




ENTREPRENEURSHIP

**STUDENT BOOK SENIOR 5
ASSOCIATE NURSING PROGRAM**





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FOREWORD

Dear Student,

Rwanda Basic Education Board is honoured to present to you this Entrepreneurship Textbook for senior four of Associate Nursing Program, which serves as a guide to competence-based teaching and learning to ensure consistency and coherence in the learning of Entrepreneurship subject. The Rwandan educational philosophy is to ensure that you achieve full potential at every level of education which will prepare you to be well integrated in society and exploit employment opportunities.

The government of Rwanda emphasizes the importance of aligning teaching and learning materials with the syllabus to facilitate your learning process. Many factors influence what you learn, how well you learn and the competences you acquire. Those factors include the instructional materials available among others. Special attention was paid to the activities that facilitate the learning process in which you can develop your ideas and make new discoveries during concrete activities carried out individually or with peers. In competence-based curriculum, learning is considered as a process of active building and developing knowledge and meanings by the learner where concepts are mainly introduced by an activity, a situation or a scenario that helps the learner to construct knowledge, develop skills and acquire positive attitudes and values.

For effective use of this textbook, your role is to:

- Work on given activities which lead to the development of skills;
- Share relevant information with other learners through presentations, discussions, group work and other active learning techniques such as role play, case studies, investigation and research in the library, from the internet or from your community;
- Participate and take responsibility for your own learning;
- Draw conclusions based on the findings from the learning activities.

I wish to sincerely extend my appreciation to the people who contributed towards the development of this book, particularly REB staff who organized the whole process from its inception. Special gratitude goes to teachers, illustrators and designers who diligently worked to successful completion of this book.

Dr. MBARUSHIMANA Nelson

Director General of Rwanda Basic Education Board

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I wish to express my appreciation to all the people who played a major role in development of this Entrepreneurship book for senior 5 of Associate Nursing Program. It would not have been successful without active participation of different education stakeholders. I owe gratitude to different Universities and schools in Rwanda that allowed their staff to work with REB in the in-house textbooks production project. I wish to extend my sincere gratitude to lecturers, teachers, illustrators, designers and all other individuals whose efforts in one way or the other contributed to the success of writing of this textbook.

Finally, my word of gratitude goes to the Rwanda Basic Education Board staff particularly those from the Curriculum, Teaching and Learning Resources Department who were involved in the whole process of in-house textbook writing.

Joan MURUNGI,

Head of Curriculum, Teaching and Learning Resources Department

TABLE OF CONTENTS

FOREWORD	iii
ACKNOWLEDGEMENT	iv
INTRODUCTION	1
UNIT 1: ENTREPRENEURIAL JOURNEY	4
1.1 Meaning of entrepreneurial journey	5
1.2 Entrepreneurial pathways of some local successful entrepreneurs	9
UNIT 2: PROMINENT SECTORS OF INVESTMENT IN RWANDA	16
2.1. Meaning of investment and investment opportunities.....	17
2.1.1. Meaning of Investment.....	17
2.1.2. Investment opportunities in Rwanda	18
2.1.3 Education	24
2.1.4 Health services.....	25
2.1.5 Financial services.....	26
2.2 Investment and youth employment	27
2.2.1 Meaning of youth employment	27
2.2.2 Benefits of youth employment	28
2.3 Some methods of ranking investment proposals.....	30
2.3.1 Payback period (PBP)	30
2.3.2. Return on Investment (ROI)	32
UNIT 3: MONEY MANAGEMENT	35
3.1. Meaning of money, savings and saving goals	36
3.2. Where to save.....	38
3.3. Managing money	41
UNIT 4: BUSINESS PLAN FOR AN ENTERPRISE	53
4.1 Definition and Importance of the business plan.....	54
4.1.1 Definition of a business plan	55
4.1.2 Importance of the business plan	56
4.2. Elements of a business plan	60
4.3 Preparation of a business plan	68

UNIT 5: QUALITY ASSURANCE AND QUALITY COMPLIANCE IN BUSINESS . . .	82
5.1 Quality assurance and quality compliance.....	83
5.1.1 Meaning of quality assurance	83
5.1.2 Meaning of quality compliance.....	84
5.2. Measurement standards	84
5.3. Role of quality compliance in business.....	87
References	89

INTRODUCTION

This textbook is part of school curriculum reform in Rwanda in particular how the curriculum is taught. It is hoped that this change will make what you learn in school more useful both at school and when you leave school.

In the past, the main reason for schooling was to obtain knowledge – that is facts and ideas about each subject. But nowadays, the main reason due to changes that are happening in the environment and the job market is becoming more competitive. Therefore, you should be able to use the knowledge you will obtain from this text book to develop competencies. These competencies include, ability to think for yourself, ability to communicate with others and to explain what you have learnt, as well as being creative in developing your own ideas, not just following those of the Teacher and the textbook. In this textbook, different approaches are used to help you to develop competences and make this textbook user friendly. Among these approaches are the following:

Activity-based learning

These activities present you with instructions to follow that will help you to learn and discover others for yourself. You already have knowledge and many ideas based on the experiences you have had and your life within community. Some of the activities, therefore, require you to use the knowledge and ideas you already have.

In using this book, therefore, it is essential that you do all the activities and follow all the instructions. You will not learn very well unless you complete these activities provided. They are the most important part of the Textbook.

In some ways this makes learning more of a challenge. It is usually challenging to think for yourself than to copy what the Teacher tells you. But if you take up this challenge you will become a better person and become more productive and successful in your life.

Group work

You can also learn a lot from other people in your class. If you have a problem, it can often be solved by sharing it with others. Many of the activities in the book, therefore, involve discussion. Your teacher will help to form and organize these groups in a conducive learning environment facing each other. You cannot discuss properly unless you are facing each other.

Research

One of the objectives of the new curriculum is to help you discover for yourself. Some activities, therefore, require you to do research using Textbooks in the library, the internet if your school has access, or any other source such as newspapers and magazines etc. This means that you will develop skills of learning for yourself that can help you both when still in school and after school. Your teacher will help in case your school does not have a fully equipped library or internet.

Skills lab

Entrepreneurship subject is more practical than theoretical. That is why it requires time for skills lab which is a regular time on normal time table when students are required to complete learning activities working in manageable groups.

During skills lab activity students are given an opportunity to talk more and get more involved in the lesson than teachers. Students receive constructive feedback on work done (Teacher gives quality feedback on student presentations).

The Skills Lab prepares students to complete portfolio assignments on their own after classes. So, classroom activity should connect directly to the portfolio assignment and during the skills lab the teacher makes sure that he/she links the unit with the portfolio assignment, student's business club and back home projects.

Icons

To guide you, each activity in the book is marked by a symbol or icon to show you what kind of activity it is. The icons are as follows:



Thinking icon/Introductory activity

This indicates thinking for yourself or groups discussion. You are expected to use your own knowledge or experience, or think about what you have read in the book, and answer questions individually or as a group activity.



Thinking icon/Learning activity

This icon reminds you to link your previous knowledge with the topic you are going to learn. As a student feel free to express what you already know about the topic. What is most important is not giving the right answer but the contribution you are making towards what you are going to learn.



Application activity

Some activities require you to complete them in your exercise book or any other book. It is time for you to show if you have understood the lesson by answering the questions provided.



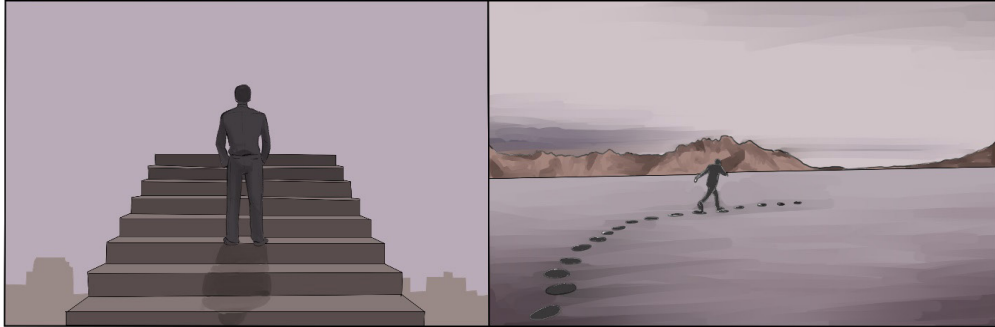
Skills lab

This icon indicates a practical activity, such as a role play to solve a problem or complete an activity, participating in a debate and following the instructions provided by the teacher. These activities will help you to obtain practical skills which you can use even after school.



End unit Assessment icon

This icon requires you to write down the responses to activities including experiments, case studies and other activities which assess the attainment of the competences. Tutors are expected to observe the changes in you as a student teacher.



Key Unit competence:

To be able to judge different ways of being entrepreneurs and create their own journey for successful businesses



1.0 Introductory activity

1. KANEZA is a student at “Good health” school where she is undergoing nursing training. She has been invited to attend a young entrepreneurs’ forum and will have to present about the theme “entrepreneurial journey”. As S4 student, help KANEZA to prepare the first slide of her presentation which contain the following:
 - a) Entrepreneurial journey
 - b) Entrepreneurial pathways
2. Discuss any 5 characteristics possessed by a successful entrepreneur from your community.

1.1 Meaning of entrepreneurial journey



Activity 1.1

What do you understand by the term “entrepreneurial journey”?

Entrepreneurial journey is the exploration to discover if entrepreneurship is right for you. Nobody is born an entrepreneur. Different people take different paths to achieve success. The entrepreneurial journey is unique; people will have different experiences as they go through it. There are opportunities and risks involved coupled with challenges and rewards. So, it is important to think about the entrepreneurial journey as an exciting trip or adventure.

Starting a business is exciting and active experience. However, it requires one to work hard, in return of rewards and enjoyment. There are some seven specific steps/experiences you should think about before you start the business.

- **Step 1: Inspiration** – What is your motivation for becoming an entrepreneur?
- **Step 2: Preparation** – Do you have what it takes to be an entrepreneur?
- **Step 3: Assessment** – What idea do you plan to offer through your business?
- **Step 4: Exploring resources** – What resources and characteristics do you need to start a business?
- **Step 5: Business plan** – What type of business structure and business model will your business have?
- **Step 6: Navigation** – In what direction will you take your business? Where will you go for guidance?
- **Step 7: Launch** – When and how will you launch your business?

The decision to become an entrepreneur is an act of courage. It is estimated that 50-70% of entrepreneurial startups fail in the first five years. 90% of all new businesses do not survive beyond the tenth year. And only three out of 100 companies are still prosperous after 40 years.

While it is true that entrepreneurs are driven to make a difference in the world, the entrepreneurial journey has five distinct stages namely:

- Survival
- Success
- Sustainability
- Significance
- Succession

Each of these stages has distinct characteristics:

1. Survival:

The first stage is primarily focused on survival. The challenge is to find a success pattern that will allow the business to survive and, ideally, prosper. This stage is characterized by a lot of experimentation. It is a period of trial and error.

2. Success:

In this stage, the entrepreneur has identified a success pattern that allows the business to grow in a more consistent manner. Often, this stage is initially characterized by explosive growth. The ones that prosper are able to adapt and move to the third stage.

3. Sustainability:

Successful businesses continually redefine themselves. In a constantly changing and ever more complex environment, sustainability of the enterprise becomes the challenge. For entrepreneurs, finding the right pattern of growth in work and life is the key to sustainability. At this stage, refining the systems and processes in your business is key. When the business is sustainable, it allows entrepreneurs to focus on what is important to them.

4. Significance:

Entrepreneurs are driven to make a difference in the world. Their business becomes the means by which they can express what is important to them. It is only when you have mastered the process of growing your business that you are able to fully express what is significant or meaningful in your work.

5. Succession:

At a point in time, the entrepreneur must plan for the transfer of the business to others. This may involve the sale of the business to a third party or the transition to family members or associates. The earlier an entrepreneur puts a succession plan in place, the more likely the business will continue beyond the entrepreneur's involvement.

Your business stage says a lot about where your focus should be as an owner. Understanding the business phase will help you identify how to act in order to propel to the next stage though there is no universal guide to being a successful

Entrepreneur's actions at each stage are discussed as below:

Stage 1: Hustler

When you first start your business, you're a hustler. At this point, you're managing all aspects of the business, so it can be hard to pinpoint what should take priority to elevate your business to the next phase.

Challenges: Nothing happens without you. It can feel like you're constantly putting out fires and you still haven't identified a steady lead funnel.

Opportunity: Mastering sales is crucial. By aligning your time and goals with your revenue needs, you will become more productive and generate more revenue to gain the resources needed to scale.

Stage 2: Experimenter

As an experimenter, you have hired your first few employees. You have opened up time to focus *on* the business while continuing your efforts as the lead sales agent as you navigate your new leadership expectations.

Challenges: You need to identify what resonates with your audience while identifying and holding tension to your standards for quality control.

Opportunity: Now is the time to take calculated risks. Say 'yes' to most opportunities as you figure out how your business scales.

Stage 3: Visionary

As a visionary, you have grown your business organically which opens up the space to allow you to start working *on* the business. You're starting to delegate the sales to someone else in your organization and instead you're turning your attention to hiring top talent to fill your organization.

Challenges: It can be uncomfortable as you continue to give up control because when you have your hands in all aspects of the business, you prevent your team from doing their job and create unnecessary bottlenecks.

Opportunity: Your leadership skills and ability to attract top talent will define your success in this stage. Invest in yourself and invest in the people to help you lead the company you have built.

Stage 4: Systemizer

As a systemizer, you are starting to build a leadership team that will enable you to peel away from areas of the business. You will continue to grow the team but will need to have protective measures in place to support the continued scale.

Challenges: With a desire to repeat your success, you will find it difficult to provide the same product or experience at scale without turn-key systems in place.

Opportunity: As you navigate interim roles within the organization to support the growth of the leadership team, you must build the systems with your newly assigned leaders.

