

# **MINDING MY BUSINESS**

**(AN ENTREPRENEURSHIP CURRICULUM FOR HIGH SCHOOL STUDENTS)**

**Student Workbook**



**MADE POSSIBLE BY A GRANT FROM THE TOKYO FOUNDATION**

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# MODULE 1: INTRODUCTION



## ACTIVITY 1

1 Name and Age\_\_\_\_\_

2 Grade\_\_\_\_\_

3 Favourite Subject\_\_\_\_\_

4 Favourite Invention or Discovery\_\_\_\_\_

5 Favourite or Desired Profession\_\_\_\_\_

# MODULE 2: GOAL SETTING



## ACTIVITY 2

### Visualize Your Future

Imagine that this class meets for a reunion 25 years down the line. During the reunion, the organizer announces that they want to publish a brochure about you - their illustrious graduates. For this, they ask you to write a small autobiography. To answer these questions, visualize how your life is going to be 25 years down the line. Be creative and innovative!

@ Your Name and names of any family members\_\_\_\_\_

\_\_\_\_\_

@ Your residential address\_\_\_\_\_

\_\_\_\_\_

@ Title of your Autobiography\_\_\_\_\_

@ Autobiography\_\_\_\_\_

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## ACTIVITY 3

### Goal Setting Worksheet

- Do you have any short-term goals? Anything you want to do or achieve in the next one-year?

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- Do you have any medium term goals? Any plans that you have for yourself or what you want to achieve in the next five years or for when you are in your late teens and early twenties? This could include you educational goals too.

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- What are your long-term personal goals for yourself, for when you are 25-40 years old? In the next 15-20 years what do you want to achieve? (Think of your autobiography, what goals should you aim to for to be like the person in your autobiography)

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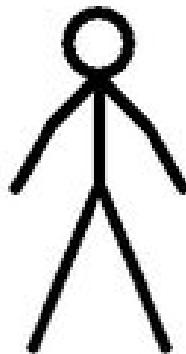
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- Put down your most important goal and at what age you want to achieve it

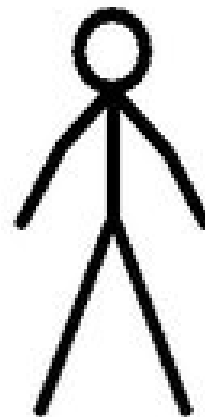
**Age and Goal  
(Short-Term)**



**Age and Goal  
(Medium-Term)**



**Age and Goal  
(Long-Term)**





## ACTIVITY 4

Use the goal you listed in the previous activity and complete the following chart. Ask your teacher for any clarifications you need.

Age	Goal	Why is this Goal Important to you?	Resources Required and Potential Blockers	Strategy or Plan to Achieve your Goal
<b>Example:</b> Age: 18	Short Term Goal: To buy a microwave for my family	It will save my parents time and effort	Money, research on which is the best microwave for my family's needs.  May not have enough money	Save pocket money
Age:				

Age:				
Age:				

### Notes

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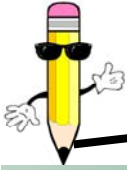


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## MODULE 2: CONCEPTS REVISITED

- ♣ **Goal:** A goal is something one would like to achieve in the future.
  
- ♣ **Wish vs. Goal:** There is a difference between a wish and a goal. A wish is something one would want to happen (without putting in effort) whereas goal requires planning.  
Not every wish can be a goal.  
  
For instance, you may wish you could live and stay young forever, but since there's nothing you can do to make that happen, it could never be considered a goal. Or you could wish that you want to travel to every continent – but it remains a pipedream till you have planned how to do it.
  
- ♣ **Trait:** A trait is a quality or characteristic that an individual possesses.
  
- ♣ **How To Set Goals:**
  1. Define your goal. In order for something to be a goal:
    - (a) It has to be important to you, personally.
    - (b) It has to be within your power to make it happen through your own actions.
    - (c) It has to be something you have a reasonable chance of achieving.
    - (d) It must be clearly defined and have a specific plan of action.
  2. Outline the steps needed to achieve it.
  3. Consider possible blocks and ways of dealing with them.
  4. Set deadlines/milestones.

# INTRODUCTION TO THE CHARACTERS

## MONA AND JAY

Let us get introduced to Mona and Jay. Mona and Jay have many dreams – to travel the world, to visit the seven wonders, to buy a car and a home. Let us hear what they can do to earn some extra money and achieve their goals. In the next few chapters, we will get to know Mona and Jay and some of the dilemmas they face. We may be able to help them with their business.

