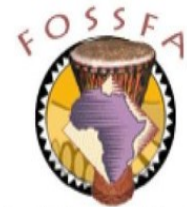


Module 4: Introduction to General Business Skills

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for ict@innovation, FOSSFA/InWEnt
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The Free Software and Open Source
Foundation for Africa



Capacity Building International
Germany

Objectives

- Understand how to establish a solid business foundation
- Understand the various leadership styles and organisational structures for effective business
- Develop knowledge in key areas in the management of business
- Understand the significance of tenders, contracts and procurement

Module Outline

- There will be 5 Sessions
- Starting a business 60mins
- Define Target Market 45mins
- Leadership 45mins
- Organizational Structuring 60mins
- FLOSS Proposals Contracts 60mins

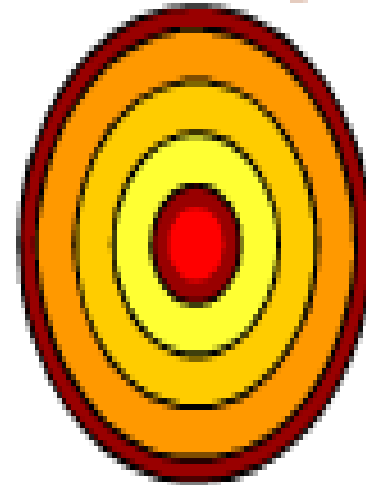
Starting a Business

- Identifying Business Opportunities
- Components of Business Management Skills
- Business Plan
- SWOT Analysis
- Business Financing
- Business Strategy
- Sales and Marketing
- Operations Management
- Human Capital

What is a Business?

- An activity

Profit Target



Definition of Business

- Any activity that result in meeting a need. It often results in receiving/generating some income for the product or services rendered.
- An activity performed with the intention of expecting profit

Sources of Opportunity

- Where can you come up with a business idea; avenues?
 - Acquaintances
 - Media
 - Trade shows
 - Research Centres (Innovations)
 - Statistics & Demographics
 - Regulations
 - Industry and Market Structure

Other Unconventional Sources

- Customer perception
- An encounter or a Challenge/problem
- In vogue
- The unexpected

Key Element in Managing a Business (Components of Business Management Skills)

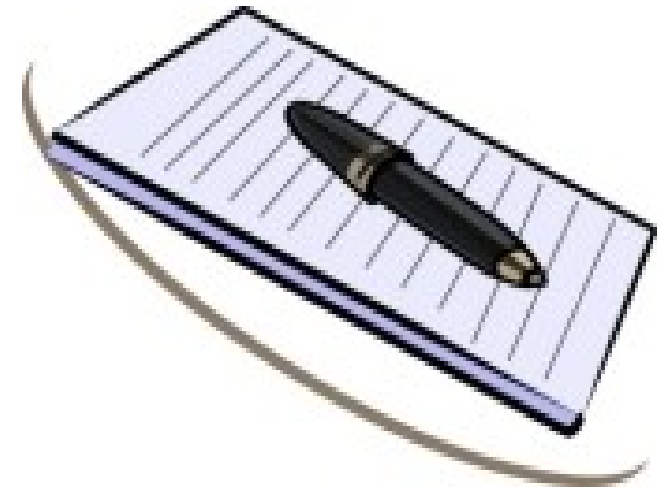
- Finance and Accounting (Audit, book keeping)
- Human Resource
- Facility or Premises
- Promotion and Publicity
- Sales and Marketing
- Customer Relationship
- Contract/Service management



Business Plan

- What is a Business Plan?

Def: is a formal statement of organizational aims/goals, and how to attain that goals based on the capacity, strategies and ambition of the organization in relation to her environment.



Types and Purpose

There are 2 types of business plans

1. Closed
2. Open

Purpose may be for:

- Public Offering
- Raising Capital
- For Company guidance and management

Key Elements in a Business Plan

- Executive Summary
- Mission, Objectives, Keys to Success
- Organization Description
(background, ownership and facility)
- Product and Services
- Market Analysis
- Strategy
- Management
- Finances(cashflow)

Components in a Business Plan

- Executive Summary
- General Organization Description
- Mission
- Goal and Objectives
- Business Philosophy
- Ownership Structure

Components in a Business Plan

Contd.