Stage 5: Influencer

As an influencer, you have got the right people, systems, and product/service in place. You have accomplished so much, but the road ahead has new challenges. You will see bigger growth opportunities through external expansion tactics while you continue to mitigate risks and threats.

Challenges: To continue pushing the limits of your people while driving to a performance culture.

Opportunity: To give your trusted leadership team the freedom to lead your people and business to success.

In nutshell, entrepreneurial stages with respective actions are summarized as below:

Entrepreneurial stage	Entrepreneur's action at each stage
Survival	Hustler & experimenter
Success	Experimenter
Sustainability	Visionary
Significance	Systemizer
Succession	Influencer



Application Activity 1.1

Decide about which type of entrepreneurs suits your community and your entrepreneurial dream. Examine actions which will be done at each stage to prepare for your entrepreneurial success.

1.2 Entrepreneurial pathways of some local successful entrepreneurs



Activity 1.2

Observe the picture below and in more than 150 words, explain what you know about the entrepreneurial pathways of the famous entrepreneurs in the illustration.



RTUC was founded by Hajati Zulfat Mukarubega



Sina Gerard



Dr. Nyirinkwaya Jean C.

Secondary sources: <http://www.hope-mag.com>

<https://igihe.com>

In this unit, we are going to learn about entrepreneurial pathways of some of the successful and impactful entrepreneurs in Rwanda.

i. SINA Gerard: A hard road to success

The following story is extracted and adapted from Hope magazine as posted on 13th November, 2012.

SINA Gerard is widely known as Rwanda's foremost agri-business entrepreneur. His interests are diverse spanning restaurants, bakeries, a juice and wine factory, a school and extensive land holdings. Having started with practically nothing, his rise to the top is a typical rag to riches story in Rwanda. Sina Gerard's moving story is the best example that opportunities in Rwanda's agri-business sector can give real entrepreneurs.

Started with a small bakery in 1983. His parents were farmers and he baked products from the farm", Sina recalls. After a while Sina Gerard ventured into higher forms of value addition by making juices. "Agashya" is perhaps the best known amongst the family of drinks by the entrepreneur while the "Akabanga" hot sauce a very popular item is now set to break into export markets. "With time my products become popular and that enabled my businesses to grow", he recalled during interview with Hope magazine. Once Sina Gerard's company known as Enterprise Urwibwutso was placed on a sound footing, he diversified his portfolio to include new ones like manufacture of banana wines which he named "Akarusho". Sina Gerard is a true business visionary. One way of ascertaining such a claim is his firm belief in what education can do to the sustainability of his rapidly growing business. He believes that proper education for his employees is a key driver of taking his growing empire to the next level. Sina Gerard Educational Centre which is a modern educational institution that includes nursery, primary and secondary sections should be seen in this light.

During his interview, he also revealed: "I finally thought it worthwhile to support the school project since I saw the need to be responsible for my employees and their families. They work for my company and I make a profit out of their work. The least I can do for them is to give back something to them. That is what I am doing with the school project. The schooling is free and the children can attend from nursery to high school". He added; "It benefits the children and parents but in a way it also benefits me. Because, I would rather have educated staff than uneducated ones".

If anything education is at the forefront of propelling Enterprise Urubwitso since offering extension services to farmers that enables them to produce more for less is a corner stone of the company's success so far. Gerard continued saying that there is increased capacity over time that gives room for exports something

they never thought of initially. But that is now very possible since they brought in experiences from other countries that have enabled them to achieve the best results. This makes him very proud. His dream is that Rwandan farmers should aspire to deliver the best quality just the way others are doing it in the first world countries. SINA said that the increased capacity of his contracted framers places them at a vantage position of looking beyond his company for sustaining their livelihoods. Enterprise Urubwitso has state of the art plant production capacity. The sky is the limit for Entepriese Urubwitso. As a leader in the sector the deep reforms in Rwanda are likely to give SINA and his company an added boost.

ii. Story of Mukarubega: The woman who built a business empire with just Rwf 5000

Hajati Zulfat Mukarubega, the founder and legal representative of Rwanda University Tourism College (RTUC), in Kicukiro District. She is one of the remarkable entrepreneurs in education sector. Read and learn from her told story during an interview she had with The New times, and published on July 21, 2012

Her journey is a fairy tale characterised by perseverance and patience. Zulfat Mukarubega the founder of Rwanda Tourism University College (RTUC) has changed the face of the hospitality industry. As the brain behind the first and only tourism university in the country, her story is not only inspiring but extra-ordinary.

She has touched the lives of many who have had a chance to pass through her gifted hands of entrepreneurship.

At a time when women had limited opportunities and were confined to the kitchen, Mukarubega defied the odds and ventured into entrepreneurship; with only Rwf 5000 she opened up a restaurant which later opened doors for success.

The 56-year-old established RTUC in 2006 and though the journey wasn't a bed of roses, she managed to build it from scratch into a recognized and prestigious institute it is today.

"Starting a business is full of ups and downs; things were tough in the beginning. Friends discouraged me not to start up something which has never even existed in the country but because I saw the need of what I intended to start, I never gave up. I started with twelve students of which seven dropped out and I remained with five. Getting lecturers wasn't easy and making people understand the need to embrace the importance of hospitality was the hardest thing then," Mukarubega says.

She travelled to South Africa and Kenya where she identified the customer care gap that existed within hotels and restaurants in comparison to Rwanda. This instantly

sparked off her need to enhance hotel management and with all the challenges she faced, which of course being a woman and a mother was part of, Mukarubega never gave up, but rather strived for excellence.

Starting a business at the tender age of 19 was what shaped her into a powerful and extremely ambitious woman.

In January 2012, Mukarubega was honoured as the woman entrepreneur of the year by Rwanda Development Board (RDB). In addition, her business was recognised as the best Small and Medium Enterprise (SME) in the tourism sector. Since its inception, RTUC has blossomed into a successful college with over 3000 students and now has a second branch in Gisenyi which attracts students from as far as the Democratic Republic of the Congo, Burundi and Uganda. The college has had graduations, and most of the graduates are employed while others have started their own businesses.

The love for her country is what drives her to give back to society. “Most young girls finish secondary school and fail to continue to university. Out of desperation they end up into prostitution. As a mother, I saw the need to save our children from such misfortunes by equipping them with skills that will enable them survive,” she says.

Besides RTUC, Mukarubega plans to open up a home care training centre where house maids will be trained on how to raise children.

“Women should believe in themselves; they should be innovative and think about the future because in Rwanda women have a high potential to realise their dreams and excel. The government has opened doors for us, we should use the opportunity,” she says.

For further information about other successful and hustling Rwandan entrepreneurs’ pathways, watch the following videos:

1. Dr. Nyirinkwaya Jean, Owner of La Croix du sud Hospital: https://www.youtube.com/watch?v=x5eYQ56E_34/
2. Origène IGIRANEZA, O’Genius Priority Ltd: <https://www.youtube.com/watch?v=liTmWLPJIFg/>
3. Marc Rugenera, founder and owner of Insurance company: <https://www.youtube.com/watch?v=IPQ8c8t6k3o/>
4. Charles MPORANYI, former owner of SORAS: <https://www.youtube.com/watch?v=0dl5GjthlI4/>

Inspirational characteristics of local successful entrepreneurs

SINA Gerard	
Characteristics	Examples from the case study
1. Starting with small business	He started with a small bakery in 1983
2. Investing in what you have experience and knowledge	His parents were farmers and he baked products from the farm
3. Risk diversification	He diversified his portfolio to include new ones like manufacture of banana wines which he named "Akarusho".
4. Innovative	He diversified his portfolio to include new ones like manufacture of banana wines which he named "Akarusho".
5. Visionary	Sina Gerard is a true business visionary. His firm believed in what education can do to the sustainability of his rapidly growing business
6. Social	<ul style="list-style-type: none"> - He believes that proper education for his employees is a key driver of taking his growing empire to the next level - He established an educational centre which is a modern educational institution that includes nursery, primary and secondary sections

Hajati Zulfat MUKARUBEGA

Characteristics	Examples from the case study
1. Social	<ul style="list-style-type: none"> - She is one of the remarkable entrepreneurs in education sector. - Zulfat Mukarubega the founder of Rwanda Tourism University College (RTUC) has changed the face of the hospitality industry - The love for her country is what drives her to give back to society.
2. Perseverance and patience	Her journey is a fairy tale characterised by perseverance and patience
3. Risk taking	As the brain behind the first and only tourism university in the country, her story is not only inspiring but extra-ordinary

4. Problem solver	She has touched the lives of many who have had a chance to pass through her gifted hands of entrepreneurship
5. Starting with small business	With only Rwf 5000 she opened up a restaurant which later opened doors for success
6. Hustler	She established RTUC in 2006 and though the journey wasn't a bed of roses, she managed to build RTUC from scratch into a recognized and prestigious institute it is today
7. Keen to opportunities	She travelled to South Africa and Kenya where she identified the customer care gap that existed within hotels and restaurants in comparison to Rwanda

With the examples above, it is noticed that entrepreneurs have some globally recommended characteristics of a good entrepreneur they share in common. However, as they pass through different journeys, everyone has some special qualities that pushes her or him to succeed in her/his journey. Watch other suggested testimonies of Rwandan successful entrepreneurs to learn from them, and compare their characteristics along their different journeys.



Application Activity 1.2

1. Evaluate entrepreneurial pathways of any Rwandan successful entrepreneur, and examine qualities which contributed to his/her success.
2. In not more than 50 words, explain what inspires you his/her entrepreneurial journey.



Skills Lab 1.

Think about a business you can start after your secondary studies. Discuss different activities you will do from the business inception stage up to launching first product to the market (entrepreneurial journey). Make sure that your product possess all required traits to satisfy market needs.



End unit 1 assessment

1. Discuss the various characteristics an entrepreneur should possess.
2. (i) Choose two local best entrepreneurs today that act as your role models; one male and one female.
 - i.
 - ii.
 - iii. Explain briefly how the above entrepreneurs have demonstrated the following characteristics basing on your knowledge about them.

Characteristic	How the characteristic has been demonstrated by him or her
Planning	
Decisiveness	
Curiosity	
Risk tolerance	
Innovation	
Persistence	



Key Unit competence:

To be able to create sustainable investments that contribute towards socio-economic development of the country



Introductory activity

Case study

Mahoro is an associate nurse graduate. After her parents died in 2005, she continued with the agricultural work that her parents used to do turning it into agri-tourism business as one of the outstanding investment opportunities in Rwanda. Mahoro had to assume all the responsibilities looking after her 3 siblings/brothers and sisters.

She started from one cow, sheep and angora rabbit for shearing and farms in different kinds of petting-zoo or safaris, and a small farmland using her knowledge in entrepreneurship obtained in O'level sought advice from her immediate relatives. Her relatives advise her to apply for a loan in Umurenge Sacco and luckily she was granted a loan after presenting a good business plan, she had in mind expanding and while having a dream of being self-employed.

Some of her friends discouraged her by advising her to apply for the job and go to work at a health post but she kept deaf ear. Mahoro has secured a contract from Everywhere Travel&Tours company Ltd to connect tourists with her agri-tourism farm.

Questions

1.
 - a) Identify ways in which Mahoro's farming activity is different from other farmers as usually done in your locality.
 - b) What motivated Mahoro to undertake the above activities?
 - c) Suggest the contribution of her investment to the economic development of the country
 - d) How does the government of Rwanda assist the youth to benefit more from available investment opportunities?
2. Discuss the contribution of youth employment.
3. Describe methods of ranking investment proposals.

2.1. Meaning of investment and investment opportunities



Activity 2.1

Assume that you are invited by Rwanda Development Board to address the youths in your home community. The organizer requires you to talk about prominent investment sectors in Rwanda. Attempt the following questions which would be entailed in your speech:

1. Explain the meaning of investment
2. Describe different prominent investment opportunities in your community

2.1.1. Meaning of Investment

Investment is defined as the commitment of current financial resources in order to achieve higher gains in the future. From an economic perspective, investment and saving are different; saving is known as the total earnings that are not spent on consumption, whether invested to achieve higher returns or not. An investment can refer to any medium or mechanism used for generating future income, including bonds, stocks, real estate property, or a business, among other examples. The investment opportunities in Rwanda are numerous. Below are some of the outstanding investment areas in Rwanda.

2.1.2. Investment opportunities in Rwanda

In Rwanda, potential opportunities for investment abound, particularly in the sectors of agriculture, education, health, and financial services.

a) Agriculture

Agriculture is a major economic sector for the people of Rwanda, employing about 70% of the total population. Rwanda's principal crops include coffee, pyrethrum, tea, flowers, beans, Irish potatoes, rice, wheat, sugarcane, among others. About 61% of Rwandan soil is suitable for agriculture as the soils are fertile. The government of Rwanda is tangibly committed to boosting the development of the country's agri-sector. It has invested considerably in infrastructure, responsive institutions, inclusive markets, and innovation & extension while creating and enabling environment for private sector investment. Meanwhile, investment opportunities exist in Dairy, Poultry, Meat processing, Horticulture, Aquaculture, Mechanization, Crop sourcing, Blockchain, Agri-tourism, Manufacturing of irrigation equipment, among others.

b) Dairy



Fig. 2.1. Ensuring high milk quality is a key to success.

According to Rwanda Agricultural Exports Development Board (NAEB), Rwanda exports substantial quantities of milk and milk products to the region. The intra-regional trade in dairy products within the EAC has continued to gain momentum benefiting the Rwandan dairy industry. The main products exported are milk and yogurt.

There is a call for more investment in dairy infrastructure, rural roads, processing plants, as well as acquiring better animal breeds to increase productivity. The quality of milk products for the dairy sector should also be improved to become

sustainable and improve livelihoods of farmers. Stakeholders are trained especially in managerial and business skills.

The government has been working on elimination of challenges like lack of access to electricity, credit and market information to empower the private sector and help it focus on the export market.

c) Poultry

An entrepreneur in this type of agribusiness concentrates on the keeping and selling of birds for meat, eggs, feathers and skins. The types of bird commonly kept in Rwanda include: chicken, ducks, turkeys, Guinee fowls etc.



