

## Effects of Change:

### Positives:

- ✓ It may lead to competition among the workers and hence high production for the firm.
- ✓ It helps to respond to customers' needs and needs.
- ✓ It enables the company to complete favorably in the market place.
- ✓ It leads to production of a variety of goods and services.
- ✓ It helps to determine the direction of an economy.
- ✓ It minimizes the costs of production in an enterprise.
- ✓ It may lead to employees to acquire new skills which can benefit the factory.
- ✓ It may lead to the production of quality products. This is in case modern technologies have been acquired to be used in the production process.
- ✓ It helps to determine the economy and generation of more employment opportunities as more products are produced, new technology introduced which may require more people to be employed
- ✓ **It leads to accommodation of business growth:** As a company grows and expands, it takes on more projects, clients, production and work which may make the company to accommodate new workload.
- ✓ **It helps to address business problems:** As an organization continues to operate and the environment it operates in continues to evolve, it may find out that one of the processes it has been relying on no longer works as effectively as it could and hence finding a solution to it for better production.
- ✓ **It leads to keeping up to date with market trends:** Technology is changing at a high speed and failure to keep up with it can have devastating effects. For example, a company that fails to update its technology may be beaten out by a company that has newer technology, can produce more products at a quicker rate, and therefore offers a lower price.
- ✓ **It increases marketing and more customers:** Businesses that advertise with signs that "under new management" may bring in new customers. At the same time those that change their pay and benefits structure may be able to hire more experienced people for better production.
- ✓ **It leads to generation of more incomes by the business:** Businesses that introduces new products to the market leads to diversification of their market hence more revenue generation.

### Negatives:

- It may increase on complexity on the methods of production in case sophisticated methods have been adopted by the firm.
- It may lead to the displacement of people due to the change to expand the firm
- It may lead to the relocation of the business and the employees
- It may lead to loss of creativeness and innovations in case the change brought in the use of computers.
- It may bring or lead to more accidents at the workplace in situations where workers have been changed from one job to another where they do not have experience.

### Reasons for Resisting Change:

**Fear of being hurt:** Change in most case benefits other people as it hurts others and this make it for some people to fear change. T

**Costs involved:** Many changes require a lot of investment before reaping from these investments which may not be accommodated by many people.

**Time consuming:** In most cases, change requires time for it to be implemented and work well to benefit the company and this makes many people fear to welcome it when it comes.

**Stubbornness of some people:** Some people take the pride of being stubborn and independent. No matter how convincing the evidence is in favour of change it has to be their idea and their decision.

**Limited competence:** This is a fear people will seldom admit. But sometimes, change in organizations necessitates changes in skills and some people will feel that they will not be able to make the transition very well.

**When the reason for the change is unclear:** If people do not understand the need for change you can expect resistance, especially from those who strongly believe the current way of doing things works well and has done for twenty years.

**Fear the unknown:** One of the most common reasons for resistance is fear of the unknown. People will only take active steps toward the unknown if they genuinely believe and perhaps more importantly feel that the risks of standing still are greater than those of moving forward in a new direction.

**Limited benefits and rewards:** When the benefits and rewards for making the change are not seen as adequate for the trouble involved, people are most likely to resist change.

**Low or lack of trust:** When people do not believe that they or the company can competently manage the change there is likely to be resistance: Team members have to trust their guides when trying something new. I

**In case they are not being consulted:** If people are allowed to be part of the change there is less resistance. People like to know what is going on especially if their jobs may be affected. Informed employees tend to have higher levels of job satisfaction than uninformed employees

**Poor communication:** When it comes to change management there is no such thing as too much communication. Therefore poor communication to people can make them resist changes in their lives or organization.

**Fear of failure:** Resistance to change may be rooted in fear. During periods of change, some employees may feel the need to cling to the past because it was a more secure, predictable time. If what they did in the past worked well for them, they may resist changing their behavior out of fear that they will not achieve as much in the future.

**Due to lack of knowledge:** People do not want to feel helpless. If they think that the change will make them a novice again, they will not want to move in that direction of change.

**In case they fear to loss control:** Familiar routines help employees develop a sense of control over their work environment. Being asked to change the way they operate may make employees feel powerless and confused and therefore not willing to change.

**Closed minded:** Some people seem to have the attitude, "Please do not confuse me with any facts or supporting documentation about this change, "I have already made up my mind". People with this attitude approach the change process with their minds firmly made up.

**Unwilling to learn:** Some employees hesitant to try new routine express and unwillingness to learn anything new. They may say, "I already know all that I need to know." Like resistant employees who have already made up their minds that the change will not be productive, employees reluctant to learn something new impede the organization's growth and adaptation to change.

**Fear of personal impact:** Viewing change from a personal standpoint, some employees may respond by asking how the change will benefit them directly. Will it make their job easier? Will they have to work harder? Will the change put their job security in jeopardy? Will the change force them to work with different people or learn a new job? In case the change will make them lose their jobs, they will resist it.

### Ways of Encouraging Change in Business:

- ✓ By encouraging feedback on progress so as to know the concerns of the people to enable them accept change.
- ✓ Through rewarding success by people by acknowledging some work well done so as to change their negative attitude.
- ✓ Training of employees to equip them with the required skills to meet the challenges that come with change.
- ✓ Managing resistance by preparing for hard situations from employees who resist change and can be by setting up policies to be followed by all.
- ✓ By assessing readiness for change by analyzing how prepared the business is by looking at what is needed to accommodate change in the organization.
- ✓ By giving proper explanations why change is required in the organization

### Techniques to Cope With Change:

**Understanding the situation:** In case a change has happened, people need to understand the situation that has brought about that change. It might be that the business is no longer making profits and therefore the need to close and save the remaining assets etc.

**Defining the problem:** After understanding the problem, define the real problem with the view of taking some action to solve or reduce it. This may require preventing the new market from destroying the business, reducing the negative impact of the market, taking the advantage of the new for the benefit of the business etc.

**Finding alternatives:** If a change occurs, people need to find alternatives for their success than being afraid of what happened. In any case it has happened and there may be no other ways out but individuals finding alternatives can be of great help to them.

**Selecting the course of action:** After coming up with alternatives, their advantages and disadvantages seen, select the best that fits well with your goals and objectives. This alternative should also fit in you capacity such that it does not constrain you.

### Programme to cope with change:

Business name and address Physical location			
<b>PROGRAMME TO COPE WITH CHANGE:</b>			
Period/Date	Activities	Person in Change	Remarks
}	Understanding the situation that brought change.	}	}
}	Defining the problem with a view of taking action to solve or reduce the problem	}	}
} <b>Fill in all</b>	Finding alternatives to the problem that being afraid of it	} <b>Fill in all</b>	} <b>Do not fill</b>
}	Selecting the course of action from the alternatives got that suits the business goals and objectives.	}	}
<b>Prepared by:</b> Signature:..... Title:..... Name:.....		<b>Approved by:</b> Signature:..... Title:..... Name:.....	
} <b>Fill in all</b>			

### **Critical Change Areas:**

**Government regulations:** These may change from -time to time and are most likely to affect the business either in a positive or negative way. Different governments come up with different regulations governing different businesses in the country.

**Labour change:** Because labour is plentiful and abundant in most areas, it is most likely to be substituted by letting others go and bringing others, employing of capital intensive technology and hence affecting other people.

**Technological change:** With a lot of innovations and creativity, technology is likely to change from time to time and this is most likely to affect most businesses, big or small. Some technology can be good so as to increase on performance of the company leading to more products, more sales and hence bringing in more profits.

**Market change:** Markets for products that take a lot of resources may decline and replaced with those that consume less and non-expensive resources. Also market for less quality products may change with production of quality goods and rendering those that are not of quality to loose market.

**Raw material change:** These are most likely to change as those that are costly and difficult to get being left out by finding an alternative so as to continue in the production process with those that can easily be got and are cheap in terms of costs.

**Capital:** Money to inject in business may be difficult to and expensive to get for either small or big business. This may be required for business expansion or start up and hence being not easy to get.

### **Factors That Bring About Change:**

**Competition:** The entrance of a new competitor into a market can cause a business to change its marketing strategy. For example, a small electronics store that was the only game in town might have to change its image in the marketplace when a large chain store opens nearby.

**Technology changes:** Innovations in technology can force a business to change just to keep up. Employees who have never used computers need to be trained to operate the new computer system. E.g. the introduction on mobile money services by Mobile Phone Companies has encouraged many people to use mobile phones for saving now and forced banks to adjust on their banking systems to keep or retain their customers than losing them.

**Desire for Growth:** Businesses that want to attain growth might need to change their methods of operations. For example, when Celtel came to Uganda it had a big impact on the market because it was the only one mobile phone company though it was expensive and people had to leave it when MTN came in.

**Social Structure change:** The structure of a society affects its rate of change in different ways. When the culture is less highly integrated so that work, play, family, religion and other activities are less dependent upon one another change is easier and more frequent.

**Physical Environment change:** Major changes in the physical environment are very compelling when they happen. Climates change, soil erodes and lakes gradually turn into swamps and finally plains.

**Need to Improve Processes:** A business might need to implement new production processes to become more efficient and eliminate waste and hence need for change.

**Government Regulations:** Changes in government regulations can have an impact on how a company does business. Businesses that make or distribute consumer goods such as food products might have to add more quality control measures to ensure consumer safety.

**Change of taste:** Change of taste can make businesses have changes in their production technologies and processes. In case the customers' tastes have changed on the products they were consuming, the company may have to find out ways of how to produce goods that match customers' new demands and remain competitive in the market place.

**Isolation and Contact:** Societies located at world crossroads have always been centres of change. Since most new traits come through diffusion, those societies in closest contact with other societies are likely to change most rapidly.

**Attitudes and Values:** People who like their traditions and rituals will change slowly and unwillingly. When a culture has been relatively static for a long time, the people are likely to assume that it should remain so indefinitely and assume that their customs and techniques are correct and everlasting.

**CREATIVITY:**

**Creativity** refers to the ability to come up with innovative solutions to needs and market them. It is where a person creates something new like a product, a solution, a work of art, etc. that has some kind of value.

**Stages of Creativity Process:**

**Creative process** refers to purposeful, risky taking, change introduction for the purpose of maximizing economic opportunities. Creativity stages are:

- 1) **Preparation:** This is getting of the required information, data and opinions which are analyzed in order to come up with solutions to a given problem/opportunity.
- 2) **Incubation or gestation:** This where facts are arranged into new patterns to come up with an idea. The mind starts working over the information collected during the preparation stage and form linkages plus associations with concepts formed already.
- 3) **Illumination or insight:** This involves coming up with a solution once associations are complete. The new idea comes into the individual’s mind in many situations and are at times when least expected. They may come while in the bathroom, toilet, while eating or sleeping and it can disappear quickly which necessitates writing them down for remembrances.
- 4) **Verification and Application:** This is where evaluation of ideas generated takes place. The individual sets out to solve the problem for which he has generated new ideas such that a solution for a problem is got.

**A Programme for Creative Process.**

<b>Business name</b> <b>Address and contact</b>			
<b><u>A PROGRAMME FOR CREATIVE PROCESS:</u></b>			
Period/Date	Activities	Person in Charge	Comments
}	Preparing to get information, data to come up with solutions to a problem	}	}
}	Incubating so as to arrange patterns to come up with ideas to formed concepts	}	}
} Fill in all	Illuminating to come up with solutions to the problems	} Fill in all	} Do not fill in
}	Verifying the ideas generated to come up with the final solution to the identified problem	}	}
<b>Prepared by:</b> Signature:..... Title:..... Name:.....		<b>Approved by:</b> Signature:..... Title:..... Name:.....	
} Fill in all details			

### Importance of Creativity:

- It leads to creation of more employment opportunities.
- It enables people to develop new and original ideas by using the existing ideas as a starting point.
- It leads to ideas that lead to solving of a problem that exist.
- It provides much potential for entrepreneurs to succeed in their business
- It enables entrepreneurs to promote their products and services of the business to customers.
- It is the gear and engine for the growth of an economy.
- It helps in generating a large number of ideas to problems through brain storming.
- It enables entrepreneurs to develop a variety of products in the business and hence expanding.
- It leads to development of new and original ideas and use the existing ideas as an initial point.
- It helps to upgrade products and services to match the market demands for customers.
- It enables the entrepreneur to make proper use of the limited resources in the environment.
- It helps to increase awareness by paying attention to insights and sounds originally ignored.

### Obstacles/ Limitations to Creativity:

The major barrier is the little voice in our heads giving all the reasons why we cannot do something, or why something will not work.

**Language barrier.** Some people cannot communicate so as to get the required information to be creative. This limits them from being creative as they shy away from others.

**Fear of rejection.** Rejection can become disabling when it stops us from taking action. People may fear to create products because they think people may not like them hence being rejected.

**Competition:** some entrepreneurs copy what their competitors are doing other than being creative to do their own things and this limit creativity in our life.

**Culturization:** This is the reason we lose our creative abilities. Some cultures are not creative and therefore cannot foster people to be so.

**Making Assumptions:** Thinking that things are done in a certain way without getting the right information about it limits creativity in our daily life.

**Applying of too much logic in the work.** Having too much calculative thinking without proper imagination can be a hindrance to creativity.

**Over conformance to set rules and regulations:** People tend to do things by relying too much on the existing rules and regulations without analyzing them further to see whether they are still relevant to creativity limits their creative nature.

**Lack of quality thinking time.** People sometimes lack time to think creatively. This could be due to stress, too much work etc and all these limits creativity in our businesses.

**Thinking that one is not creative.** Some people do not believe in themselves that they can be creative, that they can do good things in different ways and this limits their creative nature.

**Beliefs:** Having a strong belief in something not only limits our response options, but causes us to limit the way in which we perceive and process information from the outside world and this limits our creativity in business. The belief that we cannot do this can limit the level of creativity in people.

**Demand/Desire for quick profits:** People do things the way they are without any change because they expect quick profits. This limits creativity as they copy and paste during the production process.

**Fear of criticism:** Negative thinking and self-criticism are also limiting factors of an individual's creativity.

**Lack of confidence:** Most people lack confidence in whatever they do and therefore end up not being creative as they lack confidence to defend their findings to a group of people.

**Interruptions:** In trying to be creative, many people are interfered by many issues in their life like noise, interruption from other people etc.

### Techniques for Developing Creative Ability:

1. Being open and prepared to use chance or events to the advantage.
2. Noting down ideas that apparently come into mind such that they are not forgotten.
3. Practicing fortune or a wide attention span and range of interest.
4. Recognizing when assumptions are being made and challenging them.
5. Transferring technology from one field to another for use.
6. Exploring thoughts processes and key elements of min at work in analyzing issues.
7. Drawing on the experience of others or businesses to widen the field of vision.
8. Thinking beyond the invisible framework that surrounds the situation or problem.
9. Suspending negative judgment to encourage creative process and avoid premature criticism
10. Stimulating own curiosity in everything and the skills of observation, listening, reading and recording all these for your creative beginning.
11. Improving imaginative thinking to find solutions when not particularly seeking for them.
12. Making connections with points that are irrelevant, disguised or outside personal expertise.
13. Stimulating own curiosity in everything and the skills of observation, listening, reading and recording to acquire more skills of being creative.

