ELCT- NORTHERN DIOCESS

WOMEN-LED TREE NURSERY PROJECT

TRAINING ON ENTREPRENEURSHIP

EVANGELICAL LUTHERAN CHURCH OF TANZANIA – Northern Diocese

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ENTREPRENEURSHIP

Introduction

Originally the idea of entrepreneurship started in 1700, the first definition was so power full definition although some definition was also introduced and other definitions are being introduced.

The first definition of entrepreneurship was introduced as the act of starting a business. But many econominists believe there are many definitions as

Entrepreneurship is the process of organizing, managing, and assuming risks of business in order to earn profit.

Entrepreneurship is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses. In economics, entrepreneurship combined with land, labor, natural resources and capital can produce profit.

WHO IS AN ENTREPRENEUR?

Entrepreneur is one who develops new profitable business opportunities by combining resources in a new way OR is an individual who owns and manages a business for the principle purpose of profit and growth.

He/She is;

a) The initiator and organizer of the business activities
b) Optimistic
c) Hard driving
d) Independent
e) Hard working
f) A risk taker
g) Organizer of a new business venture and a new organization for venture

ENTREPRENEURIAL CHARACTERISTICS

- Creativity is the spark that drives the development of new products or services or ways to do business. It is the push for innovation and improvement. It is continuous learning, questioning, and thinking outside of prescribed formulas.
- Dedication is what motivates the entrepreneur to work hard, 12 hours a day or more, even seven days a week, especially in the beginning, to get the endeavor off the ground. Planning and ideas must be joined by hard work to succeed. Dedication makes it happen.
- Determination is the extremely strong desire to achieve success. It includes persistence and the ability to bounce back after rough times. It persuades the entrepreneur to make the 10th phone call, after nine have yielded nothing. For the true entrepreneur, money is not the motivation. Success is the motivator; money is the reward.
- Flexibility is the ability to move quickly in response to changing market needs. It is being true to a dream while also being mindful of market realities. A story is told about an entrepreneur who started a fancy shop selling only French pastries. But customers wanted to buy muffins as well. Rather than risking the loss of these customers, the entrepreneur modified her vision to accommodate these needs.
- Leadership is the ability to create rules and to set goals. It is the capacity to follow through to see that rules are followed and goals are accomplished.
- Passion is what gets entrepreneurs started and keeps them there. It gives entrepreneurs the ability to convince others to believe in their vision. It a can't substitute for planning, but it will help them to stay focused and to get others to look at their plans.
- Self-confidence comes from thorough planning, which reduces uncertainty and the level of risk. It also comes from expertise. Self-confidence gives the entrepreneur the ability to listen without being easily swayed or intimidated.
- "Smarts" consists of common sense joined with knowledge or experience in a related business or endeavor. The former gives person good instincts, the latter, expertise. Many people have smarts they don't recognize. A person who successfully keeps a household on a budget has organizational and financial skills. Employment, education, and life experiences all contribute to smarts.

The culture of a community also may influence how much entrepreneurship there is within it. Different levels of entrepreneurship may stem from cultural differences that make entrepreneurship more or less rewarding personally. A community that accords the highest status to those at the top of hierarchical organizations or those with professional expertise may discourage entrepreneurship. A culture or policy that accords high status to the "self-made" individual is more likely to encourage entrepreneurship

Note: It is important to assess your own entrepreneurial characteristics, every person is different and has certain entrepreneurial characteristics that are stronger and others that are less developed.

As honest assessment of your entrepreneurial characteristics can help you identify your strength and to identify areas that needs improvement.

Objective of entrepreneur

- Stimulate economic growth
- Create employment opportunities

- Poverty reduction
- It increases productivity
- It creates new technologies, products, and services

How to developing entrepreneurial behavior

Some suggestions for developing the Entrepreneurial behavior

- Identify yourself with successful people
- Expose yourself to difficult and challenging situation
- Sharing information with others
- Add value to everything you do
- Be an achiever-finish what you start
- Set long term goals
- Meet and talk with other entrepreneurs
- Try make things happen for yourself

- Be proud/ feel good about your work
- Observe others and copy
- Experiment

Important skills for self employment/ running business

- Identifying opportunities
- Formulating ideas
- Goal setting
- Developing a business plan
- Obtaining technical assistance
- Selecting the type of ownership
- Planning the market strategy
- Locating the business
- Financing the business
- Dealing with legal issues
- Managing human resources
- Promoting the business
- Managing sales effort

Myths of entrepreneurship

Myth simply means a STORY.

It is noted that, the study of entrepreneurship is still emerging, due to this many stories about the subject will still prevail;

a) Entrepreneurs are doers not thinkers
b) Entrepreneurs are born, not made
c) Entrepreneurs are always inventors
d) Entrepreneurs are academic and social misfits
e) Entrepreneurs must fit the profile
f) Entrepreneurs needs is money
g) All Entrepreneurs need is luck
h) Ignorance is bliss for Entrepreneurs

BUSINESS

Business is an organization or economic system where goods and services are exchanged for one another or for money. Every business requires some form of investment and enough customers to whom its output can be sold on a consistent basis in order to make a profit.

Before you do a business, ask yourself the following questions;

- Why do you want to start the business?
- Are you ready to start the business?
- Which plans do you have in that business?
- Do you have enough business education?
- How much capital do you need to start up the business?
- Is it individual or partnership business?

Hints of business

- Possibilities of prospering
- Profit
- Barriers in business
- Attractive business
- Business knowledge
- Capital
- Markets
- Resources
- Transportation
- Ability to get assistance

Forms of business

(a) The Sole Proprietorship

(b) Partnership.

