ict@innovation portal offers functions for those of you, who want to engage more actively in the community or programme – The blog is open for all community members to share relevant news and views. Also, all community members can create groups to share files, manage events, and engage in private discussions on relevant topics. The different training programmes will later on all have their own group to collaborate online.

All services of this site are free of charge.

[www.ict-innovation.fossfa.net](http://www.ict-innovation.fossfa.net)

The web portal is designed to keep its members in touch with current developments of the ict@innovation programme and other FOSS projects in Africa. It is also designed to host a community of persons interested in or working in the area of FOSS in Africa and to enable participatory management of the ict@innovation programme. We invite you to become a community member!

## Joining the ict@innovation Web Community

**The Benefits:** Why join? This website offers you the opportunity to get to know a range of persons working in related areas, as well as to advertise your skills and interests, to share and learn from other experts using the range of tools that enable active knowledge exchange for community members.

**Becoming a Member:** You can become a member of this community by registering on the site and creating a profile, indicating your interests and skills in FOSS. This will enable you to contribute to the website fora and wikis, to join in knowledge exchange with other persons interested in FOSS and/ or involved in the ict@innovation programme.

**Staying Informed:** Receive all blog posts and other website updates by email or RSS feed! In order for everyone to stay in touch with the programme and community activities, we offer an email-subscription and RSS feed service on all website services and news items (including blog posts, events, forum messages etc.). You find RSS icons to subscribe to feeds at the bottom of the sections that offer subscriptions. You can manage email subscriptions as a registered user under "My account" > "Subscriptions".

ict@innovation - Mozilla Firefox

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http://www.ict-innovation.fossfa.net/

Headlines

ict@innovation is a programme of: FOSSFA InWent

Welcome to ict@innovation - Creating Business and Learning Opportunities with Free and Open Source Software in Africa

The ict@innovation programme builds capacities in African small and medium ICT enterprises to make a business with Free and Open Source Software (FOSS). ict@innovation aims to encourage the growth of African ICT industries, particularly in Southern and East Africa, through three main actions: spreading FOSS business models for enterprises in Africa, fostering FOSS certification and supporting innovative local FOSS applications for social and economic development. ict@innovation is a partnership of FOSSFA (Free Software and Open Source Foundation for Africa) and InWent - Capacity Building International (Germany).

Find out more, contact us, join the programme, and/or create your profile on the ict@innovation community portal.

Read more

**Celebrate the creative generation**

Blog entry Submitted by Gakuru on 16. February 2009 - 22:01.

In African African FOSS Business Alex Gakuru collaborative creative generation innovative

By Alex Gakuru

ASK THE YOUTH, they know everything, says a Chinese proverb. To confirm this, look at a new laptop's connection slots. Do they all make sense? Maybe not some of them but ask a 20-year-old and surprise yourself. You might left wondering why the manufacturer ever bothered printing the long manuals when they could have simply instructed, "for help, ask the young."

Gakuru's blog Add new comment Read more

**Videos on Free Software Business**

Blog entry Submitted by karsten on 16. February 2009 - 17:53.

Join ict@innovation

- o Login
- o Create new account
- o Forgotten your password?
- o Why join ict@innovation

Events

February 2009

Mon	Tue	Wed	Thu	Fri	Sat	Sun
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

Upcoming

Apart from ict@innovation events, we are highlighting further FOSS-related events in Africa.

- o Content Creation (FOSS Business Models) - Pillar A Workshop  
10 Mar 2009 - 09:08
- o IST-Africa 2009 Conference  
6 May 2009 - 13:29

Sign up on ict@innovation to join the community and stay updated: <http://www.ict-innovation.fossfa.net/>

## FOSSFA – The Free Software and Open Source Foundation for Africa

FOSSFA is the premier African FOSS organisation, and was founded under the auspices of the Bamako Bureau of the African Information Society Initiative within the mandate given by African Governments in 1995 to the United Nations Economic Commission for Africa (UNECA). The Vision of FOSSFA is to promote the use of FOSS and the FOSS model in African development, and the organization supports the integration of FOSS in national policies. FOSSFA also coordinates, promotes, and adds value to African FOSS initiatives, creativity, industry, expertise, efforts and activities at all levels. FOSSFA partners with development organizations who share these goals towards a participatory and gender-mainstreamed sustainable development and the attainment of the Millennium Development Goals in Africa. FOSSFA is governed by a Council elected during Idlelo, from which the Executive is chosen. FOSSFA members may be individuals, organizations, development agencies or government FOSS bureaus. The former South African Minister of Public Service and Administration, Ms Geraldine Fraser-Moleketi is a FOSSFA present Patron. <http://fossfa.net/>

## InWEnt – Qualified to Shape the Future

InWEnt – Capacity Building International, Germany, is a non-profit organisation with worldwide operations dedicated to human resource development, advanced training, and dialogue.