### Features of Creative People:

**Originality:** Creative people aim at doing things that others have never done before.

**Flexibility:** Creative people are flexible and are able to change so as to learn new inventions.

**Sensitivity:** People who are creative are too sensitive to the changes in the market place so as to produce goods to fill the gaps seen in the market.

**Independent thinking:** Creative people are always searching for solutions to societal problems.

**Ask questions:** These people do not take things the way they see them but always ask why things are in the way they are so as to understand the detailed aspects.

**Search for better ways of doing tasks:** They always look for better channels/ways of solving the problems than waiting for solutions from other people.

**Innovative and creative:** They have the courage to try out new things on their own and build something from this innovation to create more wealth.

**Ambitious:** creative people understand that no task is too small for them to handle. They are ready to take on a lot of work at once and they know they can produce good results.

**Risk takers:** They are brave and take risks so as to see what happens. They show interest in the trial and error process of learning so as to experiment their own ideas.

**Open minded:** Creative people tend to be open to new ideas and new ways of thinking since they are constantly thinking about their life and things from different perspectives.

### CONCEPT OF INNOVATION:

**Innovation** refers to the transformation of resources of an enterprise through people's creativity into new resources and wealth. It is the application of knowledge to create additional value and wealth.

#### Stages of Innovation:

**1. Perception of an opportunity or Threat:** Here the entrepreneur perceives an idea, opportunity or need for innovation. The originator must be in position to either sell the idea to people with power or it will die. The idea must appear to be relevant to present conditions and should be in position to solve the problem at hand.

**2. Conceptualization Stage:** At this stage, the idea is now refined in most cases mentally as investigations are carried out to secure the necessary information about the idea. The idea is put on

paper and initiation of consultations both within and outside the firm is made. This stage defines how the product or service will be produced.

3. **Development Stage:** This involves the development of the prototype. The full conditions for the innovations are now defined and experiments undertaken to see if the product or service or system will work.

4. **Operationalization Stage:** This stage is the same as the development stage or rather these stages are combined together due to the costly way in which new innovations are initiated in large companies which small firms cannot afford.

**Programme for Innovation Application**

<p align="center"> <b>Hatuba Enterprises</b>  <b>P.O Box 412, Jinja</b>  <b><u>PROGRAMME FOR INNOVATION APPLICATION</u></b> </p>			
Date/ Period	Activities	Person in charge	Remarks
	Perceiving an opportunity or Threat that is relevant to current condition to solve the problem		
Fill in	Conceptualization the idea to secure the necessary information about the problem	Fill in	Don't fill in
	Developing the prototype for experiment to see if the product/service will work as required		
	Operationalizing the idea to see that it works to solve the problem		
<b>Drafted by:</b> Signature:..... Title:..... Name:.....		<b>Approved by:</b> Signature:..... Title:..... Name:.....	

**How to become innovative:**

**Improving the questioning skills:** Identify a problem in the environment and write questions about it. The time you take writing these questions will make the questions change with the understanding of the problem.

**Enhancing your observation skills:** Choose any person who may be a business person, your mentor or supplier and spend a few days watching how he does his work. This will help you in understanding issues and how this person handles them.

**Networking with various people:** Develop a network of people and contacts of different people from different settings and background, different skills as his can help you to get exposed to different and varying issues and know how to solve or deal with them too.

**Types of Innovations:**

**Business Model Innovation (BMI):** Refers to the creation or reinvention of a business itself. This results in an entirely different type of company that competes with others.

**Marketing innovation:** It involves the development of new marketing methods and improvement in the product design, packaging and product promotion. It is defined as part of business exchange which covers how the industry is evolving in the face of new technology and ways of communicating.

**Organizational innovation:** This refers to new ways work can be organized and accomplished within an organization to encourage and promote competitive advantage. It encompasses how



organizations and individuals manage work processes in such areas as customer relationships, employee performance and retention, and knowledge management.

**Product innovation:** Innovations that involves introduction of new goods or services to the market in an improve way to attract customers. For example, the old model of Harrier car to the new model of oval behind.

**Process innovation:** This looks at the company products are created or delivered to the market or customers. This can be through door-to-door, through agents etc.

**Supply chain innovation:** This is having innovations in the ways business in-puts/raw-materials are bought/ sourced from the suppliers and how the finished goods reach the customers.

**Transformational Innovation:** This is the innovation that changes the way we live and even make companies obsolete/outdated in a short period of time. The computer and entertainment electronics industries transformed the music world. E.g. How many of us have radio cassette tapes for music if not CDs, computers etc sitting in our houses?

**Position innovation:** Position innovations refer to changes in how a specific product or process is perceived symbolically and how they are used. It may involve a repositioning of humanitarian assistance within a particular operational context or for particular users.

**Incremental Innovation:** It focuses on the kinds of improvement that keep a product, brand or company in the game. They tend to be line or brand extensions, new bells & whistles, new packaging, new improved ingredients, etc. This type of innovation requires internal competition for people, money and operational resources.

#### **Importance of Innovation:**

1. It plays a vital role in the development of new business concepts, processes and products of quality.
2. It helps the company in packaging and repositioning its products for global distribution and marketing.
3. It leads to increased production as a result of introduction of new and better methods of production in the business.
4. It helps in the development of new distribution channels for the company products to make it stand out from the competitors.
5. It helps to create alliance with venture partners which enables the company to reposition its opportunity to match with the investors' interest.
6. It leads to improved efficiency and effectiveness in production which reduces wastage at different levels of production in the business operation.
7. It helps in responding to the needs of the customers by reviewing the company objectives and compares them with the customers' needs.
8. It drives growth and opportunity in new markets and breathes life into a mature industry. It leads to cross functional team building while discouraging silo building.
9. It leads to independent, creative thinking to see things from a new perspective and putting oneself outside of the parameters of a job function.
10. It leads to the development of new quality products and services by the company for it to expand.
11. It also leads to risk taking by employees while lessening the status quo.
12. It helps to retain old customers and also to attract new customers especially with marketing innovation.

## SOURCES OF INNOVATION:

### Internal Forces:

**Unexpected occurrence:** This leads to new ideas from the new information got or discovered from the surrounding.

**Incongruities:** This is where innovation come as a result of the difference between what the company assumes to be and what actually is the reality. For example the request for a small car with still enough space on the inside seems to be incongruent. This however was solved in a new design as the Smart.

**Process Needs:** This is where innovation is created to support other products or process when the existing is not enough or relevant. Whenever there is need for something, people will try to innovate so as to find a solution to the need.

**Industry and Market Structure:** Changes in the market for new needs can make industries come up with new products or services for their customers. For example, the merging of industries such as for the merging of the computer industry with consumer electronics or IT with business consulting services.

### Eternal Forces:

**Demographic Changes:** Change in population age structure, size, education level, life style etc can force businesses to be innovative to match the changes in the market. Life style drugs such as Viagra are just examples where the growing group of elderly people who feel themselves still very healthy and who would like to enjoy life longer can conquer the effects of biological aging.

**Changes in Perception:** This may involve changing the way people think or see things. For example in older days health was seen as related to body mass, meaning fatter people were perceived as more healthy. In the last century this perception changed as a result of medical studies that revealed that overweight was a risk factor to health problems.

**New knowledge:** Introduction of new technologies enables businesses to become innovative and come up with new products or services to benefits from the new technologies. The emergence of micro-electronics and new programming methods and tools, biotechnology, etc. have been the main motors of innovation and progress over the last decades.

## Characteristics of Innovators:

**Compelling vision:** A good innovator belief that he/she is part of something better to come and that is willingness to contribute to the vision of the organization. They always look far for solutions to the business problems.

**Opportunity oriented:** An innovator is always thinking of finding an opportunity in any situation. He/s is constantly thinking about new ways of doing things and is not afraid to try something new.

**Self-disciplined:** They are disciplined in order to work hard and achieve results. They know that it takes self-discipline to achieve results. Innovators are able to prioritize their time so that they are doing the important work first.

**Positive attitude:** They know that they can achieve what they want without any thing hindering them. Whenever they are doing work, they always know that they can accomplish the mission to the expectations without any obstacles. They cannot believe that work can fail in any way but the result must always be positively achieved.

**Passionate:** Highly successful people have the belief that they know what they are doing. They give it everything they have. Passionate people are not people with a number of things or interests. They put all their efforts in achieving one thing at ago and are totally focused on that.

**Inner-directed:** Nobody has to tell an innovator what to do, he/she knows what to do. Because of the self-discipline and ability to focus, innovators get up in the morning and get going. They are goal oriented and do not need anyone else to motivate them.

**Extraordinarily persistent:** An innovator does not let obstacles get in the way. He/s keeps going and committed to achieving the goals. This makes them achieve their goals.

**Idea-oriented:** They are always thinking of new ways to do things. They are the ones who come up with solutions to problems of the organization. They are always looking for the ways and ideas to help the organization stay profitable and viable.

**Strategist:** They always think of the best and most profitable way to do things. They think strategically where the best project to put in money to generate more profit.

**Trend-spotters:** They are able to look at the changes taking place in the industry and notice/identify the trends. They spots areas where the company can put money to make more profits.

**Takes total responsibility for their actions:** They take full responsibility in what they do /situation without blaming others. They are willing to be responsible for their actions.

**Surrounded with positive people:** They keep away from the non-serious people. They are surrounded with people who are productive and can give them good ideas to help in solving the company problems. Negative people can drain you of all your positive energy as they can discourage you from doing good things.

#### **How to Foster Innovation in Small Businesses:**

**Expecting change:** Entrepreneurs should expect that there is increase in complexity and unpredictability of change which may bring innovation.

**Implementing new rules:** This can involve trying out new things like introducing new products in the market so as to be competitive.

**Avoiding barriers:** Things that limit one from being innovative should be removed and also separating people from daily work and departments.

**Developing innovative strategies:** Strategies that encourage people to be innovative should be developed and encourage them to apply them so as to be innovative.

**Being faster:** New innovation is discovered, it should be implemented very fast before forgetting it to remain on paper.

**Thinking globally:** People need to think beyond their nose and look at international level to see how other businesses are doing. This will make them learn from them and also be innovative their businesses.

**Measuring performance indicators:** This involves concentrating on issues which are profitable so as to reveal the underlying dynamics of the business.

**Thinking like an entrepreneur:** Being a self start and persistent to make things happen than being told what to do. Learn from mistake to improve on innovative strategies for the business progress.

**Being a learner always:** This involves having the ability to get different knowledge from other people and turn it into better ways to produce new and better products through innovations.

**Access to public data:** Opening up public data leads to the creation of innovative applications that can help citizens better engage in innovations for businesses.

**Having a new economy of apprenticeship:** Programmes of apprenticeship can or would be an initiative to train local people on how to be creative and innovative in finding solutions to issues.

**Carrying out tax reforms:** Make sure that the tax structure is fair across all businesses including technology as this will encourage innovations in businesses.

**Giving rewards:** Employees should be given gifts plus other rewards to encourage them to be more innovative. This can encourage many to engage in innovations.

**Setting challenging goals:** Most businesses set incremental improvement goals, to do a little better. These goals can usually be accomplished by doing more of the same thing or doing it only slightly better. To inspire innovation, set stretch goals that can only be achieved by doing things differently.

**Creating a sense of urgency:** Urgency and needs are the parents of invention. It is only when you urgently need to create something new that you start to look for different solutions. Set goals with target dates to build a sense of urgency.

**Tearing down barriers to communication:** Creative ideas are born and developed through interaction with others. Many of the best innovations are simply new ways to combine existing ideas. Create opportunities for people to interact with each other especially across departments, divisions, and teams.

**Eliminating fear:** Fear is the enemy of innovation. Fear keeps people from trying new things or even suggesting new ideas. Build a climate of trust and support. Encourage different opinions. Actively seek out problems as they often contain the seed of a new opportunity.

**Making everyone responsible for innovation:** Ask team members consistently how to improve or change the organization. This will make them to start to think creatively and look for potential innovations. Give credit and recognition to team members for their creative thinking.

**Encouraging customer focus/orientation:** Entrepreneurs should encourage their staff to understand customer requirements and wish lists. They should create opportunities to listen closely to clients, identifying the new products they want.

### **ENTREPRENEURIAL MOTIVATION:**

**Entrepreneurial Motivation** refers to the strong desire, impulse, dedication and drive of an individual to accomplish a specific business goal. It is the drive of an entrepreneur to maintain an entrepreneurial spirit in all his actions.

#### **Classical Concepts of Entrepreneurial Motivation:**

**Achievement Motive:** This is interested in getting to know what the world is like. The person seeks achievement, attainment of realistic but challenging goals and advancement in the job. There is a strong need for feedback as to achievement and progress and a need for a sense of accomplishment.

**The Affiliation Motive:** This has a need for friendly relationships and is motivated towards interaction with other people. The affiliation driver produces motivation and need to be liked and held in popular regard.

**The need for Power motive:** This in effect is the concern for influencing people or the behavior of others for moving in the chosen direction and attaining the envisioned objectives.

**Unconscious Motive:** This refers to hidden and unknown desires that are the real reasons for things that people do. An example is when someone is unable to stay in a long-term relationship and always finds a reason to break off his relationships.

**The need for Autonomy motive:** This is the desire for independence which, in effect, becomes a desire to do work of one's choice and at one's pace. It involves defining one's own rules of the game, taking initiative, making independent and innovative choices and being responsible and accountable to oneself rather than some external authority for performance.

#### **Achievement Motivation:**

This involves the desire to excel and do things in a more unique ways. Achievement motivation forms to be the basic for a good life. The characteristics and attitudes of achievement-motivated people are the following:-

- ✓ Achievement is more important than material or financial reward.

- ✓ Achieving the aim or task gives greater personal satisfaction than receiving praise or recognition.
- ✓ Financial reward is regarded as a measurement of success, not an end in itself.
- ✓ Security is not prime motivator, nor is status.
- ✓ Feedback is essential, because it enables measurement of success, not for reasons of praise or recognition (the implication here is that feedback must be reliable, quantifiable and factual).
- ✓ Achievement-motivated people constantly seek improvements and ways of doing things better.
- ✓ Achievement-motivated people favour jobs and responsibilities that naturally satisfy their needs, i.e. offer flexibility and opportunity to set and achieve goals.