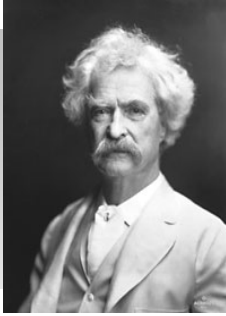


*Mona: "Hi, I'm Mona. I am 13 years old and I live with my Mom, Dad and brother in a town in India. I like it here in my town, the air is fresh and the city is not so crowded. I live in a house near the sea. My family owns a lot of land and we have several mango trees around our home. My Dad is a software engineer and my Mom is a housewife. My brother is in college. He wants to be a music composer. When I grow up, I want to start my own business. I think we will open a restaurant that will serve delicious rice and curry or a café that serves tea and pastries"*

*Jay: "Our Mom makes very good potato curry, better than what is served in the nearby restaurant and I am sure people will love it. Perhaps I can use my computer to make posters to tell people about our restaurant and I could use my Dad's software skills to make a website about it."*



# MODULE 3: RISK AND RETURN

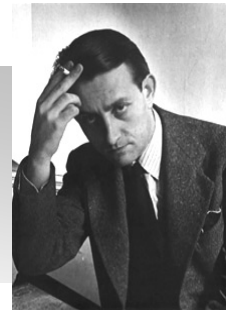


*Twenty years from now you will be more disappointed by the things that you didn't do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbour. Catch the trade winds in your sails. Explore. Dream. Discover*

- MARK TWAIN (American writer)

*"Often the difference between a successful person and a failure is not one has better abilities or ideas, but the courage that one has to bet on one's ideas, to take a calculated risk - and to act."*

-ANDRE MALRAUX (French author, philosopher, adventurer and statesman)



## ACTIVITY 5

Jay and Mona want to start their own business. They want to be entrepreneurs. Do you know any successful entrepreneurs? These can be people you know personally, have heard of in the news or any famous businessmen. You can put down one or more people

Entrepreneurs I know:



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## ACTIVITY 6

Look at the following pictures. Try to identify these entrepreneurs and answer the questions.



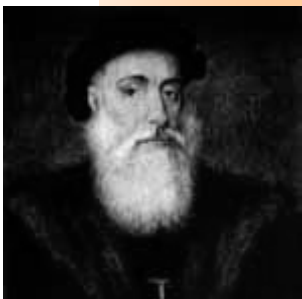
- 1. Who is this? \_\_\_\_\_
- 2. Why or how do you know this person?  
\_\_\_\_\_
- 3. What are some of the traits or characteristics you associate with this person? \_\_\_\_\_



- 1. Who is this? \_\_\_\_\_
- 2. Why or how do you know this person?  
\_\_\_\_\_
- 3. What are some of the traits or characteristics you associate with this person? \_\_\_\_\_



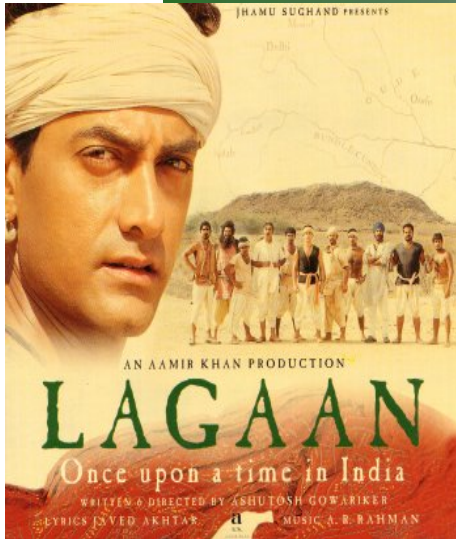
- 1. Who is this? \_\_\_\_\_
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- 1. Who is this? \_\_\_\_\_
- 2. Why or how do you know this person?  
\_\_\_\_\_
- 3. What are some of the traits or characteristics you associate with this person? \_\_\_\_\_



## ACTIVITY 8



### STORY 1: LAGAAN

The rains have failed, and the people of a small Indian village in Victorian India hope that they will be excused from paying the crippling land tax that their British rulers have imposed. Instead, the British officer in charge challenges them to a game of cricket, a game totally alien and unknown to them. If they win, they will not have to pay taxes ever; if they lose, the increased tax burden is doubled.

1. What were the options facing the villagers? \_\_\_\_\_  
\_\_\_\_\_
2. What are the risks associated with each option? \_\_\_\_\_  
\_\_\_\_\_
3. What are the returns? \_\_\_\_\_  
\_\_\_\_\_
4. Who is the entrepreneur? \_\_\_\_\_
5. What traits did the entrepreneur have? \_\_\_\_\_  
\_\_\_\_\_

## STORY 2: IQBAL

Protagonist is a deaf and mute Muslim boy from a nondescript village. He has a natural talent and flair for bowling at good pace. Despite his inability to speak and hear, Iqbal dares to dream. He dreams of becoming a cricketer in the Indian national team



1. What were the options facing the boy? \_\_\_\_\_  
\_\_\_\_\_
2. What are the risks associated with each option? \_\_\_\_\_  
\_\_\_\_\_
3. What are the returns? \_\_\_\_\_  
\_\_\_\_\_
4. Who is the entrepreneur? \_\_\_\_\_
5. What traits did the entrepreneur have? \_\_\_\_\_  
\_\_\_\_\_

