REPUBLIC OF KENYA

LEARNING GUIDE

FOR

BUSINESS MANAGEMENT

LEVEL 6

TVET CDACC
P.O BOX 15745-00100
NAIROBI

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Council Secretary/CEO
TVET Curriculum Development, Assessment and Certification Council
P.O. Box 15745–00100
Nairobi, Kenya
Email: cdacc.tvet@gmail.com

FOREWORD

The provision of quality education and training is fundamental to the Government's overall strategy for social economic development. Quality education and training will contribute to achievement of Kenya's development blue print and sustainable development goals. This can only be addressed if the current skill gap in the world of work is critically taken into consideration.

Reforms in the education sector are necessary for the achievement of Kenya Vision 2030 and meeting the provisions of the Constitution of Kenya 2010. The education sector has to be aligned to the Constitution and this has triggered the formulation of the Policy Framework for Reforming Education and Training (Sessional Paper No. 4 of 2016). A key provision of this policy is the radical change in the design and delivery of the TVET training which is the key to unlocking the country's potential in industrialization. This policy document requires that training in TVET be Competency Based, Curriculum development be industry led, certification be based on demonstration and mastery of competence and mode of delivery allows for multiple entry and exit in TVET programs.

These reforms demand that industry takes a leading role in TVET curriculum development to ensure the curriculum addresses and responds to its competence needs. The learning guide in Business Management enhances a harmonized delivery the competency-based curriculum for Business Management Level 6.

It is my conviction that this learning guide will play a critical role towards supporting the development of competent human resource for the Business Management sector's growth and sustainable development.

PRINCIPAL SECRETARY, VOCATIONAL AND TECHNICAL TRAINING
MINISTRY OF EDUCATION

PREFACE

Kenya Vision 2030 is anticipated to transform the country into a newly industrializing, “middle-income country providing a high-quality life to all its citizens by the year 2030”. The Sustainable Development Goals (SDGs) further affirm that the manufacturing sector is an important driver to economic development. The SDG nine that focuses on Building resilient infrastructures, promoting sustainable industrialization and innovation can only be attained if the curriculum focuses on skill acquisition and mastery. Kenya intends to create a globally competitive and adaptive human resource base to meet the requirements of a rapidly industrializing economy through life-long education and training. TVET has a responsibility of facilitating the process of inculcating knowledge, skills and attitudes necessary for catapulting the nation to a globally competitive country, hence the paradigm shift to embrace Competency Based Education and Training (CBET). The Technical and Vocational Education and Training Act No. 29 of 2013 and the Sessional Paper No. 4 of 2016 on Reforming Education and Training in Kenya, emphasized the need to reform curriculum development, assessment and certification to respond to the unique needs of the industry. This called for shift to CBET to address the mismatch between skills acquired through training and skills needed by industry as well as increase the global competitiveness of Kenyan labor force.

The TVET Curriculum Development, Assessment and Certification Council (TVET CDACC), in conjunction with TVET training institution trainers developed the Occupational Standards which was the basis of developing competency-based curriculum and assessment of an individual for competence certification for a Business Management level 6. The learning guide is geared towards promoting efficiency in delivery of curriculum.

The learning guide is designed and organized with clear and interactive learning activities for each learning outcome of a unit of competency. The guide further provides information sheet, self-assessment, tools, equipment’s, supplies, and materials and references.

I am grateful to the Council Members, Council Secretariat, Business Management experts and all those who participated in the development of this learning guide.

Prof. CHARLES M. M. ONDIEKI, PhD, FIET (K), Con. EngTech.
CHAIRMAN, TVET CDACC

ACKNOWLEDGEMENT

This learning guide has been designed to support and enhance uniformity, standardization and coherence in implementing TVET Competency Based Education and training in Kenya. In developing the learning guide, significant involvement and support was received from various organizations.

I recognize with appreciation the critical role of the participants drawn from technical training institutes, universities and private sector in ensuring that this learning guide is in-line with the competencies required by the industry as stipulated in the occupational standards and curriculum. I also thank all stakeholders in the Business Management sector for their valuable input and all those who participated in the process of developing this learning guide.

I am convinced that this learning guide will go a long way in ensuring that workers in Business Management sector acquire competencies that will enable them to perform their work more efficiently and make them enjoy competitive advantage in the world of work

DR. LAWRENCE GUANTAI M'ITONGA, PhD
COUNCIL SECRETARY/CEO
TVET CDACC

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ACRONYMS

TVET	Technical and Vocational Education and Training
CDACC	Curriculum Development, Assessment and Certification Council
ICT	Information Communication Technology
SWOT	Strength Weaknesses Opportunities and Threats
IPR	Intellectual Properties Rights
QMS	Quality Management System
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
ERM	Enterprise Resource Management
ERP	Enterprise Resource Planning
SOP	Standard Operating Procedures

CHAPTER 1: INTRODUCTION

1.1. Background Information

This learning guide has been developed in line with the functions of TVET CDACC as stipulated in Article 45 (1a) of the Technical and Vocational Education and Training (TVET) Act No. 29 of 2013, the Sessional Paper No. 2 of 2015 that embraces Competency Based Education and Training (CBET) system. It is therefore, the sole intent of this document to provide guidelines for a Competency-Based Business Management curriculum for level 6

This learning guide consists of interactive learning activities, content, self assessment and relevant and related references that enhances implementing of Business Management Level 6 qualification. It enables the trainee to acquire the competencies that enable him/her to undertake the various processes in Business Management. The Guide further provides illustration, web links, case studies, exmaples and resources on how to implement all the learning outcomes/elements described in the Curriculum and occupational standards with a particular focus to a trainee.

1.2. The Purpose of Developing the Trainee Guide

Business Management Level 6 curriculum development process was initiated using the DACUM methodology where jobs/occupations were identified. Further, job analysis charts and occupational standards were generated in collaboration with the industry players under the guidance of TVET CDACC (Curriculum Development Assessment and Certification Council). The result of the process was a Business Management Level 6 curriculum. The curriculum was further broken down to end up with units of learning. To effectively implement Business Management Level 6 curriculum, learning guides are required to provide training content and guide the learners and trainers on the learning process aimed at imparting the relevant knowledge, requisite skills and the right attitude to the industry. Learning guides are part of the training materials.

1.3. Layout of the Trainee Guide

The learning guide is organized as per chapters.
Chapter one presents the background information, and purpose of developing the trainee guide. Each of the units of learning/unit of competency is presented as a chapter on its own. Each chapter presents the introduction of the unit of learning/unit of competency, performance standard and list of the learning outcome/elements in the occupational standards.

- **Learning Activities**

  For each learning outcome, the learning activities are presented by covering the performance criteria statements and trainees demonstration of knowledge in relation to the range in the occupational standard and content in the curriculum.

- **Information Sheet**

  The information sheet is section under each learning outcome that provides the subject matter in relation to definition of key terms, method, processes/procedures/guidelines, content, illustrations (photographs, pictures, video, charts, plans, digital content, and simulation) and case studies.

- **Self-Assessment**

Self-assessment is to the performance criteria, required knowledge, skills and the range as stated in the occupational standards. The section further provides questions and assignments in which trainees demonstrate that they have acquired the required competences and an opportunity to reflect on what they have acquired. It is expected that the trainer keeps a record of their plans, their progress and the problems they encountered which will go in trainee's portfolio. A portfolio assessment consists of a selection of evidence that meets the pre-defined requirements of complexity, authenticity and reliability. The portfolio starts at the beginning of the training and will be the evidence for the development and acquisition of the competence (summative and formative) by the trainee. It is important to note that Portfolio assessment is highly emphasized in the learning guide.

Finally the guide presents tools, equipment's, supplies and materials for each learning outcome as guided by the performance criteria in occupational standards and content in curriculum. References, relevant links and addendums are provided for further studying. The units of competency comprising this qualification include the following common and core unit of learning:

Common Units of Learning

Unit of Learning Code	Unit of Learning Title	Duration in Hours	Credit Factors
BU/BM/CC/01/6	Manage Business Research and Development	120	12
Total		**120**	**12**

Core Units of Learning

Unit of Learning Code	Unit of Learning Title	Duration in Hours	Credit Factors
BU/BM/CR/01/6	Develop Business Strategies	150	15
BU/BM/CR/02/6	Manage Human Resource	200	20
BU/BM/CR/03/6	Manage Customer Experience	200	20
BU/BM/CR/04/6	Develop Corporate Image	200	20
BU/BM/CR/05/6	Manage Business Assets and Liabilities	200	20
BU/BM/CR/06/6	Manage Financial Operations	200	20
BU/BM/CR/01/7	Manage Business Risks	200	20
BU/BM/CR/01/8	Coordinate Information Communication Technology	120	12
BU/BM/CR/01/9	Coordinate Business Development	150	15
	Industrial attachment	480	48
Total		**2100**	**210**
Grand total		**2100**	**210**

CHAPTER 2: MANAGING BUSINESS RESEARCH AND DEVELOPMENT/MANAGE BUSINESS RESEARCH AND DEVELOPMENT

2.1 Introduction of the Unit of Learning / Unit of Competency

This unit, exposes the trainee to managing a business research and development. The trainee will learn how to write a good statement of a problem and be exposed to the processes of formulating statement of the problem. For example the trainee should clarify the problem and explain why it is urgent to solve the problem and specify the gaps that need to be filled. For the establishment of the research problem, the trainee needs to carry out the needs and demands of the society, gather customer's feedback concerning the products and services being offered, develop a budget plan so as to prepare financially, develop research methods whether quantitative or qualitative, identify research tools like questionnaires, interviews, observations, case studies or any other tool, develop a hypothesis which will guide their research, collect, analyze and finally present and report your findings by the use of graphs, charts, pictures and any other appropriate method.

This course adds some knowledge to the learner on how to get the answers to most of business problems, get relevant information concerning the product that is in market so as to make a valid decision concerning the product or service, and it will also enrich the trainee's knowledge on market research. In addition, it will also promote cooperation by working with one another. It will also enable the learners to offer a quality service because of the information you are going to get.

2.2 Performance Standard

By the end of the training the learner should be able to identify research problems in accordance with the business needs assessment findings, develop research plan in accordance with research activities, conduct research process in accordance with the research plan, approximate research budget in accordance with research problem and organizational budget, identify research tools and equipment in accordance with research requirements, analyze business research using appropriate methods and document the findings in accordance with organizational business performance, market demands and organizational policy.

2.3 Learning Outcomes

2.3.1 List of Learning Outcomes

a) Establish research problem
b) Develop research plan
c) Conduct business research
d) Analyze business research finding
e) Document business research findings

2.3.2 Learning Outcome No. 1. Establish Research Problem
2.3.2.1. Learning Activities

Learning Outcome #No. 1. Establish Research Problem	
Learning Activities	Special Instructions
Identify research needs from a company of interest Write a business research problem	Facilitate identification by the instructor

2.3.2.2. Information Sheet No. 2/LO1

Introduction
The first step in marketing research is to establish the problem that exists. This learning outcome intends to enable the trainee to establish how to identify a problem from which to *build* a marketing research.. The main purpose of a establishing a *research* problem in the marketing context is to establish customers need, inform decision makers, identify an opportunity or unravel a threat to business performance. Establishing a research problem is a process that entails conducting a business research need, gathering customer feedback and establishing what the problem or opportunity for the business is.

Definitions of key terms
Research problem: Is a question of concern that can be answered through the collection of data. Business research problem: this is the issue that has triggered a businessman to carry out a research on it and then try to come up with the solution.
Customer feedback: is the opinion of the customer that can be constructive or destructive.
Research needs: are the necessities that drive a research
Business needs assessment: this is evaluating the worthy of the needs that need to be researched on.

Conducting a Research Need
The need for marketing research is a critical process in business growth that should be initiated by the management of decision makers within an organization. Once they have identified the need for research is when a researcher is invited in helping define the research problem. Important to note is that not all business problems require research. If the problem can be solved using subjective information then one will not require to conduct research. If it cannot be solved subjectively then a researcher is invited.

Market research need can be identified in a business when:

There is a decision problem

During this period the manager is not certain of what course of action will help in accomplishing specific business objective. This can happen when;

Ineffective marketing mix this can be experienced in product, price, promotion or distribution problems

Uncontrolled change in the environment: for instance new safety laws, increase in direct competition)

Change in situational factors: such as increased customer demand for quality or satisfaction.

Decision Opportunity

This is a situation whereby a company market performance has significantly improved by undertaking new activities or revising practices. This situation usually invites customer demanding for higher quality requiring the company to improve its image in the customer eyes. This can result in quality oriented customers that will require secondary/ primary data to keep maintaining quality and satisfaction

Market Performance symptoms

These are conditions that signal presence of problem or opportunity. Often the manager will not be able to make decision using symptoms/ signs. For example a decline in sales volume that follows a 10% decrease in unit price of a certain product is not a problem but rather a symptom of a problem yet to be identified. In such a situation the manager require independent information on what is happening and its consequences. Research could take place at this stage or one can use accurate information systems that monitor traditional market performance measures and other scientific principles in explaining the opportunity or problem indicated by the market performance symptom.

Figure 1: The marketing research process

Gathering Customer Feed back

Gathering Customer feedback is a process of obtaining customer opinion on a product or service. This process is helpful in understanding consumer behavior and needs on particular products or services. It is a useful process that help in addressing customer challenges that needs to be solved, provides a company opportunity to improve on product or service, create a new product/ service as well as add new functionality.

Customer feedback are gathered through various technique depending on the product development lifecycle. Generally a product has three phases of development that is

- Ideal Phase
- Initial development phase
- Ongoing Improvement phase.

The Table below provides techniques/ methods used in gathering customer feedback as categorized by product development phases

Table 1: Customer Gathering Feedback Techniques/Methods

Idea Phase	
Ideas portal	Ideas portal is a web based interface that allows customers to submit ideas. Customers can also view other customer's ideas and comment or vote. This technique is used by product mangers to give continuous feedback and customer experience. The manger can use this platform to respond to customer need by ranking and prioritizing their needs according to its value to the business. This method is useful in improving sales of a new product.
Interviews	This is face to face or mail interaction between customer and business personnel using questionnaire or interview schedule. Questions of how and why of a product are asked to customer using a particular product. The manager can go further and ask where the product is not meeting the needs of the customers. This method is used in getting response on customer experience, opinion, attitude and perceptions about a product. The techniques can further be used in validating assumptions.
Diary Studies	This method involves self-reporting on customer activities. This method takes long as customers regular interval are used to create an activity long of thoughts and behavior. It is used in answering questions like how do customers use a certain product.

Focus Groups	A focus group consist of interviews conducted in a small group of people whose reactions are studied in guided or open discussions. These groups are selected from diverse Groups demography to ensure unbiased data. The goal of the discussion is to determine the reactions that will be expected from a larger population on perceptions, opinions, and attitudes towards a certain product or service. During the session, questions are asked in an interactive setting where customers are free to talk openly with other participants. During the focus group, product managers or other researchers, take notes or record the session for later analysis.
Techniques used for Initial development	
Usability Testing	The method of usability testing is used to measure the product's capacity to meet its intended purpose. A usability test usually involves creating a realistic situation where customers perform a list of tasks using your product. It can be used for observational findings that identify design features that are easy or hard to use or capture metrics such as task completion rates. No matter what you are testing during a usability session, product managers and other observers should watch and take notes as the customer completes the assigned tasks. The goal of this type of method is to observe how customers function in a realistic manner. This allows problem areas within your product to be identified. To assist with the session, scripted instructions, prototypes, and other questionnaires are used and will help keep the session focused to ensure the right data is being collected.
A/B testing	A/B testing is used to identify changes to a web page that increase an outcome of interest. For example, two versions of a web page are compared. They are identical except for one variable. The variable could be words, images, or other layout aesthetics. The A/B test will determine which version of the web page is more effective. The benefits of A/B testing are that it can be performed continuously on almost anything.
Ongoing Improvement	
Customer success	Customer success are insights provided by the team interacting with customers. This team is likely to understand customers' problems better than anyone. Managers can use this method to

	tap into this knowledge by helping customer success teams answer calls or provide support. Doing so will give you a direct line to your customers and you will have the opportunity to get whatever feedback you may need. This should be done on a regular basis to provide continual feedback and understand what is important to customers.
User forums	These are online discussion sites where members can hold focused conversations in the form of posted messages. This method is the most cost effective where customers share ideas on how to improve products / services. Using this method customers can also make feature requests, or openly discuss on how they have used your product in a unique, unintended way. Using this technique through reading and engaging with customers, product managers can better understand the problems that need to be solved.
Analytics	Analytics are used, look across aggregate data sets or break things down to individual users. This technique is important in tracking customer’s behavior. Using it the manager is able to understand the path each customer takes and how they are using the product. By understanding the true actions taken by customers the manager gets a better understanding of what needs to be built to make improvements.
Surveys	Surveys is a low cost scalable way that allows business managers to poll customers and get their opinions. Survey data can help product managers turn assumptions into facts and support or disprove a hypothesis. Understanding how you want to use the data will help you properly structure the survey.

Customer feedback can be obtained through

- Hanging out with sales team and interacting with customers while selling
- Sending SMs to customer with specific questions (one can use bulk SMS)
- Use internet for online feedback (Facebook, twitter, etc)
- Receiving calls at customer care desk
- Field visit to the potential customers businesses (stalls etc)
- Factors to consider while selecting method for gathering Customer Feedback
- Research Objective
- Research Scope
- Time

Establishing Business Research problem

Establishing a business research problem is a process that enables manager and marketing researcher answer the question of what really is the problem. This process is important and hence a huge effect on research effects and overall performance of the business. The process of establishing a research problem starts by the manager facing a dilemma or problem in the business. This can be evidenced in low sales volume, reduced number of customer, increased lending than cash sales, etc. Once such occurs in the business the question of what is happening automatically starts lingering in minds of the managers as well as people around the business.

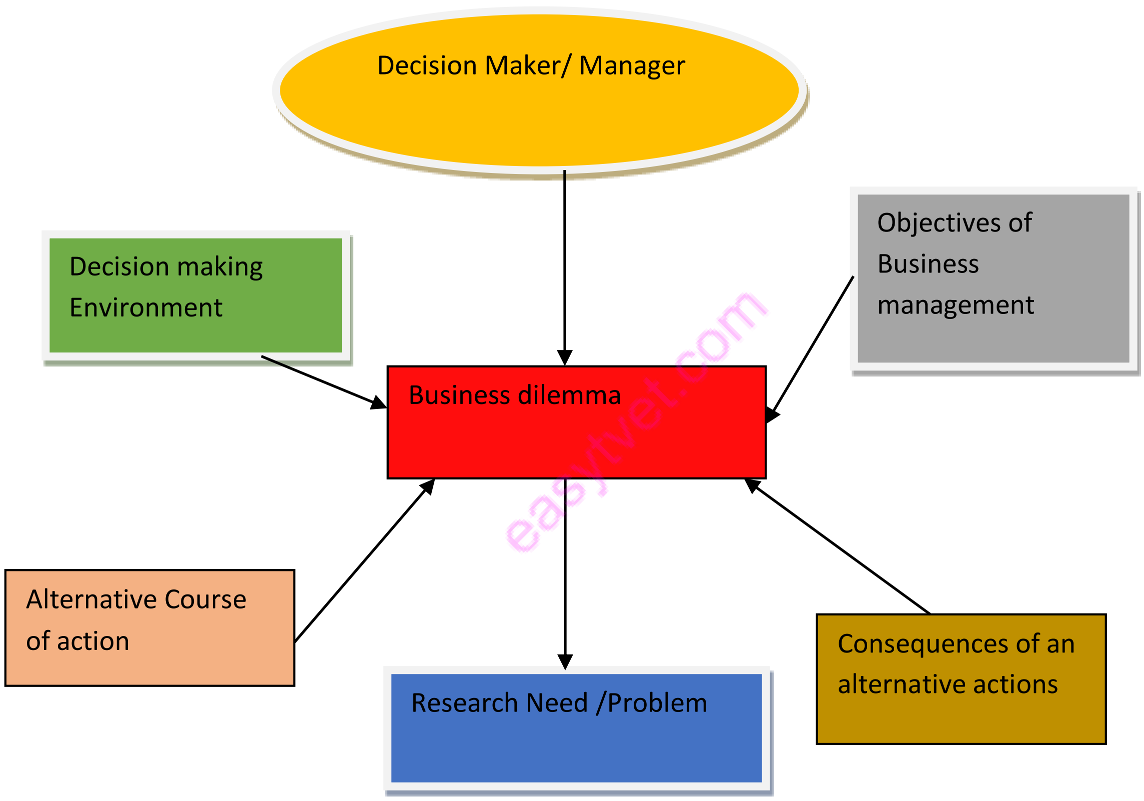


Figure 2: Research Problem Process

The above figure demonstrates the process that a manager should undertake once they face dilemma in their business. To properly define a business problem four elements are to be considered. These are

- The business environment:
- Objective of the business management/ decision makers
- Alternative Course of Action
- Consequences of alternative action

To establish a business research question one would ask the following questions;

- Have the decision makers / management framed an initial question and looked at the alternatives clearly?
- Is there an agreement or an acceptable criteria among the management and decision makers on the research problem?
- What consequences would a wrong decision bring upon the business?
- Is there a serious disagreement among the team members on the choice of research alternative and their adoption?

Key questions to ask when establishing Research Problem

- While establishing a research problem one should ask the following questions
- What is the main issue is it low sales volume, is it high demand than supply, is it increased customer complain etc.
- What could be the cause of the
- What solution are there in solving the problem
- If the problem is not solved what will happen to the business
- Why should I conduct a market research (this brings out the objective)

Steps in the formulation of a research problem

- **Specify the Research Objectives**

Objectives are the targets that need to be achieved at the end of the study. They should be SMART that is, Specific, Measurable, Attainable, Realistic, and Time bound. It helps the decision makers evaluate the research questions the project should answer as well as the research methods the project will use to answer those questions. It also guides the researcher to remain within the scope of the research and be focused. The researcher should have two or three clear goals for purpose of focus and relevancy.

- **Review the Environment or Context of the Research Problem**

The researcher will identify the environmental variables that may affect the research project and begin formulating different methods to control these variables. Research can be affected by other intervening variables so it is wise to identify in advance and device methods of controlling them.

- **Explore the Nature of the Problem**

This can be achieved through carrying out interviews, observation or any other method of inquiry on your customers to establish the nature of the problem. A researcher needs to consider the consumers of your research product, sellers, expertise to provide any information that you might require

Identify alternative Course of action

In this phase the researcher identifies available course of action to counter the problem. Then they generate possible course of action paying attention to how the various factors relate or affect each other or the business.

- **The Consequences of Alternative Courses of Action**

In any one or more projects, there are always consequences that may require a course of actions. A researcher needs to spell out the anticipated consequences in the course of the research and communicate the possible outcomes of various courses of action taken.

- **Factors to consider while establishing research problem**

Avoid biasness by ensuring all research objectives are known and are well understood by the management and researching team. One can do this by asking the decision makers what outcome they expect from the research

Avoid vague research problems that are not objective

Research problems can be generated from practice, but must be grounded in the existing literature, statistics from local, national or international context.

Conclusion

Marketing has become a more challenging task for today's dynamic business environment. Marketing mangers face challenge in providing customers with the right product, at the right time and place and at the right price. To solve this establishing the research problem come in handy in ensuring marketers understand the problem develop a research plan and gather customer feedback.

2.3.2.3 Self-Assessment

1. Business and market Research is something that people undertake in order to find out things in a systematic way, thereby increasing their knowledge. **True/False**
2. Market Research is a multi-stage process and will involve both reflecting on and revising stages already undertaken and forward planning. **True/False**
3. Market Research is just collecting facts or information with no clear purpose. **True/false**
4. Marketing research can be prompted by the following situation, which of the following situation cannot warrant a market research?
   a) When the manager is not certain of what course of action will help in accomplishing business objective
   b) When business has improved performance due to undertaking new activities
   c) There is a decline in sales volume that follows a 10% decrease in unit price of a certain product
   d) When the business operations are flawless
5. Define the following terms as used in marketing?
   a) Research needs

b) Customer feedback
c) Business research problem

6. Discuss the various procedures one will follow to establish business problem
7. Describe components of a good business research problem
8. A radio station has lately experienced been experiencing few listeners. Analyze the business problem and write a problem statement that they could to conduct a marketing research.
9. Describe techniques a company can use in gathering customer feedback for the business
10. Identify Key elements of a research plan
11. Identify product or service within your locality, write down statement of the problem and make a presentation to class

2.3.2.4 Tools and equipment's for the specific learning outcome

- Computer connected to internet
- Stationeries like books
- Tablet connected to internet
- Smart Phones

2.3.2.5 References

1. Hair, J., Bush, R., & Ortinau, D. (2000). *Marketing Research: A practical approach for the new millennium.* USA : McGraw Hill.
2. Orodho et al. (2017). *Quantitative and qualitative Research Methods.* Nairobi

2.3.3Learning Outcome No. 2. Develop Research Plan

2.3.3.1 Learning Activities

Learning Outcome #No. 2. Develop Research Plan	
Learning Activities	Special Instructions
Prepare the cost for marketing research for a company of interest Demonstration by use of old samples used earlier of research tools, equipment and materials such as questionnaire Develop hypothesis to be tested for a market research of choice Develop a research schedule	Provide sample of research tool. Organize groups for demonstration purposes

2.2.3.2 Information Sheet No. 2/LO2

Introduction

This learning outcome will enable the learner to develop a research plan. It will entail identification of research locale and target population, determining research cost, selection of methods and development of tools, equipment and material to be used in the research. The trainee will also develop hypothesis and research schedule.

Definitions of key terms

Research Plan: Is a short document, which sets out initial thoughts on a research project in a logical and concise manner. It is a concept paper which outlines your research and how you plan to do it. It consists of the research question, the hypotheses aims and objectives and research design. It forms the basis on which a detailed research proposal may be developed.

Target Population: This is the total group of participants from which the sample might be drawn.

Research Methods: Refers to the manner in which a researcher would like to conduct his research. These can either be qualitative or quantitative or mixed. Quantitative methods examine numerical data and often require the use of statistical tools to analyze data collected.

Content

Identifying geographical area and research population

In marketing the geographical area is the locality in which the business operates or where customers come from. This can be a city, country, region or global. Research population is the entire number of customers that benefit from a product/ service.

- Target population could be
- Suppliers
- Customers
- Sellers

An example is the geographical area for Safaricom is Kenya. This is where Safaricom operates thus creates products and services fit for Kenyans who are its target population.
A target population for marketing are the intended group that a particular service or product is intended for.
To identify geographical and target population one needs to answer the following questions

- What are its relevant segmentation dimensions
- How big is it?
- Where is it?

For market research purpose various techniques can be used in identifying target population
Census: this is a preferred action for small population. Using census the researcher attempts to questionnaire observe all members of a defined target population in a market.
The researcher could sample a subgroup of the entire population. Data obtained from such a population should be representative, reliable and general to the entire population. To do this the researcher must adopt a sampling plan which will serve as a guide to defining appropriate target population. The plan entails identifying possible respondents and establishing procedural steps for obtaining the required sample.
One could use the following questions as a guide to formulating a sample guide
Sampling plans can be classified into two

- **Probability**: Each member of the defined target has an equal known chance of being drawn in the sampling plan. Simple random sampling is used in obtaining sample population for the study.
- **Non Probability**: This is sample plan eliminates the true assessment of sampling error existence and limit the generalizability of any information to larger group of people other than that group which provided original data.

Identification of geographical location and target population is important in controlling data quality and costing for research.

Determining cost for business marketing research

Is important for one to consider the cost of a business research before engaging in it. The cost should be financially feasible and beneficial to the business in terms of what problem it would solve.

Factors to consider while determining cost for business research.

i) Number of particulars to be targeted .In this one needs to consider if they are targeting current or potential customer, the cost for current customers might be lower than for potential customer.
ii) What problem does the market research aim to resolve
iii) Participants location :is it within the country or are spread out to other countries or regions
iv) Resources involved in building a representative sample from which to recruit. More specific pool are harder to reach and have higher costs.
v) Data collection method eg. Using interviews for which a country would be more costly.
vi) Research team involved. If you will be hiring professionals then the cost would be more costly.
vii) Reporting requirements .for gathered and analyzed data, different reports can be generated for different users such as Sales, product development, marketing, customer service ,technical support etc.

Sample of marketing research cost plan

Table 2: Sample Market research Cost Plan

Proposed research cost

Items	**Cost**
Developing research tools	13,000
Development	
Typing	
Sample design and Plan	5,000
Data collection	15,000
Field transport	

Enumerators Lunch	
Coding and pre data analysis costs	15,000
Cleaning and coding	
Data entry	
Tab development	
Computer programming	
Data analysis and interpretation	10,000
Written report and presentation cost	8,000
Total Research Marketing Cost	**66,000**

STEPS IN PREPARING MARKETING SCHEDULE

- Estimate resources required-this could be financial resources, human, time, and technology
- Consider timelines required for marketing research prospect .This will depend on resources sizes of the target population and geographical location of customers.

One should also consider

- Research approaches (observational, survey, experiments
- Contact methods (mail, telephone, personal interview, online)
- Sampling plan (who, how many, how chosen)

Research methods in marketing

There are various methods that one could use in conducting market research. However there are two fundamental approaches that can be used in gathering raw data for marketing purposes. These methods include asking questions or observations.

Asking questions method can be further be categorized into two qualitative and quantitative.

Qualitative market research is used to explore purpose. This approach focuses on customer's opinions, attitude towards products or services. This method is used when the target participants are few and no statistical methods are applied. For such focus groups, in-depth interviews and projective tools are used in collecting the required information.

Quantitative marketing research approach on the other hand is used in drawing conclusions for a specific problem. This method is used o test hypothesis and uses random sampling for large population. This method can further be categorized into experimental and non-experimental. Experimental marketing research is used to test preferences and obtain features of a product that is attractive to the customers. Surveys and questionnaire are the main tools used in this approach.

Observational method is used to observe social phenomenon in their natural setting and draw conclusion. Market observation can be across sectional where observation are made at one time or longitudinally where observation occur over several periods and in phases. Techniques used in observation include product use analysis, test marketing and purchase laboratories.

Tools equipment's and materials for marketing research

Depending on the research methods one is using, self-administered surveys, personal interviews, computer simulations, telephone interview and focus groups discussions are some of the tools marketing researchers could use to collect data.

Developing a marketing research hypothesis

A research hypothesis is a tentative prediction of outcome of the results which is going to be proven by the findings of the research.

Illustrations of Research hypothesis and null hypothesis

Research hypothesis: "market demand is affected by commodity supply in the market"

Null hypothesis "market demand is not affected by commodity supply in the market"

Example of a table used in carrying out research

Marketing research schedule

This is a work plan that clarifies what is to be done and when. This outlines research activities to be done and timelines. A marketing research schedule is important in ensuring timely research outcomes.

Steps for developing marketing Research Plan

Step 1 - Articulate the research problem and objectives.

Step 2 - Develop the overall research plan.

Step 3 - Collect the data or information from the field

Step 4 - Analyze the data or information using appropriate methods

Step 5 – Present or report the findings.

Step 6 – Use the findings to make take an action.

Conclusion

Appropriate research plan enables the researcher carry out the research and achieve accurate results. Research planning entails identifying market target population, selecting of methods and tools to be used and outlining the cost of conducting the study. A schedule of what is to be done when and who is also prepared during research planning. This is helpful in ensuring that all resources required for the study are availed and the research process is executed smoothly.

2.3.3.3 Self-Assessment

1. The following form the target population for a business marketing research which one is not
    a) Customers
    b) Suppliers
    c) Employees
2. Explain the meaning of the following terms used in marketing
    a) Geographical area
    b) Target population
    c) Research methods
    d) Business research schedule

3. Hypothesis testing starts with an assumption that a researcher makes about a sample statistic. This assumption is called a hypothesis. **True/False**
4. Null hypothesis is always expressed in an equation form, which makes a claim regarding the specific value of the population. **True/False**
5. When the null hypothesis is found to be true, the alternative hypothesis must also be true. **True/False**
6. Level of significance is also known as size of the rejection region or size of the critical region. **True/False**
7. For making a decision regarding acceptance or rejection of null hypothesis, a researcher has to determine a logical value that separates the rejection region from the acceptance region. **True/False**
8. Define and explain the various types of hypothesis used in marketing
9. Discuss research common research methods used by marketing researchers?
10. A telecommunication company wants to conduct a national wide survey on its service usage among the customers. The company offers a range of five services.
    a) Which ,methods will you use in collecting data on customers usage and attitude towards the service offered by the company
    b) Which equipment and materials will you required to carrying out this research
    c) Prepare a budget for this research project
    d) Explain the main elements one should have in the research plan document.

2.3.3.4 Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computer
- Stationeries
- Tablet
- Internet
- Smart phone

2.3.3.5 References

Hair, J., Bush, R., & Ortinau, D. (2000). *Marketing Research: A practical approach for the new millennium.* USA : McGraw Hill.