#### **Advantages of Achievement Motivation:**

- ✓ It enables the entrepreneur to scan the environment actively for possible business opportunities.
- ✓ It leads to high performance, energy & determination so as to overcome business problems.
- ✓ It instills more confidence to the entrepreneur to work hard for the business success.
- ✓ It creates more interest in the business by the entrepreneur so as rate his performance.

#### **Disadvantages of Achievement Motivation:**

- ✓ It sometimes leads the entrepreneur to set goals which may be high to achieve.
- ✓ It encourages the entrepreneur to think about weaknesses and problems in the business than strength and opportunities.
- ✓ It makes the entrepreneur to set too low goals for fear of failure.

#### **Factors That Hinder Entrepreneurial Motivation:**

These hinder people from acquiring and practicing entrepreneurial skills and also prevent the practicing entrepreneurs from achieving full benefits that entrepreneurship has to offer.

**Poor entrepreneurship skills.** Most entrepreneurs and potential entrepreneurs are short on entrepreneurial skills. They lack creativity, innovativeness, endurance, flexibility and other entrepreneurship characteristics as they will start businesses that are the images of the existing businesses resulting in very intense competition.

**Less business and technical skills:** Business most people do not want to read a lot, they have less skills for business operation and management and this hinders entrepreneurial motivation. Many ventures also require specialized technical know how to set up, operate and manage which most people lack.

**Low mobility and Exposure.** Ugandans generally do not travel widely, do not read widely and do not explore, ask or investigate. This makes them not to get new ideas that shape creativity and innovations that shape entrepreneurship.

**Poor business ethics.** Many entrepreneurs have failed because of unethical behavior. Unpaid loans, unpaid or highly exploited employees (workers), unpaid suppliers, tax evasion, corruption, smuggling etc. characterize many businesses in Uganda today. Such tendencies results sometime in quick profits but in the end may cripple the business.

**Career dependency.** Most Ugandans specially the educated have long depended on their careers to provide for their livelihoods. Entrepreneurship has long been regarded as a last resort mainly left for the less educated and this has hindered entrepreneurial motivation.

**Limited role models in entrepreneurship.** Uganda lacks role models in the field of entrepreneurship, which limits the number of people who willingly aspire for careers in entrepreneurship. The few who are present are taken as super lucky individuals who can only be admired but not to be emulated.

**Less motivation:** Due to less role models and limited exposure, entrepreneurs in Uganda tend to be satisfied with relatively small achievements. They tend to have little motivation for higher

achievements. The tendency to prematurely celebrate success limits the growth of many entrepreneurial ventures.

**Limited access to finance.** Banking systems in Uganda impose almost impossible demands on entrepreneurs. Banks have little incentives to extend credit and limits entrepreneurial motivation among people. The terms of credit are unreasonable, requiring difficult collateral securities to secure loans.

**Low purchasing power.** Most people are unemployed with less no income to spend on buying of goods or services. This makes it hard for businesses in general and entrepreneurs in particular to acquire the necessary economies of scale for entrepreneurial motivation.

**Economic instability.** Because of over reliance on donor assistance, borrowing and imports than exports, the Ugandan economy is so fragile and easily destabilized by any small shocks in the international environment.

**Poor infrastructure.** Uganda is still has very poor physical and social infrastructure in terms of roads, electricity, water and hospitals. These hinder business development in many parts of the country and act as a barrier to entrepreneurship.

**Political instability.** A country with political instabilities leads to many entrepreneurs losing their lives at the same time lifetime savings and business assets are also lost while others are forced to close down their businesses.

**Excessive, complex and arbitrary taxation:** The tax systems in many countries are complicated, and confusing, changes rapidly and most cases too high and this hinders greatly entrepreneurial motivation.

**Unfair business administrative procedures:** Business environment is dominated by complex and burdensome regulations, favoritism, and corruption and weak enforcement mechanisms. As a result, businesses are forced into the informal sector/economy, countries are unable to attract the participation of the private sector in decision-making process.

### **How to Foster Entrepreneurial Motivation:**

- ✓ Avoiding negative people, thoughts and ideas.
- ✓ Reading a lot about successful entrepreneurs so as to get skills of doing business.
- ✓ Setting targets/goals and work towards achieving them.
- ✓ Networking with positive and successful people so as to acquire their skills and how they do business.
- ✓ Thinking positively and having faith in oneself to see the right direction.
- ✓ Being result oriented and focus on strength to help in solving problems & challenges.
- ✓ Taking advantages of opportunities so as to improve on the bad situations in business.
- ✓ Identifying successful entrepreneurs to act as your role models and mentors & work hard to be like them.
- ✓ Having positive ideas & attitude that I can do it successfully.
- ✓ Setting objectives & goals that are achievable to have a positive impact in the community.
- ✓ Setting time table for the activities to be done and follow it.
- ✓ Going to bed after planning and setting tomorrow's activities and when to do them.

### **RISK-TAKING.**

1. A risk refers to the possibility of suffering a harm/loss/danger.
2. It is an exposure to the adverse (unfavorable) consequences of uncertainty events.
3. It is a situation where one is required to make a choice between two different alternatives which may result into differing rewards for success or penalties for failure.

4. It is a situation involving exposure to danger.

**Business risk** refers to the factors that may have a negative impact on the profitability or success of the enterprise.

**Risk Taking** is the act or fact of doing something that involves danger in order to achieve a goal. It can have an adverse impact on the organizations objectives.

#### **Types of Risks:**

**Low risks:** These are the risks which do not yield a lot of benefits to the business owner. These risks tend to discourage people from investing their money into ventures with the fear of losses. They are associated with low profits in the business.

**Medium risks:** These types of risks can easily be foreseen and calculated. There is a high chance of managing and controlling these risks. For example preference shareholders are paid their interest before the ordinary shareholders but after the debenture shareholders have been paid.

**High risks:** These risks have a high chance of happening and in case they happen the loss is likely to be too big or high. At the same time in case they do not happen, the entrepreneur is likely to gain a lot of profits or benefits.

#### **Risk Assessment:**

**Risk assessment** refers to the method of looking at work activities considering what could go wrong and deciding on suitable control measures to prevent loss, damage or injury in the workplace. The assessment can be based on the following factors.

**Viability of the idea.** This involves determining whether the chosen business would be profitable in the area of its location given the available resources like human resource, raw materials etc.

**Market availability:** There is need to find out whether the people in the area are in need of the product and are able and willing and have the capacity to buy the products.

**Generation of enough cash inflows:** Establish whether the business will be in position to generate enough cash inflows to meet the expected out flows. If it has the capacity to generate enough cash inflows then the entrepreneur can go ahead with the project.

**Pricing policies and strategies:** One has to find out whether the proposed price for the product is competitive in relation to the already existing sellers. This is because higher prices may discourage buyers at the same time low prices may lead to making of losses by the firm.

**Honesty and reliability:** Find out whether the people the business is dealing with are honest and reliable and can promote the image of the business in the eyes of the buyers, public etc.

**Experience and abilities:** There is need to determine whether the people involved in promoting and running the business possesses the required skills, knowledge and experience to run the business successfully to achieve the business goals and objectives.

**Flexibility of the business:** Can the chosen business be easily changed into another business without any big effect on the resources and equipment of the business in case it does not go on well or pick up?

Programme For Minimizing Risks In Business:

<b>OKELLO ENTERPRISES LIMITED</b> <b>P.O BOX 752,BUSIA</b> <b>TEL: 0752 833909</b> <b>PROGRAMME FOR RISK MINIMIZATION:</b>			
Time Frame	Activity	Person In Charge	Remarks
	Assessing the risk		
	Establishing the potential loss involved in choosing a particular alternative		
	Determining goals and objectives in relation to company	Fill in	Don't fill
Fill in	Surveying the various alternatives		
	Gathering facts & weighing the various alternative & selecting the best alternative		
	Minimizing the risks		
	Planning & implementing the best alternative chosen.		
<b>Prepared By:</b> Signature:..... Name:..... Title:..... Date:.....		<b>Approved By</b> Signature:..... Name:..... Title:..... Date:.....	
} Fill in		} Do not fill in	

**Procedures for Analyzing a Risk Situation:**

This involves the process of identifying and selecting a course of action from many alternatives to deal with the problem, risk or take the advantages of the opportunity.

- 1. Assessing the Risk:** This is simply a careful examination of what in your work, could cause harm to people or business, so that you can see whether you have taken enough measures to prevent harm. All people have a right to be protected from harm caused by a failure to take reasonable control measures.
- 2. Determining goals and objectives:** Establish and determine the company policies and objectives as set out in the initial stage of starting the operations. The objectives may have been targeting of a specific market segments, higher sales, and slow but steady growth among others.
- 3. Getting and evaluating the alternatives:** Since most if not all businesses involves risks, the level to which it happens should be minimized. Evaluate and examine the various alternatives available at hand to see the best to handle the situation. Ensure that the costs in handling the risk are at least minimized not to affect the company greatly.
- 4. Gathering information to weigh the alternatives:** After revisiting the company objectives, you now come up with many alternatives. Collect relevant information on all these alternatives to see the best alternative you to take up.
- 5. Minimizing the Risks:** Once you have evaluated all the alternatives and come up with the best choice, look at how to minimize the risk such that it does not spread. Have the energy to implement the strategy to ensure that the risk is minimized to a minimal level.
- 6. Planning and Implementing, monitoring and reviewing the best alternative:** The next stage is now to implement the selected alternative, monitor to see whether it works and how it is working.

**Potential Risk Treatment/Management:**

- 1. Risk avoidance.** This is not performing an activity that could carry a risk. An example would be not buying a property or business in order not to take on the liability that comes with it. Another would be not flying in order not to take the risk that the airplane will be hijacked or will crash.



**2. Risk retention:** This involves accepting the loss when it occurs. Risk retention is a viable strategy for small businesses where the cost of insuring against the risk would be greater over time than the total losses sustained.

**3. Risk transfer/Shifting:** This means causing another party to accept the risk. Insurance is one type of risk transfer that uses contract and the insured is charged a premium by the insurance company for bearing a risk of loss.

**4. Risk reduction:** Involves the methods that reduce the severity of the loss. For example, having fire extinguishers to put out fire to reduce the risk of loss by fire.

### **Simple & Common Risks Faced By Business in Uganda:**

**Theft & Burglary:** Both employees and robbers can steal the company money because they have access to it or by breaking the business strong room.

**Machine break-down:** sometimes the machines of the company may break down due to over usage or operation without servicing them and hence interruption in production process.

**Damage or loss of goods in transit:** this may be to raw materials or finished goods as they are being transported to the customers.

**Strikes & Unrest of workers:** Sometimes the company employees may refuse to work by sitting and keeping quite or sometimes demonstrating and hence causing damage to the company property.

**Bad debts:** Customers of the business sometimes may take the goods on credit and fail to pay and hence causing losses to the business profitability.

**Natural Disasters:** Nature like floods, hail storms and floods can also occur hence causing losses to the business.

**Fire outbreak:** The business premises may catch fire due to poor wiring or power circuit leading to the destruction of the business stock.

**Technological changes:** Technology can lead to a particular process, styles, etc. being outdated and hence the company loses out on losing out on sales.

**Change in customers tastes:** The shift in the tastes and fashions of the customers can greatly affect the markets for the products of the business and hence losing out.

**Shortage of stock:** This can be in form of shortage of raw materials, power failure, no fuel or no finished goods for customers and hence the companies not producing and also lose on the probable market.

### **How to Reduce the Occurrence of Risks in Business:**

Risk reduction therefore can be done in the following ways.

1. Storing business inventories in many different places such that in case of fire or theft, there is some stock remaining in some stores in other places.
2. Installing drop safes (strong container for keeping valuable items) in retail stores and service stations to store valuable items of the firm.
3. Monitoring customers' traffic with closed circuit cameras to discourage shoplifting by the non-trustworthy customers.
4. Providing cranes, hoists, dollies, hand trucks and conveyors to reduce the likelihood of lower back injury on materials handling jobs.
5. Providing and installing fire-fighting equipment at the work stations like fire extinguishers to help during the fire outbreak.
6. Carrying out risk awareness and monitoring to ensure that risk management strategies are always up dated as necessary.
7. Insuring the risk with an insurance company such that in case of loss occurring, the insurance company can compensate the business to its original state before the loss happened.

8. Numbering, marking or labeling the items of the business such that in case they are stolen, they can easily be identified.
9. Properly wiring the house well such that the possibility of power circuit is reduced to cause power burning the house.
10. Employing a good number of shop attendants to monitor the customer movements and others to monitor the circuit cameras.
11. Installing mirrors in all corners of the business to monitor the movement of customers.
12. Maintaining and upgrading technology to minimize to reduce losing of market due to change in customers' tastes and preference
13. Training of employees on the use of new equipment and technology so as to be face technological changes in the business and avoid being harmed by this new equipment in the business.

### **AUTHORITY AND RESPONSIBILITY:**

Authority is the legitimate right of a person to exercise influence or the legitimate right to make decisions, to carry out actions and to direct others. For example, managers expect to have the authority to assign work, hire employees or order merchandise and supplies.

Responsibility is the obligation to accomplish the goals related to the position and the organization. Managers have to direct employees towards objectives oversee the work effort of employees, deal with immediate problems and report on the progress of work to their superiors.

1. Delegation is the transfer of tasks and authority from one position to another within an organization.
2. Delegation is the giving another person a task for which the delegator remains ultimately responsible.

### **Benefits of Delegation:**

1. It enhances the spirit of teamwork in the organization among the workers.
2. It prepares the juniors for future promotion in the organization.
3. It makes workers acquires experience in the other areas within the organization.
4. It acts as a tool for extension of management to other workers.
5. It gives the bosses more freedom and time to concentrate on majorly planning important issues.
6. It helps to instill confidence in the lower workers of the firms with in the firm.
7. It helps to enhance staff morale, motivation and commitment in the staff.
8. It enables decisions to be taken by those closer to the action resulting into faster implementation.
9. It enables the lower workers to fill part and partial of the organization.
10. It leads to the development of staff skills and put them to other uses in the firm.

### **Why People Fear To Delegate:**

1. Fear of job replacement as the subordinates learn what their bosses do and get experience.
2. Fear of the hidden weaknesses of the bosses which may be revealed to their subordinates.
3. Incompetence of the subordinates.
4. Inefficient resources in the organization.
5. Ignorance of the top managers about why and when to delegate.
6. Self-fishiness by some bosses who do not want their subordinates to know more about the company issues.
7. Dishonest of some subordinates who may cause losses to the firm due to embezzlement.

8. Fear that some subordinates could be spies and hence cause problems for the bosses.
9. Lack of confidence from the lower workers to handle tasks given to them.
10. Fear of criticism as some people fear to be criticized in case they have done wrong.
11. Element of “I can do better” among the bosses.
12. Corrupt nature of some bosses who may have got involved in embezzlement activities and therefore delegating to other people may expose these hidden vices and cause problems.