### STORY 3: NARAYAN MURTHY

In 1977 Narayan Murthy joined as General Manager at Patni Computers in Bombay. In 1981 Narayan Murthy decided to start Infosys. He had a vision and zero capital and did not have any business background. His wife gave him Rs 10,000, which she had saved for a rainy day. Murthy and his six colleagues started Infosys in 1981 with enormous interest and hard work. Now Infosys is a 30 billion dollar company



1. What were the options? \_\_\_\_\_  
\_\_\_\_\_
2. What are the risks associated with each option? \_\_\_\_\_  
\_\_\_\_\_
3. What are the returns? \_\_\_\_\_  
\_\_\_\_\_
4. Who is the entrepreneur? \_\_\_\_\_
5. What traits did the entrepreneur have? \_\_\_\_\_  
\_\_\_\_\_





## STORY 4: RICHARD BRANSON

In his youth, Richard Branson was not an impressive student. When he was seventeen, attending school at Stowe, Richard and a classmate started a school newspaper, "The Student", which ran articles about prominent politicians and celebrities. Richard's mother, Eve, helped keep the fledgling newspaper afloat by giving Richard pocket money and writing stories.

Richard convinced his parents to let him leave school and pursue the newspaper fulltime. While running the paper from a basement in London, he noticed that stores were not discounting records. Richard began to run ads in the paper offering records at discount prices. The orders flooded in and Richard quickly set up an office and Virgin Records was born.

Since then, Virgin has grown to be one of the most recognized brands in Britain. Branson started Virgin Atlantic Airways in 1984 with just a single plane and built the airline into an international business with annual sales of approximately 1.5 billion pounds. In 1992, Richard sold Virgin Records to Thorn EMI for \$1 billion and invested the profits into Virgin Atlantic. Branson has launched a variety of businesses ranging from cellular phones to soft drinks to bridal wear. It is estimated that the Virgin brand is now worth around \$5 billion.

1. What were the options? \_\_\_\_\_  
\_\_\_\_\_
2. What are the risks associated with each option? \_\_\_\_\_  
\_\_\_\_\_
3. What are the returns? \_\_\_\_\_  
\_\_\_\_\_
4. Who is the entrepreneur? \_\_\_\_\_
5. What traits did the entrepreneur have? \_\_\_\_\_  
\_\_\_\_\_

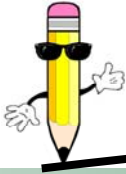


## STORY 5: MOON LANDING

In President Kennedy's speech to Congress, on May 25, 1961, he expressed a concern that the United States was falling behind the Soviet Union in technology and prestige. He challenged the nation to put a man on the moon before the end of the decade. On July 20, 1969, the human race accomplished its single greatest technological achievement of all time when Neil Armstrong set foot on moon.



1. What were the options? \_\_\_\_\_  
\_\_\_\_\_
2. What are the risks associated with each option? \_\_\_\_\_  
\_\_\_\_\_
3. What are the returns? \_\_\_\_\_  
\_\_\_\_\_
4. Who is the entrepreneur? \_\_\_\_\_
5. What traits did the entrepreneur have? \_\_\_\_\_  
\_\_\_\_\_



## MODULE 3: CONCEPTS REVISITED

Risk is a combination of the possibility of suffering harm or loss and a severity of the harm or loss. There are two components to risk

- (1) Chance component – that a loss may occur
- (2) Quantity/magnitude component – how much loss will occur.

### Types of Risk

1. Financial/Economic Risk: Any risk that is associated with money.

Example: You could have lost money, your house can be robbed or you can lose money in the stock market

2. Physical Risk: Risk of harm through bodily contact or through administration of any substance. This involves a threat to life or some other part of your body.

Example: People lose lives in accidents, during calamities or natural disasters like the Tsunami. You might be in accidents or in sports that cause injury.

3. Emotional Risk: Risk of feeling uncomfortable, embarrassed, anxious or upset.

4. Reputational Risk: Risk of losing one's reputation. Reputation is established by gaining or retaining the confidence and trust of those who work with you or around you. In the case of a business, it relates to the confidence and trust that customers, suppliers, shareholders and employers have in the company.

- ♣ Return: To produce or yield (profit or interest) as a payment for labour, investment, or expenditure.
- ♣ Incentive: Incentive is something inciting to action or effort (labour) or factors, which may cause an increase in personal satisfaction.

### **Are you an Entrepreneur?**

Entrepreneurs are individuals who see opportunities and take risks in hopes of earning profits or incentives. When an entrepreneur perceives that the incentives outweigh the risk, they are willing to move forward and act on their idea.

Entrepreneurs are agents of change and the stimulus for economic growth. Entrepreneurs are creative and individualistic. They are thinkers who take their ideas and transform them into goods and services. When entrepreneurs take a risk and their enterprise is rewarded, new goods and services are developed that raise the standard of living for everyone.

# MODULE 4: CALCULATED RISK TAKING AND INVESTMENT



## ACTIVITY 8

In your groups discuss the following

♣ How much money did Mona win? \_\_\_\_\_

♣ What do you recommend Mona do with the money?