Fig. 2.2. Poultry farming

d) Meat processing



Fig. 2.3. Meat processing is one of the agricultural business to satisfy Africa's changing appetites

To feed a growing population with shifting tastes and food consumption habits, the agriculture industry will need to evolve in the coming decades. Some predict that, by the end of the century, 13 African cities will surpass New York City in population. And as African economies grow and their citizens become more urbanized, they are likely to increase their standards of living and meat consumption. In Rwanda, there is a lot of meat produce. This is a great opportunity for entrepreneurs who are able to add value on the meat produce so as it can be stored for so long and multi-serve.

e) Horticulture

Entrepreneurs dealing in this business, grow fruits and vegetables. Rwanda's horticulture sector is characterized by an ideal climate, fertile soil and an abundant, hardworking labor force.

The potential to develop a vibrant horticulture industry in Rwanda is undoubtedly on the move. The country has a strong competitive base that hinges on its comparative advantages such as fertile soils, abundant water resource, and abundant labor force that are used to produce quality and competitive horticulture products sold on the regional and international markets.

There are several types of horticultural products that can be grown in Rwanda which include:

- Vegetables: Tomatoes, green pepper, French beans, chilli pepper, carrots, hot paper, onions among others.
- Fruits: Avocados, mangoes, pineapples, passion fruit, bananas, and strawberry.
- Nuts: Macadamia and groundnuts.
- Spices: Parsley, Chilli, Lemongrass, Ginger, Garlic, processed pepper, Mixed spices, Celery among others.
- Flowers: Roses, Zantedeschia flowers, Agapanthus, Calla lilies, Tuberoses, Alstroemeria and Ornamental sunflowers.



f) Aquaculture

In this type of agribusiness, entrepreneurs can deal in fish farming, crocodile farming, etc. Fishes are highly needed by hotels and restaurants in Rwanda. These fishes can be rearing in fish ponds.



Secondary source: newtimes.co.rw

g) Mechanization

Lack of access to tilling tractors on both hilly and flat land, few investors importing the equipment are still hampering the progress in embracing agricultural mechanization. Agriculture mechanization in Rwanda consists of different farm machinery which performs different farm operations from: land development and land preparation, planting, crop treatment, harvesting, post-harvesting and Agro-processing. This is an opportunity for investors who can invest in providing mechanization machinery to farmers who need them.

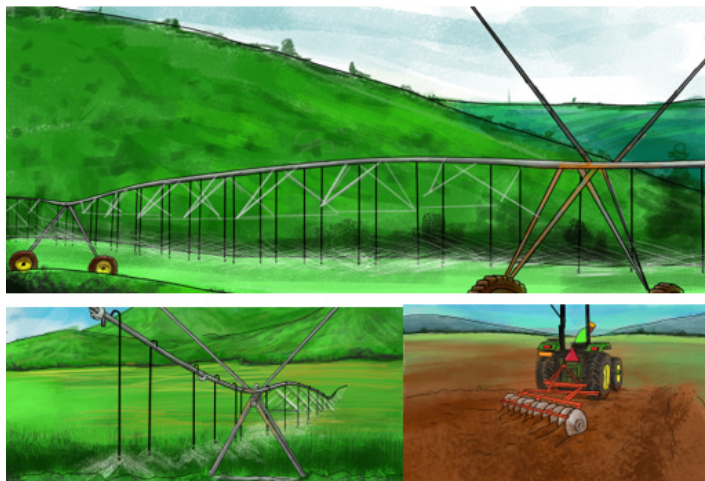


Fig. 2.4. Agriculture mechanization for efficiency, expanding production scope

h) Agri-tourism



Fig. 2.5. A tourist tastes green coffee beans at the washing station as Mr. Coffee explains how beans are dried after pulping.

Agri-tourism provides educational explorations that allow tourists to learn more about agricultural practices and cultural values in Rwanda. Agri-tourism, as a form of individual relaxation, satisfies the needs of various groups of the middle class. For Rwandans that may have vast land on which to conduct agriculture activities, can embrace this new cluster of agri-tourism and develop required products.

The products and services assigned to real agri-tourism are comprised of observation of agricultural production process, plant production, animal production and some processing, and guided or individual farm (ranch) tours.

They also include; real participation in the process of plant production, animal production and processing (e.g. help in cow milking, hay making, etc.), animal demonstrations or shows, sheep shearing, angora rabbit shearing, direct contact with domestic animals or the nature of farms in different kinds of petting-zoo or safaris.



Fig. 2.6. Children enjoy a tractor ride on the farm. Such an experience would be more relaxing and memorable

i) Manufacturing of irrigation equipment

As explained above, Rwandan agriculture mechanization needs the employment of different machinery. Most of the machineries are imported, which makes them expensive and not accessible to all agri-business people. Investment in manufacturing irrigation equipment is one of the trending business opportunities in Rwandan agriculture.

2.1.3 Education

Education is one of the pillars of Rwandan socio-economic development. It is in that regard that it has a lot of investment opportunities which include but are not limited to the following;

- i. Technical and Vocational education and Training (TVET):
 - Infrastructure development and construction of TVET schools across the country
 - Introducing new programs that are closely connected to the labor market.
- ii. ICT in education
 - Smart classrooms
 - E-learning
 - Digital content development
 - Teacher training in ICT at all levels
- iii. Higher education and research:
 - Foreign universities are encouraged to open campuses in Rwanda with emphasis on STEM (Science, Technology, Engineering, and Mathematics)
 - There are opportunities in constructing and managing student hostels in private and government universities
 - Supplement government effort in scholarship provision of student loan schemes.



Fig. 2.7. Carnegie Mellon University Africa is one of the international universities that opened campuses in Rwanda.

2.1.4 Health services

Rwanda plans to expand the provision of better health care and develop medical tourism through the attraction of state-of-the-art and specialized medical facilities. The following are some of the investment opportunities in this sector;

- i. Manufacturing of health products and equipment:
 - Production of pharmaceutical products and medical equipment
 - Medical supply distribution companies to ensure that medical products are accessible
- ii. Provision of advanced health care services:
 - Health facilities such as clinics, super-specialty hospitals, and diagnostic centers are highly demanded,
 - To pave the way for medical tourism, three niche sub-sectors have been identified for Rwanda to focus on; Oncology, Cardiology, and Nephrology.
- iii. Medical schools to generate skilled staff for the health sector:
 - With just unsatisfied ratio of either physician or nurse per residents, Rwanda has opportunities in medical education and training institutes such as medical schools, nursing paramedical schools, medical engineering schools, and e-learning platforms.



Fig. 2.8. Dr. Agarwal's Eye hospital is one of the health services' investment in Rwanda

2.1.5 Financial services.

Rwanda aims to become a business and financial center of excellence. The country has started to attract large-scale investment opportunities in new and upcoming sectors, including green and sustainable financing and Fin Tech. financial services investment opportunities include the following:

i. International bank representative office

International banks can adopt a low-risk familiarization route into the Rwandan market by establishing a representative office in Rwanda.

- An international/global bank represented in Rwanda will be in position to support large projects initiated by both government and private sectors. This will include financing through syndication or directly and also transaction advisory services.
- The Rwandan economy presents various opportunities for the representative bank office to introduce to the wider bank group. These opportunities range from trade finance, investment management, corporate structuring, etc.

ii. Agricultural financing

Increased credit in the agriculture sector is key to ensuring the development of the industry in Rwanda. Several innovations/products (weather-based crop insurance, warehouse receipt schemes, etc.) can be introduced to improve value chains within the agriculture sector.

iii. Small & Medium Enterprise financing

Small and Medium Enterprises are the lead drivers of job creation and economic development in Rwanda. If the business environment for these firms can be improved, they can become more profitable, increase in size, and tap into regional and global markets. Financial institutions experienced in SME financing such as private equity and venture capital funds will help to increase access to finance for this category of enterprises.

iv. Real estate investment trust

Commercial REITs present a massive opportunity for the Rwandan Market, especially financing and supply options for affordable housing, shopping malls, hotels, and offices.

Also, the Rwandan business and financial ecosystem offers access to products and services that are conducive for activities such as Fund Management; Private Equity Investments and Global Trading.



Fig. 2.9. Muhima Investment Company Ltd (MIC) is one of investors in real estate.



Application Activity 2.1

As a student in associate nurse program, advise someone who is willing to invest in Rwanda about:

- a) Sectors to invest in.
- b) Incentives provided by the government to make Rwandan investment climate friendly.

2.2 Investment and youth employment



Activity 2.2

With clear examples, explain the meaning of youth employment.

2.2.1 Meaning of youth employment

There is no legal reference to define the term “youth”. Individuals are either under aged, entirely dependent or adults and thoroughly responsible for what they do.

According to the criteria on recognized by the United Nations, the youth comprises of people that are between 15 and 19 years old (adolescents) and those who are aged between 20 and 24 (young adults).

Youth meaning varies from one society to another and has evolved depending on political, economic and socio-cultural contexts. In that case, a young person is that person who is considered as such by the society". In Rwanda, the youth is made up of persons aged between 14 and 35.

Youth employment is the situation of young people who are looking for jobs, are able to find jobs, with the age range being that defined by the United Nations as 15–24 years old.

Note. Given that a third of Rwandans, about 3.7 million individuals are aged 15 to 34, and youth employment is a critical policy issue.

A good entrepreneur who invests in area of agriculture should have in mind that, Rwanda is in situation that 42 % of the youth aged between 14 and 35 are either unemployed or only work on seasonal small scale agriculture.

2.2.2 Benefits of youth employment

With youth underemployment rates the highest they have been in 40 years it is more important now than ever to embrace and explore the benefits that young people bring.

- **New energy and perspective:** Young employees can bring fresh perspective and a different way of thinking to your business. Most young workers are eager to learn, build their experience and apply their skills in the workforce. This enthusiasm is great for team building, productivity and workplace moral. Younger employees will also give you an advantage if you want to target the millennial market as they understand how to reach and communicate with their peers.
- **Workforce development:** Young people are used for learning. If they have just come out of school or tertiary education, they will still retain a mindset that will help them absorb training more readily. As they don't have a huge amount of previous experience young people are essentially a 'blank slate.' This affords/ gives their employer an opportunity to develop a workforce of young people specifically trained to meet their organization's needs.
- **Affordability:** More often than not, wages for a young employee are less expensive than those for an older more experienced worker. There are also options for formal trainee and apprenticeships which can be of great benefit to both employers and young people.
- **Technology advancement & early adoption:** Millennial have grown up around technology. Their natural affinity for tech and their ability to apply and understand different technologies quickly sets them apart from other generations in the

workforce. Hiring young people has a positive and important impact in driving business forward in the adoption and use of new software and technology

- **Adaptability & agility:** When unexpected circumstances arise, younger people are better equipped to respond to sudden change, this can be of great benefit in the shifting landscape of the modern-day workplaces where process, technology and priorities are constantly changing. With economic, social and political boundaries in a state of flux, adaptability gives young people an advantage in a work environment that is more agile, changeable and fast paced than ever before.
- Youth employment builds young people's self-esteem and self-confidence;
- It develops ability of the youth to manage personal and social relationships;
- Offering worthwhile and challenging new experiences at work and outside work place;
- It provides learning opportunities to enable young people to gain knowledge and develop new skills;
- Building young people's capacity to consider risks and consequences and make informed decisions and take responsibility
- Helps young people to develop social awareness and a sense of social solidarity form their work environments.
- It gives young people a voice in decision-making which affect their lives;
- Enhances young people's role as active citizens and preserving culture.
- When young people are employed, the crime rate is reduced, idle resources are exploited and generally the living standard is improved.



Application Activity 2.2

As a student in associate nurse program, you are requested by your village leader to address citizens in your village about the youth employment.

Describe the benefits of youth employment towards community development that will be entailed in your speech.

2.3 Some methods of ranking investment proposals



Activity 2.3

Assume that you have received a government grant. Describe any methods of ranking investment you would use to select the best project to invest in.

In comparing projects with equal lives, several key methods are used to rank them and to decide whether or not they should be accepted for inclusion in the capital budget. In this section, you are going to explore Payback period (PBP) and Return on Investment (ROI) methods.

2.3.1 Payback period (PBP)

- The payback period, defined as the expected number of years required to recover the original investment. When net annual cash inflow is even (i.e., same cash flow every period), the payback period of the project can be computed by applying the simple formula given below:

$$\frac{\text{Initial Investment}}{\text{Annual Cash flow}}$$

The Delta Company is planning to purchase a machine known as machine X. Machine X would cost \$25,000 and would have a useful life of 10 years with zero salvage value. The expected annual cash inflow of the machine is \$10,000.

Required: Compute payback period of machine X and conclude whether or not the machine would be purchased if the maximum desired payback period of Delta Company is 3 years.

Solution:

Payback period = \$25,000/\$10,000.

According to payback period analysis, the purchase of machine X is desirable because its payback period is 2.5 years which is shorter than the maximum payback period of the company (3 years).

- In the above examples we have assumed that the projects generate even cash inflow but many projects usually generate uneven cash flow. When projects generate inconsistent or uneven cash, the formula is stated below:

**PBP = Year before full recovery + unrecovered cost at start of year
Cash flow during year**

- An investment of \$200,000 is expected to generate the following cash inflows in six years:

Year 1: \$70,000

Year 2: \$60,000

Year 3: \$55,000

Year 4: \$40,000

Year 5: \$30,000

Year 6: \$25,000

Solution:

Unrecovered investment at start of 4th year:

PBP= Initial cost – Cumulative cash inflow at the end of 3rd year = \$200,000 – \$185,000 = \$15,000

- Payback period = $3 + (15,000^*/40,000)$
= $3 + 0.375$ = 3.375 Years

• **Conclusion:**

- The payback period for this project is 3.375 years which is longer than the maximum desired payback period of the management (3 years). The investment in this project is therefore not acceptable.