**Delegation Process:**

The process of delegation involves the following process/stages components:-

- 1. Analysis**-This is the sorting tasks to be delegated to a person. Select the task to delegated
- 2. Appointment**-This involves naming the delegate, a person to be delegated to. Assess the skills and capabilities of subordinates and assign the task to the most appropriate one. Start with smaller tasks at first so the subordinate can develop confidence.
- 3. Briefing**-Defining the tasks to be performed by the person delegated to.
- 4. Control**-Monitoring and encouraging the person delegated to perform the work.
- 5. Appraisal**-Reviewing and revising the work done by the delegate.

<b>Programme for delegation</b> <b>HATUBA GENERAL STORES</b> <b>P.O BOX 752,BUSIA</b> <b>TEL: +256 752833909</b> <b>DELEGATION PROGRAMME:</b>			
Day/Time	Activity	Person Responsible	Remarks
}	Analyzing and sorting out tasks to be delegated to a person.	}	}
}	Appointment, naming the person to be delegated to and assessing the skills and capabilities of subordinates.	}	}
} Fill in	Briefing and defining the tasks to be performed by the person delegated to.	} Fill in	} Don't fill
}	Control, monitoring and encouraging the person delegated to perform the work.	}	}
}	Appraisal, reviewing and revising the tasks performed to give the feedback on work done.	}	}
<b>Drafted by:</b> Signature:..... } Name:..... } Title:..... } <b>Fill in</b>		<b>Approved by:</b> Signature:..... } Name:..... } <b>Don't</b> Title:..... } <b>fill</b>	

**NB:** Under delegation, the top manager delegates to a lower person. Therefore, in that case we can have both drafted/prepared by and approved by. However, in case the person delegating is the top boss in the company i.e. CEO, MD etc., the space for approved is irrelevant.

**Principles of Delegation.**

1. Right task to be delegated.
2. Right circumstances for delegation (Conditions under which delegation is required).
3. Right person to be delegated to.
4. Right communication all through the delegation process.
5. Right supervision.

## DECISION MAKING IN BUSINESS:

This involves the process of identifying and selecting a course of action from many alternatives to deal with the problem or take the advantages of the opportunity.

### Factors Affecting Decision Making:

**Past experience:** Before taking a decision, one would first consider the past experience when he or she took a decision. For example if one took a decision sometime and the results after the decision was negative, this time he may not take up the same decision and vice versa.

**Expected benefits:** The outcome of the decision once implemented will highly be considered. If the outcome is expected to be a positive (high profits) to the business or to the people, the entrepreneur will take the decision quickly but if the expected result is negative, another alternative would be sought.

**Nature of the situation:** The situation that requires a decision to be taken affects the type of decision to be taken. For example, if the problem requires urgent solution, the decision to be taken will be also quick to solve the problem on the table and the reserve is true.

**Environmental factors:** The environment in which the business operates will affect the decision to be taken. If a decision on whether to set up oil refinery in an area is to be taken, then look into the impact of the plant on the natural environment and the surrounding people first before a decision is taken.

**Availability of the resources:** Before a decision is made, availability of the resources to put into action the decision has to be looked at first. If the resources to implement the decision are available and enough then the process of making a decision will be easy and vice versa.

**Costs involved:** The costs involved in the process of making and putting the decision into action will have to be looked at first. The benefits to be got after implementing a decision should be higher than the costs incurred so as to make the decision viable.

**Time frame/ pressure:** This influences the implementation of any decision as, if the decision to be taken requires urgency, and then the decision will have to be taken faster to save the situation.

**Knowledge about the subject:** Knowing the issue that requires the decision will help in taking the right decision that suits the situation as not knowing the subject can lead to taking a wrong and poor decision that will affect the operations of the business negatively.

### Steps in Decision Making:

For the decision to be taken to be effective and leave out biasness, the person or committee to decide should follow some steps.

**1. Defining the problem:** This step is what is said to be the stage of recognition of a decision requirement. The decision requirement exists when an entrepreneur is faced with either a problem or an opportunity.

**2. Investigating the situation:** Before a decision is taken, the concerned people have to first identify the real problem and the actual cause so as the right decision is taken to have the best solution.

**3. Developing of alternatives:** After investigating the problem, alternative solutions should be sought and assessed find out the best out of all the alternatives to solve the problem.

**4. Evaluating the alternatives:** Once alternatives have been developed, the next step is to evaluate them to facilitate selection. Evaluate the alternatives basing on situations like political climate; business relations to enable you come to the best solution.

**5. Selecting the best alternative:** After many solutions have been developed, the best in the interest of the organizational image and for the good of the stakeholders should be chosen for implementation. The alternative chosen should bear the least risks and uncertainty.

**6. Implementing and monitoring the decision:** The decision has now to be implemented and monitored to ensure that it works as expected. The implementing person or committee has to monitor the decision.

**7. Making a report:** After implementing the decision, the committee concerned has to make a report to the authority on the outcome of the task given to them (of putting the decision into action). This will enable the firm keep records for future reference and further action in case the decision taken was effective and yielded results.

#### **NEGOTIATION:**

**Negotiation** is the process of bargaining that precedes or leads to an agreement. It is a dialogue between two or more people or parties intended to reach an understanding, resolve point of difference or gain advantage in outcome of dialogue. There are two types of negotiations as seen below.

**Distributive Negotiation:** This negotiation usually does not involve people who have never had a previous interactive relationship, nor are they likely to do so again in the near future. Simple everyday examples would be buying a car or a house.

**Integrative negotiation:** The word integrative means to join several parts into a whole. It involves a higher degree of trust and forming of a relationship. Both parties want to walk away feeling they have achieved something which has value by getting what each wants. It is often described as the win-win scenario.

#### **Stages of Negotiation:**

**Determining the subject and objectives:** This involves establishing what need to be achieved during the negotiation process such that it is the subject of focus.

**Preparing for negotiation:** This involves getting the relevant information and items that are needed for negotiation to succeed. Where possible find out the people from both sides that are got for negotiation.

**Evolving negotiation strategies:** This involves looking for different ways of handling the negotiation process so as to win the other side so as to get the desired outcome. However, focus at the objectives of the negotiation and business goals.

**Actual negotiation:** This involves getting the necessary information and documents about the subjection of negotiation and settle for negotiation. At this stage, the purpose is to convince the other side accept your stand and win the negotiation.

**Programme for negotiation**

**Okello Hatuba Shoe Makers**

**P.O Box 780, Busia**

**Majanji Road**

**Tel: 0752 833909**

**NEGOTIATION PROGRAMME**

<b>Date</b>	<b>Activities</b>	<b>Person in charge</b>	<b>Comments</b>
	Determining the subject and objectives to establish what need to be achieved during the negotiation		
<b>Fill in</b>	Preparing for negotiation by getting the relevant information for negotiation	<b>Fill in</b>	<b>Do not fill</b>
	Evolving negotiation strategies by looking at different ways to handle the process		
	Getting into actual negotiation for the purpose of winning		
<b>Drafted by:</b> Signature:..... Name:..... Title:..... } <b>Fill in</b>		<b>Approved by:</b> Signature:..... Name:..... Title:..... } <b>Do not fill</b>	

**Negotiation Challenges:**

**Time pressure/ Lack of time:** It is a major challenge to effective negotiation. One should never be in a hurry. You need time to convince others. Never be in a rush to purchase things or close a deal. Analyze things carefully and then only come to conclusions.

**Going unprepared for a negotiation:** Do not underestimate the second party. One should do his homework carefully. Check out even the smallest details before going for a negotiation. Do not think that the other person is not as smart as you, he can ask you anything and remember even he will try his level best to convince you. You need to have valid answers for his questions.

**Lack of patience:** This also leads to a bad negotiation. Every individual has the right to express his views and one should not interfere in his speech. You might not agree to him but at least listen to him first. Sit with the second party and make him realize how the deal would benefit you as well as him.

**Aggressive Behaviors and criticism remarks:** Never ever say anything which might hurt others. Remember everyone is here to do business and make profits, so be logical and justified. Do not get too involved and over emotional.

**Last minute changes:** The two parties must be very clear on what they expect from each other and must stick to it. Do not change statements every now and then. Once a conclusion is reached or a deal is cracked, it is always better to sign an agreement in presence of both parties.

**Being too rigid:** Be a little flexible. One should adopt a positive attitude and try his level best to adjust with each other and find out a solution which will satisfy all. Only price is not important, other factors like quality, brand name, durability must also be taken into consideration.

**Another decision-maker:** As you are in negotiations, you discover that you are not talking to a decision-maker. He or she leaves the room and returns five minutes later saying that the boss will not agree unless a certain percentage is conceded and this means that he not a decision maker.

**Delay tactics:** This is a tactic that some people usually use on more people to delay the negotiation process. Their hope is that you will become more nervous or that the effect on your schedule will

cause you to feel under pressure and so you will agree to what they want in order to keep the discussion short.

**Last-minute wavering:** Just when you think that negotiations are over and you have reached agreement, the other party begins wavering over some seemingly trivial point. The other party knows that your defenses are down as the negotiation nears completion and they ask for another concession.

**An early concession:** Some negotiators begin with an early concession and then wait for you to reciprocate and in the spirit of relationship-building, you probably will. Thank them, remember the concession for later and continue exploring.

**Linking logic:** This is based on the assumption that if a person is correct in one thing, he or she must be correct in another and this may not be true or correct. You need to get to the bottom of the other person's point to see if the logic he or she is applying is sound and correct or not.

**Price-only negotiation:** Negotiators who pay attention exclusively to price than quality. While price is an important factor in most deals, it is rarely the only one. Competing interests include relative results, perceived fairness, self-image, reputation and so on.

**Letting positions override interests:** During negotiation, your position should not be so important. This creates value requires patience and a willingness to research the other side ask many questions and listen.

**Language differences:** The differences to languages between the negotiators can also be a hindrance as they may not understand each other well and hence misinterpreting the negotiation outcome.

**Lack of confidence:** Do not forget to make an eye contact with the person sitting on the other side of the table. It is important to be serious but that does not mean you will not even greet the other person. Be straightforward and crisp in your communication. Take care of your dressing and appearance as well.

### **Principles of Negotiation:**

These principles are always help in the negotiation process and will help you achieve your goals:

- ✓ **You do not need to be right to settle:** During negotiation you do not need be right but to say what you think can work for your side and let the other side also commit themselves. Here, avoid emotions to ensure that you so as to avoid disputes during the negotiation process and at this stage money is not very important in negotiations.
- ✓ **Look to the future:** Ensure that you do not look at the past events but the future result in the negotiation. Find ways of dealing with the current issues and situations by asking the other party what they what to solve the problem/dispute and also give your side of the possible solution.
- ✓ **Focus on the goals:** During negotiations, you have goals to be achieved and focus on them. Avoid emotions as these can lead to lose of control on both sides involved in negotiations.
- ✓ **Know your BATNA (Best Alternative To No Agreement)(Have Plan B):** Going into any negotiation, it is important to be very clear on your BATNA or the course of action you would take if you do not reach an agreement(Plan B).
- ✓ **Set the tone and look the part:** It is better to arrive early for the negotiations as this enables you to settle and get prepared than reaching late and panic during the process. Do not show the other party that you are not sure of what you want.
- ✓ **Aiming for an outcome based on an objective standard:** Try to have the results based on objective standard. Make your negotiated decision based on principles and results not emotions or pressure. Try to find objective criteria that both parties can use to evaluate alternatives. Do not succumb to emotional pleas, assertiveness or stubbornness.

- ✓ **Be prepared and do research on the issues to be negotiated:** Before moving for any negotiation, you have to do research on the current trends, the people you are going to negotiate with such that you are equipped with the relevant information to the negotiation. This will help you in knowing what you have to negotiate and in the end win and not to panic during the negotiations.
- ✓ **Know what each side wants to get in the negotiation.** It is better to find out and know what you want and what the other side also wants in the negotiation. Establish what you are willing to let the other side get from you so as to get what you want. This helps both sides to negotiate and get satisfied with the outcome.
- ✓ **Listen to** the other side of views when negotiating to enable the parties involved to know what each side wants and act upon reaching an agreeable terms and stand.
- ✓ **Focus on interest not positions:** Focus on issues that will bring you together than separating you. We need to be very clear about our interest in negotiation and this may not be as easy as it would appear. We are used to identifying our own interests but a critical element in negotiation is to come to understanding the other person's interests and needs.

#### **Ways of Overcoming Negotiation Challenges:**

- ✓ Communicating with other party politely, openly and respectfully with the target of winning them.
- ✓ By showing empathy while negotiating such that each side can get a win-win situation from the negotiation.
- ✓ Preparing enough before approaching negotiation to enable settling down with the relevant information needed to win the negotiation.
- ✓ Negotiating with only decision makers such that a final conclusion can be reached than waiting for another person to decide as it will lead to time wastage.
- ✓ Focusing on important issues that benefit both sides in the negotiation than focusing on personal issues.
- ✓ Rescheduling the negotiation meetings after realizing that delay tactics are being applied to waste time.
- ✓ Avoiding focusing on only price during negotiation but also looking at the quality, value for money, long term relationship and interest of both sides.
- ✓ Noting down what is agreed upon and referring to them always whenever there are some deviations by any party.

#### **Personal Attributes of Good Negotiators:**

**Integrity:** A good negotiator should be honest and builds mutual trust and cooperation with others during negotiation to create a free and open exchange of ideas.

**Discipline:** The internal focus that gives us the drive, desire and dedication we need to be at the top of our game. Discipline is what will give us the winning attitude. Without it, there is no motivation and no way to be at the top of your game.

**Endurance:** Also called “stamina,” endurance is the ability to keep going when others have quit. People have always endured in order to be credible negotiators. They are in the fight for all 10 rounds and never, never get knocked out. They keep going and going and going.

**Respect:** Negotiation needs people who give respect to all those they are negotiating with. Know two things about respect. This will earn them good reputation and promote a health environment for further negotiation. Respect the other party and they will also give it you for health negotiation.



**Patience:** You may need to overcome many obstacles to reach your goals. If you persevere and add a sprinkle of patience, in most cases your outcome will be what you desired.

**Empathy:** A good negotiator should put himself in the same shoes of those he is negotiating with than only minding about himself. Empathy is the ability to view the other person's feelings and to put yourself in his position or foot. This is one of the most important traits to carry every day, throughout your life, no matter whom you meet.

**Trusting and trustworthy:** A good negotiator should have trust in people. If a person is unduly suspicious, he will mistake the other party's motives. Similarly, a negotiator must come across as worthy of the client's trust. If he fails in this, the client may impose additional terms to safeguard his interests.

**Confident:** A good negotiator need to be confident when of what is being negotiated about boy not fidgeting and guessing. When a client senses lacks confidence, he questions your abilities.