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♣ What are the factors you considered in coming up with your recommendations?

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## ACTIVITY 9

Mona invested Rs. 1000 in a mutual fund for one year. At the end of the year she has Rs 1080. What was her return on investment?

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## ACTIVITY 10

- Imagine that you are financial advisors. In your groups develop a financial investment portfolio for your client
- Your group will need to report a rationale for your investment strategy.

i. What is the present financial situation of your client?

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ii. What are his/her future financial needs?

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iii. What is likely to be his/her liquidity preference?

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iv. What is the level of risk that you can afford for your client?

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v. Keeping the above in mind, what investments will you chose for your client?

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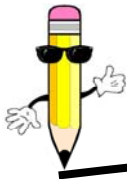
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## MODULE 4: CONCEPTS REVISTED

**Investments:** An investment is something you can do with your money that has the potential to earn more money (return). All investments have some risk, which is the possibility that you could lose money.

**Liquidity:** the ease with which an investment can be converted into money quickly and without a loss

(a) **Savings Account:** A service depository institutions offer whereby people can deposit their money for future use and earn interest.

(b) **Fixed Deposits (or Certificate of Deposits):** A type of savings account that earns a fixed interest rate over a specified period of time.

(c) **Government Securities:** A non-transferable registered bond

issued by the Indian government.

(d) **Life Insurance:** Life assurance is a contract between the insurer and the policy owner (policyholder) whereby a benefit is paid to the designated Beneficiary (or Beneficiaries) if an insured event occurs which is covered by the policy.

(e) **Bonds:** Bonds are interest-bearing loans that corporations use to borrow money that they agree to pay back on a specific date.

(f) **Stocks:** Stocks are shares of a company. If you own stock in a company, you own a piece of that company, however small.

(g) **Mutual Funds:** Mutual fund is a company that invests on behalf of customers who deposit money with it.

(h) **Real Estate:** Real estate is a tangible, cash-generating asset, much like gold or silver, and appreciates in values just like these precious metals.

(i) **Futures:** Investors also use instruments called options/futures to protect, or hedge, their investments. Options are used to hedge your bet when you make an investment.

(j) **Venture Creation:** Starting your own business can also be looked upon as an investment. If the idea behind the new venture is strong and profitable then the returns can be very high; e.g. Bill Gates and Microsoft, Sabeer Bhatia and hotmail, Karsan Bhai Patel and Nirma, the Amul co-operative.

(k) **Return on Investment:** One way to measure the value of the return earned by any investment options is called return on investment, or ROI. Return on investment is a calculation of the amount, or percentage, that you have earned (or lost) on an investment you have made. Returns may be positive or negative. A

positive return on investment would mean you earned money, and a negative return would mean you lost money. Return on investment is a percentage of the original amount you invested.

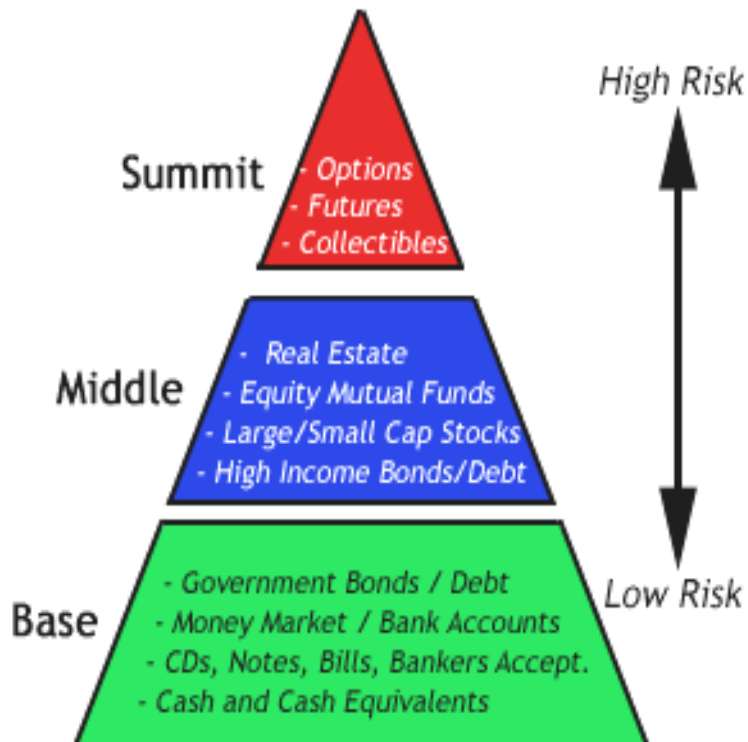
The formula is:

$$\text{ROI} = (R - I) / I * 100$$

R = Money received after making the investment.

I = Original money invested.