DECISION CRITERIA:

- The shorter the payback period, the better.
- If the projects are mutually exclusive, the one with a shorter payback period is preferred.

Evaluating PBP

• **Advantages:**

- An investment project with a short payback period promises the quick inflow of cash. It is therefore, a useful capital budgeting method for cash poor firms.
- A project with short payback period can improve the liquidity position of the business quickly. The payback period is important for the firms for which

liquidity is very important.

- An investment with short payback period makes the funds available soon to invest in another project.
- A short payback period reduces the risk of loss caused by changing economic conditions and other unavoidable reasons.
- Payback period is very easy to compute.

Disadvantages

- The payback method does not take into account the time value of money.
- It does not consider the useful life of the assets and inflow of cash after payback period.

2.3.2. Return on Investment (ROI)

Return on Investment or ROI shows you the return from your investments. It helps you to choose the best investment across different investment options. You may evaluate the investment based on your financial goals and risk tolerance.

The return on investment is usually expressed as a percentage. In simple terms, the return on investment is a financial ratio that helps you determine the benefit of your investment against the costs. If you invest your money in mutual funds, the return on investment shows you the gain from your mutual fund schemes. ROI may be positive or negative. If the return on investment is negative, you are actually losing money on the investment. You must pick an investment that may offer you the maximum return over a period.

$$\text{ROI} = \frac{\text{Net Return on Investment}}{\text{Cost of Investment}} \times 100\%$$

Example: Kabatesi invested Rwf 90 into a business venture and spent an additional Rwf 10 researching the venture. The investor's total cost would be Rwf 100. If that venture generated Rwf 300 in revenue but had Rwf 100 in personnel and regulatory costs, then the net profits would be Rwf 200.

Solution:

Total investment = Rwf 90 + Rwf 10 = Rwf 100

$$\text{ROI} = \frac{\text{Rwf } 200}{\text{Rwf } 100} \times 100 = 200\%$$

Let us compare the first example to another example where an investor put Rwf 10,000 into a venture without incurring any fees or associated costs. The company's net profits were Rwf 15,000. It is significantly more than the Rwf 200 in net profits generated in the first example. However, the ROI offers a different view: Rwf 15,000 divided by Rwf 10,000 equals 1.5. Multiplying that by 100 yields an ROI of 150%.

Note: Although the first investment strategy produced fewer dollars, the higher ROI indicates a more productive investment.



Application Activity 2.3

Analyse the following data extracted from the books of KANYARWANDA and attempt the questions thereafter.

Period	Project A	Project B
0	(\$25,000)	(\$25,000)
1	\$10,000	\$2,000
2	\$10,000	\$8,000
3	\$15,000	\$14,000
4	\$4,000	\$20,000
5	\$4,000	\$26,000
6	\$4,000	\$32,000

Required:

Evaluate the investment projects presented above using Payback period method and be precise on decision criteria.



Skills Lab 2

1. After learning about different agribusiness activities in your community, you are required to think and come up with different modern methods that can be applied to improve on productivity of agribusiness products and promote youth employment.
2. Scan your home environment or elsewhere, and come up with possible agribusiness activity that you can undertake after school and suggest its role to your personal & family economic development.



End unit 2 assessment

Assume you are an associate nursing program leaver and you have been selected as a district youth leader. During a campaign about “**Youth and investment opportunities**”, you are requested to advise youths on scalable investment sectors.

Required:

1. Identify any two projects that you can invest in your home locality.
2. Describe the methods that you can use to make them real profitable businesses than survival and discuss their contribution towards socio-economic development.



Key Unit competence:

To be able to manage money responsibly and keep financial records.



1.0 Introductory activity

Case study:

Elizabeth and Kabayiza are married with two children, aged three and five. Kabayiza works full-time in manufacturing and Elizabeth works four days a week as a nurse. When they got married, they were renting and maintained two separate accounts as well as a joint account for bills. Now they own a home and are paying off a mortgage and saving determinedly for the future so that they can afford private education for their children by the time they enter high school.

Referring to the story above and your knowledge about entrepreneurship skills learnt and competences developed before, answer the questions below.

- Why do Elizabeth and Kabayiza need money?
- What are the best ways of the couple to save money?
- Why do they need to save money?
- Explain the moral lesson that you learn from the above case study

3.1. Meaning of money, savings and saving goals



Activity 3.1

Using the knowledge acquired in O'level, explain the meaning of the following terms as used in entrepreneurship:

- a) Money
- b) Savings
- c) Saving goal

• Money

Money is anything that is generally accepted as a medium of exchange and repayment of debts.

Money is one of the most important inventions of modern times. It has undergone a long process of historical evolution.

Stages in the evolution of money



Figure 3.1. Stages in the evolution of money

1st Stage: Barter trade: Human beings passed through a stage when money was not in use and goods and services were exchanged directly for goods and services. Such exchange of goods or services for goods or services is called barter exchange.

2nd Stage: Commodity money: The inconveniences and drawbacks of barter trade led to the gradual use of a medium of exchange. In the historical study of money, it is found that all sorts of commodities like seashells, pearls, precious stones, tea, tobacco, cow, leather, cloth, salt, wine, etc. have been used as a medium of exchange (i.e. money).

3rd Stage: Metallic money: Inadequacy of commodity money led to the evolution of metallic money (gold and silver). The problem of uniformity of weight and purity of precious metals led to private and public coinage.

4th Stage: Paper money: This process was finally taken over by the state as one of its essential features and ultimately commodity money gave way to paper money which means currency notes. Nowadays, the use of paper money has almost become universal along with coins made of copper, bronze or nickel, etc.

5th Stage Bank money: The process of evolution of some better medium of exchange still continues. As the volume of transactions increased, even paper money started becoming inconvenient because of the time involved in its counting and space required for its safe keeping. This led to bank money or credit money in the form of cheques, drafts, bills of exchange, credit cards, etc.

- **Savings**



Secondary source: <https://www.marketwatch.com>

Fig. 3.2. Savings help someone achieve a lot in future

Savings is the portion of income not spent on current expenditures. Because a person does not know what will happen in the future, money should be saved to pay for unexpected events or emergencies. An individual's car may breakdown, their dishwasher could begin to leak, or a medical emergency could occur. Without savings, unexpected events can become large financial burdens. Therefore, savings helps an individual, family or business become financially secure.

- **Saving goals**

Money can also be saved to purchase expensive items that are too costly to buy with monthly income. Buying a new house, clothes, purchasing an automobile, or paying for a vacation, etc. can all be accomplished by saving a portion of income. We usually save for:

- Basic needs,
- Household expenses,
- Education,
- Emergencies/safety,
- Retirement/security,
- Family wellbeing,
- Esteem,
- Self-actualization



Application Activity 3.1

Using the knowledge and skills acquired in year 1, Unit 3: Setting entrepreneurial goals, set a SMART saving goal.

3.2. Where to save



Activity 3.2

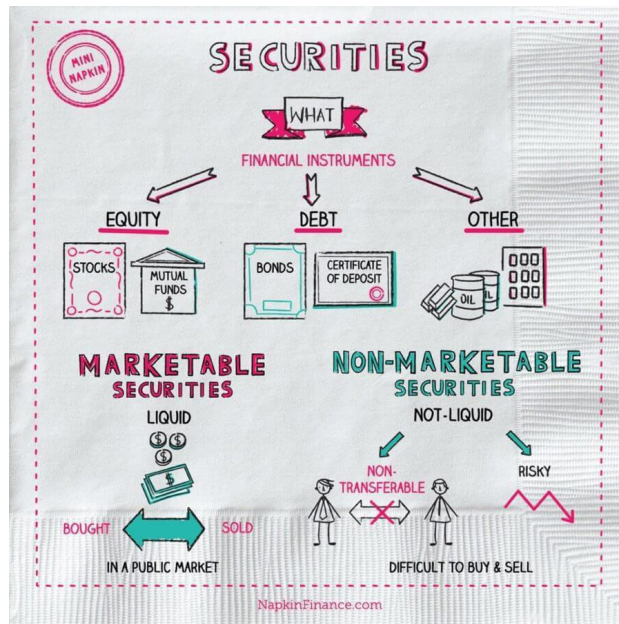
In your community, you have probably heard people and business people talking about where they save a portion of their earnings. Identify where to save money according to what you have heard normally people talking about.



Fig. 3.3. Banks provide savings account services

Some savers place their money in a jar, coffee can or a piggy bank which all are not safe and not encouraged. It is wise to store money in financial institutions like bank depository institution. The following are examples of where to save money:

- **Banks:** Through opening up different savings account, one can save his/her money. For instance, if you find a bank or credit union that offers a free savings account, you can open up several savings accounts. Then every time you get an income, you can put money into each of these accounts for every specific thing that you are saving for. This way you can keep your money safe from accidentally being spent, and it will be there when you need it.
- **Assets:** Individuals can save money through investing in fixed assets. A good example can be when someone invests his/her money in rental houses (real estates). The stock market may be down, but your tenants will still be paying some rent every month.
- **Securities:** Securities are generally classified as either equity securities such as stocks or debt securities such as bonds and debentures. The sale of securities to investors is one of the primary ways that publicly-traded companies drive new capital for operations. People or businesses can save their money through buying available securities at the market.



Secondary source: napkinfinance.com

Fig. 3.4. Investing money through buying different forms of securities is another form of money saving

- **Small savings groups:** This is when someone joins a group comprised of 15-25 self-selected individuals who save together and take small loans from those savings. Savings groups provide members the opportunity to save frequently in small amounts, access to credit on flexible terms, etc.
- **Starting a business:** Saving can be through starting up a business that may generate incomes and profits in future time.



Application Activity 3.2

KABASHA won entrepreneurship competition. He received a cheque of 5,000,000Rwf as a reward, but he doesn't have a ready plan for that money won.

Required:

Advise KABASHA to identify where to save his money to avoid needless expenditure.

3.3. Managing money

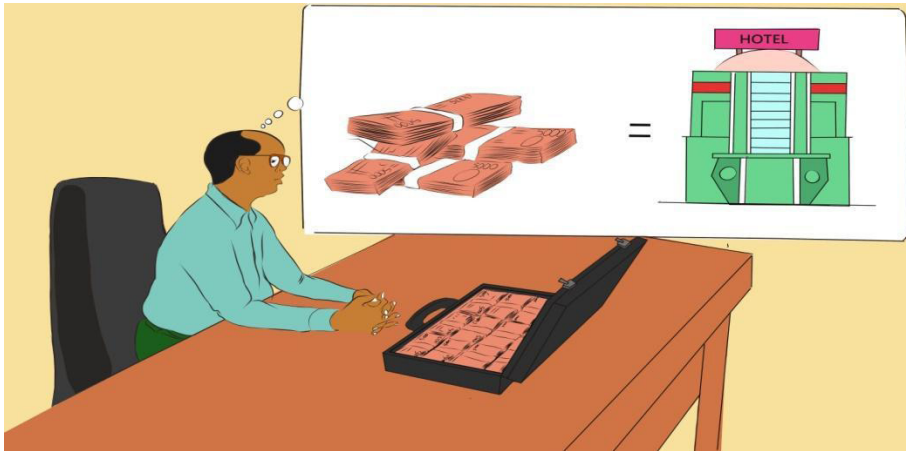


Fig. 3.5. Appropriate money management strategies should be applied to avoid losses



Activity 3.3

Read the following extract, and answer the questions thereafter.

Extract (Money Management-How to make your money go further)

The way you spend your money today will determine what you have in six months from now, a year from now, five years from now, and in your lifetime. You control your financial destiny. You are responsible for the amount of money you earn and for the amount of money you spend. Successful money managers control the way they spend their money. They use money to accomplish the things that are important to them. Good money managers manage their money rather than letting it dribble away from them.

Required:

Do you have control of the way you spend your money? If yes, how do you do it?

Do you live within your income, or do you have to borrow money or use savings to meet your regular monthly expenses? Yes/No. Explain your answer

Money management is the process of budgeting, saving, investing, spending or otherwise overseeing the financial usage of an individual or group. The ability to manage money has to be learned, developed, and practiced on a daily basis. There are eight steps to successful money management:

1. Get organized.
2. Decide what you want to do with your money.
3. Look at all available resources.
4. Decide how much money you are worth.
5. Find out how much money you make.
6. Find out how much money you spend.
7. Set up a plan for spending your money and stick to it.
8. Evaluate your spending plan

The following are essentials for good money management:

- Keeping financial records
- A simple cash book
- Financial forecast
- A simple cash flow plan
- Practicing money management habits E. g. re-use, recycle, repair and reduce.

KEEPING FINANCIAL RECORDS



Figure 5.7: Necessary documents for financial record keeping

Good financial recordkeeping enables business organizations to plan properly and also check for misappropriations of resources. Everyone in business must keep records. Keeping good records is very important to your business. A simple cash book, financial forecast and a simple cash flow plan are very important for money management.

- **A simple cash book**

The simple cash book (also known as single column cash book) is a cash book that is used to record only cash transactions of a business. It is very identical to a traditional cash account in which all cash receipts are recorded on left hand (debit) side and all cash payments are recorded on right hand (credit) side in a chronological order.

The single column cash book has only one money column on both debit and credit sides titled as “amount” which is periodically totaled and balanced like a T-account. As stated earlier, a single column cash book records only cash related transactions. The entries relating to checks issued, checks received, purchases discount, and sales discounts are not recorded in single column cash book.

Format of Simple Cash Book:

Dr (Receipts)

Cr (Payments)

Date	Details	Ledger Folio	Amount	Date	Details	Ledger Folio	Amount

The purpose of four columns used on both sides of a single column cash book is briefly explained below:

Date: The date column of the cash book is used to record the year, month and actual date of each cash transaction. This column ensures the chronological record of each business transaction involving receipt or payment of cash.

Details: The details column is used to record the account titles to be debited or credited as a result of each cash transaction. This column is sometimes titled as “particulars”.