Orodho et al. (2017). *Quantitative and qualitative Research Methods.* Nairobi

2.3.4 Learning Outcome No. 3 Conduct Business Research

2.3.4.1 Learning Activities

Learning Outcome #No. 3. Conduct Business Research	
Learning Activities	Special Instructions
Prepare data collection tool for marketing research for your institution. Conduct a simulation in groups to demonstrate data collection for a particular research assignment.	Divide students into groups assign roles of respondents and interviews for a data collection simulation

2.3.4.2 Information Sheet No. 2/LO3

Introduction

This learning outcome intends to enable the trainee to identify tools, equipment's and materials for marketing research. The trainee will also carry out a reconnaissance, collect business research data according to research schedule. This is an important process in ensuring that marketing researchers are able to collect accurate reliable and valid data to be used in solving business problem or informing on critical business decisions.

Definitions of key terms

Reconnaissance: This is a pre-visit conducted to the area of study prior to the main research to acclimatize a trainee to the geographical characteristics of a particular area.

Business research data: This is raw information relating to business. It includes information on sales, pricing availability of products, competitors etc.

Research schedule: These are set of questions a researcher asks to answer objectives of a particular business problem. They be presented in form of tables or forms where one is required to fill in the spaces answers for the questions asked.

Conducting a Reconnaissance

This is a process of carrying out a preliminary study before the actual study. It is important in establishing reliability of instruments to be used and countering any challenges that could affect data collection. Reconnaissance is carried out in a nearby location that shares similar characteristics with the actual study locale.

Collecting Business Research Data

There are two main ways one can collect business research data. This is by observing or asking questions. Table 2 below illustrates data collection tools and description of the tool.

Table 3: Data Collection tools

Data collection tools	Description
Trained observer	Use of highly skilled person who uses sense (sight, hearing Smell, touch and taste to observe and record customer behaviours. train observers could collect data as mystery shoppers or traffic counter.
Mechanical devices	Data could also be collected using technology devices such as security cameras, vide taping equipments , scanning devices or mobile phone in case of Mpesa purchasing
Trained interviewers	This is data collection using highly trained people who ask respondents specific questions an accurately record responses. This could also be done by use of tablet. Such data can be collected using telephone, tablets, paper and pen or face to face interview
Automated devices	This is data collection using high tech devices such as automated telephone interviews , computer s=disk mail surveys , electronic mail surveys ; or internet surveys
Direct self-administered questionnaires	In this type of data collection survey instruments such as direct mail surveys, group self-administered surveys are used where the customers serves the role of both the interviewer and respondent.

Tools used in data collection

- **Telephone interviews**

This is collection of data through a telephone conversation with the respondent

Advantages of telephone interviews:

-It saves cost and time.

-It is very easy accessing people through the phone.

Disadvantages: Captures fewer respondents as compared to face-to-face interview

- **Online surveys**

Mostly preferred because of advancement of technology also because the response time is quick.

Advantages

- It is least expensive as one can reach many people all over the world.
- An online survey design, can be stored easily, revised and reused as needed from time to time.

- **Face to face interviews**

Collecting data through a face-to-face conversation with the respondents.

Advantages

- This method is one of the most flexible ways to gather data and gain trust and cooperation from the respondents.
- In addition to that, interviewing respondents in person means their body gestures can be observed as well like dislikes and discomforts
- Respondents have more time to consider their answers. It is also easier to maintain their interest and focus for a longer period.

- **Blog and social networks**

This is an important data collection tool which are used in collecting customer opinions without using survey or interview. Company blogs provide businesses with immediate feedback on their product and services. Companies use google alerts and technorati to find out what customers are saying about their products and services. Social networks like twitter, facebook offer features that allow customers to browse for customer or potential customers for their products /services.

Factors to consider when conducting business data collection

- Research schedule
- Research ethics such as informed consent, maintaining customer privacy,

Sample of questionnaire

Leadership Styles and implementation of service delivery strategies in County government

A five ordered response level scales will be used which are 5 = Strongly Disagree, 4 = Disagree, 3 =Neutral, 2=Agree, 1= Strongly Agree.

Table 4: Research schedule

Statement	SA	A	N	D	SD
1. The County government has a policy on leadership style	Yes/no				
2. Workers are free to make most decisions without consulting their seniors	Yes/no				
3. Authoritative leadership helps management to implement service delivery in County government	Table				
4. Workers are free to air their grievances to the top management	Yes/no				

The research methods fall into three types of research categories, which are Qualitative Research, Quantitative Research and mixed method

Illustration on market research process

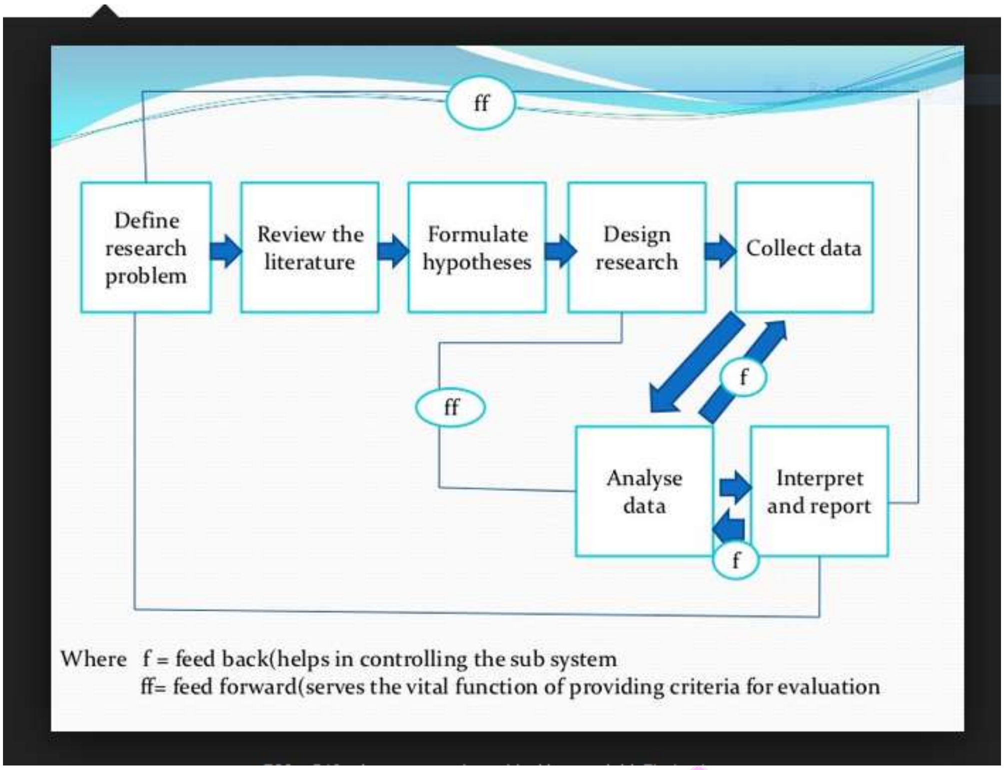


Figure 3: Market research process

Conclusion

A researcher has a time frame for conducting a research. It is good to conduct a pre-visit to the place so as to familiarize him/herself with the place. He should adhering to the research schedule and plan. The researcher should try to use primary data so as to get accurate information than secondary sources

1.3.3.5 Self-Assessment

1. Research can be categorized as qualitative and quantitative. (chose the correct option)
   a) Only option b is true now choose the correct option.
   b) Only statement a is true.
   c) Both option A and B are true
   d) Neither statement is true
2. "A formulation regarding the cause and effect relationships between two or more variables, which may or may not have been tested. “Which one of these does it define?
   a. Sampling.
   b. Observation.
   c. Secondary data.
   d. Theory.

3. Which one of the following is a data collection method?
    a. The case study.
    b. The interview.
    c. Positivism.
    d. The onion.

4. Which one of these is NOT normally associated with quantitative data?
    a. Numbers.
    b. Researchers views of high importance.
    c. Analysis begins as data are collected.
    d. Analysis guided by standardized rules.

5. Which one of these is NOT normally associated with qualitative data?
    a. Pie charts.
    b. Images.
    c. Words.
    d. Narrative.

6. A study is based on 30 people (across three focus groups). What type of study is this?
    a. Quantitative study.
    b. Questionnaire study.
    c. Qualitative study.
    d. Structured study.

7. A study is based on 1000 people interviewed face to face in shopping centres. What type of study is this?
    a. Self-completion study.
    b. Qualitative study.
    c. Ethnographic study.
    d. Questionnaire study.

8. Which one of these studies is least associated with construct validity?
    a. Qualitative.
    b. Quantitative.
    c. Positivist.

9. Which tool is appropriate for collection data from a national wide survey of 10000 customers
    a) Questionnaire
    b) Interview schedule
    c) Focused Group discussion

10. What is meant by the following terms
    i. Research plan
    ii. Reconnaissance
    iii. Research schedule

11. What are the main methods used in collecting data in market research?
12. What ethical issues should a researcher consider when conducting a market research?
13. A juice company has lately been faced by decline in sales of it orange flavor. You have been tasked to conduct a survey to establish customer preference attitude and perception towards the company juice product. The assignment is to take 21 days.
    a) Prepare a research schedule for this exercise
    b) Prepare an estimate budget for this exercise
    c) Explain and justify data collection methods you will use for his exercise

14. You are required to conduct seven (7) interview from women in shopping Centre to determine their opinion on available open air hotels. Develop the interview schedule, estimate its validity, collect data and hence write two page report

2.3.4.4. Tools, Equipment, Supplies and Materials

- Computer
- Stationeries
- Tablet
- Internet

2.3.4.5 References

Bibliography

Hair, J., Bush, R., & Ortinau, D. (2000). *Marketing Research: A practical approach for the new millennium.* USA : McGraw Hill.

Orodho et al. (2017). *Quantitative and qualitative Research Methods.* Nairobi

2.3.5 Learning Outcome No. 4Analyze Business Research Finding

2.3.5.1 Learning Activities

Learning Outcome #No. 4. Analyze Business Research Finding	
Learning Activities	Special Instructions
Clean and code data for analysis Using excel or SPSS conduct analysis for data set	Provide data set for analysis and analysis packages software eg SPSS and excel

Information Sheet No 2 /LO4

Introduction

This learning outcome intends to enable the trainee to analyze business data obtained from customers. To do this the trainee will be required to identify tools for data analysis, clean and code data, enter data to specific software for analysis and finally analyze data using SPSS.STATA, Excel or any other software. Analysis of research findings is an important exercise that enables the team to summarize and provide meaning for data obtained from the field.

Definitions of key terms

Analysis tools: these are the tools used to analyze data. They include means, frequencies, percentiles and others. Data collection and analysis tools are defined as a series of charts, maps, and diagrams designed to collect, interpret, and present data for a wide range of applications and industries.

Data Analysis: Data analysis summarizes the collected data. It involves the interpretation of data gathered through the use of analytical and logical reasoning to determine patterns, relationships or trends so as to make valid conclusions and make an accurate decision.

Business analysis tools

Once data is ready for analysis one should consider analysis. This is the process of summarizing raw information into meaningful information. Here are several analytical tools used to support businessmen to perform a business analysis. Here are 10 most effective analytical tools used in analyzing process of a business that you can take into your account. There are two main techniques for data analysis

- Descriptive Statistics
- Inferential statistics

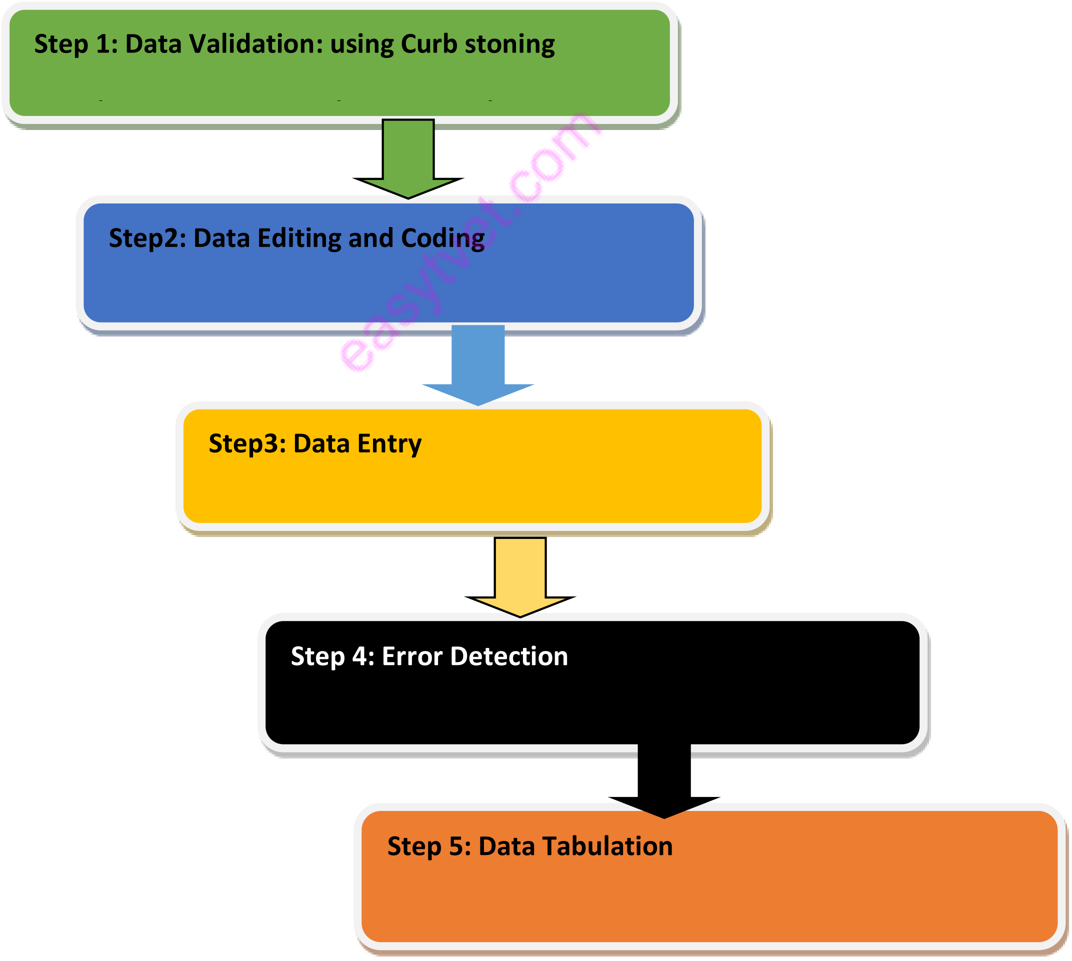
The following techniques are common in market research analysis

- Factor analysis: this technique is used in understanding characteristics or priorities of a particular customer group.
- Cluster analysis: This is used on homogenous groups. This technique is important when a company wants to establish various customer segment.
- Other techniques are conjoint analysis, multiple regressions and discriminate analysis.

Analysis of business research data

Preparation of Data for Analysis

Once raw data has been collected the researcher performs several procedures before analyzing this data. Data preparation for marketing research should follow fives step approach which are validation, editing and coding of the data, Data entry, error dictation and data tabulation. Figure 3 provides a summary of the process



Data preparation is important in ensuring raw data are accurately converted to establish meaning and create value for the users.

Step 1: Data validation

This is concerned with determining the extent to which surveys, interviews or observation were conducted correctly free of bias and fraud. Information of respondents name, address telephone number are recorded during data collection are used in validation process. This is done to avoid curb stoning which in marketing refers to cheating and falsification of data. In this process 10-30 completed interviews are targeted for call backs for data collected using telephone, mail, and door to door interviews. The respondents will be called back to verify their participation in the interview through short questions.

Validity check for

Fraud: Was the person actually interviewed. Was the person subjected to the research questions? This is done by asking same questions and checking if the respondent will provide similar answers.

Screening: This is used to determine if the respondents conducted were qualifies. A criteria of inclusion for the interview is used in this process. The criteria could be income level, recent purchase of product/brand, sex or age. A call back can also be used to do this.

Procedure: In marketing research it is crucial that data is collected according to a certain procedure. Eg when customers exit a retail shop, or inside the supermarket. A call back call in establishing that the research was conducting in the right setting is used in establishing validity of the procedures

Completeness: This check if all questions in the interview were asked. In some cases interviewers would ask only a few questions in the beginning and speed up to afew questions in the end of the interview. Other sections might remain unfilled or the interviewer might make up answers for these questions.

Courtesy: during call back the person validating might ask of the interviewer courtesy that is if the person was pleasant, the appearance and proper personality. this is useful to ensure that respondents were treated well and the information was collected in a positive way.

Step 2 data editing and coding

Editing is the process whereby raw data are checked for mistake during interview. This is done through a manual scanning. One looks out for

If the questions were asked properly. In case the questions were not properly asked, the respondent is contacted and asked the question in the right way

Were the answers properly recorded: This could be omission of digits in income or phone numbers?

Proper screening of questions: This process checks if the respondent was legible that is meets the inclusion criteria to participate in the research. One also checks for questions to be skipped following a response on the same.

Responses to open ended questions: These answers provide a greater insight into the research. One should establish that the open ended answers are exhaustive during editing judgment must be used in classifying responses.

Step 3: Coding Process

This is the process of grouping and assigning value to various responses from the survey instrument. One would label response using numbers form 0-9. This process can be tedious and requires a researcher to plan and construct the instrument well. Coding is clearer in closed ended questions. Coding for open ended responses could be challenging for open ended questions as the answers of the information obtained might outweigh the coding. To code open ended questions one could

List all potential responses and assign values within the range of the responses and consolidate all similar response in one category.

Step 4: Data entry

This is a task that involve directly input of coded data into a specific software package that will be used for analysis. One could use computer using keyboard, light pen or a scanning device. Data collected y=using mobile support devices eg kobocollect does not require entering but exporting to analysis software. During data entry one should ensure that the data entered is free of error. This can be done through customizing software.

Step 5: Error detection

This is the process of checking for error in already entered data. An example in a particular field only code 1 and 2 should appear. However on routine checking you see 3. This implies an error occurred during entry. Customized software will be conditioned to reject 3. One could also use a print preview to check for errors manually. Finally one could detect errors by producing data/column list for the entered data. This will enable one see where an entry error occurred and correct it using the original sheet.

Step 6: Data Tabulation

Tabulation is a process of counting number of observation that are classified into certain categories. Marketing applies two types of tabulation

One way tabulation

Cross tabulation.

One way tabulation is used for single variable which shows number of respondents who responded to a particular question. This is then compared to number of variables being measured. This approach is used to establish non response, omissions, or wrong entries. A frequency distribution I generated showing missing data, valid percentage and summary statistics.

Cross tabulation is useful when analysis it wants to establish relationships between variables. This is commonly used in marketing. An example of cross tabulation for marketing is number of visits and amount of money spend at fast food business premise. Cross tabulation can be done using a variety of softwares and statistical packages. Spreadsheets such as Excel, Access, Lotus and Quattro Pro could be useful in this process. Statistical packages such as SAS, STAT and SPSS are also effective in producing cross tabulations.

Analysis of business research data

Once data is prepared and ready for analysis. The researcher need to review the objective to make decision on which type of analysis they will conduct.

Marketing researchers use basic and descriptive statistics to analyze data.

The following measures /techniques are used in analyzing marketing business data

Measure of central tendency

Measure of dispersion

Hypothesis testing

Measure of Relationships between variables

Measure of central tendency

Data can be analyzed by measuring the central tendency. This will involve calculation of the mean, mode and median. This technique allows a researcher to obtain frequency distribution of responses which is useful for providing basic or an overview of research information in a summary. SPSS and other statistical packages are designed to perform this type of analysis.

Mean

The mean is the average within the distribution. It is used when data is interval or ratio. It provides the information on average number of items within the study. Its formula is

Mean=

where X_i= All values of the distribution of responses

N=Number of valid responses

Mode

This is the value hat appears in a distribution more often. This represents the highest peak in a graph. It shows how many times something happens. This is useful as a measure for data that have been somehow grouped in categories. This measure is best for nominal data.

Median

This is the meddle value of the distribution when arranged in an ascending or descending order. This measure is used for ordinal data

Measure of dispersion

Measure of central tendency does not tell the whole story about the distribution of data. An example is data on consumer attitude towards a new product could give mean , mode and median but cannot tell us similarity of customers opinion. To answer this one would need to measure dispersion. Dispersion is described using Range and standard deviation

Range

This is a measure that define how spread out data is. It measures the distance between the smallest and largest value of variables under study. Range are used in measuring open ended questions eg

How much credit do they buy in a week? In this case the respondent would analysis range of the responses provided by

Range = $X_{Largest} - X_{Smallest}$

If the answer highest frequency was 20 and lowest was 5 then the range will be

Range = 20-5

Range = 15

Standard deviation

This is used to describe the average distance of distribution values from the mean. If the standard deviation is large then the distribution of numbers do not fall close if it is small then the distribution of numbers is very close to the mean of distribution. Standard deviation is obtained by using following formula

Standard deviation = $\sqrt{\frac{\sum(x_{i-\bar{x}})}{n-1}}$

X_i= Value of the I^{th} respondent in the sample

n= Sample size

x-= Mean

Measures of central tendency and dispersion are used in descriptive statistics which reveals also about the distribution of a set of numbers representing the answers to an item on a questionnaire. Frequency distribution and measures of central tendency are useful to marketing researchers.

Hypothesis Testing

In most cases descriptive statistics is not enough in answering all questions. Markets sometimes would want to preconceive notions of existence of relationships. This preconception is what is called hypothesis which is based on marketing theory of previous market research.

An example of and hypothesis would be

Students buy more credit during the weekend than at the start of the week.

There are various hypotheses to be tested depending on how they were formulated

Independent versus related samples

These hypothesis are used when marketing researchers want to compare two groups. One compares means of two groups if they are from independent samples and if the samples are related.

An example of independent samples are:

Comparing mean of male and female student credit buyers. In such a case the researcher will compare the average number of male credit bough by male students to that purchased by female students.

Related samples: This is when the researcher compare mean within the same variables such as the average number of male students purchasing Safaricom credit to the average number of male students purchasing airtel credit. In related sample the respondent are the same thus pair samples t- test is used in this analysis. This can be done using SPSS.

Analyzing Relationship

There are different relationships that can be analysis by testing the hypothesis. This is relationship between two variables which is univariate or relationship between many variables which is bivariate.

Univariate Test of significance

In many situation marketing researchers will form hypotheses regarding population means based on sample data. This involves going beyond the simple tabulations incorporated ina frequency distribution and calculation of averages. Univariate tests of significance involve hypothesis testing using one variable a time.

Example of univariate Hypothesis test

In many situation marketing researchers will want to form hypotheses regarding population means based on sample data. This involves going beyond simple descriptive analysis. Univariate hypothesis testing uses one variable at a time. This can be done using;

T distribution: this is a symmetrical bell shaped distribution with a mean of 0 and a standard deviation of. t distribution is used when the sample size is small less than 30 and the population standard deviation is unknown.

Z distribution: this is a test that is used to measure population proportion.

Bivariate hypothesis tests

In some cases the marketing researcher will want to compare mean of one group to another group. Eg when one wants to determine if there is any difference between older and younger buyers of new cars because of its features. This will require one to deal with more than one variable. Here the researcher will use the following methods;

T test for comparing two means

Z test for comparing two mean/ two proportions

Analysis of Variance (ANOVA)

Conducting F test

There are various types of variance in ANOVA F test and n –Way ANOVA

The following formula is used in testing for F test

F= $(Variance\ between\ groups\ )/(Variance\ within\ groups\ )$

Larger F ratios imply significant difference between groups. The larger the F the more likely that null hypothesis will be rejected.

The second piece of information needed to examine statistical differences between groups in ANOVA is the degree of freedom. Degrees of freedom are adjustments made to different type of sums of squares in order to make them comparable. FD is calculated as the number of observations whose squares deviation are incorporated in the summing –up process minus the number of sample statistics calculated in the analysis.

To calculate df this is the formula

$Df_{total} = (n-1)$

n=Number of observation

To calculate

k= number of groups included in the analysis

$df_{within} =(n-k)$

n=Number of observations

k= Number of groups include in the analysis

n- Way ANOVA

This point has been devoted to one way ANOVA. In a one way ANOVA there is only one independent variable. When a marketing researcher is interested in the region of the country where a product is sold as well as consumption pattern, they will have to use multiple independent factors to measure the interaction effect. Another situation when one will need to use n-way ANOVA, is when the study used experimental deigns. Where the researcher provides different groups in a sample with different information to see where their response change. E.g when you want to find out whether consumers prefer a humorous ad to a serious one and whether that preference varies by gender. The marketer will use n way ANOVA.

N way ANOVA is similar to one way ANOVA but the mathematics are more complex. SPSs will help the marketer to perform the n way ANOVA.

Further reading for multivariate analysis can be done on MANOVA.

When the sum square between group variation and the sum of statics

Factors to consider when analyzing business research data

- Nature of variable
- How the variables relate to each other
- What results do you want
- Do you want to predict market trends
- Do you want compare performance of products in a certain market
- Do you understand consumer behavior

Data presentation

Analyzed data is presented using various tools. These are graphs, bar charts, pie charts, histograms and scatter plots. Below are samples of graphs that can be used in data presentation.

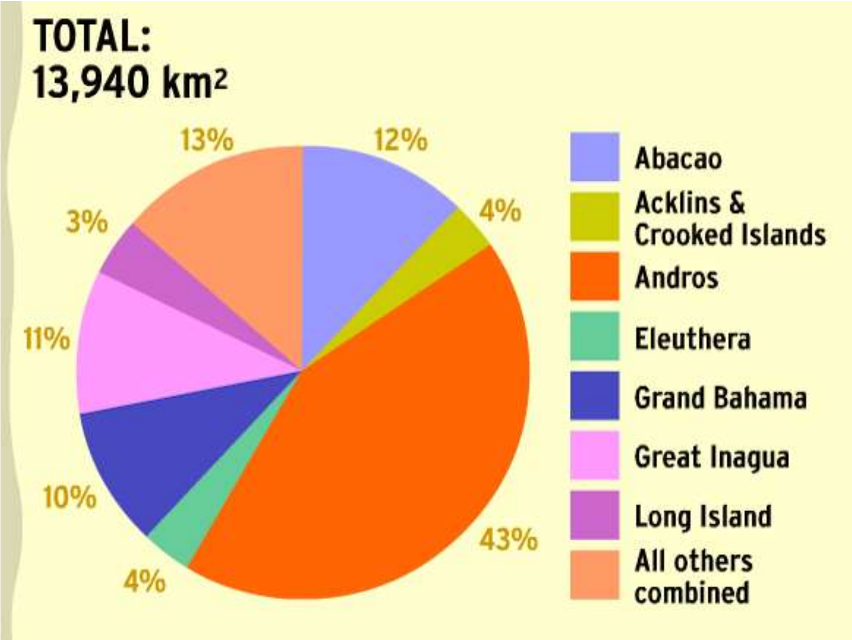


Figure 4: A Pie Chart

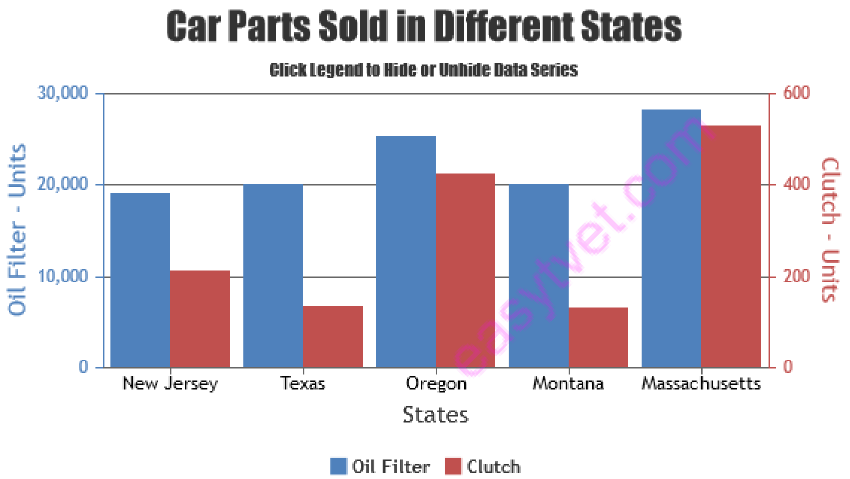


Figure 5: A Graph

Conclusion

The researcher should use the most appropriate tools for reliability and validity of the results achieved. The bar graphs and pie charts are mostly preferred because they are able to simplify information at a glance and the user is able to interpret the data such easily.

2.3.5.3 Self-Assessment

1. Data analysis is defined as the:

   a) process to ensure that research data, digital and traditional, is stored in a secure manner to ensure that procedural controls are in place and adhered to in order to protect the integrity of data.
   b) Convention whereby research findings are prepared and disseminated to the scientific community.
   c) Process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes.
   d) The process of systematically applying statistical and/or logical techniques to describe and illustrate, condense, recap, and evaluate data.
2. Statistical analysis advice should be obtained at the stage of initial planning in a study:

   a) so that attribution of authorship can be decided
   b) so that conflicts of interest could be identified
   c) to better coordinate the selection of appropriate sampling methods and data collection instruments
   d) how data will be archived can be planned

3. The chief aim of analysis is to distinguish between:
   a) an event occurring as either reflecting a true effect versus a one occurring by chance
   b) right from wrong
   c) quality control and quality assurance
   d) misrepresentation and plagiarism

4. The following are techniques are used in analyzing descriptive data which one is not.
   a) Mean
   b) Mode
   c) T- test
   d) Variance
5. Explain the following terms
   a) Data
   b) Analysis tools
   c) Data analysis

6. Outline procedures that a researcher will used after obtaining data from the field before analysis?
7. What is the difference between data validation, editing and coding?
8. What is the importance of data analysis
9. Explain the various techniques used by market researcher to analyze data
10. Given a marketing research questionnaire, use your knowledge of developing codes to convert the questionnaire into a master code illustrating appropriate values for each response and question.
11. The following data shows response of customers importance of buying product x in the house hold from 395 customers for the past 3 months period. The product manager want to obtain average number of times the product was purchased and the range. Use the data to calculate;
    a) Mean
    b) Mode
    c) Median
    d) Standard deviation

Response	**Frequency**
Very important	25
Important	75
Somewhat Important	100
Somewhat Unimportant	89
Unimportant	65
Very unimportant	41
Total	395

2.3.5.4 Tools, equipment, supplies and Materials for the specific learning outcome

- Computer
- Stationeries
- Tablet
- Internet

2.3.5.5 References

1. Mugenda, O. &Mugenda, A. (2003).*Research Methods.Quantitative and Qualitative Approaches Nairobi*. *Acts press*.
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2.3.6 Learning Outcome No. 5 Document Business Research findings

2.3.6.1 Learning Activities

Learning Outcome #No. 5. Document Business Research Findings	
Learning Activities	Special Instructions
Write a report for business research findings	Provide data for report writing purpose

2.3.6.2 Information Sheet No 2 /LO5

Introduction

Business research findings report is an important document that help business owners and decision makers know the outcome and findings of the research on business problem. The report is necessary for decision making on development of new product, or identifying market opportunities to be explored. The report must be able to achieve four man primary objectives which is to effectively communicate the finding of the market research project, to provide interpretations of those finding in the form of sound and logical recommendations, to illustrate the credibility of the research project and to serve as a future reference document for strategic or tactical decisions. This learning outcome intends to enable the trainee write a report for business research findings. The trainee should be able to obtain tools for writing business research report, developing a business report and implementation of the report. Research report is a reliable source indicating all the details about a conducted research. It is most often considered to be a true testimony of all the work done to garner specificities of research.

Definitions of key terms

Business Research reports are recorded data prepared by researchers or statisticians after analyzing information gathered by conducting organized research, typically in the form of surveys or qualitative methods.

Report Writing: This deals, on reporting and discussing ones findings, deal with the core of the thesis. It consist of a number of chapters where by the researcher present the data that forms the basis of his/her investigation. In a thesis including publication, it will be the central section of an article.

Business report: It is a formal writing done by the researcher outlining the major steps taken to undertake his research up to the findings together with the recommendations made. It is prepared in accordance with the analyzed data and information.

The presentation and discussion of findings may follow an established conventions or the researcher's argument may determines the structure.

Reports are usually spread across a vast horizon of topics but are focused on communicating information about a particular topic and a very niche target market. The main intention of research reports is to convey integral details about a study for marketers to consider while designing new strategies. Certain events, facts and other information based on incidents need to be relayed on to the people in charge and creating research reports is the most effective communication tool. Ideal research reports should be extremely accurate in the offered information with a clear objective and conclusion.

The various sections of a research report are:

- Summary
- Background/Introduction
- Implemented Methods
- Results based on Analysis
- Deliberation
- Conclusion

- **Report Writing Tools for Marketing**

To write a business report the researcher must be armed with a computer output, statistics, questionnaire and other project related material. One should rely on original objectives and communicate how each part of the project is related in accomplishment of that objective.

- **Developing Business report**

In developing business research report researcher should ensure that it is credible such that the report is accurate, believable and professional.

To achieve accuracy one ensure no carelessness mathematical errors or grammatical errors are included in the report. Believability will be achieved through clear and logical thinking, precise expression and accurate presentation of output. This will further be enhanced if the report is readable and the readers are able to understand. To achieve professional report one needs to organize the report in a good quality manner. This is achieved by making an outline of all major points and sequencing them as they appear before writing. One also needs to maintain reference status by acknowledging other peoples work.