### Investment Pyramid





# MODULE 5: OPPURTUNITY RECOGNITION

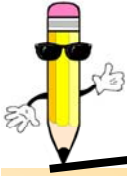
Mona and Jay, who we just met, have many mango trees around their house. The mango trees belong to them and their family. During the months of May, June and July, the trees yield many mangoes, more than the family can consume. By the end of the summer months, after they have eaten a whole lot of them, they are still left with many mangoes. Jay, Mona and their family have to give them away or sometimes even throw them away.



## ACTIVITY 11

Now think of a few things Mona and Jay can do with their mangoes.

	_____
	_____
	_____
	_____
	_____
	_____
	_____

**LEARN**

Here are some other ways of seeing opportunities:

- a. What would I like to have that would make my life easier?
- b. Is there something that I like to do a lot? Do you have any special skills?
- c. Is there something that I really do not like? Could there be a product or a service that could change the way I feel?
- d. What do I see around me and in my environment? If I changed something about my environment, would everybody be happier?

**Notes**

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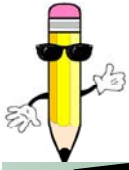
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## **LEARN**

You might have good ideas, wish to do good things for people around you and for yourself but these might not translate into good opportunities. Why is this?

In some cases, ideas and wishes do make good business opportunities. When you have an idea or a wish think about these factors:

- a. Will there be a demand for your product or service?
- b. Will people want to spend money on it? Why do you think so?
- c. Who is your customer?
- d. Does it meet the needs of your customer?
- e. Do you have the finances to start the business? How will you arrange for them?
- f. Do you have the skills to start the business? How will you arrange for them?
- g. Where will you set it up? Does it matter?
- h. Do you think your business will be a success and run for at least a sometime?



## ACTIVITY 12

What would you do in these cases? Are these business opportunities?

1. The weather is warm and your neighbours have to walk a distance to buy fresh juice
2. You are very good with small kids and people trust their children with you
3. You stay on a beach and there are beautiful shells on the shore
4. Your garden has good soil and flowers grow very well there
5. Your sister makes the best sandwiches; all your friends love them
6. You know how to play the guitar and everyone around you wishes they could
7. Your mother bakes chocolate cakes at Christmas
8. Your neighbour is too old to walk her dog
9. Your neighbour is too old to do her own shopping and buy vegetables
10. After you played in the playground, you did not find any clean water to drink



## ACTIVITY 13

Are there times in your lives when you have recognized a business opportunity? Do you think it has potential? Put down any good business ideas you have here

	_____
	_____
	_____
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	_____
	_____
	_____
	_____
	_____

# MODULE 6: MARKET RESEARCH



## ACTIVITY 14

1. Name your product



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2. Why did you buy this product?



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3. Where did you buy it?



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4. How did you know where to buy it?



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5. Did you look for it in several shops?



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6. If Yes, (to the above question), why did you do so?

@ \_\_\_\_\_

7. How much did you buy it for?

@ \_\_\_\_\_

8. Did you think you could have bought it for lesser?

@ \_\_\_\_\_

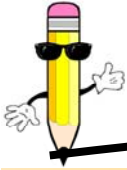
9. Is there anything you did not like about the product?

@ \_\_\_\_\_

11. Is there a way you could change this if you made a similar product?

@ \_\_\_\_\_

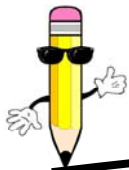
**You have just conducted your first survey!**



## **LEARN: NEED FOR RESEARCH**

As an owner of a firm, you need to think like your customer. However, you cannot rely on your imagination and assume that your customer thinks just like you think she/he does. It would be best, like we just did, to get information about what a customer feels, from a customer himself/herself. This process is called Marketing Research.

In the activity we just did, we used a survey to collect data. We can collect data through questionnaires or even through interviews or by observation. Remember that the method you use will affect the answers that you get.



## **LEARN: CREATING QUESTIONNAIRES**

### **1. Open vs. Closed Questions**

Open-ended questions elicit a whole length and range of replies. This is useful if you want to know what an individual's opinion is and details about how and what he thinks. Closed questions, give the respondent options to choose from, get a quicker response and are easier to code.

#### **For example**

Why do you exercise? (*Open-ended question*)



Do exercise because? (*Closed-ended question*)

(Tick whichever apply)

- 1) You think you are overweight ☐
- 2) Your friends exercise and you like to join them ☐
- 3) The exercise room/gym is a good place to meet people ☐
- 4) There are many health benefits to exercising ☐
- 5) You like it ☐
- 6) Other (Please specify) ☐

Including another option, allows you to catch a response that you might not have thought of.

## 2. Ranked Responses

If you are interested in knowing preferences of people in the order that they rank something, you can ask them to rank them by order of preference.

For example

What do you like about going for a picnic in the park? (Indicate by numbering from 1-5 in order where 1 is the most important)

- a. It is cheaper than going to a restaurant ☐
- b. Playing cricket or any other outdoor games ☐
- c. Hanging out with friends ☐
- d. Fresh air ☐
- e. You like the atmosphere in the park ☐

Sometimes respondents find it difficult to rank items. They find it hard

to distinguish between lots of options. While using this method, the number of options should not be too many.