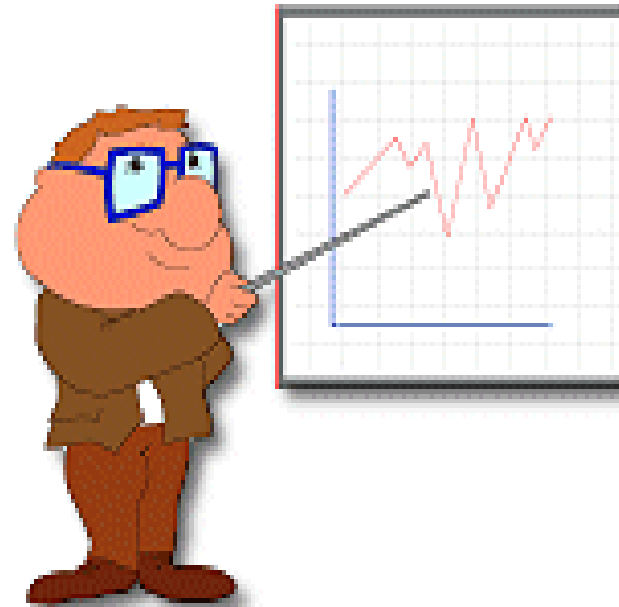
- Opportunity
- The Industry and Market
- Market Analysis
- Your product
- SWOT
- Finances (Cash Plan, Break-even Analysis)

Business Finances

- 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

SWOT

- Strength
- Weakness
- Opportunities
- Threats



Discussion

What are the 'Common Mistakes' in developing Business Plan?

Participants should be asked to share their experiences or knowledge or views on this challenge

Question

- The class should do their own SWOT Analysis as a multiplier of the FOSS Business agenda
- What are the usual mistakes we should try and avoid in writing Business Plan. List any 3
- What are the major financial challenges facing SME's in your country?

Market

Demand=?

Serving a want/need with a product??

How to define your Market

- **5 steps in target marketing**
 - Define what you want to meet/satisfy
 - Segmentation
 - Develop customers' profile
 - Research on market demand
 - Determine market share

Categories of Opportunities

- Redesigning Product and Services
- Re-differentiating Product and Services
- Re-segmenting the market
- Re-configuring of market
- Developing breakthrough Competitive Strength

– *Source: Resource productivity consulting services*

Marketing Plan

- ??
- Product
- Promotion
- Publicity
- Sales
- Distribution
- Pricing
- Budget

Marketing Mix

- Price
- Product
- Promotion
- ?

Question

1. Discuss the potential for FLOSS Business
2. List 5 factors you would consider in defining the FOSS market in your favour.

Leadership

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.



3 Scenarios

- Leadership without management
- Management without leadership
- Leadership with management

Leadership and Management

- 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

Leadership and Management. Contd.

- 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
- Fostering a productive and positive work environment

Leadership Style

- Autocratic
- Laissez faire
- Participatory

4 key Functions of Management

–To Plan

–To Organize

–To Direct

–To Control

Key Characteristics of Leadership

- Pace setter- Setting out an example
- Risk taker
- Futuristic
- Mentor
- ?

Exercise

- Which leadership style would you advocate for a new small FOSS business and why?
 - State your reasons on a sheet of paper.
 - Group participants based on styles and have them discuss their reasons and present to the class

What is OS

Organizational Structure

Classification of Org Structure

- By Function eg. Marketing & sales, production
- By product/market
- Hybrid - multiple command system- trying to combine adv of the above 2

Types of Organization

- Tall
- Flat
- Hierarchical
- Centralised
- Discentralised

Tall

Characteristics

- Levels of Management or supervision
- (narrow span of control)
- Has distinct chain of command structure
- Usually top down approach

Advantages of tall Organizations

- Employees can be closely supervised.
- There is a clear management structure.
- The function of each layer will be clear and distinct.
- Clear progression and promotion ladder.

Disadv

- Freedom and responsibility of subordinates are restricted.
- Decision making could be slowed down as approval may be needed by each of the layers of authority.
- Communication has to take place through many layers of management.

Flat

- Fewer layers of command structure
- Wider span of control

Advantages of Flat Organisations

- More/Greater communication between management and workers.
- Better team spirit.
- Less bureaucracy and easier decision making.
- Fewer levels of management

Disadvantages of Flat Organisation

- Workers may have more than one manager/boss.
- Multiple command lines may hinder the growth of the organisation.
- Structure limited to small organisations such as partnerships, co-operatives and some private limited companies.
- Function of each department/person could be blurred and merge into the job roles of others.