- **Components of Research Report**

Marketing research reports are unique in some way. This could be based on clients need, research purpose, study objectives etc. However there are common elements that are found in all business research report. These are

- Title page
- Table of content
- Executive Summary
- Research Objectives
- Concise statement
- Summary of Findings
- Conclusion and recommendation
- Introduction

- Research method and procedures
- Data analysis and findings
- Conclusion and recommendation
- Limitations
- Appendixes

Title page: this section provides information on the subject of the report and name of the recipient, position and name of the organization. Other information that should be included in the title page should be employing organization, contacts names of people submitting the report and date.

Table of content: is a list that specifies the number of topics in a sequential order. All topics and their subsections with the pages will be shown here. Table and figure should also be presented in this section. This could be generated automatically using Word processor.

Executive summary: This is the most important part of the report. Company executives only read the report summary. Hence this section must present the major points representing a true picture of the entire document in a summary form. The executive summary should

- Convey how and why the research was undertaken
- What the findings were
- What the findings mean for the reader
- What future action to be taken

The research objectives should be as precise as possible and confined to approximately one page. Research purpose, questions along with hypotheses should be used explained. The methods used, sampling, research design and procedures should be explained in a paragraph. Findings should follow according to the study objectives. The executive summary closes with a conclusion that gives opinions based on the findings which are recommendation and conclusion which could be a paragraph.

Introduction; This section contain background information that enables the reader to understand the report. Definition of terms, relevant background, circumstances surround the study, scope, and the rationale for the study are presented here. Study objectives, questions, hypothesis, length and duration of the study. The introduction should answer the question of what is the report about, why was the research conducted, and what relationship does the current study does when compared to the past and where and when the study was.

Research method and procedure: this section presents:

What research design will be used?

What types of secondary data were used in the study?

If primary data were collected what procedures was employed and what administration procedures were employed

- What sample and sampling process were used within this description This includes
- How the target population was defined
- What sampling units were used
- How was the sampling list generated
- How was the sample size determined
- Was a probability or non-probability sampling plan employed

Data analysis and findings

This section presents the techniques and shows the output after analysis. Data results are discussed using tables, graphs figure etc. it is best practice that the graphs, tables and figure be properly labeled. Results should be interpreted according to the findings following objectives.

Conclusion and Recommendation

This section is derived from the finding section. Conclusion can be considered broad generalizations that focus on answering questions related to the research objectives. They are condensed pieces of information derived from the findings that communicate the results of the study to the reader.

Recommendation are generated by critical thinking. The task is one where he researcher must critically evaluate each conclusion and develop specific areas of application for strategic or tactical actions. Recommendation should focus on how the client can solve the problem at hand through the creation of competitive advantage

Limitations

Research do not lack limitation. This could come from the sampling bias, financial limitation, time pressure, measurement errors and demand artifacts. Study could be limited to generalizability, weakness of scales as well as lack of sampling resources

Common problem researcher should avoid while writing the marketing research report

Lack of data interpretation

Unnecessary use of multivariate statistics

Emphasis on packaging instead of quality

Lack of relevance

Placing too much emphasis on few statistics

Implementing Business research report

This is the process that ensures that research findings have been communicate do presented to relevant parties for action. Report shared are useless and do not justify why they could be done.

Before disseminating report researcher should ensure it is accurate so that it informs the managers in making the right decision. Reports can be disseminated to senior managers, financers and other decision makers for the purpose of implementation.

The presentation should be well organized by the content

Various method are used in presenting market research results.

Traditional presentation methods include Chalkboards, Whiteboard and Overhead projectors could be limited for complex ideas. One can opt for computer based presentation applications which is more professional and transparent. This come with feature like video, sound, animation and text. Some of the computer packages to be used are PowerPoint, hypertext markup language to create web page which communicates to all the world.

Conclusion

In carrying out research, **t**he most important section of a report is research methodology as it has all the required information. Research recommendations should be shared as per the regulation policy. Research can only be implemented with the right people thus the senior management company decision makers and other departmental managers need to be aware of the research findings. This can be done through proper writing and presentation for the research results. It's important to note that implementation of the results can only be done if the results is organized and represented in a manner that can be understood by key business decision makers. Computer based techniques could be used.

2.3.6.3 Self-Assessment

1. Executive summary should give a picture of all research findings in not more than 1 page
   True [ ] False [ ]
2. It is not necessary to include methods and procedures used in research in the market research report
   True [ ] False [ ]
3. Applying computer support softwares in presentation provides correct market information for decision making than manual presentation using white boards.
   True [ ] False [ ]
4. Outline key elements to include in a standard business research report
5. Explain the main objectives of writing a marketing report after data collection.
6. What are the common problems associated with market research
7. Explain tools that a market researcher could use in preparing market research findings?
8. Using a resent research report prepare a PowerPoint discussion to present to a company management for decision making.
9. Illustrate type of information you will provide while writing executive summary of business report.

2.3.6.3 Tools, equipment, supplies and Materials for the specific learning outcome

- Computer
- Stationeries
- Tablet
- Internet
- Smart phones

2.3.6.4 References

Hair, J., Bush, R., & Ortinau, D. (2000). *Marketing Research: A practical approach for the new millennium.* USA : McGraw Hill.

Orodho et al, (2017). *Quantitative and qualitative Research Methods.* Nairobi

CHAPTER 3: DEVELOPING BUSINESS STRATEGIES /DEVELOP BUSINESS STRATEGIES

1.1. Introduction of the Unit of Learning / Unit of Competency

This unit specifies the competencies that are required to develop business strategies, it involves developing business strategic plan, developing business plan, developing policies and set procedures, preparing the trainee in tactical plans, monitoring and evaluation business environment. This unit will deal with the environmental scanning in accordance to PESTEL, Analysis of SWOT in regard to the business environment, and development of Vision, mission, goals and objectives of an organization, strategy formulation, implementation and evaluation. Business strategies are the course of action or set of decisions that an organization takes to achieve a certain specific objectives in the organization. By the end of the training the trainee will able to identify the External factors that affect the business environment like PESTEL, internal factors like SWOT analysis and how the vision, mission, goals and objectives are developed to ascertain the capability of the organization.

This unit is important economically because it will enable the trainee to understand how the PESTEL factors affect a businesses and how to respond appropriately. The trainee will be in a position to analyze the organization's strength and weaknesses, opportunities and threats. The trainee will be able to formulate business strategic plan and should be able determine the mission, vision, goals and objectives as used in organizations. The trainee will be well equipped with skills necessary to undertake corrective action and to choose the best strategies to undertake for developing business policies and procedures. The learning resources for this course are tools and equipment like computer, stationeries, questionnaires, and mark pens, PPEs like safety shoes, gloves, sunscreen lotions and reference books. The trainees should expect discussions, work assignment and case studies. This unit is core in business management for level 6

1.2. Performance Standard

By the end of the training, the trainee should be able to identify functional area policy, SWOT analysis, validate organization draft policies and present it for approval in accordance with organizational policy activities and requirements for tactical plans and the variance should be calculated with variance analysis formulae and SOP's usage of corrective action report.

1.3. Learning Outcomes

1.3.1. List of Learning Outcomes

a) Develop business strategic plan
b) Develop business policies and procedures
c) Prepare tactical plans
d) Monitor and evaluate business operations
e) Undertake corrective action

1.3.2. Learning Outcome No. 1. Develop Business Strategic plan

1.3.2.1. Learning Activities

Learning Outcome #No. 1. Develop Business Strategic plan	
Learning Activities	Special Instructions
• Using a Chart explain the Effect of PESTEL in scanning business environment. • By use of a graph illustrate the SWOT analysis concept • Develop business vision, mission, goals, objectives and values • Formulating business strategies	• The instructor Display a chart on PESTEL for the trainers to analyze. • The instructor present a graph with a SWOT analysis concept • The instructor displays vision, mission, goals, objectives and values. • Trainers to formulate business strategies.

1.3.2.2. Information Sheet No. 2/LO1

Introduction

The learning outcome intends to enable the trainee to differentiate between the internal and the external environmental factors in the business organization, SWOT analysis, developing a business mission, vision, goals and objectives, formulate business strategies and implement strategy. The study would also look upon developing business strategies, policies and procedures, preparing of the tactical plans, monitoring and evaluating business operations and finally undertaking corrective action.

Definition of Key Terms

Environment: It consists of the internal and external factors that influence a business; these include SWOT analysis and PESTEL factors respectively. The internal factors that affect the business are customers, employees, clients, owners and employers in the organization. The analyzing of the internal and external environment, the business will have a competitive edge over its rival in the same industry. ***PESTEL Factors*** include Political, Economic, and Socio-cultural, Technology, Ecological and legal factors that influence the business environment in conducting its operations.

Strategy: is a set of key decisions or plans made to meet objectives. It can also be defined as a method of competition. A strategy of a business organization is a comprehensive master plan stating how the organization's mission and objectives will be met.

Mission*:* It serves to define the management the market products and environmental domain in which the organization aims to be successful. It is a brief description of a company's fundamental purpose. It answers the question, "Why does our business exist? The mission statement articulates the company's purpose both for those in the organization and for the public**.**

Values: they regard that something is held to deserve; the importance, worth, or usefulness of something.

Content

How to formulate a strategy

Strategy formulation refers to the process of choosing the most appropriate course of action for the realization of organizational goals and objectives and thereby achieving the organizational vision.

The process involves six main steps as indicated:

i. Organization's Objectives

The starting point of any strategy formulation is to set the short term and the long-term objectives of the organization. Objectives stress the state of being there whereas Strategy stresses upon the process of reaching there. Before selecting objectives, it is important for an organization to analyse factors that influences them.

ii. Evaluating the Organizational Environment

The second step is to evaluate the general economic and industrial environment in which the organization operates. The company identifies its strengths and weaknesses and keep watch over its competitors' actions in order to understand the opportunities available and threats.

iii. Formulating Quantitative Goals

In this step, the organization defines the targets so as to meet its short term and long term goals.

iv. Aiming in context with the divisional plans

This step involves identifying the contributions made by each department or division as per the strategic planning.

v. Performance Analysis

Performance analysis comprises of discovering and analysing the gap between the planned and the desired performance. An evaluation of the past performance, present condition and the desired future expectation must be done by the organization. This important evaluation identifies the gaps that persist between the actual reality and the long-term practical aspirations of the organization.

vi. Choice of Strategy

This is the last step in Strategy Formulation. The best course of action is taken after taking into consideration the organizational goals, organizational strengths, potential and limitations as well as the external opportunities.

The business environment is scanned in accordance with the PESTEL;

Political.
These factors determine the extent to which a government may influence the economy or a certain industry. This may also include government policy, corruption, political stability or instability, foreign trade policy, tax policy, environmental law and Trade restrictions. The government may have in hand profound impact on healthy regulations, education systems and infrastructure.

Economic.
These factors determine an economy's performance that may directly have an impact to a company and may have resonating long term effects. For example, if there is rise/increase in the inflation rate of any economy, it can affect the way companies' price their products and services. Other economic factors are exchange rates, unemployment rates, interest rates and economic growth. This may have short term or long term effect to the company.

Social.
These factors examine the social environment of the market. It is concerned with issues like demographic trends, cultural trends and population analytics. This includes population trends such as age distribution, income distribution, safety emphasis, career altitudes, cultural barriers and life style altitude.

Technological.
These factors refer to innovations in technology as this may affect the operations and activities of the industry and the market favourable or unfavourable. This may include technology incentives, automation, research and development activity and technology change. The factors may affect the business to enter or not to enter, to launch or not launch the product.

Legal.
These factors may be both external and internal sides. They include those that may affect business environment in a certain country while there are certain policies that companies such as maintain for themselves. This factors include specific laws such as discrimination laws, anti-trust laws, employment laws, consumer protect laws, copyright and patents laws and health and safety laws.

Environmental.
These factors include all those that influence or are determined by the surrounding environment. These factors include ecological and the environmental factor such as weather, climate and environmental aspects. Factors of the PESTLE are crucial for certain industries particularly for example tourism, farming and agriculture.

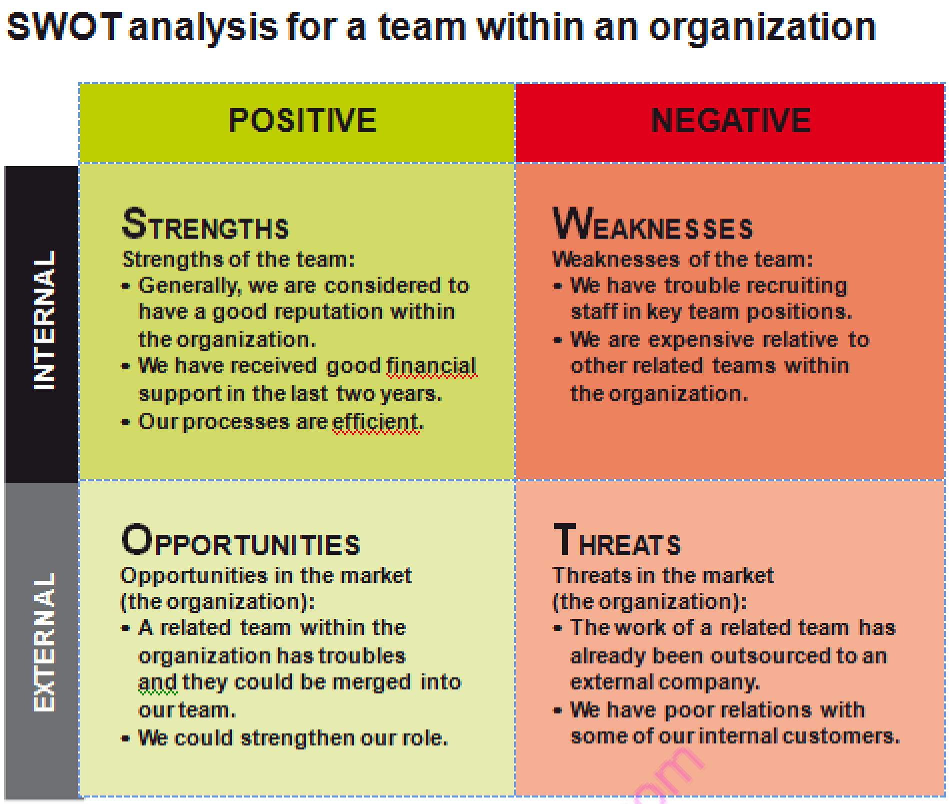

Figure 6: Illustrations of a SWOT analysis

SWOT analysis is a tool that can be used to create an overview of an organization's position within a particular market, or a team's position within an organization. The SWOT matrix is also used to determine and compare the internal strengths and weaknesses of the organization or team. It is also used to analyze the opportunities for it and threats to it within the market. The information collected assist in decision making that could help place organization into stronger position by capitalizing on its strengths, minimizing the weaknesses, exploiting the opportunities open to the market, and mitigating any threats.

Strategy formulation refers to the appropriate course for the realization goals, objectives, and values thereby achieving the organizational Vision. The business strategic formulation involves 6 business formulation processes.

Figure 7: Illustration of business strategic formulation

a) **Establishing Organizational Objectives**
For any organization setting the key component of any strategy plan is setting long term goals and objectives of the business. The strategic decisions are taken after the management has developed the objectives of the business. Objectives stress the state of being there whereas Strategy refers to the Process of being there.

b) **Analysis of Organization Environment**
The organization involves the SWOT analysis whereby the business the company examines the internal factors of strengths and weaknesses and external factors of Opportunities and threats in order to identify the Rivals actions. Internal factors are which the company has control over it whereas the external factors are which the company has no control over it. A successful firm usually builds around its strengths and mitigates its weaknesses, identifies the external opportunities to explore and seeks protection from external threats.

c) **Forming quantitative goals**
The organization should be able to define the short term and long term objectives in order to meet its targets. The reason for this is normally to compare long term customers and helps to evaluate their contribution to product zones.

d) **Objectives in context with divisional plans**
This involves the setting up of targets in each and every department so that they work in coherence with organization in whole.

e) **Performance analysis**
This is done usually to estimate the degree of the variation between the actual performance and the set standard performance.

f) **Selection of the strategy**
This is the last step of strategic formulation and it involves evaluation of the alternatives and the selection of selected strategy of the organization.

Conclusion

The strategies adopted by an organization are very important because they determine its success or downfall. By having a workable strategy, the organization is able to establish its strong and weak areas and work on them. Its opportunities that it the company should take to expand its business and the mitigation risks that it should be able to have to reduce threats from Competitive firms.

1.3.2.3. Self-Assessment

1. What is the key outcome from PESTEL analysis?
   A. Five Forces
   B. Identification of the drivers for change
   C. Critical success factors
   D. Possible scenarios
2. When using PESTEL it is easy to get overwhelmed by a multitude of details. Instead, it is important to step back and identify the:
   A. key drivers for change
   B. relevant Five Forces that exist
   C. complex links between each of the factors
   D. market segments
3. Which three of the following are the most useful ways in which a group of managers could use scenario planning?
   A. To consider plausible alternative futures
   B. To ensure that the managers always select the only scenario that will work in practice
   C. To develop contingency plans for each scenario
   D. To increase the managers' understanding and perception of forces in the business environment
4. It is always useful to ensure that the three scenarios are 'optimistic', 'middling' and 'pessimistic'.
   A. False

B. True

5. The sharing of knowledge and experience in organizations is an essentially social and cultural process.
    A. False
    B. True
6. Which of the following statements correctly relate to value chains?
    A. Technology development is a primary activity.
    B. Marketing and sales is a support activity.
    C. Procurement is a support activity that occurs in many parts of the organization.
    D. Operations are primary activities that transform inputs into the final product or service.
7. The purpose of a SWOT analysis is to analyze:
    A. The strategic capability of an organization.
    B. External and internal environments.
    C. The business environment and the strategic capability of an organization relative to its competitors.
    D. The business environment in which an organization operates.

8. Formulate a strategic plan of an organization of Uzuri Company Limited
9. Formulate a mission statement
10. Formulate Vision statement, objective and values of any organization.
11. Explain SWOT analysis with any organization of your choice
12. Formulate PESTEL factors affecting the organization of your choice.
13. The business environment is scanned in accordance with the PESTEL and choice of strategy is the last step in strategy formulation.
14. True
15. False
16. Describe SWOT analysis in developing business strategic plan
17. Formulate PESTEL factors affecting a global organization of your choice

1.3.2.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computer
- Stationeries
- Internet connectivity
- Calculator
- Questionnaires
- Digital devices
- Reference books from business Authors

1.3.2.5. References

1. Glaister, K.W., Falshaw, J.R. (1999). *"Strategic planning: still going strong?", Long Range Planning*, Vol. 32 No.1, pp.107-16.

2. Grant, R.M. (2011). "The resource-based theory of competitive advantage: implications for strategy formulation", *California Management Review, Vol. 33 No.3, pp.114-35*.
3. Kotler Philip, (2001) A frame work for Marketing Management, India, Pearson Education Inc

1.3.3. Learning Outcome No. 2. Develop Business Policies and Procedures

1.3.3.1. Learning Activities

Learning Outcome #No. 2. Develop Business Policies and Procedures	
Learning Activities	Special Instructions
• Draw a policy document that can be used by an organization • A visit to a nearby organization to check on their policy documents. • The trainees to prepare communicating tactical plans for organization of their choice.	• The instructor Display a policy template form for trainees to analyze. • Instructor supervise the organizations visit • The instructor to listen to their presentation.

Information Sheet No. 3/LO2

Introduction

This learning outcome intends to enable the trainee to identify functional areas that are found in organizations and develop draft policies that govern these important areas develop organizational procedures; that would enable the organizations policies be achieved and validating the draft policies and communicating it to the concerned employees for implementation. This unit will introduce the trainees to the various functional policies employed in an organization. The trainee will be instructed on how to draft a policy and learn on its importance to the organization.

Definitions of key terms

Functional Area Policy: As per the functional areas in an organization, business policies may be classified as production policies, marketing and sales policies, financial policies and human resource development policies.

Production Policies Production policies are framed and concerned with the following issues:

i. The product line and type.
ii. The type of technology, processes, equipment and tools, to be used
iii. The selection of factory site, location and layout.
iv. The decisions regarding scale of production
v. Making of production budgets manufacturing costs and deciding about total cost and cost of installation and its maintenance
vi. The selecting of junior executives to perform various tasks.
vii. Inventory control
viii. Organization and coordination of the activities
ix. Selection of systems of quality
x. Cost production control

Content

Marketing and Sales Policies

The policies relate to policies in market analysis, business law, display, salesmanship and advertising. They are concerned with total process of marketing which tends to cover both 'product mix' and 'market mix'. Product mix is concerned with decisions regarding the type, quantity and quality of product design, contents shape, methods and techniques of production. Market mix is concerned with issues like price, place, promotion, channels of distribution, advertising policies, packaging and branding decisions, consumer psychology and behavior and pricing of the product etc.

The modern market has advocated the treatment of a 'consumer as a king' hence every product is brought to satisfy customer's needs. The policies in this field, therefore, deal with the following issues:

a) Getting to know the present and potential markets, the size and nature of consumers.
b) The degree of competition in the market and how best could it be dealt with.
c) The location of prospective consumers and persuading them to purchase.
d) Fixing the price of products, offering discounts and other concessions.
e) Paying salesman adequately; and providing them with training and developmental opportunities.
f) Selecting channels of distribution or employing representatives and agents.
g) Dividing the total market into branches, segments or dealer areas.
h) Coming up with advertising policies

Financial Policies

Financial policies are the most important business policies of an organization. It depends on the entire success and failure of a business unit of the organization. If they are well framed, they help in effective utilization of the resource like men, machine, market, method, materials and long term survival of the business.

Financial policies are important to an organization because it enables it to:

i. To know its capital requirement in terms of short, medium and long term.
ii. The credit policy, declaration and distribution of dividend to the shareholder.

Human Resource Development Policy

This policy is concerned with human resource utilization, recruitment and selection of staff, training for employment, the promotion and transfer policy, the matters regarding compensation to the employees, wage incentive and other perks, benefits and services etc.

How to Develop Policies and Procedures

Policy development usually starts by identifying need, gathering information, drafting, consulting and reviewing. The following steps summarize the key stages involved in developing policies:

- ✓ Identify need
- ✓ Policies can be developed:
- ✓ In expectation of a need
- ✓ In reaction to a need

The organization is supposed to constantly assess its activities, responsibilities and the external environment for it to identify the need for policies and procedures.

Identify who will take lead responsibility
Delegate responsibility to an individual, working group, sub-committee or staff members, according to the expertise required.

Gather information.
In this stage, the person drafting the policy should have accurate understanding, consult on what other organizations have done and get existing examples that one can draw on.

Draft policy.
The wording and length or complexity of the policy should be appropriate to those who will be expected to implement it.

Consult with appropriate stakeholders
Policies are most effective if those affected are consulted and have the opportunity to consider and discuss the potential effects of it. Regardless of whether one is developing policies to govern the internal working of the organization or external policy positions, one may wish to consult supporter, staff and volunteers, management committee members and service users or those likely to benefit.

Finalize / approve policy.
This is the approval stage. If it is a strategic issue then it should be approved by the Management Committee.

Consider whether procedures are required
Procedures are required to support internal policies. Factor whether there is a need for clear guidance regarding how the policy will be implementing and by whom.

Implement.
This stage is concerned with policy communication. For example how will the policy be communicated and to whom? It is also considered whether training is required to support the implementation among staff and volunteers.

Monitor, review, and revise.
This is concerned with monitoring and reporting of the policy. Systems should be put in place to ensure that the policy is implemented and to assess usage and responses.

Draft Policy Template.
A uniform template should be used when developing and drafting Policies. It should consist of the following:

i. **Purpose:** This component states the reason for or the origin of the policy.
ii. **Covered Parties:** It identifies to whom the policy applies.
iii. **Defined Terms:** It lists terms that may have specialized meaning in the policy.
iv. **Responsible Parties:** Identifies and provides contact information for the department responsible.
v. **Related Policies and References:** These are reference to or attachment of related policies or documents, including those of any other organization.

Case study on policy and procedures dissemination

A County Education officer has been given the responsibility by the Board of Education for implementing policy and procedures, which includes maintaining the Board Policy Handbook and the Administrative Procedures Manual and their dissemination to the appropriate members of the County.

Procedures

The County Education Officer will ensure that the Board Policy Handbook and the Administrative Procedures Manual will be available on the County website so that all trustees, staff members, students, parents and the general public have ready access to all Board Policies and Administrative Procedures.

Incase updates to the Board Policy Handbook and the Administrative Procedures Manual are made, the designate will ensure that the concerned persons are advised in a timely manner. These individuals are responsible to advise the appropriate education stakeholders as required. It shall be the responsibility of the Principal and County Office supervisors to convey and interpret policy and administrative procedures to their respective staff members.

Conclusion

For any organization to succeed, it must have policies and procedures to be followed. The employees should be conversant with the policies for proper implementation.
Formulate a policy document of an organization.

Self-Assessment

1. Which of the following accurately categorizes the machines an organization uses?
   A. Tangible, financial resources
2. B .Intangible, financial resources
   A. Tangible, intellectual capital
   B. Tangible, physical resources
3. What term is used for an organization’s abilities to renew and recreate its strategic capabilities to meet the needs of a changing environment?
   A. Competent substitution
   B. Core competence
4. C .Renewability
   A. Dynamic capabilities
5. Core competences are the skills and abilities by which resources are deployed through an organization’s activities and processes such as to:
   A. Survive using approaches and techniques that others cannot imitate or obtain.

B. Survive.
C. achieve competitive advantage in ways that others cannot imitate or obtain
D. Achieve competitive advantage.

6. A competitor finds it difficult to identify the basis for an organization's competitive advantage. What term is used for this situation?
   A. interdependent causality
   B. Causal dependency
   C. Causal ambiguity
   D. Ambiguous inter causality
7. Which of the following statements correctly relate to explicit and tacit knowledge?
8. A.A systems manual is an example of explicit knowledge.
9. B. Tacit knowledge is easier to imitate.
10. C. Explicit knowledge is easier to communicate.
    A. Tacit knowledge is personal, context-specific and therefore hard to communicate.
11. The sharing of knowledge and experience in organizations' is an essentially social and cultural process.
    A. False
    B. True
12. Which of the following statements correctly relate to value chains?
    A. Technology development is a primary activity.
    B. Marketing and sales is a support activity.
    C. Procurement is a support activity that occurs in many parts of the organization.
    D. Operations are primary activities that transform inputs into the final product or service.
13. The purpose of a SWOT analysis is to Analyse:
    A. The strategic capability of an organization.
    B. External and internal environments.
    C. The business environment and the strategic capability of an organization relative to its competitors.
    D. The business environment in which an organization operates.
14. Best-in-class benchmarking seeks to assess organizational performance against:
    A. The competitor who is 'best in class' wherever that may be.
    B. The nearest geographical competitor.
    C. The nearest principal competitor.
    D. The competitor who is the best in the industry.
15. What is the difference between a policy and a procedure?
16. Draft a policy on an organization of your choice?
17. Evaluate how the policies and Procedures are evaluated?
18. Describe development of business policies and procedure
19. Using your institution, explain the importance of its financial policies
20. Draft policy should be complex for improper implementation/
    a) True
    b) false

Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computer
- Stationeries
- Tablet
- Internet connectivity

References

a) Kotler Philip. (2001). A frame work for Marketing Management, India, Pearson Education Inc
b) Glaister, K.W., Falshaw, J.R. (1999). "Strategic planning: still going strong?", Long Range Planning, Vol. 32 No.1, pp.107-16.
c) Grant, R.M. (2011). "The resource-based theory of competitive advantage: implications for strategy formulation", *California Management Review, Vol. 33 No.3, pp.114-35*.
d) Heifetz, R., & Laurie, D. (2010).The work of resource management. *Harvard Business Review*, *79* (11), 131-141.

1.3.4. Learning Outcome No. 3. Prepare Tactical Plans

1.3.4.1. Learning Activities

Learning Outcome #No. 3. Prepare Tactical Plans	
Learning Activities	Special Instructions
• Preparation of a tactical plan using a strategic plan of a given organization. • The roles of low level management in preparing Tactical plans in organization of their choice	• The instructor display a strategic plan for trainers to prepare a tactical plan from it. • The Instructor to group them according to the population of the class.

1.3.4.2. Information Sheet No. 3/LO3

Introduction

This learning outcome intends to enable the trainee to know that tactical planning is an important element in business and varies somehow from the common strategic and operational planning methods. For any business goal set, there must be a plan to achieve because without defined steps it can be difficult to tackle the goal one has set. Tactical planning occurs after the strategic plan is outlined and can be outlined more frequently for example weekly, monthly or annually. When developing a tactical plan, one should consider the timeline for achieving the goals, the tools or resources required to accomplish the objectives and specific actions to be taken to achieve the intended outcome.

In this unit, the trainees will be exposed to the differences between a strategic plan and tactical plan. They will be instructed on how to prepare a tactical plan in accordance to the strategic goals and departmental objectives. It will introduce to the trainees on how to identify operational gaps and how to deal with them.

By the end of the training the trainee should be able to identify operational gaps, prepare a tactical plan and communicate it as per strategic goals.

Definitions of key terms

Tactical plans: It is a short range planning that specifies the current activities and operations of various parts of the organization. Short term is a period time of one year or less. Managers use the strategic plan to come up with a Tactical plan. Tactical plans are mostly concerned with the responsibility and functionality of the lower-level departments to accomplish their parts of the strategic plan. Flexibility should be encouraged into the tactical plans to allow for unanticipated happenings.

Content

Operational gap involves the comparing of the actual performance with desired or most preferred performance of an organization. It is concerned with determining, documenting and improving the difference between business requirements and current capabilities.

Once the general expectation of performance in an industry is understood, it is easier to compare the expectation with the current level of performances.

Tactical plans should reflect the priorities of management and make use of the strengths of the organization and its employees. Tactical plans should be linked to the strategic plan. For example if the management sets a strategic plan focusing on increasing sales through new customer acquisition, but the sales team sets tactical plans focusing on increasing customer service on existing accounts, there is a disconnect between the tactical plans and the strategic goal.

Differences between a strategic plan and a tactical plan

A strategic plan supports the organization's vision and mission statements by outlining the high-level plan to achieve both. It generally provides a broad, long-term image.

The top management uses reports on finances, operations and the external environment to project future actions in the development of a strategic plan.

A strategic plan facilitates the development of tactical plans.

A tactical plan outlines actions to be taken in order to achieve short-term goals which should be within a year or less.

Tactical plans are narrower in focus as compared to those of a strategic plan and can be broken down into the departmental or unit level.

Tactical plans specifies on what each department needs to achieve, how it must do so and who has the responsibility for implementation.

How to prepare a departmental tactical plan

1. Review the company’s overall strategic plan
2. Analyze the industry (external)
3. Analyze your customers (external and internal customers)
4. Analyze your competitors
5. Analyze your department
6. Determine the main categories of initiatives on which your department will focus
7. Brainstorm initiatives.

Conclusion

A tactical plan is important to an organization because it enables the long term goals to be achieved in a company. Tactical plans also work together with top level management in achieving the objective and the vision of the organization.

Write down the components of a tactical plan

1.3.4.3. Self-Assessment

1. Assume you are the manager in ABC Company and the company’s goals are not being met. Prepare a tactical plan to solve the problem
2. What are ways of communicating tactical plan?
3. Identify operational gaps
4. Differentiate between tactical plan and strategic
5. Three types of plans usually prepared by companies include annual plans, strategic plans, and __________ plans.
   a. hourly

b. long-range
c. model
d. psychological

6. The difference between annual and long-range plans versus a strategic plan is that the annual and long-range plans deal with the company's current businesses and how to keep them going, while the strategic plan deals with:
    a. Functional activities.
    b. Global activities.
    c. Tactical decisions.
    d. Adapting the firm to take advantage of opportunities in its constantly changing environment.
7. . _______________ is the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities.
    a. Strategic planning
    b. Strategic control
    c. Strategic networking
    d. Functional development

1.3.4.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computer
- Stationery
- Tablet
- Internet
- Reference books

1.3.4.5. References

a. Kotler Philip, (2001). A frame work for Marketing Management, India, Pearson Education Inc
b. Glaister, K.W., Falshaw, J.R. (1999). "Strategic planning: still going strong?", Long Range Planning, Vol. 32 No.1, pp.107-16.
c. Grant, R.M. (2011). "The resource-based theory of competitive advantage: implications for strategy formulation", *California Management Review, Vol. 33 No.3, pp.114-35*.
d. Heifetz, R., & Laurie, D. (2010).The work of resource management. *Harvard Business Review, 79* (11), 131-141.

1.3.5. Learning Outcome No. 4. Monitor and Evaluate Business Operations

1.3.5.1. Learning Activities

Learning Outcome #No. 4. Monitor And Evaluate Business Operations	
Learning Activities	Special Instructions
• Preparation of a balanced score card • Calculation of variance from an example given	• The instructor writes down the employers expectations as compared to performance for trainees to prepare a balanced score card. • The instructor to write examples for trainers to calculate variance

Information Sheet No. 3/LO4

Introduction

This learning outcome intends to enable the trainee to draw a balanced score card and explain how it assists the organization in determining whether it has achieved its target and how to improve their performance. The trainee will get knowledge on how to calculate variance and report on it by preparing a variance analysis report.

The unit intends to introduce the trainees to balanced score card and out of it come up with a variance analysis report. The trainee will be instructed on how to draw and interpret the balanced score card. They will also be introduced to variance and how it is calculated.