**3. Compare:**

- a. How much did you pay for your TV?
- b. Do you remember how much you paid for your TV?

How much do you think you paid approximately?

Give respondents an opportunity to say they don't know. Results may be erroneous if they are forced to give a value

**4. Compare:**

- a. Is your current phone the best phone you have ever used?
- b. How would you rank your present phone?

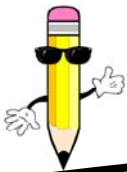
You are introducing a bias in the first question by using the word best.



## ACTIVITY 15

Mona and Jay want to do some market research. Since one of their ideas is to mango pickle, they decide to research the mango pickle market. Jay makes a questionnaire and uses it to survey people coming to the market. He talks to them face-to-face and records their answers. Mona goes to shops that sell pickle and observes people making purchases.

Now design a one-page questionnaire that Jay can take with him to the market to survey people. Remember, he wants to start a mango pickle business and is trying to get information about his customers needs. Think about what information Jay needs and what question he needs to ask to get that information.



## LEARN

Questionnaires are important tools for gathering data. Poorly constructed questions can result in large errors and invalidate the data, so significant effort should be put into the questionnaire design. The questionnaire should be tested thoroughly prior to conducting the survey. Questionnaires could sometimes lead people to an answer; people might sometimes falsify a result or people sometime might just not remember events and purchases. Make sure your questionnaire is simple, concise and does not embarrass people.

Observation involves the recording of actions. It takes time but it is more accurate because you actually see what people buy. In some cases, people might not like being observed.

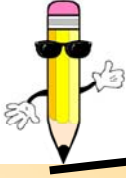
Data obtained through questionnaires and observation is called Primary Data.



### ACTIVITY 16

How did Mona's observations differ from Jay's? Put down the advantages/disadvantages of both methods.

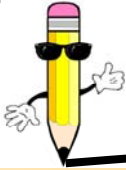
Mona's Interview	Jay's Questionnaire



## **LEARN: SECONDARY DATA**

You can also obtain Secondary data. This is information that is available through secondary sources. This method involves collecting data from the creator of primary research. Primary data collection might be expensive and take time, especially for a small business owner with limited resources. Before going through the time and expense of collecting primary data, one should check for secondary data that previously may have been collected for other purposes but can be used in the immediate study.

The disadvantages of secondary data are that the data may not fit the problem perfectly and that the accuracy may be more difficult to verify for secondary data than for primary data. The objectives of the original data collection that the secondary data source uses might not match your own.



## **LEARN: MARKET SEGMENT**

Individuals in a market that want to purchase a product might have varied needs for the same product. A group of people who have relatively similar product needs can be put into a market segment.

### **Example**

The shampoo industry targets various market segments. One segment responds to shampoos that claim to make your hair shiny and glossy. Another market segment is interested in anti-dandruff shampoos. Other market segments might want just a cheap shampoo.



## **ACTIVITY 17**

Consider the following products. Who might be a good market segment to target?

<b>Product/Service</b>	<b>Market Segment</b>
Remote control driven cars	
Dog-walking service	
Wooden walking sticks	
Bright pink umbrellas	

Instead of targeting everybody in the market, it might be more profitable for a small business to target a specific market segment. This will satisfy the needs of the market segment better and the entrepreneur can respond to his clients needs more appropriately.



## ACTIVITY 18

What market segments does a cell-phone service target (Airtel, Hutch, Spice)? What are the needs of these market segments?

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# MODULE 7: MARKETING



## ACTIVITY 19

Can you think of advertisements that have tried to sell something to you recently, on TV, radio, billboard, poster or a in a magazine? Which of these advertisements do you think was the most effective and why?



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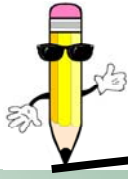


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## **LEARN: MARKETING**

What is marketing?

Marketing is broadly defined as the process of getting the customer attracted to your product or service.

Marketing identifies the needs and demands of a customer and targets products to his needs. The customer must feel that you know what he wants and marketing gives you a channel to prove this to your customer. Through marketing, you can attract many new customers and keep old customers loyal to your product.

There are 4 basic P's involved in marketing.

1. Product
2. Price
3. Place
4. Promotion

### **1. Product**

Product is the commodity that you want to sell. Not only should the actual product be of good quality but also emphasis should be laid on how it is packaged. Your product can actually be thought of as a bundle of various services and your product bundle must connect with your target audience. Creating an expensive product might not be a good idea in a middle or lower income neighbourhood but if you are targeting a richer audience, they would probably go for a luxurious and more expensive product bundle.

Though a single product could be sold in a variety of ways and using attractive product bundles, it is a good idea, especially for a small business that is just starting out, to focus on one product and one market segment and later diversify.