Ledger Folio: This column is used to write the page number of each ledger account named in the description column of the cash book.

Amount: The amount column of single column cash book is used to record the money value of each cash transaction.

Note: The debit side (receipt side) of a single column cash book is always heavier than the credit side (payment side) because we cannot pay more cash than what we receive during a period.

Example:

The Student business club at one of Associate nursing school uses a single column cash book to record all cash transactions. It engaged in the following cash transactions during the month of September 2019.

Sep.01: Cash in hand at the beginning of the month Rwf 4,654.

Sep.02: Paid salaries to employees for the last month Rwf 3,000.

Sep.05: Cash received from S & Co. for a previous credit sale Rwf 2,720.

Sep.06: Merchandise purchased for cash Rwf 1,400.

Sep.07: Merchandise sold for cash Rwf 4,700.

Sep.10: Office furniture purchased for cash Rwf 3,080.

Sep.12: Stationery purchased for cash Rwf 170.

Sep.15: Merchandise sold for cash Rwf 9,000.

Sep.17: Cash paid to A & Co. for a previous credit purchase Rwf 1,780.

Sep.20: Merchandise purchased for cash Rwf 2,460.

Sep.21: Merchandise sold for cash Rwf 4,680.

Sep.24: Cash received from S & Co. for a previous credit sale Rwf 2,400.

Sep.28: Cash paid for office rent Rwf 1,600.

Sep.30: Merchandise sold for cash Rwf 7,200

Required: Record the above transactions in a single column cash book (simple cash book)

Solution:

The Student business club's simple cash book for the month of September 2019

Dr (Receipts)

Cr (Payments)

Date	Details	Ledger Folio	Amount (Rwf)	Date	Details	Ledger Folio	Amount (Frw)
2019				2019			
Sep.01	Balance b/d	-----	4,654	Sep.02	Salaries	415	3,000
Sep.05	S& Co.	410	2,720	Sep.06	Purchases	420	1,400
Sep.07	Sales	405	4,700	Sep.10	Office f.	425	3,080
Sep.15	Sales	405	9,000	Sep.12	Stationer	430	170
Sep.21	Sales	405	4,680	Sep.17	A & Co.	440	1,780
Sep.24	S& Co.	410	2,400	Sep.20	Purchases	420	2,460
Sep.30	Sales	405	7,200	Sep.28	Rent	435	1,600
				Sep.30	Balance c/d	-----	<u>21,864</u>
			<u>35,354</u>				<u>35,354</u>
Oct.01	Balance b/d		21,354				

• **Financial forecast**

“**Forecast**” means to form an opinion beforehand i.e. to make a prediction. Thus financial forecasting means a systematic projection of the expected action of finance through financial statements. It is a kind of plan which will be formulated at a future date for a specified period.

The merits of the financial forecasting are noted below:

- It can be used as a control device in order to fix the standard of performances and evaluating the results thereof
- It helps to explain the requirement of funds for the firm together with the funds of the suppliers
- It also helps to explain the proper requirements of cash and their optimum utilization is possible and so surplus/excess cash, if any, invested otherwise.

Elements of Financial Forecasting:

Financial forecasting involves preparation of proforma financial statements and also the preparation of Cash Budget.

Therefore, it includes the preparation of:

- a) **Pro-forma income statement:** Pro forma income statement is the statement prepared by the business entity to prepare the projections of income and expenses which they expect to have in the future by following certain assumptions such as competition level in the market, size of the market, growth rate
- b) **Pro-forma balance sheet:** This summarizes the projected future status of a company after a planned transaction, based on the current financial statements.
- c) **Cash budget:** A cash budget is an estimation of the cash flows for a business over a specific period of time. This budget is used to assess whether the entity has sufficient cash to operate

- **A simple cash flow plan**

Cash flow plan is a statement that provides valuable information about a company's gross payments and receipts and allows insights into its future income needs. Cash flow statement is important because:

- Cash from operating activities can be compared to the company's net income to determine the quality of earnings. If cash from operating activities is higher than net income, earnings are said to be of "*high quality*."
- This statement is useful to investors because, under the notion that cash is king, it allows investors to get an overall sense of the company's cash inflows and outflows and obtain a general understanding of its overall performance.
- If a company is funding losses from operations or financing investments by raising money (debt or equity) it will quickly become clear on the statement of cash flows

Why is it necessary for an entrepreneur to make a Cash flow statement?

- It helps to identify the source of cash inflows in the business and also identify how cash was used
- It helps management in proper cash planning to avoid excess cash or cash deficits in the business
- It reports the total amount of cash used during a given period in long term investment activities such as purchase of fixed assets

- It shows the amount of cash received from various financing sources such as long term loans and sale of shares
- It helps management to avoid liquidity problems by anticipating when cash is expected to flow in and plan payments accordingly
- It helps investors to understand how a company's operations are running, where its money is coming from and where it is spent.

FORMAT OF CASH FLOW STATEMENT

Cash flow statement for the year ended as at...../ /.....

Details	JAN	FEB	MA	APR	MA	JU	JUL	AU	SE	OC	NO	DEC
Cash inflows												
Cash balance b/d	XX											
Bank loan	XX											
Sales	XX											
Rent income	XX											
Commission Rec	XX											
Grants/ subsidies	XX											
Total cash inflows(A)	XX											
Cash outflows												
Cash purchases	XX											
Loan repayment	XX											
Salaries/ wages	XX											
Taxes	XX											
Total cash out flows(B)	XX											
Cash balance c/d (A-B)	XX											
Net cash position												XX

At the end of that given period, the business will have a surplus if cash inflows are more than the cash outflows or deficit if cash inflows are less than the cash outflows.

Example: Prepare Didi's cash flow for the month of January, February, March and April 2006, given the following information below:

Cash balance b/d or b/f in January was 15000,000Rwf

Monthly rent income was 5000,000Rwf

Monthly credit sales to be paid in the next month were 4000,000 Rwf

Sold a business van in February 14,500,000 Rwf

Monthly commission received was 3000,000Rwf

Monthly cash sales 10,000,000 Rwf

Monthly cash purchases 12,000,000Rwf

Bought a truck in January 800,000 Rwf

Monthly salaries and wages 5000,000Rwf

Bought machinery worth 15,000,000Rwf, payment of 8,000,000 Rwf was made in January and the balance was paid in two equal installments during the month of February and March.

Solution

DIDI'S CASH FLOW STATEMENT FOR JANUARY, FEBRUARY, MARCH AND APRIL

Details	January	February	March	April
cash inflows	RWF	RWF	RWF	RWF
cash balance b/d	15,000,000	7,200,000	23,200,000	24,700,000
Rent income	5,000,000	5,000,000	5,000,000	5,000,000
Credit sales		4,000,000	4,000,000	4,000,000
Sales of van		14,500,000		
Commission rec	3,000,000	3,000,000	3,000,000	3,000,000
Cash sales	10,000,000	10,000,000	10,000,000	10,000,000
Total cash inflows (A)	33,000,000	43,700,000	45,200,000	46,700,000
Cash outflows	RWF	RWF	RWF	RWF
Cash purchases	12,000,000	12,000,000	12,000,000	12,000,000
Truck	800,000			
Salaries/ wages	5,000,000	5,000,000	5,000,000	5,000,000
Machinery	8,000,000	3,500,000	3,500,000	
Total cash out flows(B)	25,800,000	20,500,000	20,500,000	17,000,000
Cash balance c/d(A-B)	7,200,000	23,200,000	24,700,000	29,700,000
Net position				29,700,000

PRACTICING MONEY MANAGEMENT HABITS

With the cost of goods and materials rising, using resources efficiently and reducing your business' waste makes good financial sense. It's also better for the environment. The cost of sending waste to landfill is increasing, and so are the restrictions on what you can send. You can face penalties if you do not handle waste appropriately or have the right paperwork before it leaves your premises.

You can save money and make your business more efficient by focusing on how you reduce, reuse, recycle or recover and repair in your business, and how you deal with the waste that remains.

1. Reducing waste

Cutting the amount of waste your business has to handle is the most cost-effective and environmentally-friendly method of dealing with waste.

There are a number of areas you could focus on:

Procure carefully - buy only what you need, control stock and streamline processes across departments. Buy equipment in bulk to reduce packaging and consider the product's durability and lifespan - replacing equipment less often will reduce the waste you create.

- **Look for easy wins** - seemingly trivial changes can produce significant savings, such as printing and photocopying double-sided, refilling printer cartridges, switching off lights and electrical equipment, and using rechargeable batteries.
- **Review your processes** - ensure that equipment and materials are used efficiently and packaging is kept to a minimum.
- **Product design** - keep the amount of materials you use in products to a minimum.
- **Packaging design and use** - make sure you use as little packaging as possible to achieve an adequate level of protection for your products.

2. Reusing waste

You may be able to reuse materials and equipment in your own business or another organization.

For example, consumers can refill a purchased bottle of water with water from home to minimize the number of plastic bottles being discarded.

Reusing your own business waste can reduce your costs as you won't need to buy raw materials or pay to dispose of the waste. You may also be able to generate income from materials and goods that are valuable to another organization.

3. Recycling waste

Recycling is the third-best waste management option for your business, after reducing and reusing waste. Even so, recycling is important because it reduces the amount of waste sent to landfill and reduces the need to use new raw materials. Recyclables include glass, newspaper, aluminum, cardboard and a surprising array of other materials.

4. Repair

The business can repair broken materials and equipment such as lamps instead of buying new ones.



Application Activity 3.3

1. Write up a single column cash book of UBUMWE Enterprise for the month of April 2015, from the following?

1 Cash in hand1,650	17 Paid cash for repairing..... 360
2 Cash sales 16,000	19 Sales by cash11,400
3 Paid check to creditors....4,000	21 Paid office expense180
4 Wages paid in cash 2,250	25 Paid rent and rates3,600
4 Cash sales 18,000	26 Cash sales19,200
9 Paid cash to TCP 420	27 Paid electricity bill900
11 Paid salaries by cash ...2,850	28 Cash collected from debtor...4,500
12 Credit Sales 1,000	29 Goods Purchased by cash... 2,000
14 Note Receivable Realized ... 3,000	30 Retire bank loan 3,000

Requirement: Prepare cash book at April 30, 2015:

2. Given the information below on Central Trading Company Ltd for the month of April, May & June
- On 1st April, 2005 Central Traders Company Ltd had a cash balance of 10,000,000 Frw.
 - It expected monthly cash sales of 5000,000 Frw.
 - Credit sales were 3,500,000 Frw per month and the payments would be made in the following months.
 - Monthly rent income from some of its properties was expected to be 1,000,000 Frw
 - Monthly cash purchases were 6,000,000 Frw.
 - Monthly salaries and wages bills were projected at 800,000 Frw.
 - A loan from Umwalimu Sacco was 10,000,000 Frw was received in May.
 - Monthly interest payment of 100,000 Frw on the loan.
 - Monthly raw material for 5000,000 Frw.

Required: Prepare central trading company's cash flow statement for the month of April, May, and June.



Skills Lab 2

Discuss and suggest strategies or how you will cut costs/expenses using the 4Rs (reducing, recycling, repairing and reusing) in your student business club. Prepare a new projected cash flow statement after applying the suggested strategies.



End unit 3 assessment

Read the following dialogue and answer the questions that follow;

Peter: Does what you know now about money management affect your future?

Peace: Of course what you know today affects tomorrow. You couldn't drive a car without a license, and that is why you need to begin learning about how to spend your money wisely today.

Peter: How does your attitude towards money change as you age?

Peace: Five-Year-Old: Come On mom, can I have some money to buy that ring?

Fourteen-year-old: Mom, I want 10,000Frw to buy designer label top and those cool pants.

Eighteen-Year-old: Shoot, I know how I can get money for college. I will ask mom.

Forty-Year-Old: ***I need to save for my retirement. No excessive spending.***

Questions

- i. With examples explain how your money management affects your future wellbeing.
- ii. Where do you think a person can save?



Key Unit competence:

To be able to prepare a business plan for the business they are running or intend to start.



Introductory activity

Introductory activity

Mangada and Manuela are twin brothers and NURSING graduates they have always had a dream of being self-employed. Mangada sought of starting a restaurant and Manuela sought of starting a piggery project having both knowledge of entrepreneurship from school, they both secured financing from their parent as well as personal savings accumulated while at school.

Mangada starts immediately and after a few months the business started doing well but later before the year ended, she was in a great loss and decided to close down.

Mangada starts immediately and after a few months the business started doing well but later before the year ended, she was in a great loss and decided to close down.

Manuela took her time to discover and learn about the business she intended to start and devised/developed a plan as laying strategies on how to put the plan in action, she starts later after five months a few challenges came her way but she never gave up. She now has over 100 pigs and has recently secured a sausage making machine and obtained enough market in Kigali to supply her products as well as secured external market in Congo.

Questions

- a) According to the case study what do you think is the secret of Manuela's success?
- b) Why do you think it is important for a person to plan before undertaking any action?
- c) Suggest the elements that you would put into consideration while preparing a business plan?

4.1 Definition and Importance of the business plan



Activity 4.1

1. Using your previous knowledge obtained in O'level about business plan, explain the meaning of a business plan.
2. Case study

Mugabo had a business idea of buying and selling boiled eggs in his village where all people in this village were doing poultry farming. Mugabo has got a loan of 30,000Frw from Umurenge Sacco Gatumba and bought eggs, boiled them and started selling them but unfortunately, he didn't find any consumers to buy eggs. After two days, all eggs were damaged and lost his capital.

Through this case study answer the following questions:

- a. What do you think is the source of the loss of Mugabo's capital?
- b. Advise Mugabo on the challenges faced by his business.
- c. Show Mugabo the importance of writing a business plan for his business



Figure 4.1: A business plan on a colourful map with main factors on branches: Mind Concept

4.1.1 Definition of a business plan

A plan is a proposed or tentative course of action worked out beforehand for the purposes of accomplishing a goal. It can also be described as a thought-out journey that would take you to your desired destination.