By the end of the training, the trainee should be able to: carry out periodic comparisons of actual operations against plans, calculate variance and carry out balanced score card analysis and prepare variance analysis report as per organization procedure.

Definitions of key terms

Variance Analysis Formulae: It refers to the investigation as to the reasons for deviations in the financial performance from the standards set by an organization in its budget. It helps the management to keep a control on its operational performance.

Variance analysis is the quantitative investigation of the difference between actual and planned behavior. This analysis is used to maintain control over a business. Variance analysis also involves the investigation of these differences, so that the outcome is a statement of the difference from expectations, and an interpretation of why the variance occurred.

There are several problems associated with variance analysis that discourages many companies from using it. These are:

i. ***Time delay.*** The accounting staffs are supposed to compiles the variances at the end of the month before issuing the results to the management team. This slows the feedback needed by the management hence rely upon other measurements or warning flags that are generated on the spot.

ii. ***Variance source information.*** Many of the reasons for variances are not located in the accounting records, so the accounting staff has to search through such information as bills of material, labor routings, and overtime records to determine the causes of problems. The extra work is only appropriate when management can actively respond by correcting problems based on this information.
iii. ***Standard setting.*** Variance analysis is mainly a comparison of actual results to an arbitrary standard that may have been gotten from political bargaining hence, the resulting variance may not yield any useful information.

Balance score card: It is derived from the perceived needs of the firm to balance financial measures that are often used exclusively in the strategy evaluation and control with non-financial measures such as product quality and customer service. BSC helps in critical areas for monitoring and developing strategy.
Financial measures are definitely important though they may not give an organizations' whole picture. The name "balanced scorecard" comes from the idea of looking at strategic measures in addition to traditional financial measures to get a better and "balanced" view of performance.

The Balanced Scorecard (or **balance score card**) is a strategic performance measurement model which is developed by Robert Kaplan and David Norton. Its main objective is to translate an organization's mission and vision into actual operational actions.

In addition, it can help give more information on the chosen strategy such as manage feedback and learning processes and determine the target figures. The vision and the strategy are the starting point of the balanced scorecard that are viewed from four perspectives which includes: financial perspective, the customer perspective, the internal business processes and learning & growth.

Content
Variance (σ^2) is a measurement of the spread between numbers in a data set. It measures how far each number in the set is from the mean and is calculated by taking the differences between each number in the set and the mean, squaring the differences (to make them positive) and dividing the sum of the squares by the number of values in the set. Variance is one of the key parameters in asset allocation.

To calculate variance, start by calculating the mean, or average, of the sample. Then, subtract the mean from each data point, and square the differences. Add up all of the squared differences. Finally, divide the sum by n minus 1, where n equals the total number of data points in your sample.

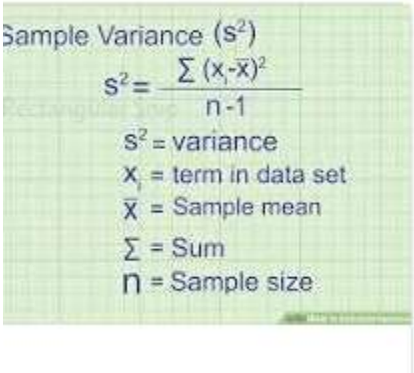

Figure 8: Variance

Carrying out balanced score card analysis

Analysis is a vital part of a business' balanced scorecard strategy and this is done frequently. The following factors should be put into consideration in the analysis:

i. Always look for any key performance indicators that are not measuring up and performing as required.
ii. Perform root cause analysis on the key performance indicators that are not performing as required.
iii. Look for positive and negative trends in the key performance indicators.
iv. Use statistical analysis or the Six Sigma tool set for better understanding of the data and information.
v. Take the time to understand the information.

Preparation of variance analysis report

General Information

Report is important as it help to identify gap between the planned outcome (The Budgeted) and the actual outcome (The Actual). The gap between Budget and Actual is called the "Variance".

A variance analysis should to be conducted on an annual basis by all centers. The purpose of the analysis is to compare the estimated costs of a rate proposal to the actual costs for the same time period. This enables the centers in determining their variance between cost estimates and actual from year to year.

Variance Analysis Report Due Date

Variance reports are due within 6 weeks of the approved rate cycle end date.

Preparing the Report

Rate Cycle Dates - Be sure to include the dates on which the report is based. These dates should be the approved rate cycle dates.

Proposal Estimates - Enter the estimated cost amounts from the proposal in this column (estimated revenue is not required).

Actual Costs and Revenues – Enter the actual costs from UW's financial system in this column for the time period being reported.

Variance Explanations – They should be concise while ensuring the variance is addressed.

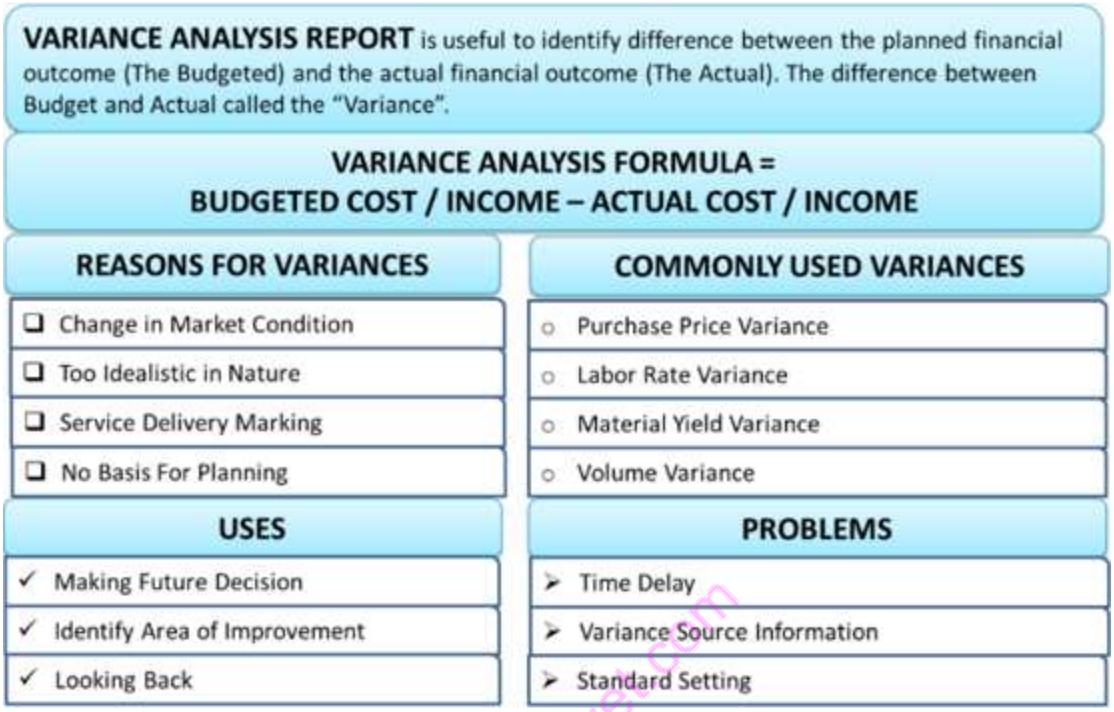

Figure 9: Variance Analysis Report

Conclusion

Periodic comparison of the actual operation against plans enables the organization to assess whether they meet their objectives.

Read more on variance calculation

Self-Assessment

1. Assume you are the manager in ABC Company and the company's goals are not being met. Prepare a tactical plan to solve the problem
2. Calculate the variance from the sum given
3. Carry out the variance analysis of any organization of your choice.
4. Define variance analysis
5. State and explain shortcomings of variance analysis
6. Name the importance of variance analysis
7. Balance score card's major objective is to translate an organization's mission and vision into actual operational actions. Elaborate the above statement
8. Analysis suggests that a company could find a strategy that gains market share for advantage, and that exploits its superior resources and competences. The organizational culture suggests that it should stick to what it knows best. What strategy would you suggest?

A. Diversification
B. Retrenchment
C. Market penetration
a. D .Market development

9. Analysis suggests that a company's existing markets are saturated. The company wants to exploit its strategic capabilities in new arenas and satisfy its stakeholders by making rapid growth. What strategy would you suggest?
   A. Retrenchment
   B. Market development
   C. Diversification
   D. Market penetration
10. If managers use their judgment when applying the techniques, the criteria of suitability, acceptability and feasibility will identify the best strategy.
    A. True
    B. False

Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computer
- Stationeries
- Tablet
- Internet

References

a. Glaister, K.W., Falshaw, J.R. (1999). "Strategic planning: still going strong?", Long Range Planning, Vol. 32 No.1, pp.107-16.
b. Grant, R.M. (2011). "The resource-based theory of competitive advantage: implications for strategy formulation", *California Management Review, Vol. 33 No.3, pp.114-35*.
c. Heifetz, R., & Laurie, D. (2010).The work of resource management. *Harvard Business Review*, *79* (11), 131-141.
d. Kotler Philip, (2001) A frame work for Marketing Management, India, Pearson Education Inc

1.3.6. Learning Outcome No 5. Undertake Corrective Actions

1.3.6.1. Learning Activities

Learning Outcome #No 5 Undertake Corrective Actions	
Learning Activities	Special Instructions
• Preparation of a corrective action upon presentation of a problem.	• The instructor resent a case study on an organization experiencing difficulties for learners to prepare a corrective action.

1.3.6.2. Information Sheet No. 3/LO5

Introduction

This learning outcome intends to enable the trainee to come up with a corrective action plan once presented with a problem. The trainee will also be in a position to understand on the benefits and setbacks of carrying out corrective setbacks. By the end of this unit, the trainee should be able to come up with a corrective action, once an organization realizes that the strategic plan is not being achieved. The trainee will also understand the importance of undertaking a corrective action to an organization.

Definitions of key terms

Corrective actions: It is an action taken to prevent an occurrence of an identified hazard or to prevent recurrence of a problem. A corrective action may also address a weakness detected in a safety management system. Corrective action is an aspect of quality management that aims to rectify a task, process, product, or even a person's behavior when any of these factors produce errors or have deviated from an intended plan. Corrective actions can be thought of as improvements to an organization to eliminate undesirable effects. They can apply to an entire project when the deliverables, whether goods or services, don't meet the expectations.

Benefits: Although the process may seem bureaucratic and drawn out, a formal corrective action offers the following benefits: It walks the organization through the process, so there's no need to reinvent the problem-solving wheel. The corrective action document helps detail steps for solving a particular problem. The corrective benefits process adds transparency to the activity and empowers teams. It captures experience and changes for future events and development.

Drawbacks: If poorly implemented, corrective action becomes a bureaucratic exercise in which corrective action requests are sometimes difficult to achieve. Corrective action tends to focus on symptoms rather than root causes. In addition, a team may fail to note its importance.

Content

Strategic review is a structured process to identify new value-creating opportunities within a business. Many companies undertake strategic reviews on an annual basis as part of their strategic planning process.

Once the final report is issued and agreed upon Management Corrective Actions (MCA's) are entered into Audit Service's MCA tracking database.

Prior to the agreed upon implementation date, the department will receive a request to give substantiating evidence to Audit Services regarding the progress on implementing the action. Some actions can be closed by providing documentation, some will require a meeting with Audit Services, and others may require testing of the new process.

It is vital to complete management corrective actions by the dates agreed upon as those that are not completed will be marked delinquent and reported.

Strategic Planning Review Process reviews the existing strategic plan. This assessment ensures the strategy is effective, focused, and complies with modern industry standards and developments.

The review process also includes a discussion on the ways that the strategic plan can be embedded into the Governance and operational framework of the organization, meaning strategies and day-to-day operations are all directed towards achieving set priorities.

The strategic planning review process explores the following questions with the existing strategic plan:

1) What has worked and what hasn't worked in the past 12 months?
2) What has changed in the environment?
3) What take out and what new things to put into the strategic plan?

The following areas used in reviewing a strategic plan;

- Review Vision/Mission statement and its impact on decision making.
- Review the current strategic plan and relevant business plans against new opportunities and risks.
- Investigate what has been missed and what should be incorporated into the revised strategic plan.
- Investigate any strategic assumptions that have changed and their impact on the strategic plan.

When reviewing progress towards achieving the strategic aims and objectives, the Management Committee should:

1. Ensure that activities are kept within the parameters of the agreed strategic aims and objectives
2. Ensure that activities are consistent with organisation's vision, mission and values
3. If the organisation is charity based, use the information collected to show the public benefit the charity is having
4. Keep under review internal and external changes which may require adjustments to the organisation's strategy or affect their ability to achieve their objectives.

Writing an Effective Corrective Action Plan

Step 1: Clearly state the problem or weakness, including the root cause.
Step 2: List the individuals who will be accountable for the results of the corrective action.
Step 3: Create simple, measurable solutions that address the root cause.
Step 4: Each solution should have a person that is accountable for it.

Conclusion

The strategic plan should be reviewed in relevant to the business plans against the new opportunities and the risks. The organization should also determine the omissions in the plan being amended and include them in a new plan.

Prepare a strategic plan for an organization of your choice

1.3.6.3. Self-Assessment

1. Assume you are the manager in ABC Company and the company's goals are not being met. Prepare a tactical plan to solve the problem
2. Follow up the corrective action set by the organization of your choice in achieving strategic business plan in long term.
3. Define corrective actions
4. Highlight significance of formal corrective actions to an organization
5. Outline an effective corrective action plan procedure
6. Strategic review is a structured process to identify new value-creating opportunities within a community
   a) True
   b) False
7. Balanced scorecards are a means of control through:
   A. Qualitative measures.
   B. Performance targets.
   C. Portfolio management
   D. Quantitative measures.
8. Market systems as control processes typically involve:
   A. A system for the allocation of resources.
   B. Outsourcing of activities.
   C. Using real market forces in the allocation of resources.
   D. A formalized system of contracting for resources.
9. Cultural systems of control are aiming at:
   A. Standardization of outputs.
   B. Standardization of norms/behaviors.
   C. Standardization of skills and behaviors.
   D. Standardization of processes.
10. Adopting a 'financial control' approach from the corporate center involves:
    A. Retaining financial control and strategic planning principles.
    B. Complete devolution of both financial and strategic issues.
    C. Complete devolution of strategic issues but retention of major financial controls.

D. Providing financial devolution but retaining strategic planning principles.

11. The 'strategic control' approach is characterized by:
    A. Agreement between the Centre and divisions within central guidelines.
    B. Complete devolution of strategic and financial controls.
    C. The retention of strategic and financial controls in a top-down approach.
    D. Complete devolution of strategic controls but retention of financial controls

1.3.6.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computer
- Stationeries
- Tablet
- Internet
- Reference books

1.3.6.5. References

1. Kotler Philip, (2001) A frame work for Marketing Management, India, Pearson Education Inc.
2. Glaister, K.W., Falshaw, J.R. (1999). "Strategic planning: still going strong?, *Long Range Planning*, Vol. 32 No.1, pp.107-16.
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CHAPTER 4: MANAGING HUMAN RESOURCE/ MANAGE HUMAN RESOURCE

4.1. Introduction of the Unit of Learning / Unit of Competency

Human resource management (HRM or HR) is the strategic approach to effectively manage people in an organization in order to unlock their potential to attain a competitive advantage. It is designed to maximize employee performance and efficiency in the unit. It is concerned with the management of people who are the key drivers of any organizational success. HR departments are responsible for overseeing employee-benefits design, training and development employee recruitment, development, performance appraisal and reward management. HR also concerns itself with addressing organizational change and industrial relations arising from collective bargaining and from governmental laws which affect employees. The trainee is expected to analyze the human resource policy in driving functional organizations.

Why Human Resource?

Human Resources plays a key role in an organization as they are responsible for the day to day human resource implementation of the organizational strategies, talent people management, performance review/ management, organizational development and employee motivation. The learner should be able grasp, various management skills, communication, development of policies and procedures which guides the organizational standards and culture. These skills will foster productivity of the human resource and consequent in improve improved performance which will then translate to the organizational success in the long term.

The trainee should be able to demonstrate planning, leadership, effective communication, exhibit analytical skills and critical thinking on area which pertains to HR. The trainee should also be able to undertake human resources inventory for his or her organization for organizational productivity. This can be done through sourcing competent personnel, training and development and motivating the work force.

4.2. Performance Standard

By the end of the training the trainee should be able to develop human resources policy according to organization procedures and changing needs, undertake human resource (HR) planning based on the Strategic Plan, recruit human resource in accordance with human resource Policy and procedures which are in conformity with the constitution and the labor laws.

4.3. Learning Outcomes

4.3.1.List of Learning Outcomes

1. Develop human resource Policy(HR)
2. Undertake Human Resource (HR) Planning
3. Recruit Human Resource

4. Remunerate Human Resource
5. Coordinate HR Training and Development
6. Carry out Performance Management
7. Prepare Performance Improvement Plan
8. Develop Functional Managers Teamwork Strategy
9. Motivate Organization workforce
10. Manage Organization culture and change
11. Manage Labor Turnover
12. Carry out Succession Planning
13. Maintain HR Records
14. Prepare Human Resource Annual Report

4.3.2. Learning Outcome No. 1. Develop HR Policy

4.3.2.1. Learning Activities

Learning Outcome #No. 1. Develop HR Policy	
Learning Activities	Special Instructions
• Download an appropriate YouTube video on developing an HR policy, for example, https://www.youtube.com/watch?reload=9&v=fWsLBFN5-mg, • Draft a compensation and benefits policy for a business organization	• The facilitator to assist the trainees to download the video provided to guide them to draft a compensation policy

4.3.2.2. Information Sheet No. 4/LO 1

Introduction

Human resources policies are critical decision making procedures and regulations which govern the day to day organizational operation and business; they assist in problem solving with the effectiveness in the organizational vision and goal. The Human Resources policies aim at identifying the purpose and objectives which the organization wishes to attain regarding its Human Resources Department. Human Resource policies are developed by making decision and addressing day to day today issues with organization.

Definitions of Key terms

Policy: A policy is a broad guideline for managerial action in implementing objectives. Like a plan, it can be specific and general, abstract and concrete as well as short term and long term. Policies are meant to give direction within organization.

Human Resource Policies: These are broad guideline which explain how objectives are to be achieved and therefore direct the behavior of people in the organization by specifying the range of acceptable behavior.

Policy Management Committee: It's a group of people who provide ideas or plans that are used by an organization or government as a basis for making decisions

Content

Developing Human Resources Policies

Human Resources are important in any organization as they provide rules and standards through which organizations can function smoothly, they also provide organization with art to design strategy to hand work force.

There are various set procedures that an organization needs to follow in order to come up with to come up with the human resources policies.

Steps for developing Human resources policy

Step 1: Identify the Need for a New Policy.

There are four occasions which require human resources managers to start drafting new policies. New legislation requires organizations to have specific policies in place. New policy is essential to ensure that the organization is in compliance with the law even though legislation does not expressly require one. There's no consistency in how managers make their decisions which is negatively impacting the workplace. Human resource policy could address issues like work condition and employee relation.

Step 2: Understand What You Want to Achieve with this Policy

Human Resource policies are not only for a chosen few but they cut across the whole organization. By understanding exactly what a policy can achieve you are creating the content and also ensuring that it's bullet proof.

The following are critical questions to address when determining the need for the Human Resources Polices

- What is the outcome this policy needs to achieve?
- Can it support and promote the desired work culture
- How and by whom will it be monitored and enforced?
- Will it restrict managers from doing their job efficiently? How can this be avoided?
- Will it help the organization attract top talent?
- Will it be easy to implement?
- Will employees welcome it?
- Does it reflect company values? How can it enhance them?

Step 3: Consult with Senior Management

There is probably need approval from senior management before proceeding with the policy, consider consulting them before the policy is written down. This will help ensure that your efforts do not go to waste, while any feedback they have will help you create a better procedure.

It's important to involve everyone that will be affected by the policy, so there is need to consult with managers who will be responsible for implementing the policies. This will foster ownership of the new policy and hence smoothen implementation.

Step 4: Draft the Policy

As the policy will address employees it's important to make the language as straightforward as possible. Avoid legal speech and jargon as it's not necessary, and make sure that the wording is unbiased. It's also advisable to make the wording as flexible as possible and to allow for exceptions by using terms such as 'generally', 'usually', 'typically' etc.

What to include in a policy.

- The goal of the policy
- The people it addresses to and to whom it applies
- The actual rule or standard you need to communicate
- References such as other policies, documents and legislations that support this policy
- The date the policy comes into effect

Step 5: Review the Policy

Before you start implementing the policy you need to ask the people involved to review it. This will help ensure that people understand the procedure and their feedback can also help you improve the wording of the policy which will be devoid of ambiguity.

It's always a good idea to put together a group of employees and managers and use them as your test subjects. This will be less time consuming and it will yield the same results as if you were asking everyone in the company.

Step 6: Implementation of the Human Resource Policies.

Once you have gone through the draft HR policies, it is time for implementation. The draft HR policy is approved and implemented according to the organizational procedures and regulations. These helps in the formation of the organizational culture.

(Further reading Kenya Labor Law)

Step 7: Reviewing and revisiting of Human Resource policies.

This is the final step you take in the HR Policies development. Review the policies according to the organizational procedures and changing needs. Reviewing is important it will address the changing needs of the work environment.

The significance of having Human Resource Policies

Human resource policies are significant when addressing, working conditions, compensation and benefits, employee Relation, employee placement, health and Safety and work place diversity. The policies also inform the process of training and Development, Privacy, Sick

Leave, Maternity Leave, Parental and Adoption Leave, Disciplinary Action and Discrimination and Harassment.

Human Resource Polices assists employees to create a framework that will guide their productivity in the organization.

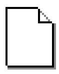
The polices are also viable in giving employees guidelines so that they feel confident and develop a sense of purpose in the organization.

Human Resource Polices assists in risk mitigation and support the organization strategic direction.

An example of Human Recourse policy is a recruitment and selection policy

Elements of recruitment and selecting pokey prices

a) Identify the need to recruit
b) Decide if to hire internally or externally
c) Review the job description
d) Select appropriate source
e) Decide on the selection stages
f) Review resumes in the data base
g) Source the candidates
h) Shortlist the applicants
i) Select the most quality candidates
j) Hire the most suitable
k) Induct the employee.
l) Remunerate and compensate the employee appropriately



employee-recruitment-selection-policy-

Sample of recruitment and staff selection policy template

Conclusion

Human Resource policies should cover all the human resource functions and should be written and distributed to all employees within the organization. Human Resource Policies can either be written or verbal. Written HR policies can be more authoritative than verbal ones. They serve as valuable aids in orienting and training new employees, in administering disciplinary actions and in resolving grievances and problems among others. You are expected to do further reading on Human Resource policies and explain how they inform the human resource management functions in an attempt to foster organizational competitive advantage.

4.3.2.3. Self-Assessment

a) Please indicate true or false on the following statements that relate to selection and recruitment policy when hiring.
   i) It is not important to conduct a needs assessment to determine the manpower requirements (true or false).
   ii) Decides to hire internally or externally is important to foster employee motivation. (True or false.
   iii) Selection of employees comes before recruitments (true or false).
   iv) A Short listing applicant not a critical step in the process (true or false).

b) State four benefits of Human resource policies in modern organization.
c) Describe the steps involved when developing human resource policies.

Practical Exercise

b) Visit any two business organization and identify and compare the components of a training and development policy
c) Visit any business organization and identify the components of a performance management policy.

4.3.2.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Writing Materials
- Developed questionnaires
- Tablets
- Computers
- Mobile Phones
- Projectors
- Format templates
- Policy documents
- Sample recruitment template
- Newspaper cuttings on Human Resource Polices

4.3.2.5. References

1. Career A. (2019). HR and Recruitment Advice, DQ Media, Ireland.
2. Collins S. (2019). Policy Committee, Dictionary, London.
3. Public S. C. (2016). Human Resource Policies and Procedures, Government Printers Press, Nairobi.

4.3.3. Learning Outcome No. 2. Undertake Human Resource (HR) Planning

4.3.3.1. Learning Activities

Learning Outcome #No. 2. Undertake Human Resource (HR) Planning	
Learning Activities	Special Instructions
• Visit an organization around your area and assess from the HR records the current human resource inventory. • Carry out a human resource demand and supply forecast with a relevant business organization using its strategic plan • Visit a business organization and identify the human resource gaps by comparing its current capacity after which you prepare a human resource plan	• The facilitator should avail the copies of a strategic plan for the students to familiarize

4.3.3.2. Information Sheet No. 4/LO 2

Introduction

Human resource planning is a process by which an organization moves from its current manpower position to its desired manpower position. It forecasts and or predicts the right number and type of staff that a particular organization will hire, maintain, train, develop and promote per period in line with its strategic objectives.

Definitions of key terms

- Human resource inventory: This is a comprehensive list of all the basic information on all the employees, like their education, experience, skills, age, gender, salary related data, job preference and special achievements.(data bank)
- Demand forecasting: Provides the estimation of the number (quantity) and type (quality) of personnel required. This is done to meet the future personnel requirements of the organization to achieve the desired level of output. Future human resource needs can be estimated with the help of the organization's current human resource situations and analysis of organizational plans and procedures.
- Supply forecasting: Provides the estimation of the available personnel from within and outside the organization. Internal source includes promotion, transfer, job enlargement and enrichment, whereas external sources include recruitment of fresh candidates who are capable of performing well in the organization.
- Strategic plan: A strategic plan is a document that establishes the direction of a company or work unit.

Content

The HR should ensure that the HRP are in relation with the Organizational Strategic Plan.
The ideal process of undertaking human resource planning includes the following steps:

- Preparation of a human resource inventory by reviewing the current resource status.

- Human Resource Policy (HRP) is the continuous process of systematic planning to achieve optimum utilization of an organization most valued assets (Quality of employees it ensures that best fit employees are hired to do the jobs and address manpower gaps.
- The inventory is prepared from the application forms filled by the employees at the time of recruitment into the organization
- Conducting a job analysis to come up with a job description and job specification
- Preparation of a human resource forecast to assess the future personnel requirements by determining the demand for a given future time period and preparing an estimate of supply of people who will be available for the selected future period.
- Comparing the current capabilities of the employees with the future requirements in order to design future program to fill up the gap.
- Undertaking career development programs to prepare management to deal with dynamic and challenging changes that take place over time in organizations and finally
- Formulating the human resource plan to address the deficits or surplus in the organization

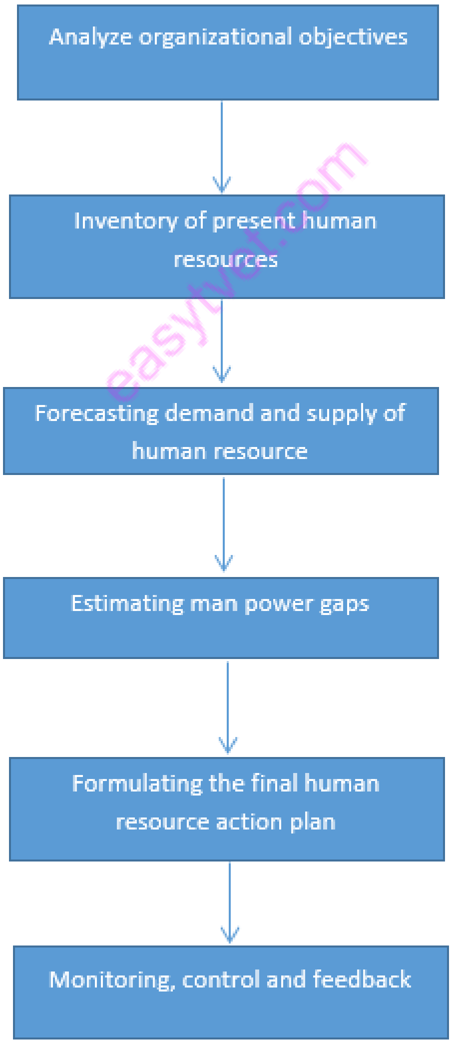


Figure 10: The Human Resource Plan

Factors that Influence Human Resource Planning

Human Resource Policy is influenced **by** several considerations and key among them are:

a) Type and strategy of organization.
b) Organization growth cycles and planning
c) Environmental uncertainties
d) Labour market demands
e) Downsizing organization
f) Merging organization
g) Internal and external changes.
h) Social issues and trends
i) New technological development

Benefits of Human resource Planning

There are several benefits that are related to effective Human Resource Planning. These include:-

1) It makes the organization to receive the desired manpower needs.
2) It assists in forecasting the future needs of the organization.
3) It fosters better planning for employee development
4) Training programs beneath may effective as they den the manpower group
5) Assists to make strategies descends related to hiring staff.

Conclusion

An effective Human Resource plan will assist the organization to address the shortages/surpluses, develop plans for recruitment, promotion, retirement or separation, and specify the type of employee to recruit and the type of skill required. Do further readily on the Human Resource Policy process and the limitation of Human resource planning.

The HR planning is a continuous process and the Human Resource managers should always ensure that they have the best resources needed in their firm. Please do further reading on the elements of human resource planning.

4.3.3.3Self-Assessment

1. Which among the following is not a factor which influences Human resource planning within an organization?
    a) Type and strategy of an organization
    b) Organizational growth
    c) Labour market demands
    d) Environment certainties.
2. Which among the following is a benefit for human resource planning in an organization?
    a) Makes the organization to reach the desired man power position.
    b) Fostering high employee turnover.

c) Dues not cater for employee training and development.
d) Assists in making poor strategic decides in an organization

3. __________ is the process of forecasting an organizations future demand for, and supply of, the right type of people in the right number.
a. Human Resource Planning
b. Recruitments
c. Human Resource Management
d. Human Capital Management

4. Which of the following factors state the importance of the Human Resource Planning?
a. Creating highly talented personnel
b. International strategies
c. Resistance to change and move
d. All of the above

5. A process that is used for identifying and developing internal people with the potential to fill key business leadership positions in the company is called ______.
a. Highly talented personnel creation
b. Investing in human resources
c. Succession planning
d. None of the above

6. State true or false
i. Human Resource Planning facilitates international expansion strategies.
a. True
b. False

7. Which of the following option is not the factor that hinders with the human resource planning process?
a. Type and quality of forecasting information
b. Time horizons
c. Environmental uncertainties
d. Unite the perspectives of line and staff managers

8. What is the major issue faced while doing personal planning?
a. Type of information which should be used in making forecasts
b. Types of people to be hired
c. Multiple positions to be filled
d. All of the above

9. Rearrange the following steps involved in the Human resource planning process in proper order.
A. HR Programming

B. HR Demand Forecast
C. Environmental Scanning
D. Control and evaluation of programme
E. Surplus - restricted hiring
F. HRP implementation
G. HR supply forecast
H. Organisational objectives and Policies
I. Shortage - Recruitments and Selection

a. ABCDEFGHI
b. CHBGAFDEI
c. IHDEBCAFG
d. IHGFEDCBA

10. Which of these factors is not included in environmental scanning?
    a. Political and legislative issues
    b. Economic factors
    c. Technological changes
    d. None of the above

11. _______ is the process of estimating the quantity and quality of people required to meet future needs of the organisation.
    a. Demand forecasting
    b. Supply forecasting
    c. Environmental forecasting
    d. None of the above

12. Which of the below given options are the forecasting techniques used?
    A. Ration Trend Analysis
    B. Delphi Technique
    C. Staffing projections

    a. A & C
    b. B & C
    c. A, B & C
    d. A & B
13. Outline the key elements from the following on this link https://urlzs.com/yL3rj on human resource planning.
14. Define the concept Human Resource Planning.
15. Describe the process of undertaking the human resource planning in an organization.

Practical exercise

16. Visit any business organization and assess the current human inventory from the Human Resource records and compare with the strategic plan projections to establish the human resource gaps.

4.3.3.4 Tools, Equipment and Materials

- Writing materials
- Developed questionnaires
- Tablets
- Computers
- Cameras
- Mobile phones
- Projectors
- Format templates
- Human Recourse policy documents
- Organizational inventories
- Samples of manpower establishment for key organization.

4.3.3.5. References

1. Saleemi N. A.(1997). Personnel Management Simplified, Nairobi Saleemi Publications, Nairobi

4.3.4. Learning Outcome No. 3. Recruit Human Resource

4.3.4.1. Learning Activities

Learning Outcome #No 3 Recruit Human Resource	
Learning Activities	Special Instructions
• Download the following link https://www.youtube.com/watch?v=OJNcYZvToGYand identify the steps in the recruitment process. • Conduct a role play on an interviewer interviewing an interviewee for a job position in an organization	• The facilitator to ensure that there is internet connectivity

4.3.4.2. Information Sheet No. 4/LO 3

Introduction

Recruitment is the process of locating and attracting potential employees to apply for jobs in the organization. It is the searching of qualified candidate who have the relevant skills and expertise to apply for new or an existing job positions. Refers to the overall process of attracting, short listing selecting, apparatus and retaining the best people within an organization.

Definitions of key terms

Employee Placement: It is the process of assigning a new employee to a position within his or her expertise where the employee will have a reasonable chance for success (Dessler, 2008)

Employee Induction: It is the process of introducing a new employee to his/her job and organization and giving him all the necessary information required by him/her to start his work.

Employee orientation – This is process of facilitation of employees with job environment.