How your customers view you and your product depends on these factors. Be sure to consider them when designing your product:

1. Product Features: What specific, unique or special attributes does the product have?
2. Users: Who will use your product? How will they use it? When will they use it?
3. Benefits: How does the product benefit these users?
4. Competition: Should you position your product to directly compete against a competitor or should you create a product that is positioned away from a competitor.



## ACTIVITY 20

Mona and Jay decide to open a sandwich shop. They decide to sell grilled cheese sandwiches. They also decide on selling mango juice. Consider that Mona and Jay want to set up the shop in your neighbourhood. Put down a product strategy for them. Ask your teacher if you need any clarifications. Use additional paper if necessary.

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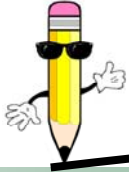
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## 2. Price

### TEACH

Determining how much to sell your product for is quite hard. You might feel timid as a small business owner to quote a high price and may settle for a low sale price. You may feel that this low price will attract a lot of customers. However, this might backfire and clients might feel that your commodities are cheap because you are using low quality goods. At the same time, if you are too greedy and set a very high price, your product will not be affordable and people might prefer something cheaper even if you boast of very high quality.

Remember that you can only make a profit if your selling price is greater than your cost price per unit.

### COSTS

Costs are divided into variable costs and fixed costs. Variable costs change but fixed costs remain the same.

To understand how much profit the business can make, entrepreneurs can use the Economics of One Unit of Sale. This is a way of creating a model of costs, sales and profits to determine whether a single unit can be profitable.

## Economics of One Unit (EOU)

1 Straw Basket

**Selling Price of one Unit (1 Straw Basket): 50 rupees**

Costs of manufacturing one unit (1 straw basket): 20 rupees

Variable Costs of one unit (1 straw basket): 5 rupees

**Total costs of producing one unit (1 straw basket): 25 rupees**

**Gross profit per unit (1 straw basket):** Selling Price of one unit –  
Total costs of producing one unit  
**= 25 rupees**



## ACTIVITY 21

Jay and Mona decide to focus on making grilled cheese sandwiches at their shop. They want to calculate the costs they will incur to produce 1 sandwich and see if this will be a profitable venture. Mona and Jay make a list of things they need and how much they cost

1. Cheese. 250 rupees per kilogram
2. Tomato. 5 rupees each
3. Onions. 4 rupees each

4. Bread. 30 rupees per loaf. Each loaf has 15 slices
5. Chutney. 200 rupees per kilogram

Other variable costs

1. Box of paper napkins. 40 rupees for 200
2. Paper plates. 2 rupees per plate
3. Paper box. 3 rupees per box

You determine through market research that your competition sells sandwiches for 20 rupees per sandwich. Set a selling price and construct the Economics of one Unit for a grilled cheese sandwich.

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### 3. Place

After you have decided on your product bundle and price, you have to think about where you will sell it. It does not make much sense to sell woollen coats and woollen hats to people who live in Chennai.

There are various ways to sell your product or service:

**Direct Sales:** If you sell your product directly to a customer, you are doing a direct sale.

**Sales through an intermediary:** If you cannot sell directly to a customer you can do it through an intermediary. This could be a shop in your neighbourhood, a local retailer or a wholesale dealer.



### ACTIVITY 22

Jay is in a rock band and he has just come out with a CD which he want to try and sell. Think of some ways that Jay can sell his CD and locations where he might be able to sell the most.




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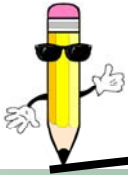

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#### 4. Promotion

Promotion or advertising is one of the most important components in your business. Even if you have a great product, you might not be able to sell it well if you don't promote and advertise it. Promotion and advertising refer to activities that help people learn about your product, what it is, if they like it, why they should buy it and what they can use it for. You should promote your product to your target audience through messages that will make an impact on their buying decisions. A popular method used to promote products is through advertising. The following list some ways to advertise.

- ❖ Radio and Television: If your target population listens to the radio, you might want to inform people about your product by advertising on the radio. Be sure to find out when your target consumer tunes in and to which frequency to get the most out of you advertising.

Television has an enormous and powerful reach but is expensive, especially for a small business.

- ❖ Print: Small businesses usually make use of newspapers, magazines, flyers, logos and posters to promote their products. You can also send letters, coupons and brochures directly to new or old customers. If a consumer does not own a TV, radio or a computer, print marketing is the best way to get his/her attention.



- ❖ Digital: Websites and the internet are big ways to advertise. Once you are a small business owner, you might not find a pop-up on your screen all that annoying because it might be an advertisement to your own store! Of course, if your target consumer does not have access to the internet or own a computer this method is not very effective.
- ❖ Word of Mouth: Word of mouth usually depends on customers who have samples your product and them telling their friends and others about your product. If for some reason a consumer does not like your product, you might get a bad reputation and loose many customers



## ACTIVITY 23

Let us advertise for Mona and Jay. Follow your teacher's guidelines.

Though the 4 P's seem distinct, decisions on one element will influence the choices available in others. Even when you have figured out the right mix to begin with, you have to stay on top of the market and make changes to the mix as your environment changes. Marketing never really ends!