Ideally, planning is looking into the future and putting in place the means to reach that future. It is setting goals and how to achieve them, deciding on the end and the means to the end. We should all be concerned about the future because we will have to spend the rest of our lives there. Future outcomes are a function of today's decisions. For anyone starting a business, a business plan is a vital first step and every business requires a well-developed business plan.

The business plan is a planning tool that details the goals of the business and gives the owner a path to follow. It is a written summary of an entrepreneur's proposed business venture highlighting its goals and objectives, and his skills, abilities and requirements to implement it.

It helps the owner to make judgments and decisions on opportunities and threats by providing a framework to assess the options. A business plan describes how the business operates, how it is managed, how it interacts in the marketplace, how it functions financially and what its strengths and weaknesses are.

The business plan should be an integral part of the management and oversight of a financial institution/organization. It should therefore establish the institution's goals and objectives.

4.1.2 Importance of the business plan

Business plan serves in the following ways:

- **To attract investors.** Whether you want to show your business to venture capitalists, or attract angel investors, you need to have a solid business plan. A poor presentation may anger their interest, but they will need a well-written document they can take away and study before they will be prepared to make any investment commitment. Be prepared for your business plan to be scrutinized; both venture capitalists and angel investors will want to conduct extensive background checks and competitive analysis to be certain that what is written in your business plan is indeed the case.
- **To test the feasibility of a business idea:** Writing a business plan is the best way to test whether or not an idea for starting a business is feasible, other than going out and doing it without having a plan. In this sense, the business plan is your safety net. Writing a business plan can save you a great deal of time and money if working through the business plan reveals that your business idea is unsustainable.
- **To give your new business the best possible chance of success:** Writing a business plan will ensure that you pay attention to both the broad operational and financial objectives of your new business and the details, such as budgeting and market planning.
- **To secure funding, such as bank loans:** Having a business plan gives you a much better chance of getting the money you need to keep operating or to expand. You're going to need both operating and start-up capital to start a new business and you have no hope of getting any money from established financial institutions such as banks without a well-developed business plan.
- **To make business planning manageable and effective:** A business plan is essential if you're thinking of starting a business, but it is also an important tool for established businesses. Viable businesses are dynamic; they change and grow. The company's original business plan needs to be revised as new goals are set. etc.

When to write a business plan

A business is not something static. The business can change over time as the business develops, and any particular business may have multiple business plans as its objectives change. Sometimes people often make the mistake of thinking of a business plan as a single document that is just put together when someone is first starting out and then set it aside.

A business plan should be written when thinking of going into business, that is:

- Before starting a business
- When updating the business is required. For example, from plastic to metal products.
- When new information is obtained. For example, changing colours and size of the products as a result of consumer's complaints.
- When new experiences are gained. Probably regarding new methods of production.

Users of a business plan and how they use it

Users of a business plan include but not limited to the following;

a. Business owners

As the owner, you already know the obvious reasons, but there are so many other good reasons to create a business plan that many business owners don't know about.

Such important reasons include:

- To create a new business. This helps the entrepreneur to mobilize and coordinate resources.
- To better understand your competition.
- To better understand your customer.
- To assess the feasibility of your venture. How good is this opportunity?
- To document your revenue model. Documenting the revenue model helps to address challenges and assumptions associated with the model.
- To determine your financial needs. This process is essential for raising capital for business and for effectively employing the capital.
- To reduce the risk of pursuing the wrong opportunity. Writing the business plan helps you assess the attractiveness of this particular opportunity, versus other opportunities.
- To help you research and really know your market.
- To plot your course and focus your efforts. The business plan provides a roadmap from which to operate, and to look for direction in times of doubt.
- To position your brand. Creating the business plan helps to define your company's role in the marketplace.
- To judge the success of your business. A formal business plan allows you to compare actual operational results versus the business plan itself.

b. The Government agents

- The business plan made by entrepreneur helps the government to assess the viability of a business to determinate specific incentives like tax exemptions, credit guarantees and subsidies that the government may give to the entrepreneur.
- The business plan helps the government to plan for infrastructures and other services that it may want to put up.
- With business plan, the government ensures which tax a business should be taxed.
- In some cases, the entrepreneur may want to borrow money from financial institutions like, banks; such loans require the government to guarantee basing on how good a business plan is.

c. The Managers

The importance of business plan to managers is as follows:

- Business planning is important to managers because the whole point of management is to allow a business to operate more efficiently and to be able to achieve its goals.
- Business plan helps managers allocate scarce resources appropriately.
- It enables managers to control the different aspects of their projects and processes to ensure each task stays on course.
- Business plan also provides the framework for measuring the progress of the different processes and tasks.

If there is no business plan, decisions will be taken each day based simply on immediate needs. This will not allow the business to move forward in an organized and purposeful way towards its future goals. Such a business is unlikely to succeed because it would have long range plan.

d. Employees

The business plan is important to the employees of the business in the following ways:

- The business plan helps the workers to determine production targets that they have to achieve within set periods.
- The business plan gives the employees assurance about the duration of their employment. It gives them job security because they know the expected life cycle of the business.
- The organizational plan helps define tasks and responsibilities of each of the workers and so helps reduce conflict.

- The business plan helps employees to know the mission and vision of the enterprise.

e. Financial institutions

A well-prepared business plan is vital when approaching any financial institution for finance. It helps them to assess whether it is appropriate to lend money to the business based on revenue projections and other information included in the business plan. Almost all the banks expect you to submit a business plan along with your loan application.

The following are what most financial institutions look for:

- Most financiers will closely look and verify the following parts of your business plan: The balance sheet is probably the first thing your loan officer will turn to. The balance sheet records your assets, liabilities and capital.
- Along with the balance sheet, they will look very carefully at the profit or loss and the cash flow, which should be very closely related to the balance sheet and to each other.
- Bankers will also look for hard evidence of founders and managers who know their business.

f. Investors

- A business plan attracts investors. The business plan answers investors' questions such as: Is there a need for this product/service (is there a target market)? What are the financial projections? What is the company's growth or exit strategy?



Application Activity 4.1

1. Assuming that you have completed secondary studies:
 - a) Develop your personal plan for daily, weekly, monthly and yearly activities.
 - b) What business do you plan to do after your studies and in your life?
 - c) How and when do you plan to achieve your goal?
2. Think of a feasible business of your interest and identify who will be the users of your business plan and explain how it will be used.

4.2. Elements of a business plan



Activity 4.2

Assume that you are selected by an NGO in Rwanda specializing in entrepreneurship called Educate! to train youths on business planning.

Explain what will be entailed in your training presentation as the main elements of a business plan.

Business plans vary in content according to their intended purposes, but the basic format remains the same. It consists of three elements: First, discuss the business model and describe your products and services. Then place the business in its industry and discuss your intended marketplace, including your target customers and how you will reach them, beating your competition. Last, relate these plans to the real world, discussing your contingency plans and finishing off with spreadsheets detailing your anticipated sales, costs of doing business and resulting profits. Though, formats may vary, clarity is the most important quality of any business plan.

A successful business plan should have the following components:

a. Executive summary

The executive summary should be the first section of a business plan after the table of contents, though it is typically written last after all the other sections.

Basically, an executive summary discusses the following items:

- Business name, address and contact person.
- Business idea and goals: This section provides an overview of the business project, what product or service is being sold and what the entrepreneur's goals are. It also indicates where the business expects to be in a year's time and later.
- Legal form: e.g. sole proprietorship, partnership, company.
- Marketing: This part looks at how the products or services of business will be sold. Who will be the main target markets (customer groups)? And what are the main elements of the proposed advertising and promotion strategy for the firm?
- Operations: This is concerned with where the business will be located. How many staff will be needed and how they will be managed.

- **Finances:** How much money is required to finance the plan, where will such capital be obtained from and how it will be repaid. How much profit the firm is expected to make by the end of the business plan time period?

b. Business description

The business description section of a business plan is another section, coming after the executive summary. The business description outlines vital details about your company, such as:

- i. The name of a business:** This is the official name of your business as registered in the country where you do business.
- ii. Contact address:** This is the contact anyone can use to ask some information about your business. It may be a phone number, email, website, fax and the location address of the business, etc.
- iii. Legal form:** A legal form of business refers to businesses allowed by the government to be run by business entrepreneurs. The business owner must choose the legal structure of his business. e. g. sole proprietorship, partnership, company, cooperative, etc.
- iv. Type of business:** The type of business refers to the nature of business-like agribusiness, manufacturing; trading, service, etc.
- v. Description of the business idea and market:**

This section includes the following;

- **Information about the owner:** The first item in a plan should be written in the description of business owner background, including name, address, email, phone number, education, family status, sex etc.
- **Mission statement:** A clear mission statement that represent the purpose of your business. E.g.: To provide uncompromised quality product to our customers
- **Objectives:** An outline of what you want to accomplish in the mediate future based on the data in the rest of the business plan as well as future growth goals. E.g.: To increase the market share by 13% by the end of 2021
- **Vision statement:** About how you envision the future of the company, e.g.: Transforming the livelihood of the population.
- **Business location:** Where is the business / company and its headquarters?
- **Business history:** When did the business start or when do you plan to start if it is a new business. What inspires you to start the business?
- **Products or services and target market:** A brief overview of what you plan to sell and to whom.

- **Description of market:** Which include geographical area, type of customers, size of total market, description of the competitors, market share for the new business, etc.
- **SWOT analysis:** The analysis of strengths, weaknesses, opportunities and threats (SWOT analysis).
 - **-S- STRENGTH OF THE BUSINESS:** These are aspects within the business that give it advantage over other businesses. These can include:
 - Skilled and motivated staff.,
 - Modern equipment.
 - Strong research team.
 - Sufficient working capital.
 - Excess capacity.
 - Wide distribution network
 - **-O- OPPORTUNITIES OF THE BUSINESS:** Aspects outside the business that are likely to be of benefit to the business: e.g.:
 - Favorable government policy.
 - Increasing demand of the product.
 - Other industries that complement the business.
 - Improved infrastructure.
 - Reduced taxes on such product.
 - New channels of distribution.
 - Invention of better technology.
 - **T- THREATS OF THE BUSINESS:** These are things outside the business that are likely to affect the business negatively. E.g.: Possibility of entry of new competitors.
 - Change in government policy.
 - Scarcity of raw materials.
 - Declining of population (reduction in demand).
 - Negative changes in customers' tastes and preferences.
 - Collapse of infrastructure.
 - Raising costs of electricity.
 - Economic depression.

Note: You should assess the above factors along comparing with those of the rivals. In case your favoring factors are not as big as those of the competitors, you will need to be very cautious in planning and running for your business.

Moreover, the following can guide your decisions:

1. If your strength is greater than your weaknesses, then advance.
2. If you observe more opportunities coming your way added to your strengths, please Invest more.
3. But if you mark weaknesses and you observe more threats ahead of you, please flee.
4. Finally, if your strength and weaknesses are similar to those of the rivals please compete.

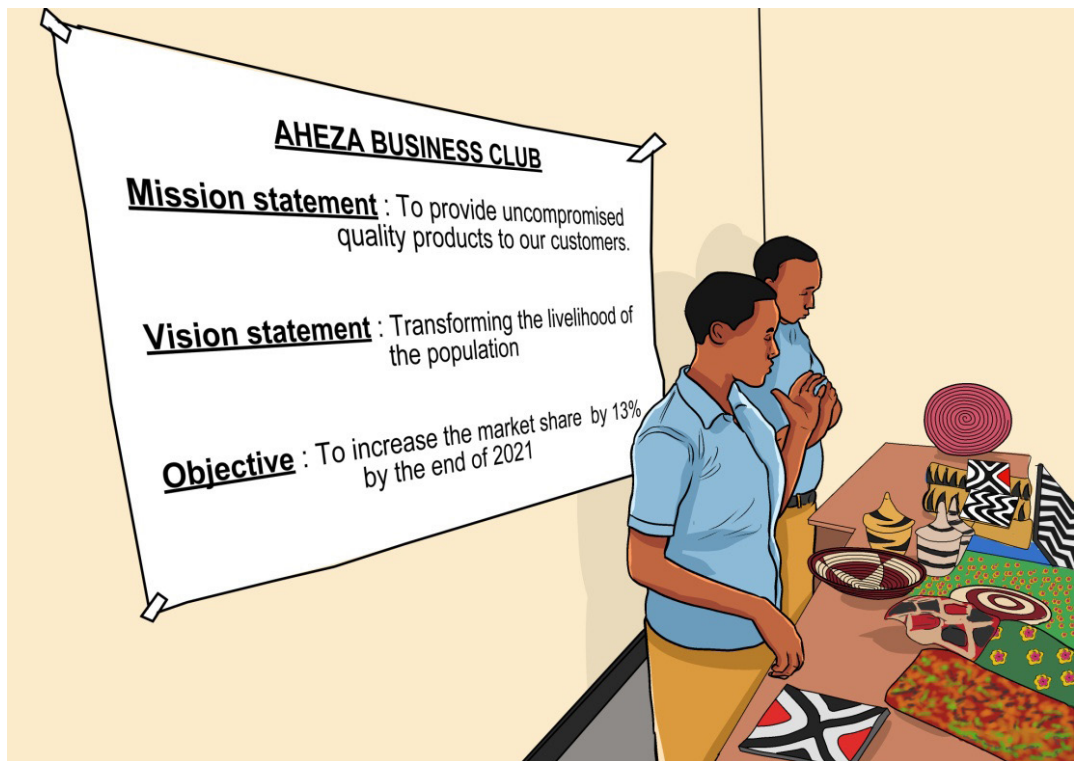


Figure 4.2 Students with their products, Mission and Vision statements for their Students Business Club (SBC)

c. Marketing plan

A marketing plan is a business document outlining market strategy and tactics. It is often focused on a specific period of time (12 months) and covers a variety of marketing related details, such as costs, goals and action steps. The marketing plan is built from the results of the marketing research and the specific value proposition of the product or a service.