Guidelines for recruiting human resource

- The department heads identify the manpower requirement in accordance with the Human Resource policies. When a section, unit or department has a need for more personnel, the person in charge is supposed to fill in an employee requisition form and send it to the personnel department.
- The recruitment plans are then prepared according to the Human Resource procedures. It is out of the employee requisition that the personnel department can determine whether there are qualified employees within the organization – internal source of recruitment or must be recruited externally – external sources of recruitment.
- The advertisement media is then chosen depending on communication procedures used by the organization. Vacant job positions can be filled by the existing personnel (internal recruitment) or by searching outside the organization (external recruitment).
- The online applications and database for applications are set accordance with Human Resource policies and procedures.
- Selection is the process of determining which job applicant fit the jobs. It is the matching of people with the jobs. This is done against set the job description of the advertised post. Selection in many organizations is usually made by line managers.

- Interviewing the selected employees. Once the managers get the required qualification from the selection process, they prepare an interview for the qualified candidates to gauge their competency and to ensure the organization get the best.
- Placement process. Successful candidates are introduced to the organization in accordance with the set rules and procedures. The job description is well explained to them in the process.
- Employee Induction: This is the point at which the employee should be made aware of the nature of the job, the job requirements and the working conditions. This fully introduces the new employee to all facets of the job and the organization.

Stages in the recruitment process

Process of recruitment refers to the process of identifying and attracting job seekers in order to create a bar of the qualified job applications.

Effective recruitment programs has the potential to attract large number of qualified applicants who will go through the screening process. The process comprises of the following steps.

1. Planning
2. Strategy development
3. Searching
4. Screening
5. Evaluation and control

Methods for recruitment

This refers to the means by which an organization reaches to the potential job seekers. This also refers to ways of establishing contacts with potential candidates. Some of the methods of recruitment include:

- Direct method
- Indirect method
- Third party method.

Conclusion

Proper employee recruitment and selection enables an organization to attain its goals effectively and to develop in a dynamic environment. It is important for human resource managers to recruit the right type of people in terms of skills and competencies that are needed to steer the organization to competitive advantages.

4.3.4.3. Self-Assessment

1. Which of these is the purpose of recruitment?
   a. Make sure that there is match between cost and benefit
   b. Help increase the success rate of the selection process by reducing the number of visibly underqualified or over qualified job applicants.
   c. Help the firm create more culturally diverse work - force
   d. None of the above
2. The poor quality of selection will mean extra cost on _______ and supervision.
   a. Training
   b. Recruitment
   c. Work quality
   d. None of the above
3. Which of these is the most important external factor governing recruitments?
   a. Sons of soil
   b. Labour market
   c. Unemployment rate
   d. Supply and demand
4. While recruiting for non - managerial, supervisory and middle - management positions which external factor is of prime importance?
   a. Political - Legal

b. Unemployment rate
c. Labour market
d. Growth and Expansion

5. major internal factor that can determine the success of the recruiting programme is whether or not the company engages in ______.
   a. HRP
   b. Selection
   c. Induction
   d. None of the above
6. _________ refers to the process of identifying and attracting job seekers so as to build a pool of qualified job applicants.

   a. Selection
   b. Training
   c. Recruitments
   d. Induction
7. Give a clear recruitment path followed by a Human Resource manager to ensure they acquire an administrator.
8. Describe the process of recruitment when filling a vacancy in an organization.
9. Explain any three methods of recruiting in an organization.
10. Match the following statements with the correct process as pertains recruitment
11. Draft an advertisement to be used to recruit a new employee in a business organization on a relevant post

4.3.4.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Writing materials
- Developed questionnaires
- Tablets
- Computers
- Cameras
- Mobile phones
- Projectors
- Format templates
- Sample recruitment policy
- Copies of job advertisements in the newspaper
- Copy of recruitment guidance and criteria.

4.3.4.5. References

1. Dessler, G. (2008). Human Resource Management. 11th Edition, New Jersey: Pearson Education
2. Saleemi N. A. (1997). Personnel Management Simplified, Nairobi Saleemi Publications, Nairobi.

4.3.5. Learning Outcome No. 4. Remunerate Human Resource
4.3.3.1. Learning Activities

Learning Outcome #No 4 Remunerate Human Resource	
Learning Activities	Special Instructions
• Prepare a payroll for all employees in a business organization indicating the personnel number, name of employees, basic salary, allowances, compulsory deductions, any voluntary deductions, gross salary and net salary • Prepare a piece rate pay for 5 casual workers in a printing press x. Note Sorting is 1.50/=, Binding is 1.50/=, trimming is 2.50/= and QC is 0.50/=. Justus bound 200 trimmed 128 books, Monyangaro QC 1340 Books, Ojwang sorted 1420 and QC 120 books, Fred Trimmed 500 books and Martha Sorted 4500 books	• State the various statutory deductions in Kenya.

4.3.3.2. Information Sheet No. 4/LO 4

Introduction
Remuneration (Compensation) refers to any payment or reward that an individual receives in return for performing organizational tasks. This is a critical process that has a significant role to play in determining organizational stability. Organizations that remunerate effectively are expected to have competitive advantage over the others. Remuneration provides the basic attraction to employees to return from efficiency.

Definitions of key terms
Remuneration Type: Remuneration packages can be in form of salary, wages, incentives, bonuses, commissions, overtime, medical, housing, transport.
Payroll: It contains a list of all names of individual employees, their personal numbers, gross pay, all deductions both compulsory and voluntary and net pay.

Content
Remuneration of Human Resource
Salaries are paid for services rendered on a monthly basis for regular employment or permanent employees on a yearly basis. Wages are paid for services in accordance with the piece of work done or hours worked.
Bonus is a sum of money given usually at the end of the year or on top of the salary. Usually used mostly by profit making firms. A bonus may be based on contribution to profit, waste reductions, sales increase, and reduction in absenteeism, etc. Most firms supplement a salary with a bonus. A bonus is directly related to results achieved.

Methods of calculating wages and salaries and when they may be used

Flat rate or basic rate – this is a fixed amount of money paid to an employee usually on a monthly basis. It is used to pay salaried workers.

Piece rate – Paid for the completion of given amount of work or unit of product or article. Commonly used for factory workers.

Hourly rate or time rate – time is recorded on a time or clock card and the employee is paid for the number of hours worked in a week or month. It is suitable for employees whose hours of work vary. For example, part time workers.

Overtime – Paid to employees who are required to work extra hours. It is calculated at an agree rate. For example, 1 ¼, 1 and a half, or double the normal rate.

Commission – the worker is paid according to his performance at an agreed percentage. Commonly used in paying sales staff.

Elements of good compensation policy

- Levels and accuracy of wage payment
- Equity in wage payment (equal pay for equal work)
- Recognition of efficiency performance
- Incentive payment

Factors that determine the wages and salaries of employees by an organization

- The firm's capacity to pay – Those firms enjoying higher profits, higher turnover and higher rate of return over investment can afford to pay higher wages than those firms which are running into losses or enjoying lesser profits.
- Demand and supply of labor at the national, regional, local and organizational levels. If demand for labor is high, the wage rate tends to be high, if the labor supply is scarce, the wage rate would be high.
- The existing market wage rate – unless and until a firm maintains the minimum wage offered by the competitors, it cannot retain the labor force because a higher wage rate elsewhere may motivate the labor to step out and join elsewhere where the wage rate is firm supply is scarce, the wage rate would be high.
- The existing market wage rate – unless and until a firm maintains the minimum wage offered by the competitors, it cannot retain the labor force because a higher wage rate elsewhere may motivate the labor to step out and join elsewhere where the wage rate is firm supply is scarce, the wage rate would be high.
- The existing market wage rate – unless and until a firm maintains the minimum wage offered by the competitors, it cannot retain the labor force because a higher wage rate elsewhere may motivate the labor to step out and join elsewhere where the wage rate is high. To retain, attract, and maintain a sufficient quantity and quality of manpower, a firm should consider the existing wage in the market.

- The cost of living – The wage rate should be based on the increase or decrease in the cost of living index. When the cost of living increases, workers demand increase in pay. When the cost of living index goes up substantially a revision of wage structure is called for.
- Living wage – This is the wage which should enable the earner to provide for himself and his family not only the basic essentials of food, clothing and shelter but a measure of comfort including education for his children etc.
- Job requirements – Wage structure is based on relative skills required to do the job, efforts needed, responsibility and authority imposed upon and the job conditions.
- Productivity of labor – This is measured in terms of output per man-hour.
- Managerial attitudes – The top management desire to maintain and enhance the company's prestige has been a major factor in the wage policy of a number of firms.
- Psychological and social factors – Wage equity, fairness and justice are essential in meeting the psychological and social satisfaction to the employees at work.

Methods of wage payment

1. Time rate method - It is a convenient method as time spent on the job is measured and wages calculated easily. This is more suitable for such jobs where work cannot be divided into smaller units, for example, the work of an office worker.
2. Piece rate method – It provides the employers an easy way of determining labor cost per unit of product. This system ensures fairness by correlating wages and productivity. The inefficient workers are penalized as they get less wages.

Steps in wages system or preparation

- Each employee is given a pay number
- He/She is listed on a payroll (wages book)
- Gross pay is calculated from attendance or work record, depending on whether earnings are paid on a time or piece work basis.
- Gross pay is entered on the payroll together with details of all deductions both voluntary and compulsory
- Net pay is calculated by taking all deductions away from gross pay
- Details of gross pay, personal tax and national insurance deductions are entered on employee tax deduction cards.
- Pay statements (pay slips) are prepared together with pay envelopes.
- A coin and note summary is drawn up to calculate the numbers of notes and different coin required to make up the pay packets.
- The total of net pay is drawn from the bank and individual amounts of notes and coins are placed in pay envelopes.
- Pay envelopes are distributed to employees.

Deductions from gross pay

The rate agreed with an employer (whether calculated on an hourly, weekly or an annual basis) is the gross wage or salary. Before any wages are paid to employees, certain deductions are required to be made by law – otherwise known as Statutory Deductions. Other deductions are agreed by the employee (i.e. they are voluntary) and when all deductions have been totaled and taken away from the gross pay, the remainder (net) is paid to the employee.

Statutory Deductions
These are compulsory deductions authorized by an act of parliament.

- Pay as you earn (PAYE) – It is deducted weekly, or monthly from everyone with a regular income. It is collected by the employer and paid on behalf of employees to income tax department.
- National Social Security Fund – It was established in 1965 through an act of parliament. It is a pension plan or retirement plan where the employees benefit in old age or his family in case he dies before retirement. The amount of pension is dependent on the total number of years of service by the employee and the last pay drawn by him. The employee receives his/her pension no longer earning a regular income from employment.
- National Hospital Insurance Fund (NHIF) – It is a health insurance scheme where the employee gets paid for hospitalization costs. It is contributed monthly by an employee. It registers all eligible members from both the formal and informal sector. Formal sector employee's contributions are deducted and remitted to the funds by their employers. The amount depends on one's salary.
- Widows and Children Pension Scheme (WCPS) – Under this scheme the Widow and Children receive pension when the bread winner/husband dies if he was a member of this scheme.

Voluntary Deductions
These are deductions made at the request of the employees.
- Insurance – where the employees pays premiums based on the type of policy taken, for example, life, education etc.
- Saving scheme contributions, for example, cooperative society shares
- Trade union dues
- Loan repayments, for example, car loan, bank loan, cooperative loans
- Contribution to social clubs, for example, lions club, Meru sports club
- Mortgage repayments

Net Pay - The net pay is the amount that remains after statutory and voluntary deductions are taken away from the gross pay.

Illustration
Mwanaisha Rajab, Personal No. 7814 is employed by Kwality Services Limited as a clerk is the company secretary department. Her basic salary is Sh. 5,000 as house allowance and Sh.3,000 as medical allowance monthly.

In the course of last month she worked 20 hours overtime at the rate of Sh. 300 per hour. The deduction made from her salary includes PAYE at 10%, NSSF Sh.500, NHIF Sh.400, cooperative shares Sh.500 and loan repayment Sh.1,000. Draw up Mwanaisha's Rajab pay slip for last month.

KWALITY SERVICES LTD

Month: January	Personal No: 7814
Name: Mwanaisha Rajab	Department: Company Secretary
Job title: Clerk	
	Kshs
Basic Salary	15,000
House allowance	5,000
Medical allowance	3,000
Overtime	6,000
Gross Pay	29,000
Deductions	
PAYE	2,900
NSSF	500
NHIF	400
Co-operative Shares	500
Loan Repayments	1,000
Net Pay	23,700

Payroll/Wages book

The following details relates to employees at Haraka Transporters Ltd
Jane Wairimu payroll number 223, basic salary Sh. 10,000, overtime Sh.3000
Felistas Nekesa payroll number 224 basic salary Sh.15, 000, overtime Nil
Isaac Kinyua payroll number 225 basic salary Sh.13, 500, overtime Sh.500

Each employee pays NHIF at Sh.380 per month and PAYE which is calculated at 10% of the Gross earnings.

Prepare a payroll showing their net salaries at the end of the month;

Table 5: Sample of Pay roll

Payroll No.	Name of the Employee	Gross Pay	PAYE	NHIF	Total Deduction	Net Pay
223	Jane Wairimu	13,000	1,300	380	1,680	11,320
224	FelistasNekesa	15,000	1,500	380	1,880	13,120
225	Isaac Kinyua	13,500	1,350	380	1,730	11,770

PAYE = 10% of gross earnings
NET PAY = Gross Pay – Total Deductions

Incentives Schemes
Incentive pay may be regarded as the extra pay that is provided for extra performance in addition to regular pay.

Objectives of using incentive schemes
These include

- Motivate workers to perform effectively
- improve the profit of an enterprise through reduction of the cost of labor and material or both
- To secure a better utilization of manpower/better promotion and performance control
- To increase workers earnings without dragging the firm into a higher wage structure
- To induce effective employees to stick to the enterprise
- To attract effective workers from outside the organization to join the organization

Fringe benefits
Every organization provides some benefits and services to its employees in order to attract and retain them and to maintain loyalty towards the enterprise. Fringe benefits are supplements to wages received by employees at a cost to the employers. The term fringe benefits encompasses a number of benefits such as:

Direct Benefits
Profit sharing
Co-partnership
Sick pay
Pension schemes
Health and insurance plan
Bonus

Indirect Benefits
Free luncheon vouchers
Sports or welfare amenities
Provision of a car
Telephone
Education for children
Canteen
Social facilities
Indirect benefits are aimed at improving morale and increasing the stability of employment.

Why do employers provide fringe benefits to employees?

- Inflation
- When it is not possible for employees to negotiate for higher wages and salaries
- It is a tool of retention if the competitors are using the same
  Influence of trade unions through collective bargaining
- To highly motivate employees for greater productivity
- Compliance with law and regulations of a country
- To protect the employees against the hazards of life

Conclusion
Organization offer wage or salary that will attract people who can perform the jobs that are available. The offered wage or salary should act as an inducement. Several factors influence the king and amount of pay to be offered namely: external, collective bargaining, job evaluation and the organization policy.

4.3.3.3. Self-Assessment

1. Explain the concept employees' remuneration.
2. Distinguish between time rate method and piece rate methods of wage payment..
3. Which of the following is not an element of a good compensation policy?
   a) Level and accurate of wage payment
   b) Incentive payment
   c) Equity in wage payment.
   d) Firms' capacity to pay.
4. Which among the following is an indirect benefit among employees in organizations?
   a) Sick leave
   b) Free lunch vouchers
   c) Car prussic
   d) Social facilities

5. Lucy earns a basic salary of Ksh.10, 000. She is paid commission on sales at the following rates:

Sales Value	Commission
First Ksh500, 000	4%
Next Ksh500, 000	7%
Sales in excess of Ksh1, 000,000	11%

   a. During the month of May, Lucy sold goods worth Ksh.1, 600,000. Calculate Lucy's earnings for the month of May.

6. Jack McOtieno is employed in a shoe factory and is paid by piece rate. He is paid Ksh 90 for every pair of shoes he completes to a maximum of 100 pairs. Thereafter, he is paid one and a half times the normal rate for each extra pair he makes. Last month, Jack made 150 pairs of shoes. He contributes Ksh.200 per month for NSSF, Ksh300 per month for Insurance cover and Ksh1, 000 for the Widows and Children Pension Scheme.
   Task Draw up his pay slip for last month's earnings.

4.3.3.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Writing Materials
- Developed questionnaires
- Tablets
- Computers
- Mobile Phones
- Projectors
- Format templates

4.3.3.5. References

1. Gichira Robert, (1985). A textbook of Office Practice and Organization, Kenya
2. Saleemi N. A. (1997). Personnel Management Simplified,Nairobi Saleemi Publications, Nairobi

4.3.6 Learning Outcome No. 5. Coordinate HR Training and Development

4.3.3.6. Learning Activities

Learning Outcome #No 5Coordinate Human Resources Training and Development	
Learning Activities	Special Instructions
• Design a training program for a business organization, identifying the steps involved by being guided by this link.https://evoma.com/business-centre/7-steps-to-create-successful-training-and-development-programs/	• The facilitator to ensure the students are online and have read the attached

4.3.3.7. Information Sheet No. 4/ LO5

Introduction

Training and development of Human Resources is vital as they are directed towards maintaining and improving current job performance in an organization while programs seek to develop skills for future jobs. Training programs are mainly concerned with the technical aspects of the job and therefore are usually directed at employees. Development programs are mainly for managers. Designing training program by the organizations will assist the employees contribute to the success of their organization and hence meet the organizational goals.

Training and development of Human Resource includes activities such as employee appraisal, training needs assessment, professional development of Human Resource among others..

Definitions of key terms

Employee appraisal-This is a method by which an employee job performance is documented and evaluated generally in terms of quality and quantity, cost and time

Training Needs Assessment-It's an assessment that looks at employee and organizational knowledge, skills, and abilities to identify any gaps or areas of need

Competence-This is the ability to do something successfully or efficiently.

Professional Development- This is learning to earn or maintain professional credentials such as academic degrees to formal coursework, attending conferences, and informal learning opportunities and put it into practice

Content

Employee appraisal is important as it helps the organization in measuring performance, providing feedback, career planning, performance improvement, management development, compensation changes, and identification of potential for promotion and justification of dismissal/discipline.

Training Needs Assessment

Employees require to be skilled in performing complex tasks in an efficient, cost-effective, and safe manner in the today's work environment. Training (a performance improvement tool) therefore is needed when employees are not performing up to a certain standard or at an expected level of performance.

Types of Needs Analyses

Many needs assessments are available for use in different employment contexts. The sources that determine which needs analysis is appropriate include: organizational analysis, person analysis, work/task analysis, content analysis, training suitability analysis and cost benefit analysis.

Factors to consider when planning for training and development of employees.

- Nature of the work which employees have been given
- Emergence of new technologies
- New polices that demand for extra training
- Nature of business which employees will wait to venue it.
- Emerging new market trends

Figure 11: illustration of a Training Cycle

Conclusion

An effective Coordination of HR Training and Development program will depend on employee appraisal, training need assessment, professional development of HR and HR training development

4.3.3.8. Self-Assessment

1. Which among the following is not a reason to conduct a needs assessment when preparing a training programme for staff?
    a) To determine the availability of the organization.
    b) To understand the man power needs
    c) To discuss areas of weakness among employees
    d) To inform the nature of the program that will be put into place

2.Identify the steps and techniques in training needs analysis after watching the following video on YouTube.

3. Download the following you tube on training needs analysis https://www.youtube.com/watch?v=X3cSAjHDeag and Visit a relevant business organization and develop a training program for the workers in the lower level management.
4. Distinguish between training and development as used in Human resource management.
5. Ms Ibrahim have been appointed human resource manager in an organization where employees are redundant and cannot focus in their work

Task

a) Conduct a needs assessment to determine cause of reducing and low motivation among employees.
b) Prepare an effective training program to address the weaknesses identified to support employees to be more productive.

Tools, Equipment, Supplies and Materials for the specific learning outcome

- Writing Materials
- Developed questionnaires
- Tablets
- Computers
- Mobile Phones
- Projectors
- Format templates

4.3.4.4 References

1.https://www.youtube.com/watch?v=X3cSAjHDeag
2. NZUVE SNM. Management of human resources: A Kenyan perspective.; 1997
3. Saleemi N. A. (1997). Personnel Management Simplified,Nairobi Saleemi Publications, Nairobi

4.3.7 Learning Outcome No. 6. Carry out Performance Management

Learning Activities

Learning Outcome No 6 Carry out Performance Management	
Learning Activities	Special Instructions
• Download the following link and use the sample of a performance development plan https://performancemanager.successfactors.com/doc/po/develop_employee/DPsample.html to fill the template on the performance development plan in this link https://performancemanager.successfactors.com/doc/po/develop_employee/dptemp.html	Facilitator to assist the students to download

Information Sheet No. 4/LO6

Introduction

Performance management is based on the principle of management by agreement or contract rather than management by command. It emphasizes development and the initiation of self-managed learning plans as well as the integration of individual and corporate objectives. By the end of this lesson, the trainee should be able to; analyze the concept of Performance Plan, Employee Progress and how to reward employees in order to improve employees' performance.

Definitions of key terms

Performance Plans:

It is a tool to give an employee with performance deficiencies the opportunity to succeed. It may be used to address failures to meet specific job goals or to ameliorate behavior-related concerns.

Operational plans are specific to the daily tasks and requirements to run a business.

Content

Performance Planning Process

The cycle is comprised of:-

Performance planning refers to a company's formal process of identifying and planning; either an individual's or an organization's goals, and the best way to reach them. The planning is done by both the employer and employee through a proper plan called the development plan.

Performance Management: This is an ongoing process of communication between a supervisor and an employee that is progressive throughout the year in support of attaining the strategic objectives of an organization.
This is a cyclic process that varies from to the due to dynamics of organizational objectives

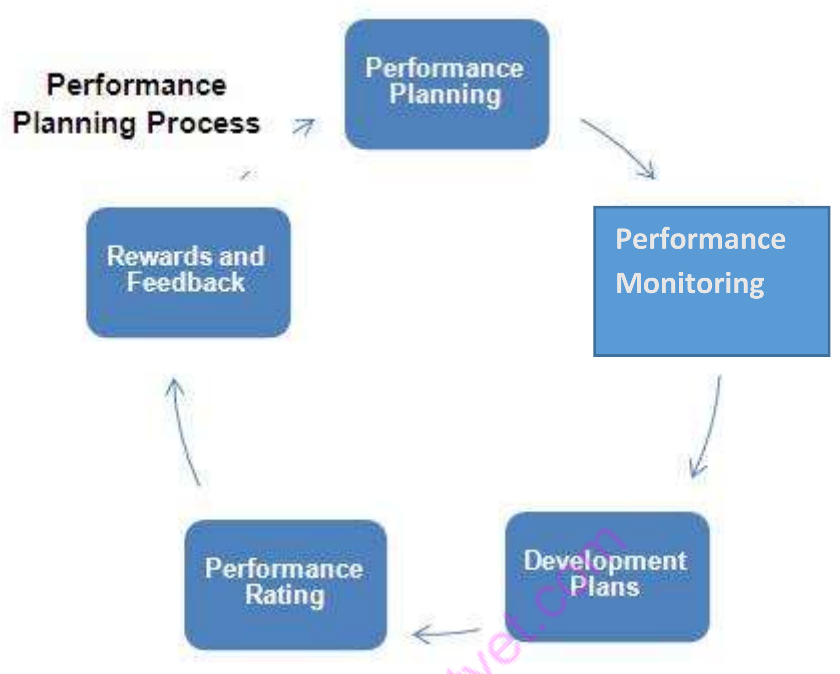


Figure 12: Performance Planning Process

1. Performance planning. The supervisor dialogues with the employee and discuss the organizational goals and then they set the target to meet those goals.

2. Performance monitoring. From time to time, both the employer sit down and monitor the change from the set goals or objectives.

3. Development plans. Should there be any training needs observed from the employee, and then the supervisor introduces them at this stage.

4. Performance rating. After a set period of time, both the employer and the employee go through set stand and check on any deviation. Should there be any positive improvement an employee is rewarded.

5. Rewards and feedback. There need to be in place proper rewards method and feedback given. Any below the standard performance, employee are encouraged to worker.

In this step the supervision dialogues with employees on the anticipated organizational expectation. This is to ensure employee collaborate on development of the performance objectives.

- Employees development plan are also discussed
- Performance plan is developed that directs employee's effort towards realization of organizational support.

- This provides a framework to support employees to attain the self-objectives.

1) **Performance monitory**

This involves monitory and cheeky employee's performance against expected objectives. This assists the management to check if the employees are on track to meeting the self-targets. In the event of deviation from self-target appropriate intervention are applied.

Consequently performance will inform the management have the self-process are being adhered to and who is doing what and at what time.

2) **Development plans**
   - This is a flexible tool for assessing improvement of employee's performance.
   - This is used together with performance indicator to identify ways to support employee productivity.
   - Development plan could also be initiated by employees who are self-driven to meet their performances.

Guide to develop a performance development plan.(steps)

Step 1

- Identify area of improvement
- Set experience and outputs

Step 2

Outline development goals: Determine if

- Goals are specific
- Is success measurable
- Are the goals realistic
- Will it affect performance
- Is it line with the vision and mission
- Are goals practiced

Step 3

- Define development activities
- Outline activity that will assist to achieve set goal

Step 4

- Mobilize research needed to complete the activation

Step 5

- Before the indication of success and goal accomplishment

Step 6

- Analyze what you need form management

Step 7

- Define the milestones

3) Performance Refining

This is a work measurement which endures work performance against the self-standards. This could also be performance appraisal to determine the productivity of specific employees in the organization.

4) Rewards and Feedback

Organization must institutes effective reward and feedback mechanisms to be able to motivate the employees to sustain behavior that will lead to goal attainment.

An effective performance measurement uses the following indicators;

Quantity: Indicates how much work is produced. A quantity measure can be expressed as an error rate, such as number one percentage of errors allowable per unit of work, or as a general result to be achieved.

Quality: Outlines how well the work is performed and/or how accurate or how effective the final product is. This must confirm to the expected standards.

Timeliness: I must be within budgeting constraints. The most common error made in setting timeliness standards is to allow no margin for error. As with other standards, timeliness standards should be set realistically in view of other performance requirements and needs of the organization.

Cost-effectiveness: Addresses dollar savings to the organization or working within a budget. Standards should be based on specific resource levels (money, personnel, or time) that generally can be documented and measured in agencies' annual budget. Cost-effectiveness standards may include such aspects of performance as maintaining or reducing unit costs, reducing the time it takes to produce a product or service, or reducing waste.

Employee commitment: Assessing the ability for employee to show up at work and on time. How it is affecting their work performance and other employees.

Adherence to policy: Addresses deviation from policy and performance goals. Guides the performance.

Professionalism: Addresses how well employees conduct themselves in the work place and comply with dress code/working environment.

NB: *The purpose of performance rating is to provide evaluation of the employees' contribution to the organization*

The Performance Improvement Plan (PIP) is designed to facilitate constructive discussion between a staff member and his or her supervisor and to clarify the exact work performance requiring improvement. It is implemented, at the discretion of the manager, when it becomes necessary to help a staff member improve his or her performance. The manager, with input from the affected employee, develops an improvement plan. Click the link https://www.lbwcc.edu/Content/Uploads/lbwcc.edu/files/Performance%20Improvement%20Plan.pdft o read more about the performance improvement plan.

Conclusion

The performance improvement plan is meant to help every employee meet performance expectations against set objectives. Organizations need to use the plan as a tool to help an employee succeed. Use the Performance Improvement Plan when you sincerely believe that an employee is capable of improvement.

Performance Planning Cycle

5) Performance planning

In this step the supervision dialogues with employees on the anticipated organizational expectation. This is to ensure employee collaborate on development of the performance objectives.

- Employees development plan are also discussed
- Performance plan is developed that directs employee's effort towards realization of organizational support.
- This provides a framework to support employees to attain the self-objectives.

6) Performance monitory

This involves monitory and cheeky employee's performance against expected objectives. This assists the management to check if the employees are on track to meeting the self-targets. In the event of deviation from self-target appropriate intervention are applied.

Consequently performance will inform the management have the self-process are being adhered to and who is doing what and at what time.

7) Development plans

- This is a flexible tool for assessing improvement of employee's performance.
- This is used together test performance indicator to identify ways to support employee productivity.
- Development plan could also be initiated by employees who are self-driven to meet their performances.

8) Performance Refining

This is a work measurement which endures work performance against the self-standards. This could also be performance appraisal to determine the productivity of specific employees in the organization.

9) Rewards and Feedback

Organization must institutes effective reward and feedback mechanisms to be able to motivate the employees to sustain behavior that will lead to goal attainment.

Self-Assessment

1. If you believe that the employee who needs a formal Performance Improvement Plan (PIP) will never succeed in your organization, this story is for you.

   The newly promoted plant manager of a 150-person organization was failing miserably in the key deliverables his boss expected. Communication and performance improvement coaching did not appear to have an impact nor demonstrate that the manager was capable of improving. The manager's boss, the VP of manufacturing, grew increasingly unhappy with the plant manager's performance.

   a) Outline the indicators of an effective performance management plan.
   b) Explain why it is critical to involve employees when coming up with a development plan.
2. Which among the following is not a process in the performance management process.
   a) Management process
   b) Performance monitory
   c) Effective communication
   d) Employees rating
3. By utilizing the indicators of effective performance management develop sample development plan that meets the set criteria.

4. A formal PIP was developed for the plant manager citing eleven goals and their measures of success. A 90-day time frame was provided as these goals were challenging and not short-term items to accomplish. He was given a strong, supportive environment in which his supervisor's expectations for his success were a key factor.

   Guess what?

   He succeeded beyond their wildest dreams. All he needed was serious direction about what he needed to do to succeed.

   Armed with the specific direction laid out formally in the PIP, he gathered his whole team, four supervisors and several members of his support staff, and shared the PIP with its eleven key goals. He asked for their help in reaching the goals so that he (and they) could succeed in the eyes of his boss. They did.

So, watching this process play out made believers of everyone involved in the power of a well-planned, measurable PIP characterized by positive reinforcement and expressed support and encouragement.

From the above case study:

a) Demonstrate how the employee was assisted in managing stress which lead to his improvement.
b) Demonstreate how management of time led to him achieving his goals.

Tools, Equipment, Supplies and Materials

- Writing Materials
- Developed questionnaires
- Tablets
- Computers
- Mobile Phones
- Projectors
- Format templates

References

https://yourbusiness.azcentral.com/operational-goal-7060.html
https://www.shrm.org/resourcesandtools/tools-and-samples/how-to-guides/pages/performanceimprovementplan.aspx
Kleingeld: P.A.M (2019) performance management systems: A global perspective, European Journal of work and organization psychology CRC press.

4.3.8 Learning Outcome No. 7.Prepare Performance Improvement Plan

Learning Activities

Learning Outcome No 7 Prepare Performance Improvement Plan	
Learning Activities	Special Instructions
• Download the following link http://www.publicservice.go.ke/images/guidlines/PSC_37_A_Final.pdf and prepare a staff appraisal report for any business organization • Analyze the staff appraisal report and identify the areas of employee improvement	

Information Sheet No. 4/LO7

Introduction

A performance appraisal is a regular review of an employee's job performance and overall contribution to a company. Also known as an "annual review," "performance review or evaluation," or "employee appraisal," a performance appraisal evaluates an employee’s skills, achievements and growth, or lack thereof. Organizations use performance appraisals to give employees feedback on their work performance.

Performance improvement plan is also referred to as- performance actual plan.

It is a management tool that utilizes employee differences and strengths in order to succeed and be able to attain organizational goals.

What is involved in a (PIP) Performance improvement plan?

Critical step

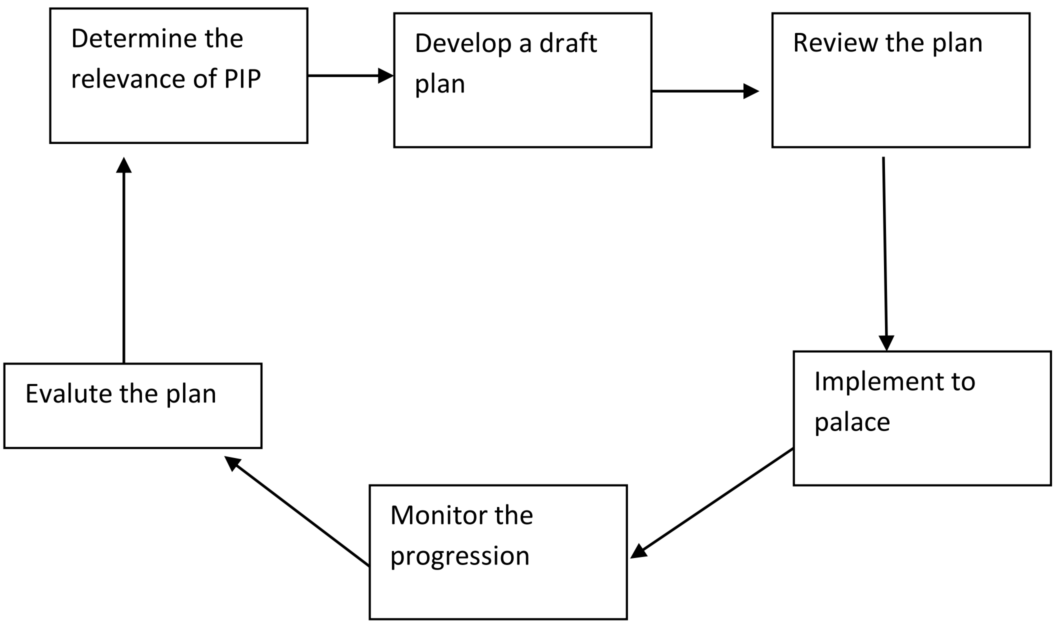


Figure 13: Conclude Plan

Staff appraisal Reports

These are important to monitor employee productivity. In order to improve employee performance in your organization human resource managers are expected to:

1. Communicate clear expectations about the tasks job completed.

2. Make sure performance appraisals are consistent to determine the progress

3. Make employee development a priority as thus will create a sense of belonging

4. Take steps toward improving morale. This will sustain performance.

5. Empower employees to do their jobs well. Offer them skills o do their work through progressive on job training.

6. Utilize the right technologies. This will support the productive process.

<u>Appraisal preparation</u>

To prepare a performance appraisal, employers are expected to identify the areas of improvement as from the staff reports. They then identify the methods of employee improvements in accordance with the Human Resources policies.