**Composed and detached:** Emotions often hinder negotiation. Even in a heated discussion, a skilled negotiator should have self-esteem and be composed. He works through disagreements without provoking others and quickly diffuses arguments.

**Persuasive:** A good negotiator articulates issues aimed at convincing and persuading the other side. Rather than confronting, be open-ended and allow the client to accept your side.

**Listens well:** Always listen and give the other side time to talk as negotiation is a two way communication. Let the other side talk and reply later so as to have a good negotiation process to reach a good deal for both sides.

**Tolerance for ambiguity:** A good negotiator has a high tolerance from the other side than dictating. Instead, as negotiation unfolds he juggles the various issues, and then weaves them together to devise tradeoffs that balance the needs of both parties.

**Strategic and fast thinking:** When challenged, he crafts a response that furthers his objectives but presents it in terms that his client recognizes are in his interests. He pre-empts impasses by suggesting trade-offs or conceding on minor points.

**Perspective:** They are aware of which items top both his own and his client's agenda, a skilled negotiator knows when to lose the battle or to win the war.

**Understands people:** While a negotiator is neither a therapist nor a mind reader, an ability to understand people and what motivates them is indispensable. Essential skills include predicting how people will react, reading subtext, interpreting inflections and body language.

### **NEGOTIATION SKILLS:**

- ✓ Being clear in communication and not engaging in long paragraphs.
- ✓ Sticking to objectives and avoid personalizing situations.
- ✓ Controlling your emotions to avoid harming and destructing others
- ✓ Occasionally show anger for effectiveness without losing temper.

#### **A. Negotiating tactics With Customers:**

Today, customer service professionals must be good negotiators, able to reach resolutions that balance the interests of the customer and the company.

**Offer rewards to customers:** Introducing programmes that aim at rewarding loyal customers is very crucial for the business success. This can be in form of giving small items for customers purchasing big as this can also attract more customers and retain the old ones.

**Communicate regularly and frequently:** For the good of your business and sales, it is very vital to communicate with your customers frequently. This communication can be in form of Emails, letters, telephone calls or face-to- face communication to keep your customers feel that you value

them in your business. However, the message can vary depending on the nature and type of customers.

**Visiting the customers:** This may look hard for some entrepreneurs but visiting customers is important as it strengthens the relationship between your business and the customers. This can help you in understanding the challenges that your customers are facing and where possible find solutions

**Holding of special events:** With the desire to retain the old and attract new customers, special events can be organized. This can allow you plus the employees to interact with business customers and exchange ideas.

**Enhance your customer service:** Have a staff that is dedicated to helping and solving customer problems quickly and at the same time serving them in time than delaying them. This can help your business to stand out from the rest of your competitors.

**Launch multinational programmes:** Having a programme that caters for those foreign languages can be of great help. Advertisements in different languages during the marketing period are good.

**Promote two-way communication:** Ensure that during communication, you also listen to let the customers also give their side by either asking questions or giving feedback than only one person talking throughout the whole process.

## **B. Negotiating Tactics with Employees:**

Employees are very important in any business. Therefore negotiating with them in case of anything is good for the business and themselves. However, note the following while negotiating with them:-

**Listen actively to them:** During your negotiation with the employees, listen to them other than being the overall speaker all the time. Give them the time to talk as you listen as this can help in solving the problems. A win-win situation should always be sought.

**Balance the strength and weaknesses:** Know what you want to get across to them and let them know it than keeping quiet. A direct approach from both sides is more effective.

**Have fallback situations in some cases:** In some case like during salary negotiations, you can fall back and let them express their views. However, in situations that they need more offer than yours, let them know your limit and where possible and why.

**Avoid legal issues:** Know the laws about labour such that you are able to avoid contractions with the employees in terms of payments so as in case of any misunderstanding, you are able to agree with workers than going to courts of law.

**Decide on the payment terms:** An entrepreneur has to decide how to pay the workers. Hourly, weekly, monthly, in the bank or hard cash so as each employee is aware of these such that there are not misunderstandings.

**Set both ceiling & floor:** Establish the highest amount to pay individual employees as salaries to avoid recruiting expensive workers at the same time determine the lowest amount to pay that can attract good employees.

**Make salary attractive:** Though you have ceiling, put also an attractive salary which can include bonus & allowances so as to attract experienced and talented employees to the company.

## **Salary Negotiations with Workers:**

**Determine and Set a ceiling:** Setting a ceiling before starting negotiations with an employee for a salary can avoid time wasting on employees who are expensive on the company. Establish how much you can pay on salaries in relation to the company expected revenues and expenses.

**Determine and Set a floor:** Determine the lower amount that you have to pay out to your employees. However it should not be too low as it can discourage productive and experienced employees and also make it hard to retain those that you have been able to train on the job.

**Decide on either wage or salary:** Decide whether you are to pay the employees after work or monthly. Those types of works that do not need permanent employees can be sourced and payment made immediately after completion. Those that need employees on daily basis can be paid on monthly basis.

**Avoid legal battles:** After agreeing on the amount to be paid to the employee, pay him in case he has performed his work as in case of failure, he can take you to courts of laws. There are laws protecting employees for exploitation or in case of failure to be paid. This, you would do it to your boss if you are not also paid.

**Make it attractive pay:** In order to attract talented and experienced employees, you need to set an attractive pay. This can also be accompanied with attractive packages in form of allowance and bonuses in case of achieving the company set target.

**Be sensitive:** Before offering compensation packages to employees, keep their need in your mind. Establish their needs as this can help in offering of the compensation as different employees have different needs.

**Ask for their expectations:** Though the company may have set its ceiling, it is better to first ask prospective employee how much she/ he may be expecting as this can help in establishing whether he / she may accept your offer.

### **Paper Three:**

### **Case study: Good Hope Salon:**

Wanyama graduated with a degree in mass communication from Christian University Mukono in 2011. He decided to establish a salon business under the name of Good Hope Salon on the family land in 2012 and the father provided him with Shs. 7,000,000/= as part of the start-up funds.

In 2014, Wanyama decided to launch the salon business and got a big support from the community members. He currently employs 8 workers two of whom are family members where one is the procurement officer. Wanyama is committed, hard-working, goal oriented and never gives up. He listens to the customers concerns and responds to feed back immediately.

Wanyama, unlike the competitors has an admiring smile of the face, welcomes the customers, gives them daily newspapers to read and charges friendly prices to his customers and is very honest to them as he gives back the balance. He does not cheat the customers and this has given him a competitive advantage.

Good Hope salon decided to register with URA and was allocated a TIN number for tax assessment and payment. In 2014, the business paid taxes amounting to Shs. 2,000,000 and in the same year the business was awarded the most health Certificate by the Ministry of health. The business also trains the local people on how to cut hair at a reasonable fee.

In 2015 the salon required some items for use and the procurement officer went to buy the items but could always consult Mr. Wanyama back in the salon as he could not decide on his own.

Later money was released and the procurement officer bought the items after taking a lot of time which angered the sellers due to another decision maker who was always being consulted during their negotiations. After agreeing the price, he again asked for a reduction for him to make a “difference”

### **Tasks:**

- (a) What factors favoured the establishment of Good Hope salon?
- (b) What entrepreneurial features are exhibited by Wanyama in the case study?
- (c) Explain the business ethics portrayed towards customers
- (d) What challenges were faced by the procurement officer during negotiation?

- (e) How does the salon business benefit the community around?
- (f) What benefits are likely to be enjoyed by the business as a result of registering with URA?

### **BUSINESS ETHICS:**

Business ethics are those virtues that business people apply when making business decisions. They are the behaviors that a business adheres to in its daily dealings with the world. They are the acceptable ways of doing business and how the business conducts itself towards the different business stakeholders.

Ethics refers to a set of moral principles which are recognized in respect to a particular class of human actions or a particular group. They are a set of code of conduct that guides an individual in dealing with others.

### **Importance of Business Ethics:**

1. They ensure business success and ultimately living up to the corporate social responsibility.
2. They are critical towards ensuring a legitimate business model with long term potential for survival.
3. They help in maintaining integrity and relationships with the customer facing side of your business.
4. They are crucial to building client relationships, to assisting the overall branding efforts.
5. They help in protecting business goodwill, which will have a tangible effect on business success.
6. They ensure honest, successful business with the potential to grow and develop over time. It enables developing relationships across all aspects of your business that are conducive to success and profitability over the long term.
7. They help to outperform companies that do not display ethical conduct.
8. **They lead to profit maximization.** The importance of ethics in business can be understood by the fact that ethical businesses tend to make much more profits than the others. The reason for this is that customers of businesses which follow ethics are loyal and satisfied with the services and product offerings of such businesses.
9. **They lead to efficient utilization of business resources.** In an organization, people working at the junior levels often emulate the ones working at the top. The same applies with ethics too. If the management of an organization follows ethical business practices, the employees will follow suit. The employees too will refrain from using the office property or resources for personal benefits. This will result in better and efficient utilization of the business resources.
10. **They create goodwill in the market.** An organization which is well-known for its ethical practices create goodwill for itself in the market. Investors or venture capitalists are more willing to put their money in the businesses which they can trust. Shareholders too, remain satisfied with the practices of ethical businesses.
11. **They attract more Investment.** When a person or an entity is considering investment in a particular stock, there are a number of things they take into account like profit margin, future prospects, public image and the products that they sell. All of these things are taken into account before the final investment is made and if the business lacked good ethical, this may not be possible.
12. **They can lead to partnerships.** A business with good ethic will attract joint ventures from other business and this can make it grow or expand. The ethics can be in form of environmental friendly among others.
13. **They satisfy basic human needs:** Being fair, honest and ethical is one of the basic human needs. Every employee desires to be such himself and to work for an organization that is fair and ethical in its practices.

14. **They lead to creation of credibility:** An organization that is believed to be driven by moral values is respected in the society even by those who may have no information about the working and the businesses or an organization. This perception is held far and wide even by those who do not even know what business the organization is into.

15. **They help to unite people and leadership:** An organization driven by values is held in deep respect by its employees also. They are the common thread that brings the employees and the decision makers on a common platform. This goes a long way in aligning behaviors within the organization towards achievement of one common goal or mission.

16. **They lead to improving decision making:** A man's destiny is the sum totals of all the decisions that he/she takes in course of his life. The same holds true for organizations. Decisions are driven by values. For example an organization that does not value competition will be fierce in its operations aiming to wipe out its competitors and establish a monopoly in the market.

17. **They lead to securing the society:** Often ethics succeeds law in safeguarding the society. The law machinery is often found acting as a mute spectator, unable to save the society and the environment.

### **Good Business Ethics in Decision Making Process:**

Many businesses feel that practicing good business ethics is costly and unnecessary to become a profitable operation. Small businesses and micro-enterprises are particularly susceptible to this kind of thinking. This is because these firms are too small to afford the best practices of business ethics.

### **Principles of Good Business Ethics**

#### **The Customers:**

**Honesty:** An entrepreneur should be honest to his customers in all dealings in terms of prices charged, quality and quantity produced and the delivery of the goods bought by the customers such that they are delivered in time.

**Courtesy:** An entrepreneur should be polite, patient and sincere when dealing with the customers. He should not sell expired or underweight goods to the customers as this can make the customers lose confidence in him/her

**Geniality:** An entrepreneur should be kind, cheerful and also try to balance and control his/her temper when dealing with customers. He should never bark, shout or abuse the customer but instead make sure that the customer understand his products and how they will solve his/her problems.

**Responsibility:** The entrepreneur need to meet his/her obligations as agreed. He/she should meet the agreed task on time like delivering goods on time, serve the customer on time etc.

**Integrity:** Entrepreneurs should demonstrate personal integrity and the courage by doing what they think is right even when there is great pressure to do otherwise. They should be principled, honorable and upright and fight for their beliefs but not compromised by others.

#### **The Employees:**

**Give the employees a fair pay:** He should balance what the business can afford and the amount of work done by the employees when paying. If workers bring in a good income, he/she should pay the well and this should depend on experience, skill, responsibility and seniority of the employee.

**Job Security:** The entrepreneur should ensure that the employees are secure on their jobs by providing appointment letters to them and also give them assurance of renewal of the appointment on expiry of the current terms/period.

**Respect to others:** The entrepreneur should respect the workers for their contribution towards the business. He should not shout abuse or backbit the employee but instead talk to him/her in case of any problem irrespective of sex, race or origin.

**Provision of clear and fair terms of employment:** Employees should be given appointment stating whether they are on permanent, part-time or temporary or contract. Their salaries should also be specified according to their duties and responsibilities in the business.

**Politeness:** The entrepreneur should treat the workers in a polite way and when the employee is in wrong, he/she should to him/her in a polite way to solve the issue.

**Provision of good working conditions:** Since employees spend most of their time on their jobs, the entrepreneur should ensure their good health and good working environment. They should be provided with protective gears like gum boots, helmets, gloves etc where possible and paid well for them to afford them at their cost.

**Fairness:** Entrepreneurs should fair and just in all dealings to their employees. They should not exercise their power arbitrarily and should not use bad ways and channels to gain advantage nor take undue advantage of their employees' mistakes or difficulties.

**Promise-keeping & trustworthiness:** An entrepreneur should give relevant information to the employees and correct wrong facts by making every reasonable effort to fulfill the latter and spirit of their promises and commitments. They do not misinterpret agreements signed with their employees to the employees' disadvantages.

**Loyalty:** Entrepreneurs should be loyalty to both workers and institutions by not disclosing information learned in confidence from their employees for personal advantage.

**Leadership:** Entrepreneurs should show and promote good leadership to their employees without being biased in terms of sex, race, tribe, origin or colour.

### **The Society:**

**Conserving the environment:** The business should not emit or destroy the society environment like the swamps, air and water.

**Not endangering people's lives:** The business should not put people's live at risk through their operations by emitting poisonous gases, loud noise or explosions etc.

**Having strict consideration to norms:** The entrepreneur should conduct business by following the acceptable cultures and religious belief of the community/society e.g. he should not rear pigs in a Muslim dominated area or selling alcohol and cigarettes near the school area.

**Contributing towards the community needs:** The business should get involved in helping the community like planting of trees in the community, contribution towards the community health needs, helping those in needs like those who lose their relatives where possible.

**Sharing in society** needs like helping the poor, disadvantaged, sick or the displaced people in the community.

**Commitment to excellence:** Entrepreneurs should aim at pursuing excellence products in performing their duties. They should not produce poor quality products for the society as this can affect the customers' health.

**Providing employment** opportunities to the members of the community before giving the foreigners.

### **The Government:**

✓ **Law Abiding:** Complying with the business laws like registration, licensing, labour, occupational hygiene etc.

✓ **Observing and settling the tax** obligations as required by the laws and this should be done in time to enable the state do its activities as planned.