For a business to grow it also needs a marketing plan, therefore, the right marketing plan should identify the following:

- Who your target customers are.;
- How you will reach them, and finally.;
- How you will retain your customers so that they repeatedly buy from you.
- When done properly, the marketing plan will be the roadmap to follow in order to get unlimited customers and dramatically improve the success of the organization.
- How much are customers willing to pay?
- Product description, current production, distribution channel that will be used.,
- What are competitors' prices? Forms of advertisement and pricing strategies to be used, how the price will be determined? and
- What is your price? What promotion strategies are you planning to use?

d. Production plan

This consists of projected needs for manufacturing the proposed product. It is then necessary to assess whether production at this scale is technically feasible.

The production plan mainly focuses on:

- A description of the product and what it does, manufacturing process.,
- Product innovation, suppliers of raw materials, quality control, nature of packaging, production staff, ...
- Machinery, equipment and techniques used.
- Product development and substitution.
- Intangible assets and protection.

e. Financial plan

Financial plan is a statement that indicates the balance sheets, income statements and cash flow statements for the previous three years, along with five years' cash flow, income statements and balance sheets forecasts. It indicates costs of your business: seed capital, sales forecasting along with cost of operations, selling and administrative costs.

Those financial statements found in this plan, can show where your business was at a certain period in the past, where it is right now and provides you with the information you need to make future decisions.

- It is important to keep your statements current and to refer to them on a monthly basis.
- You should include the following financial forms with projections for three to five years:
 - Income statement
 - Cash-flow projections
 - Balance sheet

Other elements of the financial plan include:

- Expected source of finance
- Start-up budget: Capital and Expenditure
- Financial forecast / cash flow plan
- Opening Balance sheet
- A breakeven point analysis
- Payback period.
- Return on Investment.
- When making financial projections, it is important to explain any assumptions
 - how you determined the figures you used.
- If you are looking for financial assistance, lenders will want to know where you will get financing for your business and how you will spend the money. They will also want to see historical records for the past three to five years.

f. Organizational plan

This part describes the form of business ownership, the lines of authority and accountability for members of the new venture.

It includes items such as:

- Form of ownership.
- Identification of business partners or principal shareholders.
- Authority of principals.
- Management team and background.
- Roles and responsibilities of members of the organization.
- Decisions on the numbers or types of workers that are required to operate the proposed business.
- Compensation i.e. salary, bonuses... that you offer to the key members of the management team.

g. Action plan for implementing the business plan.

An action plan is the careful lay out of the sequenced steps towards achieving the business goals. This is the most crucial aspect for starting any business. The main purpose of the action plan is to guide the entrepreneur as a time table for implementing the business plan and to help him/her become and remain focused in the implementation of his/her business.

The action plan in particular will help the entrepreneur to:

- Find road blocks in advance or expected challenges so as to take appropriate steps to solve them.
- Locate sources of information and resources needed for the business.
- Obtain feedback on the progress towards enterprise established.
- An action plan co-ordinates efficient use of resources for the business.
- An action plan is used in implementation of planned activities.
- An action plan specifies how workers' responsibilities and tasks are traced and allocated.
- An action plan helps to monitor and evaluate work progress.
- It helps to discover business challenges and how to solve them.

Format of an action plan

Activity	Time Frame	Resources Needed	Person Responsible	Indicator of Success.
Preliminary survey of the product/service				
Market research				
Loan/credit application				
Selection of business site				
Ordering for machinery and equipment				
Construction/renting of buildings				
Installation of machinery and equipment				
Selection for utilities (power, telephone, water)				
<ul style="list-style-type: none">- Production trial- Commercial production- Necessary training- Publicity- Inauguration of factory etc.				

Summary on the steps in preparing a Business plan

- Business plan preparation is a step by step process which requires the Entrepreneur to thoroughly follow and check through a number of steps that are critical. These steps include the following;
- Select a business opportunity like service, trading or manufacturing business.
- Conduct a market survey to assess the business opportunity in terms of feasibility and viability.
- Gather the necessary relevant data like cost of machinery and equipment, environmental protection regulations and selling requirements, etc.
- Draft a business plan.
- Discuss the draft business plan with knowledgeable or experienced personnel in a similar business.

- Finalize the plan and prepare an action plan for implementation of the business.

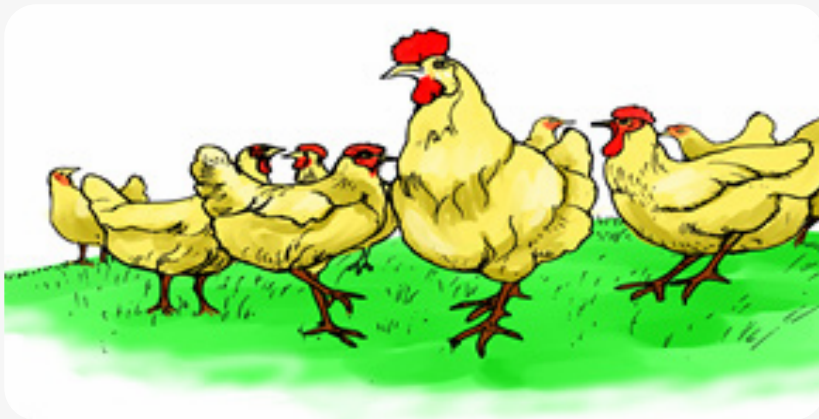


Application Activity 4.2

1. Suppose you have a dream to start a small business after your studies. Describe that small business you wish to start.
2. Suppose you want to open a restaurant in your home area,
 - a) Set the mission and vision statement of that restaurant
 - b) Set any three objectives of your business

4.3 Preparation of a business plan

A SAMPLE OF A BUSINESS PLAN



A POUTLY PROJECT PROPOSAL REQUESTING FOR FUND

Submitted By:

AKEZA R. Elsie And MUNEZERO D. Purity

Presented on: September 25th, 2021

XYZ POULTRY PROJECT PROPOSAL



To be passionate people extending God's grace and hope in every community.

Address:

XYZ POULTRY FARMING
P.O.BOX 105
KIGALI - RWANDA
CELL PHONE 0788000000
Email: venejd@gmail.com

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY.....	1
2. INTRODUCTION.....	2
3. PROBLEM STATEMENT / PROJECT LOCATION.....	2
4. VISION.....	2
5. MISSION STATEMENT/GOAL.....	4
6. VALUES.....	
7. OBJECTIVES.....	
8. ACTIVITIES.....	
9. JUSTIFICATION OF THE PROJECT.....	
10. TIMELINE FOR IMPLEMENTATION OF ACTIVITIES FOR 2014-2015.....	
11. PROJECT EXPECTED RESULTS.....	
12. MANAGEMENT AND IMPLEMENTATION OF THE PROJECT.....	
13. THE POULTRY BUDGET.....	
14. CONCLUSION.....	

EXECUTIVE SUMMARY

This is a poultry Project specifically designed for eggs production. It is planned to start with 2015 layer birds. The Total project cost for the poultry project alone shall be 1, 456,041 Frw broken down as; 12,600 Frw for construction, 1,400,000 Frw for purchase of the chicks, 43,441 Frw for poultry feeds, vaccines and drugs and other poultry accessories for 18 months. For capacity building, water and electric installation, administrative costs and labor cost for 18 months. It is assumed that only 80% production shall be realized, which means 1,620 trays of eggs shall be realized per month for 12 months on average. The primary customers for the eggs shall be prominent egg traders within and around Kigali City. The minor customers shall be the egg venders who usually boil 10 to 15 trays of eggs and vend it at pubs, market places and streets. The reason for the target market is that egg production in Rubirizi and Nyacyonga cannot meet market demands.

To increase the sustainability of XYZ Poultry enabling it to continuously support its mission, helping to improve the social economic welfare and vulnerability of the Youths in Ndera Sector, Gasabo District. In order to realize the above results, the following main activities must be implemented:

- i. Contract the services of a builder to construct a chicken house
- ii. Select and train youths, especially those out of school, to support the project
- iii. Procure and rear chickens to lay eggs to be sold for consumption
- iv. Continuously monitor and evaluate activities to ensure objectives are met.

If these activities are implemented, it will create a great impact in the lives of the project beneficiaries. In the first place, the project will create employment for at least 30 youngsters currently not employed in any productive venture. This employment will give them an alternative way to generate income and thereby decreasing their risk of transmitting and contracting HIV/STDs especially girls. In the second place, it will provide XYZ Poultry a secure source of funding for its program activities, allowing it to continuously sustain 20% of its current activities

In spite of these goals, XYZ Poultry lacks the financial resources necessary to realize this project. The project seeks 1, 050,000 Frw to aid in the start-up of this income generating project.

2. INTRODUCTION

Project Profile

XYZ Poultry is a project not affiliated/related to any religious, political, or social grouping, but born out of the need to work with teenage youth(s). It seeks to facilitate the youths to initiate and create income generating projects, and as we all as creating development initiatives to employ them. It was started by **AKEZA R. Elsie & MUNEZERO D. Purity** in February 2018 to respond to the needs of Youths who were destitute because of the various socio-economic reasons.

3. PROBLEM STATEMENT / PROJECT LOCATION

The problem at hand is that in many cases the project finds itself in financial needs particularly in addressing the physical, material and educational needs of the youth despite the fact that the project has a land (3 hectares), with water storage facilities. These locally available resources could be turned into a viable income generating project. In addition, some of the youth out of school are unemployed in productive venture so as to support themselves. This has not only put the project at a high risk of relying on donor funds to meet its basic needs, but also it will put some of the youth especially girls at an extremely high risk for contracting HIV and other STDs.

Against this background, we consultatively came up with the poultry project as income generating project as supplementary sources of income to XYZ Poultry. Furthermore, the project seeks to provide income generation projects for the youth, giving them an alternate way to support themselves and their dependents.

4. VISION

To be a passionate people extending God's grace and hope in every community.

The **XYZ Poultry** aims at becoming a reference of quality in food for future generations, working as a team in a socially responsible manner and using all our resources to respond correctly to the new demands raised by the market. Our work is focused on the constant development of new products and services, including all the processes that lead us to achieve an end product with functional capacity and a high nutritional standard, without incurring any extra expense for consumers.

Our aim is to continue to consolidate our market positioning through the growth of our customer portfolio, offering customized service and anticipating their demands. Continuous research, the development of new lines of work and new product presentations will allow us to improve our competitiveness and continue to be a company of reference in terms of quality and food safety. We intend to optimize our business results by promoting teamwork and professionalism, and upholding our social commitment to the ongoing development of our products and services in a sustainable manner, and with greater guarantees for the end user.

5. MISSION STATEMENT/GOAL:

Its mission is to promote an environment in which the youths are cared for, supported, bodily, mentally, socially, morally, spiritually and with an emphasis on education, nutrition and social support to facilitate a meaningful life.

We will provide quality products for human consumption, certified in accordance with the strictest quality and food safety standards. Our commitment to continual development and innovation has allowed us to maintain a high competitive level and satisfy the needs of our final consumers. We strive to ensure that our customers grow with us in a setting of ongoing improvement, through joint efforts and by establishing bidirectional communications between them and our staff. We exert a proactive attitude, seeking the consolidation and recognition of our business project and maintaining our commitment to the sustainable development of our environment and a respect for nature.

6. VALUES

For sustainability, XYZ Poultry has adopted a series of values and undertakings which are shown in its day-to-day operations, and are defined through the following aspects:

- Customer focus
- Teamwork
- Commitment to achieving results
- Sustainability
- Interest in people
- Corporate Social Responsibility
- Quality and Food Safety
- Uprightness

7. OBJECTIVES

General Objective

To increase the sustainability of **XYZ Poultry** to continuously support its mission, promoting educational and health programs within the youths.

Specific Objectives

- i. To establish a business, raising and selling chicken and eggs (poultry products) and use its profits to help support the activities of **XYZ Poultry**
- ii. To improve the economic welfare of the youths employing them to run and support the “poultry farming project”.
- iii. To train the youths who have no opportunities to continue for secondary education in business and management so that they may successfully support their needs.

8. ACTIVITIES

- Procure materials for constructing a permanent poultry house with favorable conditions for raising chickens and eggs
- Contract builders to build a structure (poultry house) for raising chicken and eggs
- Contract the services needed for the installation of electricity
- Contract the services needed to install a water system
- Procure 2,000 chicks and the necessary food and supplies needed to support them
- Recruit and hire the agriculture extension officer to provide veterinary services to layer birds and to support the needs of the project
- Train selected the Youth, with the help of partner projects, in business, management and poultry farming
- Monitor and evaluate the activities of the poultry farm and its overall impact to its target group and XYZ Poultry as a project, reviewing the management of the project and the sale of poultry products

9. JUSTIFICATION OF THE PROJECT:

The project is a three-fold strategy, in that it seeks to create a viable income generation project for XYZ Poultry, giving it an alternate way to support its daily activities and to improve the welfare of the Youth. The project will produce poultry products for sale and the proceeds will not only assist the project to meet the basic necessities of life for the youths such as medical care and scholastic materials, but also reduce the financial costs the project spends on buying these products for daily consumption. And it has been proved that poultry products are a cheap source of the protein which is vital in maintaining the immune system of HIV positive persons for as long as possible. This will be a great help to some of our youths who are living with HIV aids.

Second, the project seeks to create employment opportunities to some of the youth so that they cater for themselves and to some extent their dependents. With respect to multiplier effect, the activities of this project will be scaled up by non-members. Or the project will be a model for future income generation projects within the community and will be replicated by both XYZ Poultry and other indigenous Non-Government Project too in other localities.