<u>Analyze the simple performance evaluation report</u>.

The budget is very key in the identification of the set appraisal standard. The HR needs to identify the resources available for the same.

Once the performance appraisal is implemented, the HR managers will then carry out monitoring and evaluation. The employer rewards those performers and encourage the below average.

PERFORMANCE EVALUATION REPORT

DOCUMENT A - Evaluation Summary

Employee: ______________________________ Department: ______________________________ Position Title: ______________________________ Evaluation Period From: ________________________ Performance Review Conference held on: ________________	Type of Evaluation: ☐ Original Probation ☐ Annual ☐ Promotion ☐ Special ☐ Warning ☐ Separation

OVERALL PERFORMANCE DURING THE EVALUATION PERIOD IS RATED AS: (Check one)	
☐ OUTSTANDING	The employee's overall performance significantly and consistently surpasses all performance standards established for the position. This evaluation recognizes an employee's sustained excellence and accomplishments which are substantially above usual expectations.
☐ EXCELLENT	The employee's overall performance in all areas frequently exceeds the performance standards established for the position. This evaluation recognizes an employee's consistent effectiveness and accomplishments which are above usual expectations.
☐ SATISFACTORY	The employee's overall performance consistently meets the performance standards established for the position and regularly achieves expected results. An employee at this achievement level meets usual expectations and performs tasks in a timely and acceptable manner.
☐ UNSATISFACTORY	The employee's overall performance inconsistently meets the performance standards established for the position and indicates that significant tasks are not completed in the time or manner expected. Performance is below the minimum acceptable level for the position. Correction of performance deficiencies is necessary for continued employment.

Name of Supervisor: ____________________ Title: ____________________________	Signature: Date:
Name of Reviewer: ____________________ Title: ____________________________	Signature: Date:
Appointing Authority: __________________ Title: ____________________________	Signature: Date:
Employee: _________________________ Title: ____________________________	Signature: Date:

To the Employee: Signature only indicates receipt of the evaluation.

AA-PER-6C (Revised May 1997) STATE of VERMONT Department of Personnel

Figure 14: Performance Evaluation Report

Conclusion

Performance appraisals are used to assess an employee's performance and provide a platform for feedback about past, current, and future performance expectations. Performance appraisal is also called employee rating, employee evaluation, performance review, performance evaluation, or results appraisal. Performance appraisals are widely used for administering wages and salaries, giving performance feedback, and identifying individual employee strengths and weaknesses. Information gathered from the performance improvement plan informs management about employee performance.

Self-Assessment

1. Indicate true or false on the following statements on performance appraisal
   a. Performance appraisal reports inform management decisions
   b. Performance appraisal mentor employee program.
   c. Performance appraisal is not a value based process
   d. performance appraisal is a collection effort to employees and management

2. Visit a business organization in your local area and identify methods of improvement in the performance by the employees.
3. Identify the performance improvement resources required to improve the performance by the employees to be able to attain organizational competitiveness.
4. Explain the meaning of a performance develop met plan in an organization
5. Describe how Human resource managers could conduct performance appraisal in for organization.

Tools, Equipment, Supplies and Materials

- Writing Materials
- Developed questionnaires
- Tablets
- Computers
- Mobile Phones
- Projectors
- Format templates

References

http://www.publicservice.go.ke/images/guidlines/PSC_37_A_Final.pdf
https://mitrefinch.com/blog/how-to-improve-employee-performance/
http://www.mnestudies.com/performance-management
Gregory J. (2001) setting performance standards, Concepts methods and Pespectus Lawrence Elbaum associate.

4.3.9 Learning Outcome No. 8. Develop Functional Managers Teamwork Strategy

4.3.9.1 Learning Activities

Learning Outcome #No 8 Develop Functional Managers Teamwork Strategy	
Learning Activities	Special Instructions
• Download the following linkhttps://www.youtube.com/watch?v=DZbmIg0c2s4 and identify the stages in team building.	

4.3.9.2 Information Sheet No. 4/LO8

Introduction

A team is a group of people who collaborate on related tasks toward a common goal. Teams have defined membership (which can be either large or small) and a set of activities to take part in. People on a team collaborate on sets of related tasks that are required to achieve an objective. Each member is responsible for contributing to the team, but the group as a whole is responsible for the team's success.

Definition of Key Terms

Functional Managers: A **functional manager** is a person who has authority over an organizational unit—such as a department.

Teamwork Strategy: Strategies that help team members define a collective identity and values they can buy into, and they can employ effective communication and collaboration.

Cross-functional team: It is a group of people with different functional expertise working toward a common goal—and can include people from finance, marketing, operations and human resources.

Teams in the Workplace

Organizations typically have many teams, and an individual is frequently a member of more than one team. Some teams are permanent and are responsible for ongoing activities. In other cases, a team is formed for a temporary purpose.

The Purpose of Teams

Organizations form teams to accomplish tasks that are too large or complex for an individual to complete. Teams are also effective for work that requires different types of skills and expertise.

The primary role of a team is to combine resources, competencies, skills, and bandwidth to achieve organizational objectives. The underlying assumption of a well-functioning team is one of synergy, which is to say that the output of a team will be greater than the sum of each individual's contribution without a team architecture in place. As a result, teams are usually highly focused groups of employees, with the role of achieving specific tasks to support organizational success.

Different Kinds of Teams

Teams may be permanent or temporary, and team members may come from the same department or different ones. Common types of teams found in organizations include project teams, virtual teams, and cross-functional teams.

- *Project teams* are created for a defined period of time to achieve a specific goal. Members of a project team often belong to different functional groups and are chosen to participate in the team based on specific skills they can contribute to the project. Software development is most commonly done by project teams.
- *Virtual teams* have members located in different places, often geographically dispersed, who come together to achieve a specific purpose.
- *Cross-functional teams* combine people from different areas, such as marketing and engineering, to solve a problem or achieve a goal. Healthcare services are frequently delivered by interdisciplinary teams of nurses, doctors, and other medical specialists.

It is common for an organization to have many teams, including teams of several types. Effective teamwork depends on choosing the type of team best suited to the work that needs to be accomplished.

How management can foster that collaboration.

This has been articulated by Susan Heathfield who came up with (12 c) for effective that work and that buildly

a. Clear expectation for the performance and expected outcome

b. Context: understand the context of working.

c. communication

d. control

e. Collaboration

f.Creative innovation

g. Consequences

h. Coordination

i. Culture Change

Advantages of Teamwork

The benefits of teamwork include increased efficiency, the ability to focus different minds on the same problem, and mutual support.

The primary benefit of teamwork is that it allows an organization to achieve something that an individual working alone cannot. This advantage arises from several factors, each of which accounts for a different aspect of the overall benefit of teams.

- Higher Quality Outcomes
  Teamwork creates outcomes that make better use of resources and produce richer ideas.

- Better Context for Individuals
  the social aspect of teamwork provides a superior work experience for team members, which can motivate higher performance.

Challenges to effective team work

Teams face challenges to effective collaboration and achieving their goals.

Individuals Shirking Their Duties, Skewed Influence over Decisions, Lack of Trust, Conflicts Hamper Progress, Lack of Teaming Skills, Missing Task Skills, Stuck in Formation, Too Many Members.

Stages of Team Development

This process of learning to work together effectively is known as team development. Bruce Tuckman, (1965) identified a five-stage development process that most teams follow to become high effective and these are shown in the following diagram.

Figure 15: Stages of Team Development

Most high-performing teams go through five stages of team development.

a. Forming stage
b. Storming stage
c. Norming stage
d. Performing stage
e. Adjourning stage

4.3.9.3 Self-Assessment

1. Teams occur when a number of people have _____________________ and recognize that their personal success is dependent on the success of others.
   a) The same manager
   b) Similar jobs
   c) A shared work environment
   d) A common goal

2. Groups which are formed as the consequence of organizational structure and work division are known as:
   a) informal groups
   b) formal groups
   c) target groups
   d) operational groups

3. Distinguish between team and groups.
4. Explain four purposes of strong team with organization
5. Visit any business organization in your local area and identify how the personnel department collaborates with other departments in the organization to fulfill their task of managing people listing down the benefits of team work in achieving departmental and organizational goals.
6. Analyze the five critical stages for effective team development
7. By using the 12© by Susan Healtfied link the following statements with the correct (C) to foster effective team work.
8. Instruction passage effectives to the teams(communication)
9. Employees work effectively without supervisor (commitment)
10. Each member of the their works a their task (collaboration)
11. Employees therefore their tasks in extra ordinary ways (creativity)
12. Leader of the group mention what needs to be done (control)

4.3.9.4 Tools, Equipment, Supplies and Materials

- Writing Materials
- Developed questionnaires
- Tablets
- Computers
- Mobile Phones
- Projectors
- Format templates

4.3.9.5 References

https://en.wikipedia.org/wiki/Functional_manager
https://courses.lumenlearning.com/boundless-management/chapter/defining-teams-and-teamwork/

4.3.10 Learning Outcome No. 9. Motivate Organization Workforce

4.3.10.1 Learning Activities

Learning Outcome #No 9 Motivate Organization Workforce	
Learning Activities	Special Instructions
• Visit an organization of your choice and identify the financial and non-financial motivators for the employees and give an analysis on which is the most effective source of motivation and why	• .

4.3.10.2 Information Sheet No. 4 /LO 9

Introduction

Motivation may be defined as the complex of forces inspiring a person at work to willingly use his capacities for the accomplishment of certain objectives. It is something that impels a person into action and continues him in action with enthusiasm. Motivates is the willingness to support high level effort towards organizational goals. Motivated employees foster organization productivity and completion advantage.

Content

Motivation Types

Intrinsic Motivation

Intrinsic motivation occurs when we act without any obvious external rewards. We simply enjoy an activity or see it as an opportunity to explore, learn, and actualize our potentials.

In work settings, for instance, productivity can be increased by using extrinsic rewards such as a bonus. However, the actual quality of the work performed is influenced by intrinsic factors. If you are doing something that you find rewarding, interesting, and challenging, you are more likely to come up with innovative ideas and creative solutions.

Factors that lead intrinsic motivation.

- **Challenge:** People are more motivated when they pursue goals with personal meaning and when attaining the goal is possible but not necessarily certain. These goals may also relate to their self-esteem when performance feedback is available.
- **Curiosity:** Internal motivation is increased when something in the physical environment grabs the individual's attention (sensory curiosity). It also occurs when something about the activity stimulates the person to want to learn more (cognitive curiosity).
- **Control:** People want control over themselves and their environments and want to determine what they pursue.
- **Cooperation and competition:** Intrinsic motivation can be increased in situations where people gain satisfaction from helping others. It also applies to cases where they are able to compare their own performance favorably to that of others.
- **Recognition:** People enjoy having their accomplishment recognized by others, which can increase internal motivation.

Extrinsic Motivation
Think about your own motivation for reading this article. Are you trying to learn the material so that you can get a good grade in your Human resource class? This means that you are studying the material to gain external reinforcement (getting a good grade), which means that your behavior is extrinsically motivated.

People who are extrinsically motivated will continue to perform an action even though the task might not be in and of itself rewarding.

Example
A person who works in a manufacturing position, for example, might perform a number of routine tasks that are not enjoyable. Because this person is receiving an extrinsic reward (a paycheck) for completing these tasks, he or she will feel motivated to perform them.

When you want to get someone to do something, such as getting your kids to do their homework, what is the best way to motivate them? Many people might start by offering some type of reward like a special treat or toy. This is a great example of extrinsic motivation since the behavior is motivated by a desire to gain an external reward. Unlike intrinsic motivation, which arises from within the individual, extrinsic motivation is focused purely on outside rewards.

Extrinsic Motivation Can Involve Tangible or Psychological Rewards

Extrinsic motivation is usually defined as our tendency to engage in activities in order to gain some type of known, external reward. It is important to note that these rewards can be either tangible or psychological in nature. Money and trophies are two common types of tangible rewards. People engage in activities that they might normally not find terribly enjoyable or rewarding in order to earn a wage. Athletes often engage in strenuous and difficult training sessions in order to be able to compete in sporting events in order to win trophies and awards.

Extrinsic rewards can be an important tool in motivating behavior, but experts warn that they should be used with caution.

Extrinsic motivation is not a bad thing. External rewards can be useful and effective tool for getting people to stay motivated and on task. This can be particularly important when people need to complete something that they find difficult or uninteresting, such as a tedious work-related project.

Organization Motivation Parameters

Financial motivators.
Financial motivators may be in the form of more wages and salaries, bonuses, profit-sharing, leave with pay medical reimbursements, company paid insurance of any of the other things that may be given to employees for performance. The economists and most managers consider money and financial incentives as important motivators.

Non-Financial motivators.
Non-financial motivators are used to motivate managerial and other higher level personnel.

Employees do not always run after money. They have other needs too. They want status and recognition in the society, they want to satisfy their egoistic needs and they want to achieve something in their lives.

Theories of motivation

Maslow's Need Hierarchy Theory:
It is probably safe to say that the most well-known theory of motivation is Maslow's need hierarchy theory Maslow's theory is based on the human needs.

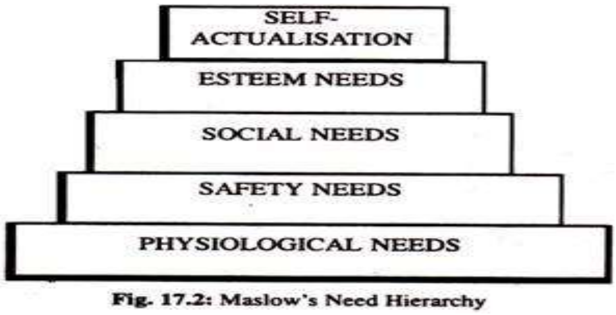


Figure 16: Maslow's Hierarchy of Needs

Herzberg's Motivation Hygiene Theory:
The psychologist Frederick Herzberg extended the work of Maslow and proposed a new motivation theory popularly known as Herzberg's Motivation Hygiene (Two-Factor) Theory. (Read more)

McClelland's Need Theory:
McClelland has identified three basic motivating needs, Viz. Need for Power, Need for Affiliation and Need for Achievement and, along with his associates performed a considerable research work on these basic needs.

Figure 17: McClelland's Need Theory

McGregor's Participation Theory:
Douglas McGregor formulated two distinct views of human being based on participation of workers. The first basically negative, labeled Theory X, and the other basically positive, labeled Theory Y.

Theory X is based on the following assumptions:

1. People are by nature indolent. That is, they like to work as little as possible.

2. People lack ambition, dislike responsibility, and prefer to be directed by others.

3. People are inherently self-centered and indifferent to organizational needs and goals.

4. People are generally gullible and not very sharp and bright.

On the contrary, Theory Y assumes that:

1. People are not by nature passive or resistant to organizational goals.

2. They want to assume responsibility.

3. They want their organization to succeed.

4. People are capable of directing their own behavior.

5. They have need for achievement.

Vroom's Expectancy Theory:

One of the most widely accepted explanations of motivation is offered by Victor Vroom in his Expectancy Theory" It is a cognitive process theory of motivation. The theory is founded on the basic notions that people will be motivated to exert a high level of effort when they believe there are relationships between the effort they put forth, the performance they achieve, and the outcomes/ rewards they receive.

4.3.10.3Self-Assessment

1. Download the following link https://www.trackmind.com/idea-generation-vetting-ideas/ and identify the strategies of motivating employees.
2. Visit a leading organization, for example, Safaricom mobile company and find out what innovation awards are offered to their employees for innovative ideas and the awards given them.
3. Distinguish between intrinsic an extrinsic motivation.
4. Explain why intrinsic motivation is the best to support employee performance.
5. Which among the following is not a theory of motivation
   a) Mascular
   b) Expectation
   c) Theory x and y
   d) Trait theory
6. Assume you are appointed a manager of a teaching marketing organization where productivity has gone down for a period of five years.

   Task:

   a) explain five ways in which you could motivate the employees to remain forecast on a goal attainment b)what motivation parameters do you think contributed to the performance of the organization going down

4.3.10.4 Tools, Equipment, Supplies and Materials for the specific learning outcome

- Writing Materials,
- Developed questionnaires,
- Tablets,
- Computers,
- Mobile Phones,
- Projectors
- Format templates
- Sample motivation incentive programs\Chart on the process of motivation
- Materials for role play

4.3.10.5 References

1. Armstron M. & Taylor S. (2014). Armstrong's Handbook of Human Resource Management practice. 1518 Walnut Street, Suite 1100, Philadelphia PA 19102 USA
2. Saleemi N. A. (1997). Personnel Management Simplified,Nairobi Saleemi Publications, Nairobi

4.3.11 Learning Outcome No. 10. Manage Organization Culture and Change

4.3.11.1Learning Activities

Learning Outcome #No 10. Manage Organization Culture and Change	
Learning Activities	Special Instructions
• Visit any business organization of your choice and investigate on how the organization improves its organization culture and write a report. Use the following guidelines to assist you. a) How regularly are meetings held between management and the employees to listen and address their concerns b) What percentage of employees are aware of the organization's mission, vision and values. c) State any vibrant social feed where the employees can offer support to each other and overcome challenges together d) What percentage of employees say their bosses share information and data to build trust, transparency and improved corporate culture. e) What percentage of managers demonstrate a buy in into the organization's core beliefs so as to lead from the front f) What percentage of employees receive regular feedback if they align their performance with the organization's culture. g) What percentage of employees are rewarded if their actions best represent the organizational culture that the organization wishes to seek. h) What percentage of employees have been provided with a challenge and opportunity for development.	• The report should be written under the following headings: - Terms of Reference - Procedure - Findings - Conclusions - Recommendations • Learners to present them finding in a discussion.

4.3.11.2Information Sheet No 4/LO10.

Introduction

An organization's customs, traditions, rituals, behavioral norms, symbols and general way of doing things are the visible manifestation of its culture; they are what one sees when walking into the organization. The current organizational culture is usually due to factors that have worked well for the organization in the past. Organizations must establish positive cultures for them to succeed

Definition of Key terms

Employee discipline: Employee discipline is defined as the regulations or conditions that are imposed on employees by management in order to either correct or prevent behaviors that are detrimental to an organization.

Change Management process: Change management (sometimes abbreviated as **CM**) is a collective term for all approaches to prepare, support and help individuals, teams, and organizations in making organizational change.

Organizational Culture: these are the underlying beliefs, assumptions, values and ways of interacting that contributes to the unique social and psychological environment of an organization.

It is way of life of a people and of groups.

Managing Organizational Culture and Change

Change is an individual event, so there are human factors to take into account. That means the more adoption an organization gets from employees, the closer it is to achieving the desired outcomes.

To manage culture change, the first step is to observe and understand your organization's culture as it is now, and to determine which values will best align with your strategy and structure. Once you decide what your values need to be, design a Cultural Change Plan using the action steps below.

Guidelines: Driving cultural change requires active and intentional leadership. Whether you are changing the culture of a team, a division, or an entire enterprise, use these five steps to manage the process:

a) Quantitatively measure your current cultural values.
Intentionally align culture, strategy, and structure. .
b) Ensure staff and stakeholder participation. (e.g., change sponsor, change committee)
that can make timely and clear decisions to prevent an ambiguous vision or delay key
actions.
c) Communicate and demonstrate the change, again and again and again and then …
again.

Content

Be consciously aware of your own mood. If it's not one that will be useful to your team, change it. Use your nonverbal behaviors to communicate emotional contagion. Make direct eye contact with everyone on the team. Neutralize a negative team member. Create a positive emotional culture within the team.

Clan Culture.

Adhocracy Culture; this is a dynamic and creative working environment.

Market Culture

Leader Type: Hard driver, competitor, producer
Value Drivers: Market share, goal achievement, profitability
Theory of Effectiveness: Aggressively competing and customer focus are effective
Quality Improvement Strategy: Measuring client preferences, improving productivity, creating external partnerships, enhancing competiveness, involving customers and suppliers

Hierarchy Culture- This is a formalized and structured work environment. Procedures decide what people do.

Leader Type: Coordinator, monitor, organizer
Leadership style and culture:

Look at several leadership and styles available that can define your organization culture, e.g. Directive, transformational, servant, participative and authoritative leadership styles.

Managing employee grievances

In accordance with the policy guide line and the labor laws of Kenya:

Find a permanent solution; Solve, do not troubleshoot. Your goal should be to come up with a solution that will, as much as possible, put the grievance brought by the employee to rest, rather than provide a temporary fix. Therefore, your goal should be to eliminate the root cause of the problem. Remove the reason for the employee's complaint.

Listen, and listen well: Remember, all grievances put forth by employees must be heard and listened to the labor laws and the collecting bargain agreement of the organization will guide.

Grievance proceedings should not be allowed to go on for months.

In the same vein, as discussed earlier, once a decision has been arrived at, communicating the decision to the employee should also be done quickly. Do not put it off for later.

How to deal with employee grievance

a) Keep an open mind. This means that your objectivity will be shot, and the decision may not be as unbiased as you will later represent it to be.

b) Come up with alternative courses of actions. Guided by the organization policy and the labor laws

c) Keep all communication lines open.

d) Be responsive whenever the employee reaches out to you.

e) Document every step of the grievance process.

f) Establish and implement good policies on handling employee grievance.

i) Establish an employee grievances machinery or system in place..

j) Carrying out employee discipline according to the policy guideline and he labor laws.

NB: It is important for organization to develop a quality management system booklet in accordance with the constitution and labor law for referee to incase of a misconduct and reporting, and the collecting bargain agreement (CBA) of the organization will guide.

Specifically say what defines misconduct, such as theft, assault or battery, insubordination, conflict of interest, recklessness, fraud, breach of confidentiality, drunken and disorderly behavior, falsifying company documents, being under the influence of alcohol or drugs, sleeping on the job, sexual harassment, discrimination and bribery.

The change management Process

The leader should assess the organization's readiness for change by assessing the organizational culture. Build awareness around the need for change and creating a desire among employees. Therefore, initial communications are typically designed to create awareness around the business reasons for change and the risk of not changing. Likewise, at each step in the process, communications should be designed to share the right messages at the right time.

The following is a diagrammatical representation of a change management process.

.

Figure 18: The Change Management Process

Conclusion
The organizational culture has addressed change management, change management process, behavior, and discipline in accordance to HR policy and procedure and reorganization of work culture in accordance of with HR procedures, the constitution and labor laws of Kenya. Labor laws are on the Kenya law website. Do more readily on elements of organization culture and determine its effectiveness in foster organizational productivity.

4.3.11.3Self-Assessment

1. Download the following link https://www.youtube.com/watch?v=YEdcJdV2mGc and write down at least five considerations for establishing and maintaining organizational culture.
2. Explain the concept of organizational culture.
3. Outline the importance of an effective organizational culture.
4. Which among the following is not an aspect of organizational culture.
    a) Beliefs
    b) Religion
    c) Dressing
    d) Policies
5. By analyzing the following model of organization culture, explain how a modern organization can be embraced its elements to succeed. The elements are
    a) History of an organization
    b) Communication
    c) Behavior
    D) Norms
    e) Values

4.3.11.4 Tools, Equipment, Supplies and Materials

- Writing Materials
- Developed questionnaires,
- Tablets,
- Computers,
- Mobile Phones,
- Projectors,
- Format templates
- Models of change management

4.3.11.5 References

"Who moved my cheese?" by Dr. Spencer Johnson MD
kenyaemploymentlaw.com

https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/understandinganddevelopingorganizationalculture.aspx
https://study.com/academy/lesson/employee-discipline-in-the-workplace-procedures-principle-quiz.html
Armstrong, M. (2012).Armstrong handbook of Strategic Human Resource Management. London: Kogan
Dessler, G. (2013). Human Resource Management. 13th ed. London: Pearson

4.3.12 Learning Outcome No. 11. Manage Labor Turn-over

4.3.12.1 Learning Activities

Learning Outcome #No. 11.Manage Labor Turn-over	
Learning Activities	Special Instructions
• Visit any Business organization and calculate the labour turnover rate of employees using the following formula Number of employee leaving during a period × 100 Average number employed during a period	• Use exit interviews or surveys to establish number of employees leaving the organization • Use human resource inventory records to establish the number of employees employed at a particular period • Download the link below for guidance on calculation of labour turnover https://www.tutor2u.net/business/reference/labour-turnover •

4.3.12.2 Information Sheet No 4/LO11

Introduction

Labor Turnover is the rate of change in the working staff of an organization during a definite period or the proportion of a firm's workforce that leaves during the course of a year. It's guided by the organization policy and the labor laws

Definition of Key terms

Labor: Productive activity for the sake of economic gain or the boy of persons engaged in such activity, especially those working for wages.

Turnover: The rate at which employees leave a workforce. Frequency of employee mobility.

Managing Labor Turnover

The organization should make apriority of creating a policy that will curb labor turnover to ensure stability.

Labor is managed in accordance to the HR policy in place in an organization. Determining current labor turnover, establish causes of the same, retention strategies and periodic review of turnover.

Costs or Effects of Labor Turnover

Selection and training costs, Loss of productivity associated with the recruitment, Loss of profit due to loss of production because of training on job, The pay of a learner is in excess of his productivity, unfamiliar with the work give more scrap newbies, rejects and defective work which increase the cost of production, Faulty handling of tools and machinery by workers leading to their breakdown, inexperienced are more prone to accidents leading to loss on account of output, compensation and team spirit due to labor instability, Additional wages in the form of overtime pay have to be paid because of an excessive number of separations causing trouble in meeting contract delivery dates etc.

Causes of labour/employer turnover

These can be classified into several causes e.g. retirement, death, disability, resignation, downsizing/ retrenched etc. That can be categorized in several groups e.g. personal, un-avoidable, reduction/retrenchment.

Case study: www.Kenyalaws.org/casefiles

Conclusion

The labor turnover is determined in accordance with the Human Resource policy and procedures guided by the labor laws and the collective bargaining agreement in case of any in existence.

Labor retention strategies are established in accordance with the Human Resources policies and procedures, periodic review of labor turnover is carried out with policy guidelines.

4.3.12.3 Self-Assessment

1. Type of turnover which is led in organization by disruptive leaves of employees is considered as
    a) functional turnover
    b) dysfunctional turnover
    c) involuntary turnover
    d) voluntary turnover
2. Absenteeism of employees from job because of funerals in employee's family or employee's illness is classified as
    a) involuntary absenteeism
    b) voluntary absenteeism
    c) satisfactory absenteeism
    d) none of the above

3. Conduct a research on a particular business organization and identify the reasons why employees are leaving the organization using exit interviews or surveys.
4. Define the concept labour turnover
5. Explain the causes of labour turn over in organization
6. What are the implication of high employee from over to organizational stability?
7. Outline strategies that organization can undertake to curb employee turnover.

4.3.12.4 Tools, Equipment, Supplies and Materials

- Writing Materials
- Developed questionnaires
- Tablets
- Computers
- Mobile Phones

- Projectors
- Format templates

4.3.12.5 References

http://www.publicservice.go.ke/images/guidlines/PSC_37_A_Final.pdf
https://www.investopedia.com/what-is-a-performance-appraisal-4586834
http://www.mnestudies.com/performance-management
Hall, L., Taylor, S. and Torrington, D. (2008).Human Resource Management. 7th ed. Harlow: Financial Times Prentice Hall.
www.kenyalaws.org

4.3.13 Learning Outcome No. 12. Carry Out Succession Planning

4.3.13.1 Learning Activities

Learning Outcome #No. 12. Carry Out Succession Planning	
Learning Activities	Special Instructions
• Draw an organization chart to represent an organization structure of a business organization and identify the key positions of the line mangers, functional managers and staff positions.	

4.3.13.2 Information Sheet No 4/ lo No. 12

Introduction

Succession planning is the process of for identifying and developing teachers who could replace old teachers /mangers when they retire.

Planning/Forecasting the availability of inside executive candidates is very important in succession planning.

Succession planning can be defined as the process of ensuring a suitable supply of successes for current and future, senior or key jobs arising from business strategy so that careers of individuals can be planned and managed to optimize the organization needs and the individual's aspirations.

Definition of Key terms

Key positions: These are critical positions in an organization where only one person can perform unique duties in an organization, has a specialized knowledge and/or experience acquired over time or through specialized education and training, is a skill rare in the market and is difficult to find qualified candidates despite recruitment efforts, employee will retire within 5 years, departmental heads, position is one of its kind in a particular location or position has external or internal network span both strategically and operationally critical.

Potential employees: The term "Potential" is typically used to suggest that an individual has the qualities (e.g. characteristics, motivation, skills, abilities, experiences etc.) to effectively perform and contribute in broader or different roles in the organization, at some point in the future. Potential is associated with possibilities for the future rather than with problems in current performance.

Succession training strategy: This is a strategy for identifying and developing future leaders at all levels.

Carrying out succession planning

It identifies the key or critical positions that will become vacant within a specified amount of time (typically from 18 months, (one and a half years), to five years), and the competencies necessary to do the work associated with these positions. Its goal is having the right people in the right positions at the right time. The focus of succession planning is on key positions critical to the mission of the organization at all levels.

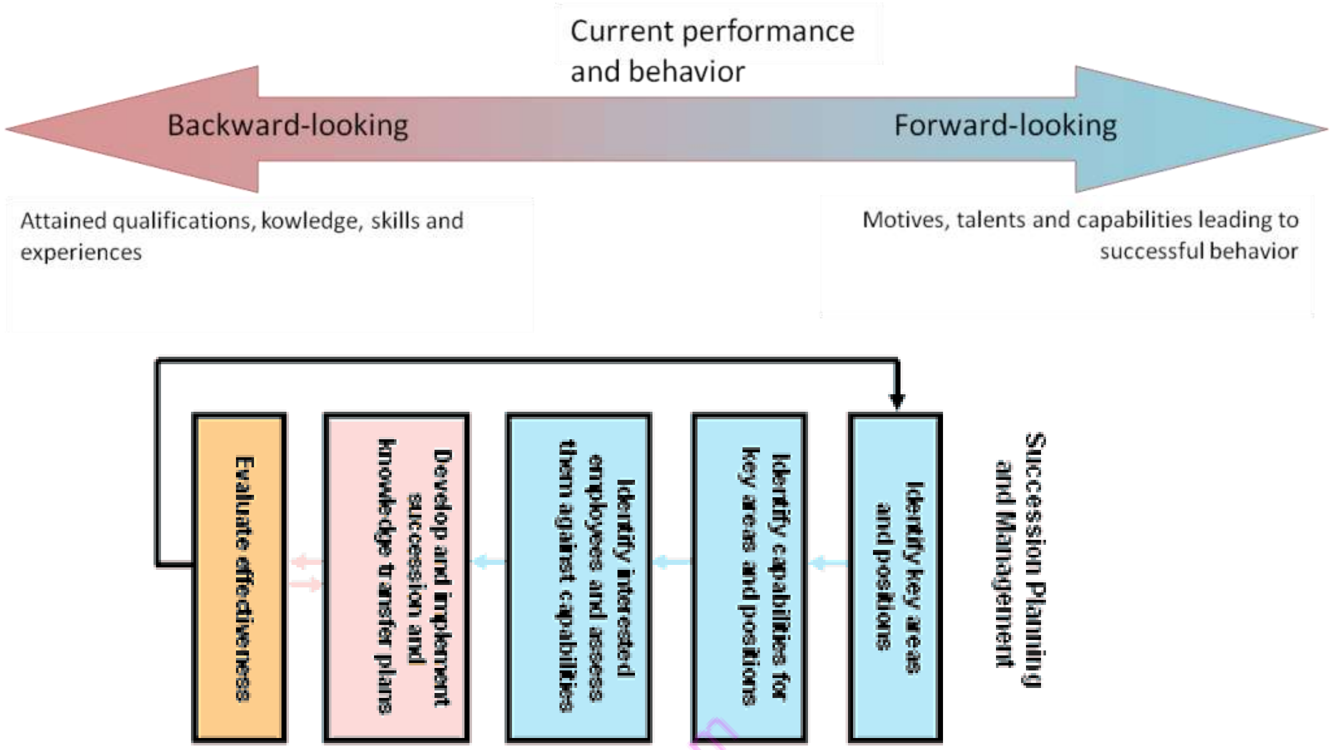


Figure 19: An employee's potential evaluation

Conclusion/summary

Competencies and profiles of key positions are identified in accordance with the HR policies, potential employees are identified through HR policies succession training strategy on employees is carried out in accordance with HR policy.