- ✓ **Meeting the production standards** in terms of quality and weight without cheating the customers or under declaring of the goods so as to pay less taxes etc.
- ✓ **Complying** with occupational hygiene and environmental regulation so as to protect human life and the environment.

### **COMMUNICATION SKILLS IN BUSINESS:**

Communication is a two-way process of conveying information or instructions from one person to another. It has to move from the sender to the receiver.

#### **Importance of Communication in Business:**

1. It aids in the recruitment and selection of human resource for the business by advertising jobs for people with the required qualifications to send in their applications for consideration.
2. It facilitates the laying down of regulations, rules, instructions and orders by the entrepreneur to be followed by the employees and others for easy running of the business.
3. It helps in increasing on the sales volume of the business and widens the market share. This is through carrying out advertisements in or through the media like press, radios etc.
4. It helps the entrepreneur to know the complaints and needs of his customers by carrying out market research and work upon them and also produce according to needs of his customers.
5. It facilitates the establishment and starting of business through registering with the registrar of companies by presenting documents like memorandum of Association, Article of Association.
6. It creates a good understanding between the entrepreneur and workers whereby if there is any misunderstanding; meetings can be held to solve the disagreements.
7. It helps an entrepreneur to know how much, what and when to produce for his customers through a letter of inquiry, market research etc.
8. It helps the general public to know more about the existence of the business and its operations which improves on the business image to the public and this is through advertisements.
9. It helps the entrepreneur to co-ordinate operations of his business that take place from different departments by receiving reports from those sections and departments.
10. It helps an entrepreneur to pass on relevant information to his staff, customers and the government about the new changes in the business through meetings and circulars.
11. It acts as a measure of managing credit sales and purchases in the business and hence the smooth running of the business.
12. It facilitates the entrepreneur in negotiating prices for the goods with his customers so as to reach the best bargain in his transactions.
13. It helps the government and other regulatory bodies like National bureau of standards to monitor business operations to ensure that these companies comply with the set standards.
14. It helps the entrepreneur to make good decisions for the smooth running of the business through consultations with his workers or other entrepreneurs.

#### **Communication Flow:**

Communication Flows in an Organization flows in 5 main directions.

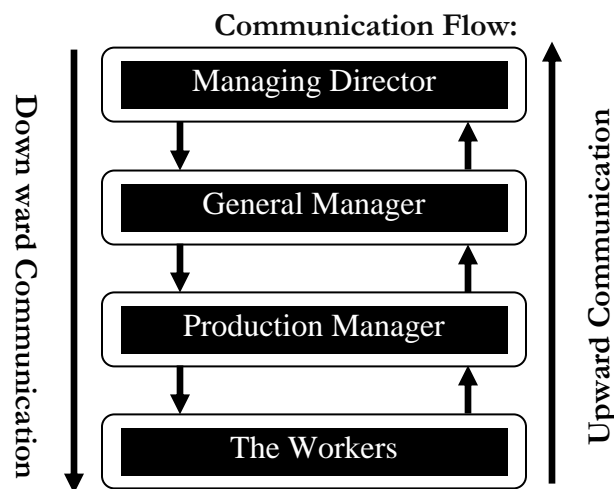
**1. Downward Flow of Communication:** Communication that flows from a higher level in an organization to a lower level. In other words, communication from superiors to subordinates in a chain of command is a downward communication. This communication flow is used by the managers to transmit work-related information to the employees at lower levels.

**2. Upward Flow of Communication:** Communication that flows to a higher level in an organization. It provides feedback on how well the organization is functioning. The subordinates use upward communication to convey their problems and performances to their superiors.

**3. Lateral / Horizontal Communication:** Communication that takes place at the same levels of hierarchy in an organization, i.e., communication between peers, between managers at same levels or between any horizontally equivalent organizational member.

**4. Diagonal Communication:** Communication that takes place between a manager and employees of other workgroups. For instance - To design a training module a training manager interacts with Operations personnel to enquire about the way they perform their task.

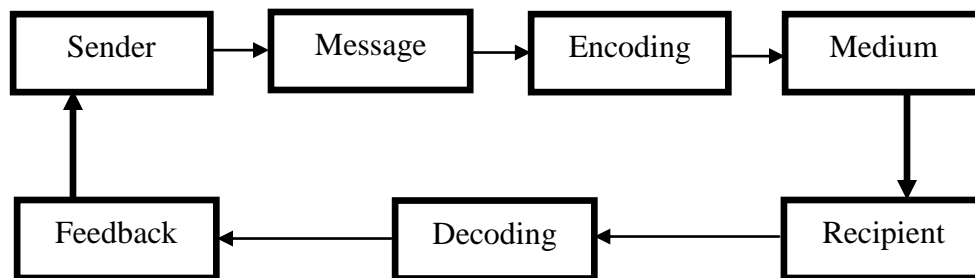
**5. External Communication:** Communication that takes place between a manager and external groups such as - suppliers, vendors, banks, financial institutes etc. For instance - To raise capital the Managing Director would interact with the Bank Manager.



Communication flow can be as seen above in the five forms as discussed.

#### Communication Process:

These are the various steps followed to send a message from one party to another. See the illustration below.



#### Components of Communication Process:

1. **The Sender:** This is the source of the message. He originates the idea or initiates the communication to serve the intended purpose.

2. **Message:** This is a key idea that the sender wants to communicate. Communication process begins with deciding about the message to be conveyed and it must ensure that the main objective of the message is clear.



3. **Encoding:** This is when the sender translates the idea into some symbols. The person translates the message in form of words or gestures that he believes will convey the required meaning to the receiver. He makes use of symbols (words or graphic or visual aid) to convey the message and produce the required response.
4. **Medium:** Is the means used to exchange or transmit the message. The sender must choose an appropriate medium for transmitting the message else it may not be conveyed to the desired recipients.
5. **Receiver:** Is the person for whom the message is intended or aimed at (who has to get the message)
6. **Decoding:** This is the process by which the receiver interprets the message and translates it into meaningful information.
7. **Feedback:** Is the main component of communication process as it permits the sender to analyse the efficacy of the message. It helps the sender in confirming the correct interpretation of the message by the decoder. It may be verbal (through words) or non-verbal (in form of signs, smiles etc.)

### **Types of Communication:**

This refers to the ways through which people or organizations can exchange ideas, messages, and information among others and enable each other to understand properly. The types include;

1. **Oral communication:** This is the commonest form of communication which involves the use of word of mouth when communicating either face- face, by telephone, radio calls or walkie-talkies.
2. **Written communication:** This involves writing of business letters, memoranda, notice, circulars, telegram, reports, business manual, etc. to send information to the intended receivers.
3. **Visual /Non-verbal communication:** This is basically anything that conveys a message without using words or symbols. This includes facial expressions, tones of voice, gesture, eye contacts, spatial arrangement and patterns of touch, expressive movement etc.

### **Effective Communication:**

This is where the message sent is effectively and clearly understood by the receiver as sent / communicated by the sender. Effective communication should possess the following 7cs.

1. **Clear:** The message sent should be as clear as possible to enable the receiver understand it. The language chosen should be familiar with the receiver.
2. **Complete:** The message should include all the information and facts the receiver needs to know about the subject matter of communication.
3. **Concrete:** The message sent should be specific but not vague or too general to confuse the receiver. For example going to a class and say they are calling you is vague and too general as who is calling who and where is he / she?
4. **Courteous:** The sender has to be sincere when giving the message and should avoid hurting the receiver though he should not shy away from the issues under concern.
5. **Correct:** The information sent should be correct as possible as it was given without the sender including other messages of his or her own to the receiver.
6. **Concise:** The sender of the message should use few words as possible. The information should not be too wordy to confuse the receiver.
7. **Considerate:** The sender of the message should consider the receiver as he delivers the message. In case the receiver does not understand the language you are using, adjust accordingly.
8. **Timing:** The message should be delivered at a time when the receiver is able to receive it.

9. **Media:** The sender should use the medium that the target recipient uses. If the recipient uses a radio in communicating, then it is better to use the same for him/her get the message well and in time.

10. **Environment:** The environment within which communication is being made should be free from noise to enable the receiver get it without any interference to distort it.

### **Barriers to Effective Communication:**

A barrier to effective communication is anything that stops or hinders a person from receiving and understanding the message as it was sent from the sender. These barriers include among others.

1. Lack of interest by the receiver of the information, the receiver of the message must have interest in the message sent to him or her otherwise the information will not be effective.

2. Distractions where any upsetting factor which impinges upon any of our senses like light, hearing, smell or others may prevent successful communication.

3. Incomplete message, it will not be effectively understood by the receiver hence being a barrier to effective communication.

4. Language barrier/ differences or use of funny language to the receiver will hinder effective communication as the receiver may not understand the language. Such funny language may include words like “waze up”, “nalo” etc.

5. Inappropriate environment like with a lot of noise which stops the receiver to get and understand the information communicated will not be effective.

6. Inappropriate channel of communication for example talking to a deaf person, since this person cannot hear, talking to him or her will not be effective but only use of signs may make communication effective.

7. Distrust can also be a barrier to effective communication. The credibility of a message depends upon how the receiver perceives the sender. If you have experience that the person you talk to never keeps a promise, then any message he gives will not be taken seriously and hence affecting effective communication.

8. Unattractive message to the receiver can make the information not being effective. Therefore when talking to people one has to pack his message with attractive and interesting points or issues.

9. Poor listening skills as many people want to talk and never want to listen. Listening requires patience, full attention and self-discipline. Many people cannot listen to what others are saying and this will make communication ineffective.

10. Where the sender is not being considerate when giving the information can also make the message not be effective. This can be in form of using for example English and yet the receiver does not understand the language.

11. Lack of planning is also another common source of communication breakdown. It is important to plan before communicating, talking, or even writing as unplanned communication may be ineffective.

12. The appearance of a person can be another critical factor. A speaker whose coat is dirty, whose tie is askew and general appearance is poor is not likely to have a favorable response from audience.

13. The personality of those involved can be another barrier to effective communication. We are influenced by the personality of speaking so that we may accept or reject what they have to say without good reason. Personality is not confined to an individual, can be a group reacting as though it were one person.

14. Information overload, too much information to a person may result into communication overload with consequences of impeding communication. When the information is too much, the receiver may filter it so that he selects out what to do immediately and bringing in the probability of leaving out some information as unimportant when it is actually important.

15. Differences in perception of a situation may cause imperfect communication. Viewing the same thing, individuals of different ages, cultural backgrounds and national origins will each perceive it differently.

16. Emotions like anger, love, jealousy, hate, fear, embarrassment can be important barriers to effective communication process. Somebody angry may outburst at a non-issue and people in love may not be rational during communication.

17. A boring person talking after a powerful and interesting speaker can be a hindrance to effective communication as the listeners may not be willing to listen to him or her. Therefore always ensure that a boring person starts talking as we move to the most interesting towards the end of the session.

#### **Possible Solutions to the Above Barriers:**

- Learning a variety of languages to be used when communicating to different people.
- Planning and preparing the message to be communicated before communicating as this can enable editing the message for errors and mistakes.
- Using a more reliable network when talking to the concerned persons.
- Using well and good functioning communication gadgets.
- Listeners listening attentively to the speaker(s) than concentrating to other issues.
- Learning the use of sign language as this can cater for different people.
- Creating a suitable communication environment free from distractions and noise.
- Cross checking of the addresses to ensure that they are correct.
- Having control over emotions, reactions etc.
- Using simple and clear language and words when communicating to people.
- Communicating to the concerned people at the appropriate time.
- Allowing boring and non-interesting people to present before the powerful presenters.
- Choosing the suitable channel to convey the message.
- Dressing properly by the presenter to ensure good physical appearance in front of the audience.

#### **Factors Considered When Choosing A Communication Medium:**

**Coverage of the medium:** An entrepreneur shall look for a media that cover a wide area for his message to capture a big population. In this case the radio and newspapers would be the appropriate.

**Cost of the media:** An entrepreneur shall look for the media which is not costly so as to affect the profitability of the business.

**Language used by the media:** The message to be sent should be in the language that is understood by the target population. Therefore the media to be chosen should be in position to use the language familiar with the people to receive it.

**Age group of the recipient:** If the communication is to be sent to the teenagers, and the youths, videos and magazines would be the most appropriate media to use but if the people are old, television and newspapers would be the right channel to use in communicating with them.

**Speed and urgency required:** If the message is required to reach in the shortest time possible, the radio, telephone, e-mail, and telegram would be the best alternative use in sending than newspapers.

**Availability of the media:** In sending the message, the entrepreneur can look for the available media to help in conveying the message to the concerned people.

**Personality of the recipient:** When communicating to the people with disability, the entrepreneur should use the language which they can understand better so as to have the message be effective.

**Chance for future reference:** In case the sender needs to have the message be used as a future reference, written message can be the best choice as it can be kept for future use.

**Social status / Target group:** In case the entrepreneur targets the rich people, the newspapers and television is the best alternative but in case the target group are the poor, the radio and posters can be the right channel.

**Confidentiality of the message:** In case the message to be sent is confidential to be known by few people, letters can be the best choice as compared to newspapers and radios.

### **Effective Communication Techniques:**

**Listening:** You have to listen to the other party. Do not commit the mistake of thinking that communication is only a one-way street. Communication is also about listening and Focus on what they are saying and reflect on that conversation later.

**Expression:** Whenever you are expressing yourself, talking truthfully and honestly will send out a signal that you trust your audience. Speak clearly and properly. Also try to be precise about the subject that you are speaking on. Do not beat around the bush.

**Taking Criticism Positively:** If someone comes to you with criticism, it is just a natural human response to defend your stand. Try to take criticism positively and constructively.

**Avoiding Arguments:** Try to avoid getting into such arguments. And even if you get into such a situation, instead of trying to win the argument, find an amicable solution in a constructive way.

**Understanding the Audience:** You need to be able to understand your audience as they are the ones for whom you are speaking. Do not send out your message before you are sure that they will get what you are saying.

**Feedback:** It is one of the most common occurrences at the workplace that a colleague does exactly opposite to what you want him to do. It is better to take proper feedback to enable you know the perspective of the person in front of you. Only through feedback you will know why he or she did or did not do what they were asked to do.

### **How to Communicate With Customers:**

**1. Presenting a product:** When in the meeting presenting your product, remains standing when you are talking. Maintain eye contact with your audience. Focus on the top decision-maker in your audience but do not neglect the other attendees.

**2. Bargaining with customers:** Always allow the customers present their views on the price they are willing to part with for the product. Try to persuade and convince the customers as to why they should pay the price you want by mentioning the good sides of the product in terms of quality, usage etc. as they increase their offer, reduce yours to enable reaching an agreement.

**3. Receiving personal attention from the customer:** Presenting products that will satisfy customers' needs and want will make you attract their attention. The product should be of good quality and price and where possible with unique features from those of your competitors.