Hierarchical

- Clear define chain of command
- Pyramid Shape
- Each layer Management has a number of staff
- Has tall and centralised features
- Popular in the last century- absence of Internet, Workgroup, etc Technologies

Advantages of Hierarchical Organisations

- Authority and responsibility and clearly defined.
- Clearly defined promotion path.
- There are specialists managers and the hierarchical environment encourages the effective use of specialist managers.
- Employees very loyal to their department within the organisation.

Disadvantages of Hierarchical Organisation

- The organisation can be bureaucratic and respond slowly to changing customer needs and the market within which the organisation operates.
- Communication across various sections can be poor especially horizontal communication.
- Departments can make decisions which benefit them rather than the business as a whole especially if there is Inter-departmental rivalry.

Centralised & Decentralised

- Centralised
 - Major decision are held in few hands.
Eg Military
- Decentralised
 - Independent/loose Decision centres:
FastFood Franchise Chain

Advantages of Centralised Structure Organisations

- Senior managers enjoy greater control
- Streamlined procedures can results in cost savings.
- Decisions have organization perspective as against department
- The organisation can benefit from the decision making of experienced senior managers.

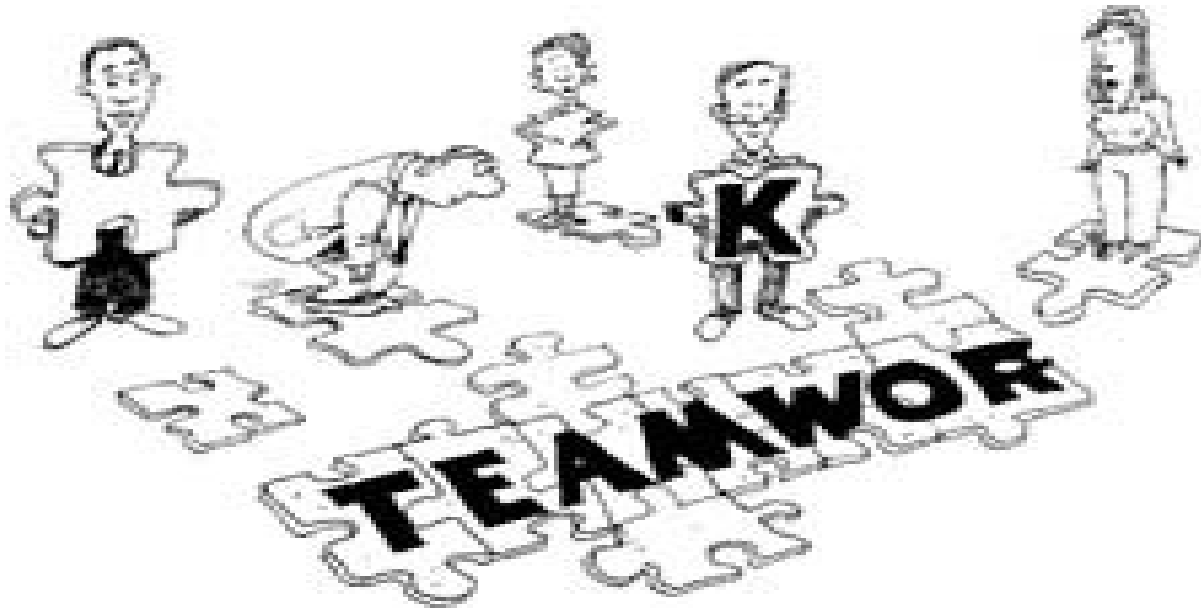
Advantages of Decentralised Structure Organisations

- Senior managers get focussed on the most important decisions
- Other Staff are empowered and motivation is increased- Responsible
- Employees respond faster to changes and new challenges.
- Employees have greater understanding of the environment they operate
- Create pool of future decisions makers

Discussion & Questions

- **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
- Describe 2 disadvantages of Centralised and Decentralised structures

Key: Leadership &



Session: Proposal

- General Term and Condition for call
- Outsourcing -EU has favourable disposition on IT contracts

Proposal Writing

3 Formats/Types

- **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

Response Tips

- Ability to follow instructions in the proposal
- interpretation the scope of work in relation to how you understand the task
- Identify the scoring points and weights. Focus your response based on the weight
- Strategies & Methodologies to address the task

Response Tips Contd.

- Indicates all cost components and highlight additional features where you think might increase or improved their requested solution. (OS Adv)
- Communicate competences in tackling the task and experiences from similar tasks
- Indicate payment/warranty terms and where necessary cancellation or validity of proposal. (OS Strategy)

Response Tips Contd.