Regular review of succession plan is carried out in accordance with the HR policy in place, and development of manuals for senior. Further reading importance of succession planning is encouraged.

Steps to effective successful planning.

1. Productiveness of management in dealing with succession plenty
2. Having a hope mind so that talent is developed to enable affection succession.
3. Market
4. Offer regular feedback to upcoming mangers
5. Put in place a successful place
6. Develop a hiring strategy

4.3.13.3 Self-Assessment

1. Long term process of identifying plan for replacement of key employees orderly, is classified as
   a) psychological testing
   b) performance appraisals

c) assessment centers
d) succession planning

2. Employee learning concept which states that employees learn best with training if feedback and reinforcement is given is classified as
   a) massed confirmation
   b) spaced confirmation
   c) spatial confirmation
   d) immediate confirmation
3. Which of the following is not a recognized type of plan?
   a) Business
   b) Succession
   c) Ad hoc
   d) Financial

4. Define the concept succession planning
5. Explain why organization should have a policy to deal with succession planning
6. Outline the factors that could hinder affection succession planning in an organization.
7. Download the following linkhttps://www.youtube.com/watch?v=A9h5NlqCSdA on succession planning and identify the factors you consider in getting started for succession planning.

4.3.13.4 Tools, Equipment, Supplies and Materials for the specific learning outcome

- Writing Materials,
- Developed questionnaires,
- Tablets,
- Computers,
- Mobile Phones,
- Projectors
- Format templates

4.3.13.5 References

1. Armstrong, M. (2012).Armstrong handbook of Strategic Human Resource Management. London: Kogan
2. Dessler, G. (2013). Human Resource Management. 13th ed. London: Pearson

4.3.14 Learning Outcome No. 13. Maintain HR Records

4.3.14.1 Learning Activities

Learning Outcome #No. 13. Maintain HR Records	
Learning Activities	Special Instructions
• Visit a business organization in your local area and identify the various types of HR records and ways in which they are managed.	• Keep an in venture of the records

4.3.14.2 Information Sheet 4/LONo.13

Introduction

Human Resources records includes records covertly employment, position, wages, salary, employee relation, performance management and organizational development.
HR records include the information relating to the human resources of the organization. They are normally too guided by the organization policy and the labor laws. Human resources' mangers must always keep proper record and update regularly.

Definition of key terms

Records: A thing constituting a piece of evidence about the past, especially an account kept in writing or some other permanent form.

Types of Human Resource Records are: personal, training, health and safety, wages and salaries, leave, performance record and benefits program.
These testimonials are kept in the employee's personal file. It is the duty of the Human Resource Department to open a file under the employee's name and also provide him/her with a personal number. It is in this file that all correspondence between the employee and his/her employer will be kept (filed).

At the same time the department completes a Personnel Record Card, containing summarized details relating to you as an employee, may be called employment card. All these are guided by the HR policy and the labor laws.

HUMAN RESOURCE INFORMATION SYSTEMS

Human resource information systems are electronic systems that compile information in databases to be easily accessed and analyzed.

A Human Resource Information System (HRIS), sometimes referred to as Human Resources Management System (HRMS), is software that provides a centralized repository of employee master data that the Human Resource Management (HRM) group needs for completing core human resource (HR) processes be performed and the reporting capabilities make the data stored in the system more accessible and usable.

PURPOSE OF KEEPING PERSONNEL RECORDS

- Helps managers to identify, prepare and implement training programs for employees and executive development
- Facilitates in decision making in respect to giving or refusing transfers, promoting staff, demotion, redeployment etc.
- Helps in preparing wage and salary sheets, and deciding on whether to increase salaries/wages
- Giving reference on employees leaving the organization
- Taking disciplinary action such as suspension or dismissal of staff
- Working out the number of employees, deciding on recruitment of staff, turnover
- To comply with the provisions of various industrial and labour laws.
- Maintains up-to-date information on accidents, absenteeism, labour turnover, leaves, lay-offs, strikes and lock-outs and wage rates prevailing in the organization
- Facilitates human resource audit

NB: Principles of record keeping are: Accountability, Transparency, Integrity, Protection, Compliance, Availability, Retention, and Disposition etc.

HR RECORDS ANALYSIS AND REPORTS

- Traditionally, HR reports have focused upon standard data collection; i.e. the number of new starters, staff turnover, staff absence rates, employee engagement etc.
- All useful facts of course; yet 'flat' and often incomplete data such as this doesn't create a complete picture – making it difficult to extract useful insights that senior managers can use to aid business development.
- In contrast, an analytics system allows you to examine, analyze and interpret your data – telling a story about the true state of the business

Types of HR Analysis

Level 1

a) Descriptive Analytics. Using descriptive data to illustrate an area of HR, with no analysis beyond a change over time (known as trend analysis), e.g. turnover statement.
b) Descriptive Analytics using multi-dimensional data.

Level 2

Predictive Analytics. Using data to predict future trends, allowing you to plan for all possible events and scenarios for the good of the business. This can be done, at a basic level, with an Excel spreadsheet and statistical knowledge. Or, via a simple analytics module or system that takes a data feed from your HR system

Level 3

Prescriptive Analytics. This will apply mathematical and computer sciences to suggest options to the data set out in Levels 1 and 2. It will not only predict the outcomes but also the interrelated effects of each decision.

<u>Human Resource analytics software:</u> is used to process raw HR data with the goal to generate valuable insights, improve workplace management, enhance recruitment processes, employee retention, and provide better staffing analysis while saving funds by simplifying HR processes. Human Resources are a big deal in every company. They are people in charge of people, fostering the company's culture and values to everyone. From recruitment to retention, HR juggle with a lot of different elements that are crucial to assign the right person to the right position.

Figure 20: Application of HR Analytics

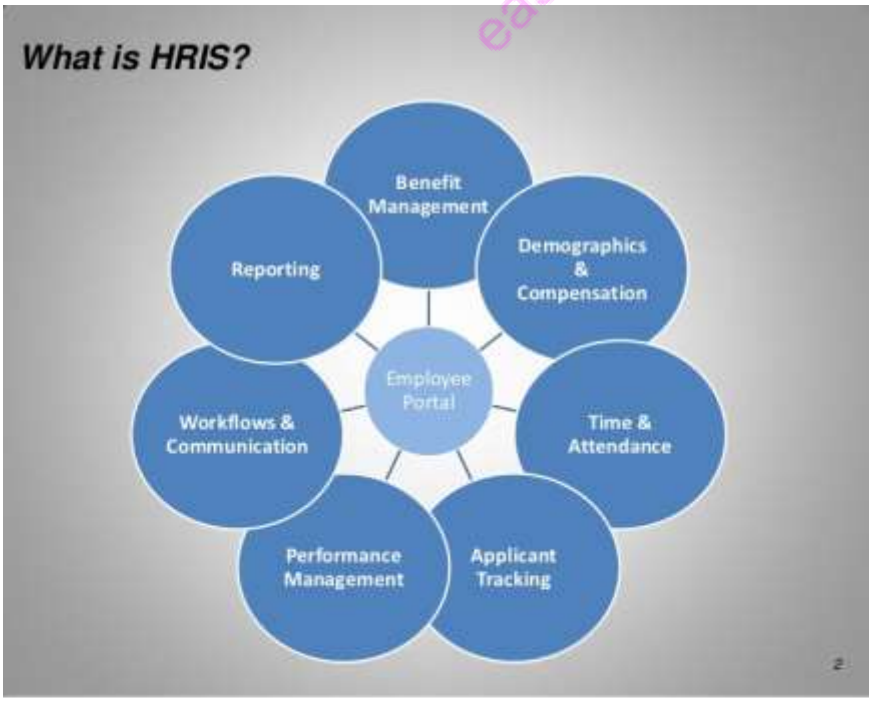


Figure 21: HRIS

Application of HR analytics results in a number of strategic and operational advantages to HR;

- Increased need for data and analytics tool in HR to make better HR decisions
- Better Quality of Hire is one of the HR data analytics benefits
- A vital benefit of HR metrics and analytics is Employee Retention
- Transformation of HR as a strategic partner is one of the benefits of Workforce analytics
- Business analytics in HR can help predict the hiring needs of an organization

Conclusion

Guided by the organization policy, Records management is the practice of filing, retaining and destroying company records in accordance with government and industry regulations.

Therefore addressing issues on: Obtaining, categorizing, updating, providing, and archiving disposal and security of organization employee records.

The analysis and reports are guided by organization policy and the laws of the country.

Further reading and research is encouraged on the importance of Human Resources records.

4.3.11.3. Self-Assessment

1. .A ……………….. is the basic element of data where individual field contains a single value, such as an employee's last name, a data or the value of the sensor reading.
   A) field
   B) record
   C) file
   D) database
2. A ……………………. is collection of related fields that can be treated as a unit by some application program.
   A) field
   B) record
   C) file
   D) database
3. The …………………….. maintains the key characteristic of the sequential file: Records are organized in sequence based on a key field.
   A) pile
   B) sequential file
   C) indexed sequential file
   D) indexed file
4. The …………………….. retains one limitation of the sequential file: effective processing is limited to that which is based on a single field of the file.
   A) pile
   B) sequential file
   C) indexed sequential file

D) indexed file

5. Visit a business organization and identify the security measures implemented to secure their HR records and the guidelines for HR retention policy
6. Visit a business organization and identify the various analytical tools related to human resources records to enhance HR decision making.
7. Why is it critical for HR mangers to keep proper HR records?
8. Outline solution of the critical records the Human Resources manages are expected to keep
9. What is the value of using the HR analytic software to process Human Resource date.
10. Indicate true or false on the following statements describing keeping of Human resources records.
    a. Keeping of HR records is a tedious process that is often ignored
    b. Human resource records could be sued to inform management decision
    c. Human resource records can assist in recruitment matters.
    d. Human recourse records called be used to trade employee products.

4.3.11.4. Tools, Equipment, Supplies and Materials

- Writing Materials,
- Developed questionnaires,
- Tablets, Computers,
- Mobile Phones,
- Projectors,
- Format templates
- Sample of some of the Human Resources records
- Date bank containing all the documents for illustration.

4.3.11.5. References

1. Armstrong, M. (2012).Armstrong handbook of Strategic Human Resource Management. London: Kogan
2. Dessler, G. (2013). Human Resource Management. 13th ed. London: Pearson

4.3.15 Learning Outcome No. 14. Human Resource Annual Report

4.3.15.1 Learning Activities

Learning Outcome #No. 14. Human Resource Annual Report	
Learning Activities	Special Instructions
• Visit a business organization and identify the standard metrics in Human Capital reporting of the organization. • To cover the Performance Criteria statements • Trainees to demonstrate knowledge in relation to; The *Range* in the Occupational Standards and *Content* in the curriculum	

4.3.15.2 Information Sheet No 4/LO14

Introduction

An annual HR report is a document where you present all kinds of data and analyses of what how the year has been regarding the company's human resources policies, the turnover rate, working environment, salaries and compensation. This is important because it can assist to determine if organization objectives were attained or not.

Human Resource Annual Reports

Companies report on a range of human capital metrics through their annual report in order to show how organizations are using this resource to maximum effect.

There are number of Standard metrics that should be reported on. These include:

- Employee numbers
- The composition of the workforce (e.g. analysis by gender, age, full-time or part-time, contingent labor)
- Staff compensation
- Employee benefits entitlement
- Recruitment costs
- Training and development spend (including on health and safety)
- Average hours training per employee category
- Numbers of courses taken
- Reward schemes to align employee behaviors with strategic goals.
- The stability of the workforce (e.g. voluntary and regrettable turnover rates)
- Absence rates: These absences and absenteeism reports
- Talent retention or seniority: Seniority has a very tight relationship with employee motivation and results from a good strategy of talent retention from the company.
- Average age: This data is especially interesting to know the situation of the company and its staff needs, like what benefits to offer: kindergarten, health insurance, transport, etc.

- Compensation: The average salary offered in the company is really useful to see if the company is competitive enough in the market
- Employee motivation and engagement (e.g. by reference to surveys)
- Retention rates after parental leave
- Internal hire rate
- Accident rates
- Days lost to injury
- Work-related fatalities
- Industrial relations issues
- Revenue per headcount
- Any productivity gains made.
- Job satisfaction rate = Number of people who report being satisfied ÷ Total number of employees
- Profit per employee = Business profit ÷ Number of employees
- Training spend per employee = Total training costs divided by ÷ Number of employees
- Cost of HR per employee = Total HR salary and benefits ÷ Number of employees

Much human capital reporting currently focuses on inputs and activities, rather than on the outputs and outcomes. It is rare for companies to explicitly demonstrate how their human capital is contributing to value creation.

Critical questions asked should reveal the human capital outcome of either value or risk. All human capital data and information must be 'material' in showing "direct, casual connection to value creation (or loss) and decreased (or increased) organization risk.

There are some key reasons to utilize human resources reports during specified time periods, such as monthly and annual:

Identify problem areas, Manage information, HR monitoring, Effective planning, Predictive forecasting and Enhanced communication.

Presenting the data for the annual human resources report

- After gathering all the metrics you must analyze them, make conclusions and take action to improve or maintain the results for the next year. If you are preparing an end of year HR report for the directives of your company all that will help you expose your ideas and show all your efforts are in the right direction.
- Usually the HR department sends a dossier with all the data and graphics to show the people in the general end of year meeting. With a PDF it will be enough to show them everything, but you can also print some copies.

A visually engaging way to track vital data, **HR dashboards** add value by measuring progress, nurturing **relationships**, and building culture and support: Monitoring and Management:

Regular **reporting** enables **HR** to accurately take the pulse of the organization by tracking key workforce metrics.

The Workforce Metrics dashboards provide summary data regarding the current workforce profile, demographic trends, and staff recruitment. The data is refreshed annually.

HR Strategy action plan on HR Capital Reporting;
The action should be modified to better align it with the goals of the Strategic Human Capital Management Plan.HR personnel should decide on a timeline to carry out a strategic HR management review. This review will track the progress made and also identify areas for improvement. The review should be measured against whether changes are helping your company to achieve their goals. Corrective action must be taken if strategic human resource management is failing to meet its objectives.

When reporting, rather than reporting historically, the question should be ‘If I were an investor or owner of this company, what is it that I would want to know about the people side of the business. That is analyzing the people analytics by asking the right questions. Secondly what are the implications of our board of directors, senior executive’s team, HR leaders and outsiders want to know about the people side of the business such as workforce efficiency, effective metrics, and all the information that increases transparency or represent risks the organization needs to monitor, manage and respond to. The HR function and analytics should address these issues.

Functions of a Human Resources Report.
Reporting on the workforce is one of the HR’s essential tasks. When done right, it offers three key benefits for both HR and management:

- HR Monitoring. Regular reporting enables HR to keep a finger on the pulse of the organizations by tracking key workforce metrics.
- Management information.
- Track problem areas.
- HR reporting pitfalls
- Automate your HR reporting.
- Provide relevant information:
- Fix mistakes: HR data is dirty, accuracy is key
- HR reporting and HR dashboards are often a stepping

Conclusion
Human resource monthly/annual report will address: analysis, determine variation from plan, review, strategy and preparation according to organization policy, guided by the laws.
Further reading and research is encouraged

4.3.15.3 Self-Assessment

- Visit a business organization and identify the human resource action plans to align variations in the human resource capital reporting with the goals of the strategic human resource management plan.
- Download the following link https://www.youtube.com/watch?v=APhLcYL6QqM on human resource capital reporting and identify what to measure, report and disclose.

- Describe the value of any organization keeping the human resource annual reports
- Explain why it is important for Human Resource manages to keep accurate Human resource reports/
- Describe the process of presenting data for the annual human resource reports.

4.3.15.4 Tools, Equipment, Supplies and Materials

- Writing Materials,
- Developed questionnaires,
- Tablets, Computers,
- Mobile Phones,
- Projectors,
- Format templates

4.3.12.5 References (APA)

1. Armstrong, M. (2012). Armstrong's handbook of strategic human resource management. London: Kogan

CHAPTER 5: MANAGE CUSTOMER EXPERIENCE. /MANAGING CUSTOMER EXPERIENCE

5.1 Introduction of the Unit of Learning / Unit of Competency

This is a core unit that enables the trainee to manage customer experience. It covers crucial topics in the field of customer experience management which include: identifying the competitive edge of a business, promotion of product/service innovation, developing quality management systems, managing customer outreach initiatives, establishing a Customer Relationship Management (CRM) system, establishing customer virtual platforms and promoting customer feedback, for programs. By the end of this unit, the trainee must be in a position to demonstrate competency in developing customer outreach programs, carrying out customer experience research, formulating and implementing quality management standards, developing and successfully implementing customer relationship management strategies, carrying out assessment on quality assurance systems among other competencies.

This unit is crucial in equipping the trainee with the necessary knowledge and skills to successfully manage customer experience, thereby promoting economic operations in business organizations. In order to successfully complete this unit, the trainee requires basic resources which include writing materials, check sheets, control charts, cameras, tablets, developed questionnaires and access to reliable internet connection. The trainee will be taken through learning activities, take part in self-assessment and will also be assigned further reading activities. The unit introduces the trainee to the main concepts of managing customer experience which is a crucial topic in the field of business management.

5.2 Performance Standard

By the end of the unit the trainee should be able to define strategies for creating a competitive edge, develop product and service delivery innovation, establish and document a quality management system, manage internal and external quality audits, establish mechanisms for customer relationship management, manage customer outreach and virtual platforms, in accordance to marketing procedures, organizational policies, organizational budget, product development guidelines, and ensure that quality standards of the organization are met in accordance with the relevant quality assurance certification bodies.

5.3 Learning Outcomes

5.3.1 List of Learning Outcomes

a) Establish business competitive edge
b) Develop product and service delivery innovation
c) Establish Quality Assurance System
d) Establish Customer Relationship Management (CRM) system
e) Manage Customer Outreach
f) Plan Outsourcing services
g) Manage Customer Social Media
h) Generate Customer Feedback Report

5.3.2 Learning Outcome No. 1. Establish Business Competitive Edge

5.3.2.1 Learning Activities

Learning Outcome #No…1… Establish Business Competitive Edge	
Learning Activities	**Special Instructions**
• Select a hypothetical small or medium enterprise, undertake a market needs assessment, conduct a customer experience survey and recommend opportunities that can be exploited and strengths to maintain.	• Follow https://blog.smile.io/loyalty-case-study-sephoras-beauty-insider-vib to check out Sephora's customers' experiences

5.3.2.2 Information Sheet No. 5/LO1

Introduction

In this section the trainee will learn how to establish business competitive edge by carrying out assessment of market needs, conduct customer experience survey, analyze and interpret the results, as well as identifying the business strengths and opportunities of a business. The trainee will also learn how to derive practical implications of the results and apply them to real situations in the organization.

Definitions of key terms

Customer experience is a holistic approach that goes beyond customer service department and is the responsibility of everyone in an organization. Unlike customer service which focuses on single specific interaction at a time, customer experience takes into account the overall customer journey by building long term relationship with customers (Ameyo, 2019).

Competitive Edge is the added advantage that an organization has over its current and potential competitors which in the case of managing customer experience means that the organization offers added value to its customers.

Guidelines

For effective customer experience mapping, a brand must know how to create a customer journey map that would aid in:

i. Identifying all touch-points where customers interact with a brand
ii. Prioritizing the specific customer needs for each phase of the buyer's journey
iii. Ensuring that the customer journey is aligned in ideal chronological order
iv. Identifying the gaps between the expected customer experience by the customer and the one actually delivered by the brand
v. Determining the relevant actions to direct efforts and expenditure on priorities to maximize customer satisfaction and organizational effectiveness content
vi. Developing an ICT policy for overseeing crucial activities and information sharing with regards to customer experience

Customer Experience Strategy

The real secret to improving customer experience is to take clear action. A customer experience management strategy helps you decide what you have to do in order to deliver a remarkable customer experience across interactions, and measure the results to further improve your customer experience strategy. Right customer experience strategy along with optimal customer experience platform reduces costs, increases brand value, and allows you to gain the much-needed edge to stand out from your competition.

Brands must consider the following key factors while devising a customer experience strategy:

i. Reachability and Convenience

Companies need to identify the channels where their customers are active. Channel accessibility for customers in terms of reach out is a prerequisite for effective customer experience strategy. Also, a well-planned customer experience strategy takes into consideration the purchase and service convenience from the customer's perspective.

ii. Channel Flexibility

Buyer's journey consists of multiple touch-points and a consumer might interact with a brand via different channel at specific touch-points. An ideal customer experience strategy takes this requirement into account and ensures flexibility to switch channels for a customer without losing the context of previous customer interactions or compromising on the seamless experience.

iii. Personalization

A customer experience strategy will only work if it succeeds in delivering personalized experience to individual customers. Brands which cater to each customer's needs in a differentiated manner will stand out among the competitors. A good CX strategy has customer at the center and intelligently applies customer insights gathered at each touch-point for smart interactions.

iv. Customer Journey Maps

Every brand witnesses a unique customer journey, and identifying the various touch points where a customer interacts with a brand is essential for the organization to deliver unified and consistent customer experience. It helps brands to plan and prepare in advance to serve their customers throughout their customer life cycle.

Customer Interaction Management Challenges

Today's digital consumer demands more, and expects a brand to exceed their expectations every time s/he deals with a brand. The customers have a wide array of choices when it comes to choosing the right business to invest in, and would often go with the best the market has to offer that fits their budget.

Delivering an awe-inspiring customer experience remains imperative for a business to survive these times of digital transformation. Intelligent customer interaction management software facilitates in addressing key customer interaction challenges every business face in driving seamless customer interaction management by:

- **Creating Consistent Experiences Across Channels**

Every customer interaction matters for delivering memorable customer experience and consistency across the customer life cycle results in brand loyalty. Giving the customers an option to connect with a brand through multiple channels, is just a halfway measure. What is essential is to deliver the consistent quality customer service and support across channels, whether it is through phone, email, on social media, or via website.

- **Integrating Channels, Systems and Processes**

Working in silos is a major obstacle in delivering seamless customer experience. In addition to the siloes communication channels, disintegration between front-office and back-office systems and processes makes it difficult to provide quick and appropriate customer service. Organizations must identify an appropriate mix of tools to achieve integration of disparate channels, applications across various processes.

- **Consolidating Data into a Single View of Customer**

Single customer view, also known as '360 degree' customer view or 'unified' customer view can be defined as a method for gathering and displaying all the customer related data into a single record. Organizations must understand that without a way to maintain a unified customer view, they cannot analyze their customer preferences, or deliver personalized experiences.

How to Improve Customer Experience

Customer experience management (CEM) aims for continuously adding value to customers. With growing digitalization, customers expect brands to facilitate seamless, minimum-effort, and highly engaging cross-channel interactions as the minimum requirement. Organizations need to plan how they can foresee, changing customer expectations and how to improve customer experience in a call center by including customer experience as a part of their business strategy.

- **Place Customer at the Center of Business Strategy**

The customer stands at the center of every business and it is important to understand the customer in depth at each and every touch point. Organizations should plan and implement a customer experience strategy with relevant tools and technology to achieve a 360-degree customer view and analyze customer's sentiments & social indexes, across customer interaction history to deliver superior customer experience. This will also help the businesses to leverage the customer interaction-history analysis to strategies up-sell and cross-sell opportunities converting customer support departments from cost centers into profit centers.

- **Establish Clear Cross-Functional Accountability**

Exceptional customer experience calls for clear accountability between the front office functions like sales, marketing, and customer service with back-office functions such as business intelligence, reporting, procurement, inventory management, etc. With cross-functional accountability, seamlessness and speed can be maintained across the customer query resolution process by identifying the bottlenecks hampering SLAs. Any changes or updates in the customer query is captured and tracked across the systems on a real-time basis.

- **Empower Employees with Customer Insights and Knowledge**

Customer support agents act as the face of the company when they interact with the customers across the touch points and it is crucial to empower them to deliver great customer experience. When agents can access the single view of customer interaction history across the channels, they are better equipped to understand the customer's perception and expectations from the brand and are better placed to deliver a seamless, personalized and dynamic experience.

Market Needs Assessment

Market assessment is a detailed and objective evaluation of the potential of a new product, new business idea or new investment (Singapore Management University, 2019). It is a comprehensive analysis of environment forces, market trends, entry barriers, competition, risks, opportunities and the company's resources and constraints.

Case Study

Remember New Coke?
In 1985, Coca-Cola replaced the original Coke with New Coke. This was done in an attempt to challenge the increasingly popular Pepsi. After just 79 days of public outcry, Coca-Cola had to bring back the original formula and New Coke was eventually phased out.

Coca-Cola spent two years and millions of dollars on research before the launch. They focused on the physical aspects of the product, overlooking the strong brand that loyal customers had come to associate and identify with. They failed to ask the right questions during the research and as a result, collected irrelevant information. You need to remember that it is not enough just to conduct market assessment. You need to make sure that you are doing it right.

Company Competitive Edge

Competitive advantage is defined as the ability to stay ahead of present or potential competition. This is typically done by evaluating strengths and weaknesses of competitors and seeing where you can fill in the gap or step up and improve (Garfinkle, 2019). Companies develop a competitive edge when they produce attributes that allow them to outperform their competitors.

Here are seven ways companies and individuals can create an edge;

i. **Cost Leadership Strategy**. Companies may place themselves ahead of the pack by offering attractive pricing. Wal-Mart and Amazon are two companies that have risen to the forefront by this strategy. While this is effective for companies, low pricing is seldom a desirable method for individuals.

ii. **Differentiation Strategy**. Branding is likely the most widely used method to differentiate one company from another. With this method, a name like Nike or Rolex automatically assumes a status distinct and apart from all other shoes or watches. Individual executives using this method must seek to find a core strength or talent that separates them from the pack. Then they leverage this unique skill or ability through increasing their visibility and the perception of its value to the company.

iii. **Innovative Strategy.** Companies may move ahead of the competition by doing things in new and different ways. Insight has created a way to eliminate brain tumors and other cancers without cutting into the body. Clearly, they gain a competitive edge over traditional surgeries by reducing pain, risk, and long recovery time. People can gain a competitive edge as they discover and offer innovative ways of doing things for the company. If your ideas consistently result in benefits to the company, you'll have that essential edge.

iv. **Operational Effectiveness Strategy**. Some companies just do what they do better than anyone else. FedEx started out with an innovative strategy. But it continued its leadership — even after dozens of other companies jumped into the overnight shipping business — by doing it very well. For individuals, this may mean creating systems of operating or new ways to analyze data. When you do what you do very well, you gain a competitive advantage over those doing it the longer and slower way.

v. **Technology Based Competitive Strategy**. Since the time Henry Ford revolutionized the auto industry with the assembly line, companies have sought for a competitive edge using new technology or technology in a new way. Computers and applications continue to briefly give companies an advantage over the competition. Workers who embrace new technology and learn to master it nearly always redefine or increase their competitive advantage over those who resist new methods.

vi. **Adaptability Competitive Advantage**. As markets, economies, and other factors change in this increasingly unstable and unpredictable environment, companies that can adapt have a distinct advantage. Typically, this includes smaller or trendy companies. However even Apple has successfully negotiated the waves of change. Executives can bring adaptability to their core strength by being open to change. They can cross train and bring new and more current skills to the table. Perhaps, adaptability is foremost a state of mind.

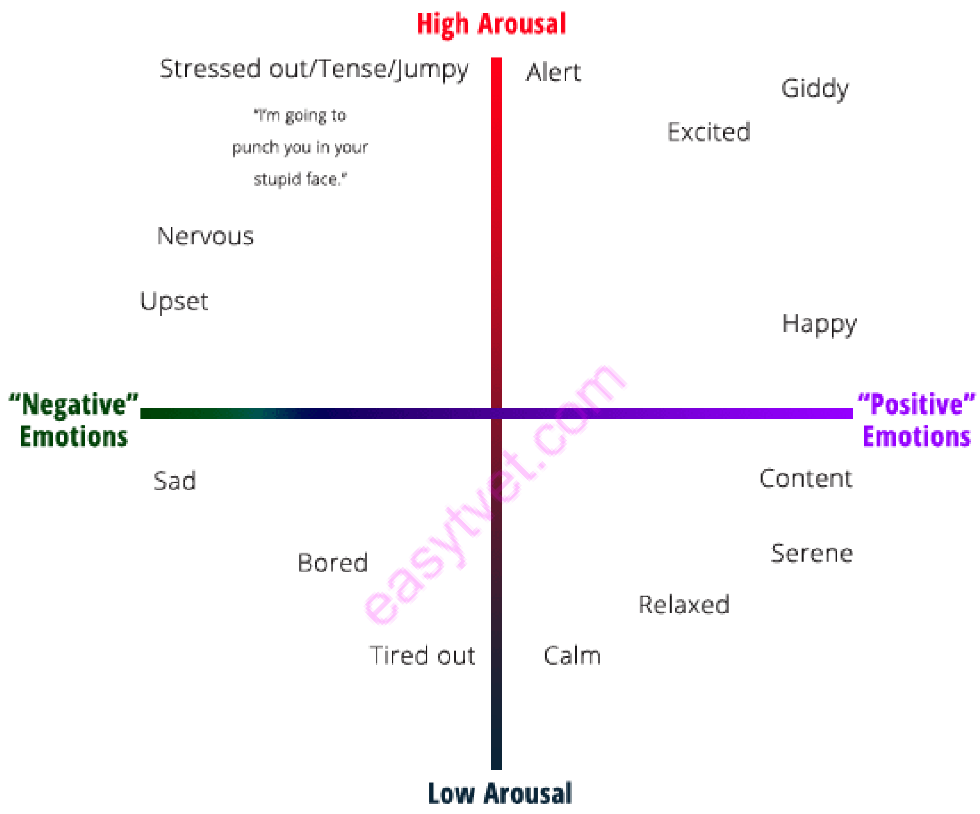
vii. **The Information Advantage**. Almost all the other strategies benefit from excellent information. The definition of competitive advantage is the skills needed to outpace your rivals. Most of those come through knowledge and information. Successful companies seek the latest in technology, strategies, and data.

Customer experience Survey

Measuring customer satisfaction allows you to diagnose potential problems, both at the individual and aggregate level. More importantly, it allows you to improve over time (Birkett, 2019). Customers share good experiences with an average of 9 people and poor experiences with about 16 (nearly two times more) people -- so it's imperative you figure out customer issues and try your best to solve them before they go viral on Yelp or social media.

There are so many benefits of asking for feedback on customer satisfaction:

i. Customer feedback provides insights to improve the product and overall customer experience.
ii. Customer feedback can improve customer retention.
iii. Customer feedback identifies happy customers who can become advocates.
iv. Customer feedback helps inform decisions.



Source: *The Thinking Zygote*

Customer Satisfaction Question Types & Survey Design

1. Binary Scale Questions

The first type of survey question is a simple binary distinction:

Was your experience satisfying?

Did our product meet expectations?

Did this article provide the answer you were seeking?

Did you find what you were looking for?

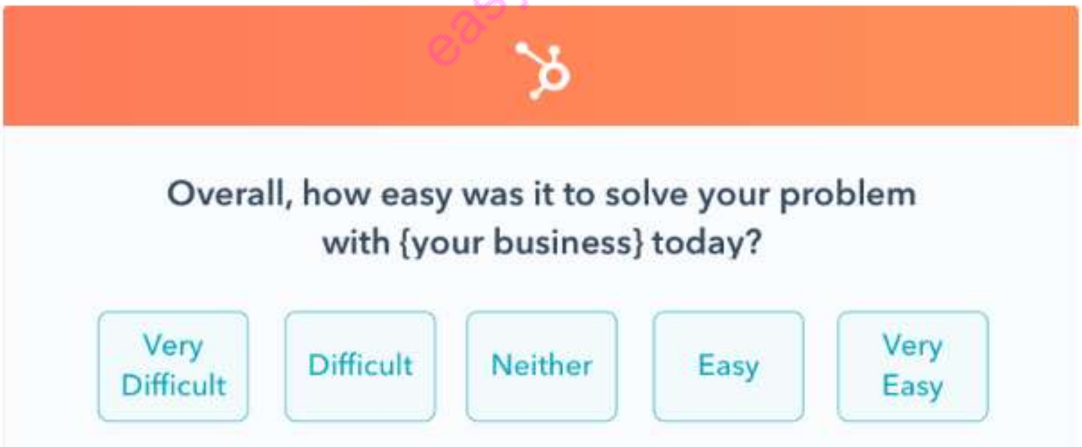
2. **Multiple-Choice Questions**

Multiple-choice questions have three or more mutually exclusive options. These tend to be used to collect categorical variables, things like names and labels.

3. **Scale Questions**

Here's where we get into the meet of customer satisfaction survey design. Almost all popular satisfaction surveys are based on scale questions. For example, the CSAT score asks, “how satisfied with your experience," and you may get to rate the experience on a scale of 1-5 (a Likers scale).

The survey scale could be comprised of numbers or you could use labels, such as “strongly disagree, disagree, neutral, agree, and strongly agree."



4. **Semantic Differential**

Semantic differential scales are based on binary statements but you're allowed to choose a gradation of that score.