**4. Following orders with customers:** Before choosing a particular supplier for goods, an entrepreneur should first visit the suppliers' premises to ensure that there is enough to be supplied and for a long time.

**5. Handling difficult customers:** Your first reaction will be to assess what the problem means to your company in terms of lost profits, prestige or productivity. Approach your conversations with an eye toward solving your customer's problems and quieting their concerns. Take responsibility and listen to the customer's opinion on how to solve the problem.

**6. Collecting overdue debts:** An entrepreneur can collect debts from the customers by giving them the company accounts such that they can deposit money there, send them reminding letters, call

them to remind them on their debts and the need to pay, let them suggest on how best they can be in position to pay the debts.

### **How The Business Can Handle Difficult Customers:**

Handling sales resistance may sound like a difficult part of selling, but most successful salespeople actually welcome and even encourage it as part of the selling process. This shows that the prospect is paying attention to the presentation and may buy if handled well. This resistance can therefore be handled in the following ways:-

- ✓ **Listening carefully:** Pay attention to their words/feelings before replying them. Do not talk while the customer is talking, allow one person to talk first at a go.
- ✓ **Acknowledging** and evaluating the complaints to determine whether they are genuine or not for possible solution.
- ✓ **Writing the objections down:** Write the complaints down and verify that if you address these, then there are no reasons for them not to buy. Then, as you handle each one, cross it out. You can ask the person before this (so we have addressed this. Can I cross it out now?)
- ✓ **Pushing back:** In case they are wrong in their objections tell them indirectly or directly, i.e. that is not right.
- ✓ **Pre-empting objections:** Tell them about the possible objections before they object. Then handle the objection so that it cannot be brought up again. This will make them not to bring it back.
- ✓ **Justifying rather than fight the objection:** Justify why it is reasonable. If they complain about price, tell them the product is built for superior market. If they complain about low quality, tell them that this is why you charge a very low price.
- ✓ **Turning them around:** Use what they say to prove that they are wrong. Use their own arguments to disprove them in their objections and persuade them to buy. Example, yes, it is expensive but I don't think you would want to buy your wife/husband a cheap present.

### **BUSINESS LETTER WRITING SKILLS:**

A business letter is a formal way of communicating between two or more parties. Business letters should be formal, brief and to the point. All the rules of grammar and forms discussed above should be seriously observed and applied in these letters. Business letters can be informational, persuasive, motivational, or promotional.

#### **Contents of a Business Letter:**

1. **The letterhead:** These are pre-designed and printed papers in the names of the company. The letter heading includes name of the firm, postal and telegraphic address, telephone number and the nature of its business. It may also have the organization mission, vision and any other information taken to be necessary and business letters are written on these letterheads instead of plain papers.
2. **The Reference (Our ref.):** This is the line is usually placed at the left margin following the address block. The reference line briefly identifies the topic of the letter. Some forms require that the reference line include the case name and number if the letter concerns a pending law suit. E.g. **HE/L1/05/2013** usually used by the respondent to quote it when replying you.
3. **Date:** The full date is usually placed below the letterhead at the left or right margin or it also may be centered below the letterhead. The date should include: the day, month and year. Since most correspondence is filed chronologically, a date is essential for the chronological file.

4. **Mailing address of recipient:** This is on the left-hand side, one line below the return address. This identifies the recipient of the letter. In office environments, letters are often removed from their envelopes and circulated and this helps the letter get back to its rightful recipient.
5. **Salutation:** This is two lines below the recipient's address. The person the letter is intended for. E.g. "Dear Sir/Madam" and avoid using "To Whom it May Concern" unless absolutely necessary as it suggests that you do not care who reads it.
6. **Subject Heading:** This gives a brief indication of the content of the letter preferably using capital letters E.g. **Re: REQUEST FOR PRODUCTION OF DOCUMENTS.**
7. **Body:** This has three parts: an introduction that should explain who you are and why you are writing, a middle part that gives the details and persuades your reader to act and a closing that tells your reader what action you expect or would like them to take.
8. **Closing:** The closing follows the body of the letter. The closing usually consists of some standard statement. The following are examples of closings: e.g. "Thank you for your prompt consideration of this matter", "Please contact me if you have any questions in regard to this matter" Very truly yours, your faithfully, "Thank you for your assistance". Best regards.
9. **Signature and printed name:** Signing your name is a minimal assurance that you stand behind what was written. Since your signature is likely to be difficult to read, type your name down a couple of lines so that your reader knows who is writing to them.
10. **Enclosures (Enc):** If you have included any further material, a business card, a brochure, a price sheet, papers etc. They can be shown by the letters Enc such that when the reader sees them he/she will know that there are some attached documents behind.
11. **Copy:** This is retained and filed for future reference. This can help different people who may be interested in the same information knowing what was communicated. Below is an example of a business letter.

HEL

HATUBA ENTERPRISE LIMITED  
P.O BOX 3081, BUSIA  
TEL: 0752 833909

*Manufacturers and producers of quality sausages*

**Our Ref:** HE/L3/23/08/2019

**Date:** 23/08/2020

**Your Ref:**

**The Principal  
Kampala polytechnic  
P.O BOX 408  
Kampala**

Dear Sir,

**Re: OVERDUE PAYMENT:**

Our records indicate that payment for your account is overdue in the amount of three million shillings (Shs. 3,000,000/=) for the goods supplied on 23th/07/2019. If the amount has already been paid, please disregard this notice. If you have not yet mailed your payment, please make out your cheque and place it in the enclosed envelope while this reminder is has your full attention.

Thank you in advance for your anticipated cooperation on this matter.

Yours truly

.....

Obadiah Wycliffe  
Accounts Manager

Cc- Accounts Department

Cc-Company file

**Enc:**

***“Dedicated to quality service to our customers”:***

### COMMUNICATION DOCUMENTS:

**Notices and Circulars:** These are used to communicate internally within the departments. They are used when the same information is to be communicated to several people. They have the components of: date, time, and place of meeting and subject matter of the business to be transacted etc.

NTL

NAMUDEPI TRADERS LTD  
P.O BOX 390  
BUSIA-UGANDA

Date: 21st Feb, 2020

**NOTICE**

Members of the marketing department are requested to gather for an important meeting on Wednesday, 26<sup>th</sup> Feb, 2020 at 2:00pm in the board room to discuss the new marketing strategies. Please keep time.

.....  
**Bwire Brian**  
**Marketing Manager**

Sample of a Circular:

NTL

NJAWULO TRADERS' LTD  
P.O BOX 124, KAMPALA  
TEL: 0414 7609350

**CIRCULAR**

**To:** All Heads of Department  
**From:** Chief Executive Officer  
**Ref:** NTL /C/43  
**Date:** 13<sup>th</sup> March 2020

**RE: URGENT MEETING:**

All heads of department are requested to attend an urgent meeting in the Board Room on 17/ 03/2020 at 9:00 am without fail. The issues to be discussed are important for the performance of our company.

.....  
**Mongai Robert**  
**Chief Executive Officer**

**Memoranda:** These are internal business letters written between officials and employees of the same organization. They serve the following purpose to:

- 1) Convey information
- 2) Give and acknowledge receipt of instructions
- 3) Report on events and happenings
- 4) Record facts for future reference
- 5) Secure agreement and / or record agreement reached for future reference.

They may be hand written or typed, either on memorandum forms or on ordinary papers. They may be signed, initialed only or bear no signature.



RTL

RIHAM TRADERS LIMITED

P.O BOX 20900

KAMPALA

**TO:** All Heads Of Departments  
**FROM:** General Manager  
**REF:** GM / HD / M20  
**DATE:** 3<sup>rd</sup> Feb, 2020

MEMO

**RE: RE-ORGANIZATION OF ALL DEPARTMENTS**

A meeting will be held for all heads of departments in the general manager's office on 7<sup>th</sup> Feb, 2020 at 10:00 am. The subject to be discussed will be the "proposed Re-organization of all departments".

**Agenda:** This is a summary of the business to be transacted at the meeting. It is sent out in good time to all members who are supposed to attend the meeting. It contains the following: day, time, and year, name of the organization, and place of meeting, issues to be discussed, signature of how wrote it.

Sample one



UGANDA WHEELBARROW PUSHERS' ASSOCIATION (UWPA)



P.O BOX 530, KAMPALA

Tel: +256414999990

**ANNUAL GENERAL ASSEMBLY**

UWPA invites all its members for the Annual General Assembly.

**DATE:** Wednesday 30<sup>th</sup> April, 2020  
**TIME:** 9:00 am  
**VENUE:** SERENAHOTEL, VICTORIA HALL

**AGENDA:**

1. Opening prayer
2. Confirmation of minutes of the last meeting
3. Matters arising
4. Chairman's report
5. Treasurer's financial report
6. Filling of vacant positions on the Executive Committee
7. Any Other Business (A.O.B)
8. Closing prayer

.....  
**Onega Kamasu**  
Secretary General

Sample two:

**RWL**

**RWENZORI WATERS LTD**

**P.O BOX 438KAMPALA**

**TEL: 0414 6890152**

A meeting of the finance department is scheduled to take place on Wednesday 30<sup>th</sup> April, 2020 in the business Boardroom at 10:00 am

**AGENDA:**

1. Opening g prayer
2. Confirmation of minutes of the last meeting
3. Chairman's report
4. Treasurer's financial report
5. Any Other Business (A.O.B)
6. Closing prayer

.....

**Abwoli Apuuli**  
Secretary General

**Enclosure:** Minutes of a meeting held on 28<sup>th</sup> May 2019

The 2<sup>nd</sup> can be sent to participants directly and the 1<sup>st</sup> can be put in the print media. Sometimes a meeting called may be stopped or cancelled and need to inform those concerned.

**UGANDA WHEELBARROW PUSHERS' ASSOCIATION (UWPA)**

**P.O BOX 530, KAMPALA**

**Tel: +256 414999990**

Date: 21<sup>st</sup> / 04/ 2020

**MEETING CANCELLATION**

The Secretary General of **Uganda Wheelbarrow Pushers' Association** announces the cancellation of the Association's meeting that was scheduled/ slated for 30<sup>th</sup> April, 2020 at Serena Hotel, Kampala. A new day and date for the meeting will be announced later. Any inconveniency caused is highly regretted.

**Mr. Onega Kamasu**  
General Secretary

**Change in Lending Rates:** Financial institutions may sometime change their lending rates to customers and therefore the need to inform them of these changes for future or current transactions in accessing loans.

**BANK OF AFRICA  
P.O BOX 2750, KAMPALA  
TEL: 0752833909**

**CHANGE IN LENDING RATE:**

**Our Esteemed Customers,**

In line with the prevailing market conditions, our Prime Lending Rates for Uganda Shillings will be adjusted from 10% to 15% per annum, effective **Friday, 5<sup>th</sup> September 2020**.


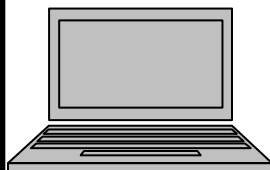
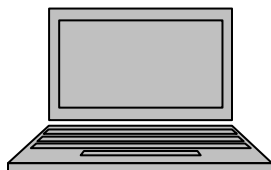
For more information, please contact our nearest Bank of Africa Uganda Branch or your Relationship Manager

**MANAGEMENT**

**Minutes:** These serves to formulate the discussions taken at meetings and to establish a permanent record of the proceedings. Such a record is often necessary for day-to-day reference by the staff concerned with the execution of various instructions emanating from a meeting. It should show:-

1. A description of the meeting to include the type of meeting, time, date and place.
2. Names of those present with the chairman's name first.
3. The readings of the minutes of the last meeting and their adoption.
4. Matters arising thereon from the minutes
5. Correspondence and apologies for absence.
6. Any other business (AOB)/ Way forward.
7. The date for the next meeting.

**Business Card:** This is used while communicating with business associates or any person especially when that person has asked you for your contact number or address. It must be in the name of the holder.

<b>HATUBA ENTERPRISES</b> <i>Dealers in both New &amp; Old computers</i> <i>Plus Music Systems</i>		
		
<b>Mzee Okello Hatuba</b> <b>Managing Director</b>		
Mukwano Arcade Room 14, left wing P.O Box 0752 Kampala Uganda		Tel: +256752-833909 Email: okello.hatuba1@gmail.com fbook: @okello.hatuba

**Letter of Appointment:** This is a letter issued by the organization authority to the employee showing that he / she has been offered a job and therefore there is a contract between him / her and the organization.

NTB

NATEETE BAKERY LTD  
P.O BOX 9302, KAMPALA  
TEL: 0414 5634902

Date: 3<sup>rd</sup> January 2020.

NABAWANUKA SARAH  
P.O BOX 5042, Wakiso

Dear Madam,

**RE: APPOINTMENT FOR THE POST OF CASHIER:**

Following the interviews you had with us on 20<sup>th</sup> December 2019, I am glad to inform you that you were successful and hereby appoint you the cashier of our firm effective 3<sup>rd</sup> Feb, 2019. The details of the job are herewith attached and you are supposed to report directly to the finance manager. Your net pay after all deductions shall be Shs. 900,000/= (Nine hundred shillings only).

Please, if you are satisfied with the terms and conditions of this job offer and willing to start work, sign the attached copy of this appointment letter and return to the human resource manager before 15<sup>th</sup> January 2020.

Yours sincerely,

.....  
**Kalye Okawulire Robert**  
Managing Director.

**Letter of Promotion:** Sometime a company employee may be raised to a higher level in the firm. This may come up as result of being a hard and committed worker in helping the company achieve its objectives and goals, gaining of experience and skills, attaining of more education etc.

NTB

NATEETE BAKERY LTD  
P.O BOX 9302KAMPALA  
TEL: 0414 5634902

Date: 3<sup>rd</sup> January 2020

MISS. NAFULA SARAH  
P.O BOX 5042,  
Busia  
Dear Madam,

**Re: PROMOTION:**

I have the pleasure to inform you that due to your outstanding services to our company, you have been promoted to the position of Assistant Company Accountant with effect from 1<sup>st</sup> February, 2020.

To this effect, your salary has also been increased from Shs 900,000 (Nine hundred thousand shillings) to Shs 1,700,000/- (Shs One million and Seven hundred thousand monthly).

You will also be entitled to housing allowance, transport allowance and medical allowance from the company.

I wish you success in your new office and appointment.

Yours faithfully,

.....  
**Kalye Okawulire Robert**  
Managing Director.

**Termination Letter from Job:** This is given to the employees of the firm stopping him or her from working with the same firm. The reasons for the termination may be due to restructuring, failure to match the company standards, poor services by the employee among others.