# MODULE 8: HUMAN RESOURCE MANAGEMENT



## ACTIVITY 24



Consider the following teams/organizations and answer the questions that follow.

- ♣ Name the team



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- ♣ What was the objective of this team?



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- ♣ Did they have a specific vision/goal in mind? Did they have a slogan/team motto?



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- ♣ What strategy did they follow?



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♣ What were the different working groups?



♣ What were the roles of the different working groups?



♣ Who was the leader?



♣ What adjectives would you use for the leader?

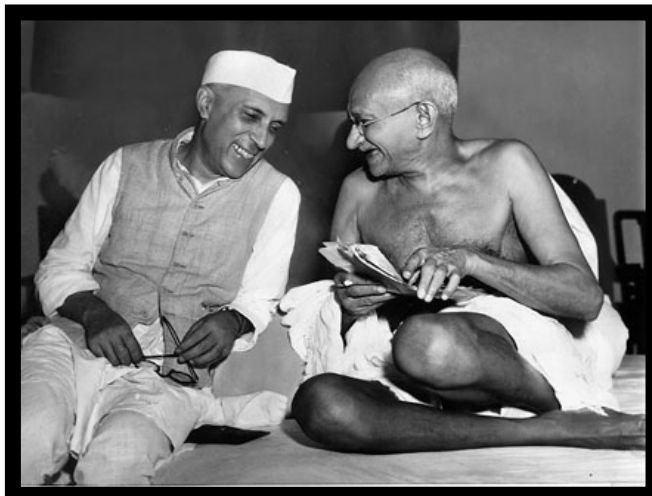


♣ What kind of people were in this team? Use some adjectives to describe them?



♣ What was the strength of this team; why do you think they were or are so successful?





Consider the following teams/organizations and answer the questions that follow.

- ♣ Name the team



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- ♣ What was the objective of this team?



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- ♣ Did they have a specific vision/goal in mind? Did they have a slogan/team motto?



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♣ Who was the leader?



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Consider the following teams/organizations and answer the questions that follow.

♣ Name the team



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♣ What was the objective of this team?



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♣ Did they have a specific vision/goal in mind? Did they have a slogan/team motto?



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♣ What strategy did they follow?



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♣ What were the different working groups?



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♣ What were the roles of the different working groups?



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♣ Who was the leader?



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- ♣ What adjectives would you use for the leader?

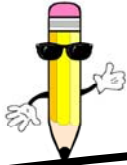


- ♣ What kind of people were in this team? Use some adjectives to describe them?

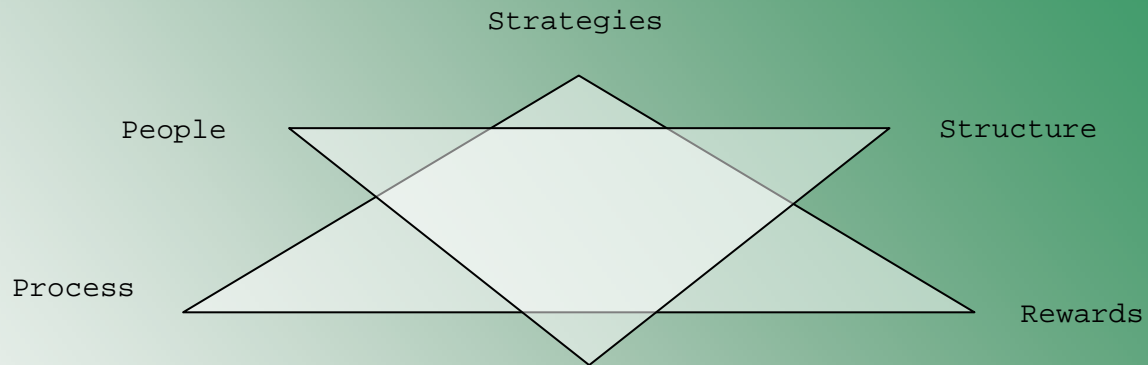


- ♣ What was the strength of this team; why do you think they were or are so successful?





## MODULE 8: CONCEPTS REVISITED



**Organizational Design:** Organization Design is a process for integrating the people, information and technology of an organization. It has the following components as shown in the diagram.

**Strategy:** "Corporate strategy is the *pattern* of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities. (Kenneth Andrews)."



**Structure:** Organization structure is the way in which the different groups of people in an organization are arranged. The effectiveness of co-ordination and communication depends on the organization structure.

**Rewards:** A reward system is the complex set of formal and informal incentives that connect individual motivation, behaviour, performance, and ultimately results.

Rewards could be salary/wages, bonus money, and other forms of awards.

**Processes:** A business process is a set of linked activities that create value by transforming an input into a more valuable output.

More simply put it is the method that converts raw materials/inputs into outputs.

**People:** People or human resources refer to the individuals within the firm. It is critical to have the right people in the right place.

## Notes

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