(c) The Corporation or Registered Company

(d) The Co-operative form of business.

The Sole Proprietorship

Sole Proprietorship, in a sole proprietorship, the individual entrepreneur owns the business and is fully responsible for all its debts and legal liabilities. More than 75 percent of all U.S. businesses are sole proprietorships. Examples include writers and consultants, local restaurants and shops, and home-based businesses. One person and does not involves legal partners, The person bears full accountability for the business in terms of financing, compliance with tax regulations. This business carries unlimited liability in that the entrepreneur is liable to the extent of her personal assets.

Advantages of the Sole Proprietorship form of business.

- Relatively easy and low cost of starting up
- All accrue to the owner
- The owner has direct control
- Possible tax savings
- Freedom and simplicity of ending the business
- Simplicity of administration

Disadvantages of the Sole Proprietorship form of business.

- Unlimited liability of the owners
- Limitation applicable to the raising of capital
- Lack of business continuity
- Limited opportunities for employees

Partnership.

Partnership, a partnership consists of two or more people who share the assets, liabilities, and profits of a business. The greatest advantage comes from shared responsibilities. Partnerships also benefit by having more investors and a greater range of knowledge and skills.

Types of partnership

i. General or simple partnership,

ii. A limited partnership

General partnership is the one which co-owners share unlimited liability for the business regardless of the percentage each has invested. Each is also legally liable for the conduct of the business and cannot avoid any liabilities that are created by any of the partners.

A limited partnership, one or more of the partners have limited liabilities, and also need not be involved in the actual of the business.

Advantages of partnership

- Ease for formation
- Access to additional capital
- Broader management base
- Tax advantage
- Employee incentives.

Disadvantages of partnership

- Unlimited liability
- Shares authority
- potential for disagreements, regardless of how well or how long the partners have known each other.
- Capital limitation

The Corporation or Registered Company

Corporations, corporations are recommended for entrepreneurs who plan to conduct a large-scale enterprise. As a legal entity that has a life separate from its owners, a corporation can sue or be sued, acquire and sell property, and lend money.

Corporations are divided into shares or stocks, which are owned by one, a few, or many people. Ownership is based on the percentage of stock owned. Shareholders are not responsible for the debts of the corporation, unless they have personally guaranteed them. A shareholder's investment is the limit of her liability. Corporations can more easily obtain investment, raise capital by selling stock, and survive a change of ownership. They provide more protection from liability than other forms of business. Their potential for growth is unlimited. The Corporation is a business having a legal identify of its own but whose ownership to maximum of twenty in the case of a private Corporation and an unlimited number in the case of the public corporation.

Advantages of Corporation or Registered Company

- Limited liabilities
- Less risk for creditors
- Tax advantages
- Wide and full access to equity capital
- Continuous of ownership

Disadvantages of Corporation or Registered Company

- Implication for secrecy
- Operational flexibility
- Dispersed ownership

The Co-operative form of business.

An enterprise or organization that is owned or managed jointly by those uses its facilities or services. It established for the purpose of providing services on a nonprofit basis to its shareholders or members who own and control it. It takes at list ten people to form a registered co-operative and it is primarily a group controlled kind of business.

Advantages of Co-operative form of business.

- Shared decision –making
- Wide social and concessions
- Attractiveness to grant aid funding institutions

Disadvantages of Co-operative form of business.

- They are difficult to organize and register
- Suppression of independence
- Restriction of level of share ownership

SOURCES OF FINANCING

Many entrepreneurs struggle to find the capital to start a new business. There are many sources to consider, so it is important for an entrepreneur to fully explore all financing options. He also should apply for funds from a wide variety of sources.

Personal savings:

Experts agree that the best source of capital for any new business is the entrepreneur's own money. It is easy to use, quick to access, has no payback terms, and requires no transfer of equity (ownership).

Friends and family:

These people believe in the entrepreneur, and they are the second easiest source of funds to access. These funds should be documented and treated like loans. The main disadvantage of these funds is that, if the business fails and money goes lost, a valuable relationship may be jeopardized.

Credit cards:

The entrepreneur's personal credit cards are an easy source of funds to access, especially for acquiring business equipment such as photocopiers, personal computers, and printers. The main disadvantage is the high rate of interest charged on credit card balances that are not paid off in full each month.

Banks

Banks are very conservative lenders. Many entrepreneurs simply do not have enough assets to get a secured loan from a lending institution. However, if an entrepreneur has money in a bank savings account, she can usually borrow against that money. If an entrepreneur has good credit, it is also relatively easy to get a personal loan from a bank. These loans tend to be short-term and not as large as business loans.

Government/NGOs programs:

Many national and regional governments offer programs to encourage small- and medium-sized businesses. Government assists small firms by acting as a guarantor of loans made by private institutions for borrowers who may not otherwise qualify for a commercial loan

WHY CUSTOMERS SHOULD COME TO YOUR BUSINESS?

- Your business should be different from other business and providing quality products
- Quality product and the services provided
- Very easy to get your product and services
- Constant availability of your products and services
- Good safety of your products and services
- Are your products and services unharmful to the environment?
- What the customers say about your products and services provide
- Every day make a new way on how to make your customers to like your products

REASONS FOR BUSINESS FAILURE?

There are many reasons for business failure but some of the most frequent one are:

- Lack of experience
- Lack of sufficient capital
- Poor location
- Poor inventory management
- Poor marketing.
- Excessive stress
- Insufficient cash flow