Our capacity building programmes are directed at experts and executives from politics, administration, the business community, and civil society. We are commissioned by the German federal government to assist with the implementation of the Millennium Development Goals of the United Nations. In addition, we provide the German business sector with support for public private partnership projects. Through exchange programmes, InWEnt also offers young people from Germany the opportunity to gain professional experience abroad. <http://www.inwent.org>

Through its it@inwent programmes, InWEnt strengthens IT sectors in Africa and Asia, fosters key innovations in Information and Communication Technologies (ICTs) for economic development, and supports its partners to use ICTs as enabling tools for poverty reduction. <http://www.it-inwent.org>

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**Cover page:** Map of Africa with percent of population per country that downloaded the new version of the Open Source Browser Firefox in June 2008. Colours = downloads.

Source and credits: David Eaves, see <http://eaves.ca/2008/06/22/the-firefox-download-map-remixed/>

## Content Creation Community or 3C

### Available at:

<http://www.ict-innovation.fossfa.net/wiki/public-wiki/african-foss-business/training-material-content-creation>

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## Additional Material

<b>Module 4:INTRODUCTION TO GENERAL BUSINESS SKILLS</b> Part of: ict@innovation: Free your IT-Business in Africa! Advanced Training Material on African "Free and Open Source Software" (FOSS) Business Models for IT-SMEs	
<b>Handbook &amp; Trainers Manual</b> <ul style="list-style-type: none"> <li>Starting a Business</li> <li>Defining Target Market</li> <li>Leadership</li> <li>Organizational Structuring</li> <li>FOSS Proposals and Contracts</li> </ul> <p>(Introduction, Overall Learning Objectives, Sessions and Timetable, Delivery method, Duration, Background Information on main content, including facilitation tools such as assignments, exercises, lead questions for discussions, assessments)</p>	<a href="#">Download_Handbook_Module4.pdf</a>  <a href="#">Download_Handbook_Module4.odt</a>
<b>Model Presentations for Trainers / Facilitators</b> (Slide show material for main contents of Module 4)	Download <a href="#">Module 4_Presentations.zip</a>
<b>Final Test for Assessment of learning outcomes</b> (Online-Test - includes all modules)	Download <a href="#">Tests_Modules.pdf</a> <a href="#">Tests_Modules.odt</a>
<b>Evaluation forms</b> (Full set of evaluation form to assess training for module 4)	<a href="#">Download_evaluationM4.pdf</a>  <a href="#">M4_Eval_odt</a>
<b>Pool of African ict@innovation expert trainers</b> (Contact to Africa-based trainers and experts, who have training experience with the course)	<a href="http://www.ict-innovation.fossfa.net/wiki/public-wiki/course-advanced-african-foss-business-models/FBMTrainers">http://www.ict-innovation.fossfa.net/wiki/public-wiki/course-advanced-african-foss-business-models/FBMTrainers</a>
<b>Derived training material:</b> (for more information on how you can contribute to improve the training material, and how to correctly acknowledge this set of material as source)	<a href="http://www.ict-innovation.fossfa.net/wiki/public-wiki/course-advanced-african-foss-business-models/national-course-versions/trainers-space">http://www.ict-innovation.fossfa.net/wiki/public-wiki/course-advanced-african-foss-business-models/national-course-versions/trainers-space</a>



## About [ict@innovation](#)

The ict@innovation programme builds capacities in African small and medium ICT enterprises to make a business with Free and Open Source Software (FOSS). ict@innovation aims to encourage the growth of African ICT industries, particularly in Southern and East Africa, through three main actions: spreading FOSS business models for enterprises in Africa, fostering FOSS certification and supporting innovative local FOSS applications for social and economic development. ict@innovation is a partnership of FOSSFA (Free Software and Open Source Foundation for Africa) and InWEnt - Capacity Building International (Germany). The programme focuses on Free and Open Source Software (FOSS) as a key technology to drive innovation, add local value and create sustainable and affordable ICT-solutions.

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