- Packaging of Proposal- eg. correct spelling of client's name
- Seek Clarification where necessary- any clarification sought are usually communicated to all prospective bidders

Response Tips

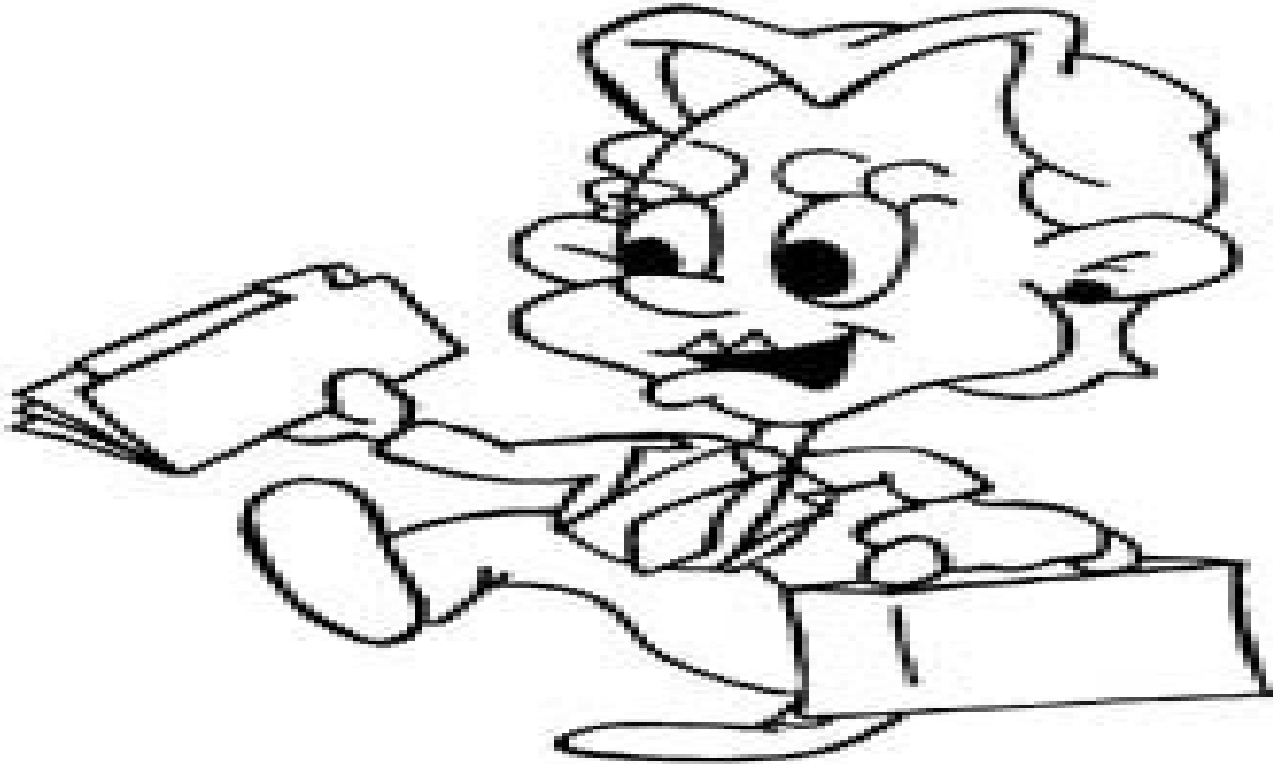
- Additional information
 - Track record
 - Position in the industry if advantageous
 - affiliates
 - Team Members experience and professional affiliations
 - Add cover letter

Assignment

Respond to a RFP that indicates a training for her staff to enable them use a propriety office suite.

- What is the difference between a business plan and a business proposal and Response to a proposal.
- Outline their salient components.

Why Company Profile



What is a Company Profile

A company profile presents a concise outline about a company, its mission, objectives and goals, and a highlight of its achievements to date.

An eye-catching and refined professional profile should 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.

Components of Company Profile

- introduction
- mission and vision statement
- brief history on the origins of the company (location key if on the internet)
- relevant data on the company in terms of annual returns, infrastructure and accomplishments. (mention high profile client here)

Components Contd

- professional affiliations and awards
- competence-professional experience, capacity and management
- philosophy and business culture (CSR)
- List and testimonials from customers, partners and employees

Benefits of Profile

- Quick Reference material for prospective clients and partners
- Incorporated in Business Plans
- introduce a company to a target market stakeholders
- Attraction to qualified professional and partners

Question

What other plans are usually components of a Business plan?

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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