<b>NTB</b>	<b>NATEETE BAKERY P.O BOX 9302KAMPALA TEL: 0414 5634902 Date: 10<sup>th</sup> January, 2020.</b>
Mr. Njawulo Ian Dear Sir,	
<b><u>RE: TERMINATION OF YOUR SERVICE AS A SALE EXECUTIVE:</u></b>	
I would like to commend your good services you have been rendering to our firm since we employed you. However, due to our ongoing restructuring process, your services with us will no longer be required effective 1 <sup>st</sup> Feb, 2020.	
Your termination package has already been arranged of UGX Shs 12,000,000/= (Twelve million shillings only), the cheque to be collected from the cash office. I once again thank you for your good service and hope to call you again when need arises.	
Yours Sincerely, .....	
<b>Enkulu Tenywa Managing Director</b>	

In case an employee of the firm may be dismissed and the public has to be informed not to deal with the terminated employee on behalf of the company/ firm / business.

<b>NATEETE BAKERY LTD P.O BOX 9302, KAMPALA TEL: 0414 5634902</b>	Date: 1 <sup>st</sup> / 5 / 2020.
<b>PUBLIC NOTICE</b>	
The management of Nateete Bakery limited wishes to inform the general public that <b>Mr. Njawulo Ian</b> is no longer our employee and is not allowed to conduct business on the company behalf. Whoever deals with him does it at his / her own risk.	
<b>MANAGEMENT</b>	

**STOCK TAKING NOTICE:**

<b>HATUBA ENTERPRISES P.O BOX 752, KAMPALA TEL: 0752 833909</b>	
<i>“Importers and wholesalers of purified cooking oil”</i>	
<b>STOCK TAKING:</b>	
Our Esteemed Customers, You are hereby informed that we shall be closed for Stock Taking from <b>Wednesday 26<sup>th</sup> to 30<sup>th</sup> May, 2020.</b> We shall be open for business on <b>Tuesday 1<sup>st</sup> June, 2020.</b> Kindly plan for you purchases accordingly	
<b>MANAGEMENT</b>	

A warning letter to an employee for poor performance:

**NTB**

**NATEETE BAKERY LTD**

**P.O BOX 9302, KAMPALA**

**TEL: 0414 5634902**

Date: 20<sup>th</sup> March, 2020

Our ref: **NBL/12/2020**

Your ref:

Mrs. Namukasa Grace

Dear Madam,

**RE: WARNING LETTER:**

I write to inform you that for long the management is not satisfied with the way you perform your duties. You are therefore informed at the same time warned to improve on your performance and create a change for the success of our company otherwise the company shall be forced to terminate your service with it.

Yours faithfully

.....

Enkulu Tenywa

**Managing Director.**

Cc -Personnel file

Cc- Personal file

Cc- Head of Department

Invitation for bids/ Tenders:

**BANDASECONDARY SCHOOL**

**P.O BOX 27, NAMAYINGO**

**TEL: 0752 833909**

**INVITATION FOR BIDS (IFB):**

Banda secondary school invites bids from eligible persons or firms, for the supply of the following categories of supplies and services for the fiscal year 2017/2018 under Open Domestic Bidding method:

No.	Ref. No.	Items
1	BSS/WRKS/001-14/20	Office stationery
2	BSS/SVS/002-14/20	Uniforms
3	BSS/WRKS/003-14/20	Maintenance services
4	BSS/WRKS/004-14/20	Construction

Details of all the above can be seen on picking the bid documents from the Procurement department after paying a non-refundable fee of Ug Shs 30,000= applications should indicate the name, address, physical location and any other relevant contact details. The bids should reach address below before 4<sup>th</sup> April 2017 at 12:00 Noon.

**The Procurement Manager**  
**Procurement and Disposal Unit**  
**Banda secondary school**  
**P.o Box 27, Namayingo**

Extension of receiving the bid documents:

<b>BANDASECONDARY SCHOOL</b> <b>P.O BOX 27, NAMAYINGO</b> <b>TEL: 0752 833909</b>	<b>BSS</b>
<b>EXTENSION FOR RECEIVING BID DOCUMENTS:</b>	
<p>This serves to inform the competent and interested firms and persons that the closing deadline for Bid Submission has been extended from 4<sup>th</sup> April 2020 to 11<sup>th</sup> April 2020 at 12:00 Noon and thereafter the bids shall be opened in the presence of Bidders or their representatives who may wish to attend at 12:30 Pm.</p>	
<p><b>The Manager</b> <b>Procurement and Disposal Unit</b> <b>Banda Secondary School</b></p>	

**Reports:**

A report is any written or oral communication providing an account of work carried out or investigation, together with conclusions arrived at as a result of the investigation.

**Notice on Temporary Closure:** Sometimes, the organization may close its operations temporary to allow some work take place. During this period services to their customers may be put to halt and therefore the need to inform them about the close and the day to resume operations.

A Notice to customers of Wolokoso Carpentry workshop about temporary closure:

<b>WCW</b>	<b>WOLOKOSO CARPENTRY WORKSHOP</b> <b>P.O BOX 201, KAMPALA</b> <b>TEL: 0752 833900</b>
<b>NOTICE</b>	
<p><b>Dear Esteemed Customers,</b> Please you are informed that we shall close the workshop for temporary expansion work on <b>16<sup>th</sup> March 2020</b>. We shall continue serving you on <b>20<sup>th</sup> March 2020</b>. Any inconveniences caused are highly regretted.</p>	
<b>MANAGEMENT</b>	

**Certificate of Merit / Appreciation:** This is given to outstanding employees of the organization due to their contributions to the firm.

A certificate of Appreciation / Recognition:

<b>WCW</b>	<b>WOLOKOSO CARPENTRY WORKSHOP</b> <b>P.O BOX 201, KAMPALA</b> <b>TEL: 0752 833900</b>
<b>Certificate of Appreciation:</b> <b><i>This is to certify that</i></b> .....	
<p>Has been awarded this certificate for his/her distinguished services to the company in the capacity as:</p> <p>.....</p>	
<b>For the year 2019/2020</b>	
..... <b>Chairman</b> <b>Board of Director</b>	..... <b>Secretary</b> <b>Board of Directors</b>
Date:.....	<b>STAMP</b>

Recommendation letter

WCW

WOLOKOSO CARPENTRY WORKSHOP  
P.O BOX 201, KAMPALA  
TEL: 0752 833909

Date: 23<sup>rd</sup> /04/2020

The Branch Manager  
Centenary Bank  
Nateete  
P.o Box 235, Kampala

Dear Sir

**RE: RECOMMENDATION OF MR. BWIRE BRIAN FOR DRIVING POST:**

I do hereby recommend Mr. Bwire Brian for the post of a driver. I have worked with him for the last 10 years He is hard working and a careful driver committed to his work and he wishes to change from our company to your bank, something I highly recommend him.

Your kind consideration on this matter will highly be appreciated.

Yours faithfully

.....

Mukasa Robert  
General Manager

**Business Brochure.** The brochure will depend on the activities of the business. This brochure is always folded in three parts as you can see the above having the three parts. It is a communication document that can be issued to the business customers as it summarizes the business details.

**PERSONAL BRANDING:**

A **brand** is defined as a name to which a set of associations and benefits has become attached in the customers' mind. **Branding** is the process of creating a unique name and image for a product in the customer's mind.

**Personal branding** is the process/ way you market yourself to others in the world. It can also mean the process by which businesses differentiate themselves to stand out from the rest by identifying their unique value proposition. Your personal brand is what other people think of you.

**Types of Brands:**

**Commodity Brand:** This is the brand that is associated with a particular commodity.

**Personal Brand:** This is the brand that builds around persons to help them enhance their career opportunities. It is the creation of an asset that pertains to a particular person or individual. This includes the body, clothing, appearance etc leading to an impression that is uniquely distinguishable.

**Corporate Brand/Organization Brand:** This is the brand that defines the firm that will deliver and stand behind the offering that the customer will buy and use.

**Manufacturer Brand:** This is the brand that associates with a particular producer of a specific product.

**Employer Brand:** This is the ability of a company to attract high quality staff in the organization from a competitive market.

**Challenger Brands:** These are brands that are made with a determination to upset the dominant player in the market place.

**Service Brand:** This is the brand that involves adding perceived value to services.



## **BRAND STRATEGY:**

This is the long-term plan for the development of a successful brand in order to achieve specific goals.

### **Components of Brand Strategy:**

**Purpose:** A good brand should not only promise customers good value of goods but also the purpose of the goods that differentiate it from the competitors.

**Consistency:** Avoid talking things that do not relate to your brand so as to have customer recognition and loyalty.

**Emotion:** The brand should provide the customers with an opportunity/chance to feel that they are part of the company and belongingness.

**Flexibility:** The marketers of the company products must remain flexible to stay relevant to make adjustment that build interest that of and distinguish your approach from that of the competitors.

**Employee Involvement:** Entrepreneurs should enable the employees to be well versed with how they can communicate with customers and represent the brand.

**Loyalty:** It is important for the company to reward people who love it, your brand and have gone a step in writing good about the company as this shows how loyal they are to the company and this brings in more profits.

**Competitive Awareness:** This looks at competition as a challenge to improve the company strategy and create greater value in the brand.

### **How to Create Your Personal Brand:**

**Determine who you are:** Personal brand has a big reflection on the person. Ask yourself what make your different from other people. Know your strength and weakness plus traits and work on those weaknesses to develop a strong personal brand that will make you unique.

**Determine what you do:** Write down your personal great areas of professional interest. This will reflect the type and kind of work you want to do in your lifetime. You have to understand what your values are and learn how to make them relevant to others.

**Position yourself:** After identifying the qualities that make you distinctive from your competitors, you can now create your own position. Know what you can do and what you have done to make yourself stand out from the rest. All these are meant to help you to be distinctive, understood, clear and unique from the rest.

**Manage your brand:** It is now important to make “word-of mouth marketing”. This can be done by making a network of friend, clients, customers plus colleagues. What these people talk about the brand is what the market will ultimately gauge the value of the brand.

### **Principles/Guidelines on Personal Brand:**

**Specialization:** A great personal brand must be precise, concentrated on a single core strength, talent or achievement.

**Leadership:** Endowing a personal brand with authority and credibility demands that the source be perceived as a leader by people in his/her domain or sphere of influence.

**Personality:** A great personal brand must be built on a foundation of the source’s true personality, flaws and all.

**Distinctiveness:** An effective personal brand needs to be expressed in a way that is different from the competition or from others. Be unique from the rest.

**Visibility:** To be successful, a personal brand must be seen over and over again, until it imprints itself on the consciousness of its domain or sphere of influence.

**Unity:** The private person behind a personal brand must adhere to the moral and behavioral code set down by that brand. Private conduct must mirror the public brand.

**Persistence:** Any personal brand takes time to grow and while you can accelerate the process, you cannot replace it with advertising or public relations.

**Goodwill:** A personal brand will produce better results and endure longer if the person behind it is perceived in a positive way.

### **Importance of Personal Branding:**

- ✓ It helps in the situations of building credibility because people know that the company is genuine.
- ✓ It helps to compete with already established brands in the market as the company builds its own brand loyalty with the customers.
- ✓ It helps to add the perceived value to what the business is selling.
- ✓ It helps positioning the company focussed message in the minds of your target customers in the market.
- ✓ It helps to increase authority and credibility of decisions for the business.
- ✓ It helps to voice the promises of your brand especially when the brand is effective and appropriate.
- ✓ It helps people to trust you and if you have people's trust, then you have a great shot at success as long as you have something interesting to hear.
- ✓ It helps your business to stand out from the many competing for the same market.
- ✓ It automatically adds perceived value to what you are selling.
- ✓ **It helps to** increase your visibility and presence among the many businesses.
- ✓ It helps in attracting the right people and opportunities since the market know your brand.
- ✓ It helps in implementing new business plans with clients and customers as your brand acts as your reference to them.
- ✓ It helps to associate you with a product or service.
- ✓ It helps to attract skilled and experience employees to the company and be able to compete favourably in the market.
- ✓ It helps to speak for your business and build the company reputation as people want to associate themselves with good things.

### **BUSINESS LOGOS AND SLOGANS:**

A business Logo is a distinctive name, symbol or trade mark of a company designed for easy recognition. Therefore different businesses have different logos to make their businesses unique from others and also attract customers to their products. See different logos below from different businesses.

(1) From Mango Telecom



(2) From MTN company



(3) Super Sports



## SLOGANS:

A slogan is a phrase expressing the aims or nature of an enterprise, team or other group or motto of the business. It also means a catch word used in advertising or promotional activities. Examples are:

COMPANY	SLOGAN
1. MTN	<i>Everywhere you go</i>
2. Airtel Uganda	<i>We Can</i>
3. Mango Telecom	<i>It is all about U</i>
4. Nokia	<i>Connecting people</i>
6. National Television (NTV)	<i>Turning on your World</i>
7. Protector Condoms	<i>Protection you can Trust</i>
8. DS TV	<i>So Much More</i>

## Paper Three:

## Case Study

In the 1990s in Kooki-Masaka was one old woman commonly referred to as “Maama Fat” a name she was given after her business of selling pancakes (referred to as “Fat” in the school jargon).

At first Maama Fat was the sole supplier of pancakes to the school canteen. She used to sell a full big basket of pancakes at breakfast, at break time and lastly after classes in the evening. On monthly basis, she would make sales of Shs. 980,000/=, pay the helper monthly Shs. 120,000/=, pay the transport monthly Shs. 60,000/=. She would also pay the following: Electricity Shs. 40,000/=, water Shs. 20,000/= and by the end of the month she had accruals to suppliers of raw materials worth Shs. 150,000/= after paying only Shs. 130,000/= to them.

After sometimes, other people discovered that she was making a lot of profits and they also started the same business and hence competing at all times. Maama Fat discovered that the business was becoming stiff and the sales had dropped affecting her monthly profit margins.

One morning, the customers were amused when Maama Fat brought triangular pancakes instead of the circular ones. These attracted back all the old customers including new ones and the monthly sales jumped up. This innovation made Maama Fat to first sell all her pancakes before any other seller would sell.

Surprising, the lady had not changed the ingredients but only the shape. The new shape made her gain her old glory she had lost due to the new comers in the market with the same product. She now sold many despite the many suppliers who had joined the business. When the other sellers saw that they were losing out, they also imitated the triangular shape but Maama Fat was wise enough and made the rectangle shaped pancakes which kept her at the top all the time. She had begun with a stock of raw material worth Shs. 100,000/= and she would close with stock of raw materials of Shs. 140,000. She would pay income tax of 20% monthly.

## Questions:

- Identify the factors that prompted Maama Fat to change the shape of pancakes
- Explain why she was successful in her business
- Explain the characteristics of Maama Fat as an innovator
- What else could she have done to overcome competition?
- What lessons do you learn from the case study?
- Prepare the income statement for Maama Fat to determine her monthly profit

Please do this case study work