10. TIMELINE FOR IMPLEMENTATION OF ACTIVITIES FOR 2014-2015

Core Activities	1 st Quarter Apr-Jun 2014			2 nd Quarter Jul-Sept 2014			3 rd Quarter Oct-Dec 2014			4 th Quarter Jan-Mar 2015			Persons Responsible
	1	2	3	1	2	3	1	2	3	1	2	3	
	Procure materials to construct poultry house	■											
Contract builders for poultry house,	■	■											XYZ Poultry
Contractor for electricity installation			■										XYZ Poultry
Contractor to construct well and water system			■										XYZ Poultry
Recruit project staff to manage the poultry project		■											XYZ Poultry
Training of project staff in poultry farming			■										XYZ Poultry
Procure chicks			■										XYZ Poultry
Procure supplies – poultry feed, vitamins, heaters			■										XYZ Poultry
Vaccinations				■									Extension officer
Rear chicken (daily monitoring)				■	■	■	■	■	■	■	■	■	XYZ Poultry
Sell eggs (daily monitoring)										■	■	■	XYZ Poultry
Evaluate activities	■	■	■	■	■	■	■	■	■	■	■	■	XYZ Poultry
Post evaluation													Joint committee of the Applicant project and donors.

11. PROJECT EXPECTED RESULTS

- a) In the first year, the project will have 2,000 laying hens that will produce eggs for sale. At the end of the first year, the project will earn 25,480 Frw from the sale of eggs to be used to assist in the costs of sustaining the project
- b) At the end of the second year, the project will earn 30,579,500 Frw from the sale of eggs, enabling it to sustain itself and realize a profit
- c) At the end of each hen's egg-producing life, each hen will be put the market. Profits realized from this will be reinvested into the project, as a part of ensuring its sustainability and assisting project in running of its daily activities.
- d) The project will create employment for at least 30 youth who are currently not employed in meaningful activities. This employment will give them an alternative way to generate income, decreasing their dependency on hand-outs, and thereby decreasing their risk of transmitting and contracting HIV/STDs.
- e) The project will provide the youth with practical skills in poultry keeping, business, marketing, and management. These skills can be used in future jobs or income generation activities of their own accord.
- f) After the first year, the project will reduce the Project (**XYZ Poultry**) dependence on donor funding, enabling it to sustain 50% of its current activities after.
- g) The project will be a model for future income generation projects within the community and will be replicated by **AKEZA R. Elsie & MUNEZERO D. Purity** in other localities.

12. MANAGEMENT AND IMPLEMENTATION OF THE PROJECT

Project capacity

The project has the capacity to run the proposed project effectively. In the first place, it has some experience in poultry keeping for about 1.5 years, and it can collaborate with the District agricultural officer to conduct more training to its staff so that they gain more skills and knowledge on how to rear chicken on a large scale. The project has a perennial source of water where it can obtain water during dry spell. It has its pick-up vehicle which will be

used to access its products to markets in Ndera Sector, Kigali City, and other busy commercial centers like “Quartier Commercial, Quartier Matheus” and in modern Hotels.

Institutional framework and linkages

In the first place, XYZ Poultry will partner with the Department of Agriculture in Rwanda Agricultural Board (RAB) which has expatriates in agriculture and animal husbandry. The project will partner with poultry projects in Rubirizi in Kanombe Sector, Kicukiro District which are also involved in poultry farming activities. The project will draw on the experiences of these people to help in the training and development of this project as it progresses. These relationships will help to ensure this project is successful.

Implementation

The project will be executed by the AKEZA. R. Elsie & MUNEZERO D. Purity. However, it will set up a separate project committee which will be responsible for the day to day coordination and implementation of the project activities. It will also be responsible for planning, supervising, monitoring and reviewing all project activities.

Implementation of the project activities will call for close collaboration with a wide range of partners such as potential buyers of poultry products, sellers of animal feeds, agricultural District department, Rwanda Agricultural Board (RAB) and the project funders.

This will enhance the opportunities for the realization of the broad goals and objectives of this project.

Monitoring and evaluation

General Monitoring and evaluation will be an on-going activity throughout the project life. Monitoring will be routinely done through meetings monthly reports, check lists, surprise visits and support supervision visits. These reports shall indicate the constraints and challenges in the implementations and necessary adjustments that had been taken. Progress evaluation will be done through use of monthly quarterly reports, steering committee meetings, annual report, registry records, work plans indicating planned and accomplished activities, functional accountability for project resources including equipment, facilities, assets and activities.

Progress monitoring and evaluation will help the project team to assess the extent to which implementation is meeting the set objectives. This will enable the project team to revisit the objectives and priorities and to find ways and means of improving the performance and better resource used.

Financial Management of the project

Finances accruing to this project will be entered into the proper books of accounts when received. A special Account in the name of the project will be opened to cater for only project funds. To ensure effective control, management and monitoring of project funds, no single signatory will be allowed to access project funds, and the signatories of this account will be three. Under the consent of the three and approval of the committee funds will be withdrawn from the bank and utilized for the intended purpose.

Books of accounts will be audited regularly through external auditors. After auditing the project accounts, the auditors will submit an audit report, which will satisfy the donors and the stakeholders that correct and proper books of accounts have been maintained.

There will be the project committee which exercises budgetary control over project finances. This will be exercised through the comparison of expenses estimated in the budget with actual expenses incurred during the period.

Project Profit Projection

It is assumed that only 80% production shall be realized, which means 374 trays of eggs shall be realized per week for 12 months. That is to say $54 \text{ trays} \times 30 \text{ days} \times 12 \text{ Months} = 19,440$ trays of eggs in one year. A tray of eggs goes at 1540 Frw. This means gross revenue of 29,937,600 Frw shall be realized from the sale of eggs.

The off layers at the end of production shall be sold at 2800 Frw each, raising additional revenue 5600 Frw. This implies that total gross revenue of 35537.6 Frw shall be realized at the end of the production cycle in 18 months, and this implies a net profit of 12417.3 Frw shall be made at the end of 18 Months.

Project sustainability

In the initial stage, the project will be sustained by the founder's and a loan funds. However, in the long run the project will finance itself. Part of the funds will be used to execute the project while another percentage will be re-invested in the poultry business to expand the project, hence increasing sales and profits.

Through a capacity building workshops, the project staff will be empowered with skills in treatment of layers and have appropriate knowledge on feeds.

13. THE POULTRY BUDGET

ITEM	QUANTITY	UNIT COST (Frw)	TOTAL COST (Frw)
Chicken	2000	700 per chick	1,400,000
Fowl run (construction)			12,600
Chicken feeds			20,460.3
Chick mash	104x 50 kgs	18,550	1,929.2
Growers mash	640 x 50 kgs	13,090	8,377.6
Layers mash	480 x 50 kgs	13,090	6,283.2
Vaccines			3,590.3
Other expenses			2,800
GRAND TOTAL			1,456,040.6

14. CONCLUSION

Now poultry business is a very popular business in Rwanda and in Gasabo District in particular. This business does not require huge capital and it requires small amount of investment needed to start it. Although the business has many existing competitors in the market, but more still, we have a high chance to succeed because the existing competitors can't fulfill the customers demand. They are also failing to meet the customers need in the perspective of service care. So, we believe that choosing this business is our right decision.



Application Activity 4.3

Suppose your friend wants to start a business of selling eggs, prepare for him a business plan which he will present to Umurenge Sacco-Kabeza in order to borrow money.



Skills Lab 4

Prepare the business description and marketing plan sections of a business plan for business activity of your choice.



End of Unit 4 Assessment

1. In your opinion, explain the meaning of business plan.
2. After your studies you have a dream to start a small business and you have just started writing your business plan. Explain how Rwanda Revenue Authority can use that business plan.
3. You have just established a mushroom growing business in your home area. You intend to launch your business to create community awareness,
4. Prepare your launch program for the above-mentioned business.
5. Describe three challenges that a new enterprise might face.
6. A business that fails to plan will plan to fail, Discuss.
7. Explain the term “marketing mix” as used in business planning

UNIT 5

QUALITY ASSURANCE AND QUALITY COMPLIANCE IN BUSINESS



Key Unit competence:

To be able to maintain effective quality compliance system in business



Introductory activity

Quality assurance and compliance case study:

The government of Rwanda through Rwanda Standards Board is mandated to provide National standards and conformity assessment guidelines that entrepreneurs/traders ought to follow during production and selling of their goods and services. These guidelines help entrepreneurs to be cautious and careful with the quality and measurements of raw materials used, goods produced and the technology used. If your business conforms to the required quality management, assurance and compliance standards, it reduces mistakes and inconsistencies that could make these goods unsafe. If you manufacture a food product, your quality control processes should monitor temperature and foreign bodies to decrease the likelihood that you will make someone sick. Ensuring customer safety saves your business money and averts damage to your reputation.

One of the ways that the business can strengthen its quality is by listening to its customers and incorporating their feedback in the business processes and production systems. Product quality issues that customers normally report should be tracked and managed through a rigorous process of investigation and resolution. These and more processes help the business to continually enhance customer satisfaction. It's also important that businesses are genuine in their measurements of goods produced and sold.

Questions

- i. Referring to the above case study, answer the following questions below;
- ii. What does the National Standards and conformity assessment guidelines expect entrepreneurs to do?
- iii. What are likely negative effects the business may face if customers are not satisfied as a result of wrong measurements of the goods bought?
- iv. What strategies would you propose to the entrepreneurs to implement and ensure the safety of their customers?
- v. Design a simple quality management system of the business idea you intend to start in your community.

5.1 Quality assurance and quality compliance



Activity 5.1

Explain the meaning of:

- i. Quality assurance,
- ii. Quality compliance and
- iii. Quality management

5.1.1 Meaning of quality assurance

Quality assurance (QA) is any systematic process of determining whether a product or service meets specified requirements. It is also referred to as the maintenance of a desired level of quality in a product or service, especially by means of attention to every stage of the production process or delivery.

A quality assurance system is meant to increase customer confidence and a company's credibility, while also improving work processes and efficiency, and it enables a company to better compete with others.

Quality assurance is very important because it helps a company create products and services that meet the needs, expectations and requirements of customers. It yields high-quality product offerings that build trust and loyalty with customers. The standards and procedures defined by a quality assurance program help to prevent product defects before they arise. Quality assurance includes two principles:

“Fit for purpose” (the product should be suitable for the intended purpose); and **“Right first time”** (mistakes should be eliminated).

It includes management of the quality of raw materials, assemblies, products and components, services related to production, and management, production and inspection processes

5.1.2 Meaning of quality compliance

Quality compliance means acting in accordance with systematic processes of determining whether a product or service meets specified requirements at every stage of the production process or delivery. Complying with the quality requirements helps the business in different ways such as satisfying customers’ needs, increasing the level of sales due to a large number of customers attached to the product or service, complying with the state’s quality requirements among others.



Application Activity 5.1

Using typical examples, differentiate quality assurance from quality compliance.

5.2. Measurement standards



Activity 5.2

1. Study the illustrations below and answer the questions thereafter.





- a) What do you observe in the above illustrations?
 - b) What lessons do you learn from the above illustrations?
 - c) Why should buyers of given products make sure that products bought conform to the right measurements?
2. Based on your knowledge in Physics(O'level), explain the measurement standards used in business activities


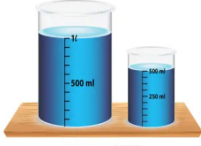



Measurements are often made using instruments such as measuring tapes, weighing scale, rulers, clocks, etc. Measurement is a comparison process. It involves comparison of the quantity to be measured with a chosen standard or unit. In the past, for example, the length of an object was compared with familiar lengths: strides, length of a man's foot, arm and fingers. Ancient people also used stones or seeds as their standards or units to measure weight. The position of the sun and the moon were used to tell time and seasons, the dimensions of the human body. Below are some of measurement standards that are used in business activities.

The base quantities according to the International System of Quantities (ISQ) are listed in the following table:

Fundamental (base) quantities			
Name	Symbol for quantity	SI base unit	Symbol for Unit
Length	l	meter	m
Time	t	second	s
Mass	m	kilogram	kg
Electric current	I, i	ampere	A

Other quantities are derived from the base quantities and some of them are listed in the table below.

Some SI derived quantities		
Name	Units	Symbols
Area	meter squared	m ²
Examples of measurements in business (measurement standard and measurement materials)		
Volume	meter cubed	m ³

Mass	Volume	Length	Time	Area
Kilogram(Kg)	Litre(L)	Meter(m)	Seconds(s)	Meter squared(m ²)
	 Source: shutterstock. com	 Measuring tape	 watch	 Source: www.indiahousing.com



Application Activity 5.2

For the business you intend to start in your community, analyse different measurement standards you would emphasize, and why?

5.3. Role of quality compliance in business



Activity 5.2

Why is it important to comply with quality requirements in business?

What is Compliance



Compliance means meeting the regulatory requirements.

- 1) Quality compliance in business ensures that the product satisfy their intended use.
- 2) It also reduces the risk of fines, penalties and closure of businesses. When a business does not meet some compliance requirements it faces the law.

- 3) It leads to improved health and safety.
- 4) It leads to improved health and safety quality improvement.
- 5) Quality compliance maintains or increase market share for the businesspeople.
- 6) There is fair competition among businesses hence increasing customers' satisfaction from the products.



Application Activity 5.3

- 1) Research on the Rwanda Standards Board website about the requirements needed to get an 'S' mark for the products in the school business club.
- 2) use the link below and explain the importance of the program
"Zamukana Ubuziranenge"
"<http://ryaf.rw/?p=2333>"



Skills Lab 5

For any product you produce in the school business club: Discuss and write down the steps, measurements and procedures of making that product to ensure standardization of practices in your business, align with the acceptable RSB standards and make an action plan to acquire RSB certification for services or products that your business club produce or offer. Then, share with the class.



End of Unit 5 Assessment

1. James and Rosset intend to start a business of making Chapati and mandazi, but they have a challenge of ensuring consistency in quality (maintaining the same test, size and thickness). With your knowledge on quality assurance and standardisation;
 - a) Advise James and Rosset on how they can set quality standards in their business.
 - b) What measurement tools could they use to achieve the quality standards?
2. Explain the importance of accreditation for certification services and testing laboratories.

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