The central line serves as the neutral point:

Inexpensive ___________________|___________________ Expensive

Effective ___________________|___________________ Ineffective

Useful ___________________|___________________ Useless

Reliable ___________________|___________________ Unreliable

Source: *Explorable*

5. Open-Ended Questions

As I mentioned, the above survey questions don't allow for qualitative insights. They don't get at the “why" of an experience, only the “what."

Qualitative customer satisfaction feedback is important. It helps identify customers' value propositions, and helps learn about things most important to the customer -- which you won't glean from a numerical or multiple-choice survey.

Business strengths and opportunities Identification

This is done by conducting a SWOT analysis of the organization. The strengths and weaknesses analysis enables the organization to determine the areas to improve as well as those to capitalize on. On the other hand, the opportunities and threats analysis enables the organization to understand the potential areas of growth as well as the potential threats to its growth thereby developing ways of mitigating these threats in due time.

Conclusion

Any business requires to be at the top of the game in order to maximize on the profits. Having a niche is what makes a company stand out. Business managers are required to carry out regular market needs assessment, customer experience surveys, identify business strengths and opportunities and act on the recommendations to achieve a competitive edge.

5.3.2.3. Self-Assessment

1. Conduct a customer experience survey for the course you are undertaking.
2. Outline the opportunities for improvement from the survey carried out.
3. Define competitive edge
4. What is market needs assessment
5. What are ways of conducting customer experience survey?
6. Describe business strengths and opportunities identification by using SWOT analysis for a business of your choice
7. Innovation is defined as:
    a) The commercialization of a new product or process.
    b) The invention of a new product or process.
    c) A new product or process idea.
    d) The implementation of a new production method.
8. Process innovation refers to:
    a) The development of a new service.
    b) The development of a new product.
    c) The implementation of a new or improved production method.
    d) The development of new products or services.
9. Innovation can help to provide a temporary competitive advantage when:
    a) Barriers to entry are high.
    b) Barriers to imitation are low and intellectual property rights are difficult to enforce.
    c) There are few other competitors.
    d) Barriers to entry are low.
10. Following establishment of a dominant design in the product life cycle, what would you expect to happen?
    a) Emphasis on product innovation rather than process innovation.
    b) Emphasis on process innovation rather than product innovation.
    c) Competition to increase as new firms enter the industry.
    d) Competition to decrease as more firms exit than enter the industry.

5.3.2.4. Tools, Equipment, Supplies and Materials

- Laptops/Computer lab
- Survey templates
- Model Organizational Policies and procedures
- Reliable Internet connection

5.3.2.5. References

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5.3.3. Learning Outcome No. 2. Develop product and service delivery innovation

5.3.3.1. Learning Activities

Learning Outcome #No. 2. Develop product and service delivery innovation	
Learning Activities	**Special Instructions**
Marshmallow Challenge The basic idea is that a team is given a handful of supplies to work with - spaghetti, tape, and string - and given 18 minutes to build the tallest possible tower that can SUPPORT a marshmallow. LEARNING SKILLS Forming Innovation Team Analyzing innovation strategies Training/brainstorming Piloting innovation Registration of innovation	Each team gets the same set of supplies… • 20 sticks of dry spaghetti • one yard of string • one yard of tape • one marshmallow Instructions *Challenge: To build the tallest tower possible in 18 minutes that will support the marshmallow.* 1. Set up the supplies for each team 2. Explain the challenge: B*uild the tallest tower possible that will support a marshmallow, in 18 minutes.* 3. Set a timer for 18 minutes 4. Go!

5.3.3.2. Information Sheet No. Chapter 5/ LO2

Introduction

Every business requires continuous innovation to maintain its competitive edge. In this section the trainee will learn how to form product innovation committee, formulate innovation strategies, champion team training, implementation of approved innovation and protecting innovations through patents and registration.

Definitions of key terms

Product/service delivery innovation– The process of translating an idea or invention into a good or service that creates value or for which customers will pay. To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need (Business Dictionary, 2019).

Types of Innovation

Innovation has become such a buzzword it can be hard to remember what it actually means (Baer, 2019). Depending on who you talk to, the bar for "innovation" might seem incredibly high ("Let's be the next Netflix!"), or far too low ("Let's hang up some hammocks in our office!").

Product Innovation

When people think of innovation, often, they're thinking of product innovation. Product innovation can come in three different forms. 1) The development of a new product, such as the Fitbit or Amazon's Kindle. 2) An improvement of the performance of the existing product, such as an increase in the digital camera resolution of the iPhone7. 3) A new feature to an existing product, such as power windows to a car.

Drivers of product innovation might be technological advancements, changes in customer requirements, or outdated product design. Product innovation is generally visible to the customer and should result in a greater demand for a product.

Process Innovation

Process innovation is probably the least sexy form of innovation. Process is the combination of facilities, skills, and technologies used to produce, deliver, and support a product or provide a service. Within these broad categories, there are countless ways process can improve.

Process innovation can include changes in the equipment and technology used in manufacturing (including the software used in product design and development), improvement in the tools, techniques, and software solutions used to help in supply chain and delivery system, changes in the tools used to sell and maintain your good, as well as methods used for accounting and customer service.

While product innovation is often visible to your customers, a change in process is typically only seen and valued internally. Speaking generally, changes in process reduce costs of production more often than they drive an increase in revenue. Of the three types of innovation, process is typically the lowest-risk.

Examples:

1. One of the most famous and groundbreaking examples of process innovation is Henry Ford's invention of the world's first moving assembly line. This process change not only simplified vehicle assembly but shortened the time necessary to produce a single vehicle from 12 hours to 90 minutes.
2. Recently, Differential built a mobile sales dashboard for Group Bimbo. The baking company has 65 manufacturing plants and 2.5 million sales centers located in 22 countries, across 3 continents. As a result, the executive team members travel a lot, meeting with their direct reports around the world. Having a mobile sales dashboard gives the team quick access to the sales information and other KPI's for each country, channel, and brand, cutting out guesswork in sales decisions, and reducing meeting time.

Business Model Innovation

Business model innovation does not necessarily imply changes in the product or even in the production process, but in the way as it is brought to the market. Whereas both product and process innovation can be incremental and moderate, business model innovation is almost always radical, risky, and transformative.

Examples:

1. IBM has managed changes in customer offers from mainframes to personal computers to technology services.
2. Amazon found a new channel to the customer through technology by eliminating the traditional retail distribution channel and developing direct relationships.

Traits of Successful Innovation Teams

It's no secret that innovation is tough to pull off, and even the "most innovative" companies, such as General Electric and Whirlpool and Proctor & Gamble (sinking to No. 47 on BCG's list) can fall fast, despite great effort on the part of their innovation leaders (Tucker, 2018).

The following shared traits stood out:

1. Standout programs spend more time on transformational innovation, less on incremental.
2. They get the right people to the innovation bus.
3. They create effective incentives to support innovation.
4. They put real dollars to work - The more successful innovation company programs are more willing they are to put financial resources behind their innovation ambitions.
5. They make innovation a part of the organizational DNA.
6. They bring investment groups into the mix.
7. They get funded from multiple sources and stay flexible.
8. They avoid politics and turf wars by partnering effectively with the business units.
9. Standout programs are aligned with the overall strategy.

Business Innovation Strategies

Innovation strategies can be classed as proactive, active, reactive and passive (Dodgson, Gann, & Salter, 2008).

Proactive

Companies with proactive innovation strategies tend to have strong research orientation and first-mover advantage, and be a technology market leader. They access knowledge from a broad range of sources and take big bets/high risks. Examples include: Dupont, Apple and Singapore Airlines.

The types of technological innovation used in a proactive innovation strategy are:

- Radical - breakthroughs that change the nature of products and services
- Incremental - the constant technological or process changes that lead to improved performance of products and services.

Active

Active innovation strategies involve defending existing technologies and markets while being prepared to respond quickly once markets and technologies are proven. Companies using this approach also have broad sources of knowledge and medium-to-low risk exposure; they tend to hedge their bets. Examples include Microsoft, Dell and British Airways.

These companies use mainly incremental innovation with in-house applied research and development.

Reactive

The reactive innovation strategy is used by companies:

- which are followers
- have a focus on operations
- take a wait-and-see approach
- Look for low-risk opportunities.

They copy proven innovation and use entirely incremental innovators. An example is Ryanair, a budget airline which has successfully copied the no-frills service model of Southwest Airlines.

Passive

Companies with passive innovation strategies wait until their customers demand a change in their products or services. Examples include automotive supply companies as they wait for their customers to demand changes to specification before implementing these.

Successful Innovation Implementation

Innovation is more than generating the next big idea—it involves how you implement the ideas that make it out of the gate, and how you build the culture to sustain the creation of those ideas (Brands, 2015). Thus, innovation's ability to modify strategy is critical. Implementing innovation has 3 big parts.

1. "Big" Ideas. Start by creating your innovation mantra. The best mantras inform a company's everyday decisions and are actionable statements of intent, such as: "Create one new Innovation a year"; "Be relentless"; or "Inspire Innovation".

Build your culture of innovation step-by-step, stone by stone. Build consensus, reinforce ideas, and underscore the need for accountability. Don't rush it, and follow the rules of innovation.

Another barrier to making your innovative culture stick is innovation assassinations. The residual effects of the Great Recession still reverberate down the hallway of today's public and private sector organizations. When your team feels insecure, whether that insecurity is justified or not, they are more prone to innovation assassination. Resistance can take many forms, from open dissent to covert subterfuge; but in any form, it is threat to innovation implementation.

The first step to countering innovation assassination is by acknowledging its existence. Second is to understand why. Lastly, it can be hard to mitigate these would-be assassins, but the best approach is by reinforcing a culture that accepts, and even encourages, disruption and risk. One of Pixar's mantras has been to "be wrong as fast as we can". I like to say, "fail fast and fail cheap". Google's phrase is "fail well." Risk often translates into failure, so make sure failure is seen and experienced as a "Learning Experience".

2. People. The reason innovation implementation can seem a daunting process is largely due to people-related issues. They require patience (and intestinal fortitude) as well as structure to combat.

A key element to implementing innovation is finding and keeping the right people. In the past, an organization's culture would shape the individual employees. However, today it is the value system of the individuals that, collectively, define the organization's style and mores.

The workplace of today is complex. Generations of workers are not always defined by age. Also, technology is changing the way we do things, and it is changing us. It is changing the very DNA of the work environment we have come to know and understand from years of experience. Organizations will have to be nimble in the treatment and care of workers to create a culture of innovation. Organizational structure should be reviewed and modified as appropriate. Think about co-working spaces, new desk layouts and floor plans. In the end, it is imperative to make sure everybody in the organization is engaged and expected to contribute to innovation.

"Real opportunity exists for organizations to step up and create the conditions and commitment needed to encourage innovation in their work environments. If we get this right, we can better retain talent, remain more competitive into the future, and more positively impact society," Deloitte Global CEO Barry Salzberg said in a company statement.

3. Process. Create, align, and repeat. When teams collaborate in developing new innovations, having the right mix of ingredients will ensure that its overall marketability will happen relatively quickly and will enhance productivity across the board. According to Soren Kaplan, author, consultant, and educator at NHTV Breda University of Applied Sciences, "The most innovative companies today realize that competitive differentiation comes as much from how they innovate as it does from what they're innovating."

Registration and patenting of innovation

A patent gives the owner the exclusive rights to prevent others from manufacturing, using or selling the protected invention in a given country. A patent is a legally enforceable right granted by the government in return for disclosure of the invention to the public (ihub, 2019). Patent protection is territorial meaning every country grant patent that are only applicable and enforceable in that country. In other words, patents rights can only be enforced in a country where the patent is granted and in force. Kenya Industrial Property Institute (KIPI) is responsible for examining and granting patents in Kenya. KIPI operates under the Industrial

Property Act 2001. However, it is also possible to obtain a patent through the African regional Intellectual Property Organization (ARIPO), which is a regional intergovernmental organization, based in Harare Zimbabwe and which is mandated to grant patents on behalf of its member states. Currently ARIPO has a membership of 16 countries in Africa.
What can be patented? In general, any device, substance, method or process can be patented. For a patent to be granted, the invention must satisfy three requirements, that is the invention must be new, which means that the invention has not been publicly disclosed anywhere in the world; Involve an inventive step, that is the invention must not be obvious to someone with knowledge and experience in the technological field of the invention; and be industrially applicable, in that the invention must be capable of being used in industry. There are certain things that are excluded from for patent protection. These include methods and schemes of doing business, scientific and mathematical formulas, and method of treatment of animals and humans and artistic creations.
Various fees are charged to register patents.
Read more at KIPI.

Conclusion
Product and service delivery innovation is a crucial part of customer experience management as it enables organizations to enhance customer experiences. This process should be carried out by putting into consideration the feedback obtained from customers to either come up with new products and services, to improve the existing products and services. It is also crucial to carry out pilot tests for new products to determine whether they are in line with customer needs. At the same time, patenting of the new innovations is important to maintain a competitive edge by keeping competitors from copying the innovation and engage in unfair competitive strategies.

5.3.3.3. Learning Activities

1. Study the business processes at the trainee's center, identify one business and undertake the following:
   a. Advise on formation of an innovation committee
   b. Work with the committee and come up with an innovation for the business
   c. Pilot the innovation
   d. Help register the innovation
2. Established firms relative to new firms are better at:
   a. All types of innovation.
   b. Innovation which is competence-enhancing.
   c. Innovation which is competence-destroying.
   d. Innovation which is disruptive.
3. In which markets are network effects likely?
   a. Markets subject to increasing returns
   b. 'Tippy' markets
   c. Hi-tech product markets
   d. All of the above
4. Which of the following are valuable in a standards war?

a. Competitive advantage
b. Late mover advantage
c. Early mover advantage
d. Technological advantage

5. The fundamental challenge of knowledge transfer in multinational firms is:
   a. Transferring explicit knowledge across borders.
   b. Transferring tacit knowledge across borders.
   c. Creating tacit knowledge in overseas subsidiaries.
   d. Transferring tacit and explicit knowledge across borders.
6. What potential advantages can be gained from involving overseas subsidiaries in R&D activities?
   a. Local subsidiaries offer financial advantages such as lower land and labour costs.
   b. Local subsidiaries offer access to local companies
   c. Local subsidiaries offer access to technical knowledge and skills.
   d. Local subsidiaries offer financial advantages as well as access to local markets, technical knowledge and skills.
7. Outsourcing of innovation globally is more likely where:
   a. Innovations are autonomous
   b. Innovations are systemic
   c. Innovations are systemic or autonomous
8. Innovations are made by service sector firms
   a. True
   b. false

5.3.3.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Laptops/Computer lab
- Model strategic plan
- Model Organizational Policies and procedures
- The PPRA Act 2015 and its regulations
- Internet

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5.3.4. Learning Outcome No. 3. Establish Quality Assurance System

5.3.4.1. Learning Activities

Learning Outcome #No…3… Establish Quality Assurance System	
Learning Activities	**Special Instructions**
Train the trainees as ISO 9001:2015 implementers	Invite industry to undertake this training
Train the trainees to prepare documentation and prepare Quality policy, quality objectives, context documents and review SOPs to comply with ISO 9001:2015	
Train the trainees as Auditors and undertake internal audits	
Audit one of the departments based on ISO:9001 and SOPs	
Conduct a management review meeting	
Review the SOPs as per feedback but in compliance with ISO 9001:2015	

5.3.4.2. Information Sheet No. 5/ LO3

Introduction

In this section, the trainee will learn different concepts relating to quality assurance systems in customer experience management. The trainee will learn the implementation, monitoring and maintenance of quality management systems in relation to customer experience management. The section also discusses evaluation and improvement of QMS based on internal standard operating procedures as well as ISO standards.

Definitions of key terms

Quality assurance

Quality assurance can be defined as "part of quality management focused on providing confidence that quality requirements will be fulfilled." The confidence provided by quality assurance is twofold – internally to management and externally to customers, government agencies, regulators, certifiers, and third parties. An alternate definition is "all the planned and systematic activities implemented within the quality system that can be demonstrated to provide confidence that a product or service will fulfill requirements for quality (American Society for Quality, 2019)."

Certifying body

An accredited registrar, also called an accredited certification body (CB), is an organization accredited by a recognized accrediting body for its competence to audit and issue certification confirming that an organization meets the requirements of a standard (e.g. ISO 9001 or ISO 14001).

Quality audit

Quality audit is the process of systematic examination of a quality system carried out by an internal or external quality auditor or an audit team. It is an important part of an organization's quality management system and is a key element in the ISO quality system standard, ISO 9001.

QUALITY MANAGEMENT SYSTEM BASED ON ISO 9001:2015

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies).

ISO 9001:2015 is an international standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.

It means an organization has;

1.1. Met the requirements in ISO 9001.

1.2. Passed a physical ISO 9001:2015 certification audit by a registered Certifying Body (CB).

BENEFITS OF ISO 9001 CERTIFICATION

1. Achieve organizational goals
2. Reduce costly errors and wastage
3. Boost customer satisfaction
4. Market your business more effectively
5. Manage growth more effectively
6. Improve documentation availability
7. Correct issues to continually improve products and services
8. Grow market share in new territories and market sectors
9. Create a culture of quality
10. Embed vision into all projects
11. Better internal communications
12. Consistent products
13. Effectively measure performance of individuals and teams
14. Improve compliance

ESSENTIALS STEPS TOWARDS ISO CERTIFICATION

1. Develop your management system

- Identify your core or business processes.

- Document processes with the involvement of employees.
- Review, approve and distribute the documents to those who need access to the information.

2. Implement your system

- Ensure procedures are being performed as they are described in your documentation.
- Ensure employees are trained properly for the tasks they are performing.
- Create effective reporting systems to cover inspection, testing, corrective actions, preventive actions, management review meetings, monitoring of objectives, statistical techniques and so on.
- Monitor the effectiveness of your processes through the use of measurable data, where possible.
- Review and take action to improve in the areas required.

3. Verify that your system is effective

- Conduct the audit and review the processes and system for compliance and effectiveness. Observe, interview people and look at sample records.
- Identify and report strengths and weaknesses of the management system.
- Take corrective or preventive action as required.

4. Register your system

- Select the appropriate auditing body for external registration.
- Submit your management system documentation for review to ensure it complies with the applicable standard.
- Prepare for review by an external auditor to confirm that the system's requirements are being satisfied and that the management system is implemented effectively.

STEPS FOR CERTIFICATION AND POST CERTIFICATION

The Kenya Bureau of Standards is the main certifying body in Kenya. (Kenya Bureau of Standards, 2019).

Step 1: Preliminary Investigation
Step 2: Application
Step 3: Stage One Audit
Step 4: Stage Two Audit
Step 5: Certification Decision
Step 6: Surveillance
Step 7: Recertification

QMS requirements

A quality management system requires a number of essential elements. Here are five of them:

- A quality policy and quality objectives. These statements must be documented.
- A quality manual including scope, justifications for any exclusion, documented procedures and process interaction descriptions. This will specify how a QMS will be observed and emphasize the company's commitments to both continuous improvement and quality.
- Any document procedures required by the compliance standard.

- Any documents needed to ensure the effective operation, planning and control of company processes.
- Records such as evidence of conformity to requirements and of effective QMS operation will be required by the compliance standard.

Activities in QMS implementation and monitoring

1. Train QMS based ISO 9001:2015 implementers – here the organization require to appoint and train the QMS implementation team. The team will be trained on the requirements of ISO 9001:2015.
2. Document the SOPs and align them with the ISO 9001:2015 standard and other ISO standards.
3. Train QMS internal auditors – at this point the institution trains a team of internal auditors.
4. Carry out internal audits to ascertain the level of conformance to the ISO 9001:2015 requirements
5. Apply for certification from an accredited body e.g. KEBS, BSI
6. Undertake continuous improvement i.e. get feedback, undertake management reviews, revise the QMS and recertify the institution.

Conclusion

Following the Industrial Revolution and the rise of mass production, it became important to better define and control the quality of products. Originally, the goal of quality was to ensure that engineering requirements were met in final products. Later, as manufacturing processes became more complex, quality developed into a discipline for controlling process variation as a means of producing quality products. The quality profession expanded to include the quality assurance and quality audit functions. The drivers of independent verification of quality were primarily industries in which public health and safety were paramount.

5.3.4.3. Self-Assessment

1. The effort required for locating and fixing an error in an operational program
   A. Testability
   B. Maintainability
   C. Usability
   D. Efficiency
2. The contributors to poor quality in an organization are
   A. Lack of involvement by management
   B. Lack of knowledge about quality
   C. Time constraints
   D. A and B
3. According to a quality expert, accomplishing quality requires "a thought revolution by management". Name the quality expert.
   A. Dr. W.Edwards

B. Dr. Ishikawa
C. Dr. Shewart
D. Harold.S.Geneen

4. The effort required for modifying an operational program.
   A. Flexibility
   B. Maintainability
   C. Portability
5. Definition of Integrity
   A. Extent to which a program satisfies its specs and fulfils the user's mission and goals
   B. Effort required for learning, operating, preparing input, interpreting output of a program
   C. Effort required to couple one system with another
   D. Extent to which access to software or data by unauthorized persons can be controlled
   E. All of the above
6. Achieving quality is easy. True/False
   A. True
   B. False
7. "Accomplishing quality requires a thought revolution by management" was said by
   A. Ishikawa
   B. Deming
   C. Harold S.Geneen
   D. Dr. Barry W. Boehm
8. "Failure to enforce standards" as a contributor to poor quality belongs to which category?
   A. Lack of involvement by management
   B. Lack of knowledge
9. To achieve quality (i.e., defect free products and services), we require
   A. Close cooperation between management and staff
   B. Commitment
   C. An environment in which quality can flourish
   D. All of the above
10. Quality is not a long-term strategy.
    A. True
    B. False
11. PDCA cycle is developed by
    A. Deming
    B. Dr. Shewhart
    C. Ishikawa
    D. Harold S.Geneen

12. Undertake a surveillance audit for your institution and present the audit report.

5.3.4.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Laptops/Computer lab
- Model Organizational Policies and procedures

- Reliable Internet connection
- Printers

5.3.4.5. References

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5.4.5. Learning Outcome No. 4. Incorporate Customer Relationship Management (CRM) System

5.4.5.1. Learning Activities

Learning Outcome #No…4… Incorporate Customer Relationship Management (CRM) System	
Learning Activities	**Special Instructions**
Open YouTube and search CRM system animation, listen and write down a brief description of what a CRM is.	https://www.youtube.com/watch?v=7me7mjvTiTI&t=151s
Analyze the strategies used with your institution in implementation of customer relationship management and give a report	
Conduct a survey on effectiveness of CRM system and give suggestion and recommendations for improvement.	
Analyze various tools used for monitoring customer relation management in your institution.	

5.4.3.2. Information Sheet No. 5/ LO4

Introduction

Customer relationship management is an approach to manage a company's interaction with current and potential customers. It uses data analysis about customers' history with a company to improve business relationships with customers, specifically focusing on customer retention and ultimately driving sales growth (Iafrate, 2018). A company that leverages in CRM maintains its clients and keeps its performance high. In this section, the trainee will learn how to develop customer relationship management strategies based on customer expectations and organizational capability.

Definitions of key terms

Customer Relationship Management

Customer relationship management is an approach to manage a company's interaction with current and potential customers.

Customer Relationship Management

Customer relationship management (CRM): principles, strategy, solutions, applications, systems, software, and ideas for effective customer relationship management

Customer Relationship Management, or CRM, is an essential part of modern business management. This CRM article is provided by Ellen Gifford, who specializes in helping organizations develop excellence in CRM, and this contribution is gratefully acknowledged.

What is Customer Relationship Management, or CRM? Customer Relationship Management concerns the relationship between the organization and its customers. Customers are the lifeblood of any organization be it a global corporation with thousands of employees and a multi-billion turnover, or a sole trader with a handful of regular customers. Customer Relationship Management is the same in principle for these two examples - it is the scope of CRM which can vary drastically.

Focuses

Successful organizations use three steps to build customer relationships:

- determine mutually satisfying goals between organization and customers
- establish and maintain customer rapport
- produce positive feelings in the organization and the customers

Conditions

The organization and the customers both have sets of conditions to consider when building the relationship, such as wants and needs of both parties;

- organizations need to make a profit to survive and grow
- customers want good service, a quality product and an acceptable price

Good CRM can influence both sets of conditions.

Why CRM?

CRM is a new concept to many organizations. If it's new to you, here's why most forward-thinking organizations devote lots of energy and resources to set up and management of a CRM capability.

CRM can have a major impact on an organization through:

- shifting the focus from product to customer
- streamlining the offer to what the customer requires, not what the organization can make
- highlighting competencies required for an effective CRM process

The ultimate purpose of CRM, like any organizational initiative, is to increase profit. In the case of CRM this is achieved mainly by providing a better service to your customers than your competitors. CRM not only improves the service to customers though; a good CRM capability will also reduce costs, wastage, and complaints (although you may see some increase initially, simply because you hear about things that without CRM would have stayed hidden). Effective CRM also reduces staff stress, because attrition - a major cause of stress - reduces as services and relationships improve. CRM enables instant market research as well: opening the lines of communications with your customers gives you direct constant market reaction to your products, services and performance, far better than any market survey. Good CRM also helps you grow your business: customers stay with you longer; customer churn rates reduce; referrals to new customers increase from increasing numbers of satisfied customers; demand reduces on fire-fighting and trouble-shooting staff, and overall the organization's service flows and teams work more efficiently and more happily.

Features

The old viewpoint in industry was: 'Here's what we can make - who wants to buy our product?'

The new viewpoint in industry is:

- What exactly do our customers want and need?' and
- What do we need to do to be able to produce and deliver it to our customers?'

This is a significant change of paradigm and a quantum leap in terms of how we look at our business activity.

What do customers want?

Most obviously, and this is the extent of many suppliers' perceptions, customers want cost-effective products or services that deliver required benefits to them. (Benefits are what the products or services do for the customers.) Note that any single product or service can deliver different benefits to different customers. It's important to look at things from the customer's perspective even at this level.

More significantly however, customers want to have their needs satisfied. Customers' needs are distinctly different to and far broader than a product or service, and the features and benefits encompassed. Customers' needs generally extend to issues far beyond the suppliers' proposition, and will often include **the buying-selling process** (prior to providing anything), **the way that communications are handled**, and **the nature of the customer-supplier relationship**.

Modern CRM theory refers to the idea of 'integrating the customer'. This new way of looking at the business involves integrating the customer (more precisely the customer's relevant people and processes) into all aspects of the supplier's business, and vice versa. This implies a relationship that is deeper and wider than the traditional 'arms-length' supplier-customer relationship.

The traditional approach to customer relationships was based on a simple transaction or trade, and little more. Perhaps there would be only a single point of contact between one person on each side. All communication and dealings would be between these two people, even if the customers' organization contained many staff, departments, and functional requirements (distribution, sales, quality, finance, etc.)

The modern approach to customer relationship management is based on satisfying all of the needs - people, systems, processes, etc. - across the customer's organization, such as might be affected and benefited by the particular supply.

Customer-focused solution

So, what do we need to make this quantum leap of customer integration?

A new way of thinking:

- change in paradigm
- change in the messages sent and received
- change in the overall culture and a new way of doing things:
- processes that are capable and effective
- structures and systems that support a business centered on its customers
- connectivity (end-to-end processes) both internally and externally (e.g., with suppliers)

Customers' expectations

If an organization cannot at least meet its customers' expectations it will struggle. Ideally a business organization should **exceed** its customers' expectations, thereby maximizing the satisfaction of its customers, and also the credibility of its goods and services in the eyes of its customers. Customers normally become delighted when a supplier under-promises and over-delivers. To over-promise and under-deliver is a recipe for customers to become very dissatisfied.

Rule No 1 - You cannot assume that you know what a customer's expectations are ... You must ask.
Rule No 2 - Customer expectations will constantly change so they must be determined on an on-going basis.

The expectations of different customers for the same product or service will vary according to:

- social and demographic factors
- economic situation
- educational standards
- competitor products
- experience

Therefore, given all these variable factors, it is no surprise that one size certainly does not fit all.
Ask your customers what is important to them. Find out why your customers do business with you. There are a wide variety of relationship drivers. For example:

- quality
- price
- product
- location
- customer service

When you ask you might discover some factors that you'd perhaps never even considered, for example:

- health and safety support
- systems compatibility
- contract structure
- distribution flexibility
- technical support
- troubleshooting and problem-solving, to name just a few

What service features will keep your customers loyal to you? Find out.

CRM as a Process

CRM can be regarded as a process, which has:

- identifiable inputs
- identifiable components
- identifiable characteristics, which define CRM for your organization and customer base
- capacity for improvement and evolution over time

Managing customers

Customers are the usual source of income for an organization. (If not then they will certainly leverage your income, as in the case of readers of a free publication which is funded by advertising. As such there are two types of customers: the readers and the advertisers).

Customers are also an exceptional source of information - information which is vital to enable a business to succeed; i.e., giving customers what they want.

Managing customers entails:

- knowing what customers want and need - which enables you to focus your production and service efforts
- knowing which products or customers have most growth potential - which enables you to focus on developing highest potential
- knowing which products or customers are most or least profitable - which enables you to focus on maximizing profit
- knowing which customers will be advocates and supporters - which enables you to provide references, case studies, and to safely test new products and services

Achieving good CRM

Achieving effective Customer Relationship Management requires many organizations to adopt a new perspective. Consider the following:

- Traditional **customer service** is something you **'do to'** the customer
- Modern **Customer Relationship Management** is **'done with'** the customer

The second statement is emphasizing the big differences between conventional traditional customer service, and the modern progressive CRM approach.

Your relationships with customers should be ongoing, cooperative, and built for the long term. Organizations who have many transitory relationships with customers consequently have to spend a lot of money on finding new customers.

The cost of keeping existing customers is a tiny fraction of the cost of acquiring new customers.

Pareto's Law ('The Pareto Principle')

Pareto's Law is commonly known as the 80:20 rule. Typically, in any organization:

- 20% of customers account for 80% of your turnover
- 20% of customers account for 80% of your profits
- 20% of customers account for 80% of your service and supply problems

It is important to know which customers fit into which category and then to manage them accordingly.

Highly satisfied customers who perceive a high value in your products and services commonly make excellent advocates for your organization - nurture these customers and give the special treatment.

Dissatisfied customers who perceive a low value in your products and services are potential saboteurs. These customers could have little or no loyalty and may actively 'engage' against your organization. Therefore, you should seek to rebuild relationships and trust, and a new basis for a future relationship, or manage the separation with dignity, professionalism and integrity.

Building relationships

The essential CRM focus of any organization should be on developing core competencies, and an overall strategy of building customer relationships. In this way, all efforts in the organization can be aligned to:

- customers and the culture of exceeding of customer expectation
- understanding and managing the people impact on the culture of the organization
- customers being recognized and treated as partners
- the value of relationship-building being valued
- service being seen as a value-adding activity
- reward and recognition being based on customer focus ie., 'going the extra mile'
- evidence of corporate support for service activity

Characteristics of excellent CRM

The following characteristics are associated with delivery of excellent CRM:

- reliability
- responsiveness
- accessibility
- safety
- courtesy
- consideration
- communication
- recognizing the customer
- competence

'Moments of truth'

'Moments of truth' are encounters with customers which cause them to form a view of the organization based on how they are engaged, particularly compared to their expectations.
Expectations can be met, exceeded or disappointed. Moments of truth can therefore be positive, in the case of meeting and exceeding expectations, or negative, in the case of disappointment.
Monitoring the 'moments of truth' allows the company to focus on improving areas responsible for negative customer experiences.
Remedial action to prevent repetition is crucial. A single mistake is forgivable. A repeat rarely is.
If you handle things right, your customers will see that they are important to you. Handle things right and you will be seen as a supplier who knows how to manage quality.
Organizations that fail to put right things that go wrong, might as well say to the customer, "You are not important to us". Failing to put things right and to prevent reoccurrence says of the organization "We are not capable of managing quality service."

Bear in mind also that research has proven time and again that when an issue of poor service to a customer is satisfactorily resolved by a supplier, the customer increases their loyalty to the supplier to a higher level than existed prior to the problem.
An approach to managing 'moments of truth' involves 'continuous improvement'. This entails processes that continually monitor, check and resolve negative moments of truth by ensuring alterations happen to the customer process, and integrating these changes into 'business as usual'. Here are the elements of such an approach:

- define the cycle of service
- identify negative moments of truth
- define the reasons (i.e., root causes - not symptoms)
- develop solution/s
- test solution(s)/review/amend
- implement
- monitor impact on the cycle of service

This is similar to the EPACA model - the helix of continuous improvement.
Negative moments of truth carry a lot of weight with the customer and will adversely affect the relationship.
To maximize positive moments of truth - **set standards** in your processes.
Standards using SMART criteria Standards (which may also be objectives) can be established using the SMART framework.

- Specific
- Measurable
- Agreed
- Realistic
- Time-bound

CRM and communications

Communication is central to any successful relationship. In terms of Customer Relationship Management, communication needs to be consistent and high quality; as determined by:

- on time
- focused
- relevant
- reliable
- coherent

Importantly also, **for effective communications it's the message and meaning that is received that counts**, irrespective of what the communicator thinks they've said, or written. Communications must be judged most vitally by the reaction of the receiver. If the reaction is not good then the communication is poor.
The information contained in a CRM system allows communication to be directed at the correct audience, in the correct way. The communication system must also encourage and facilitate honest and actionable feedback.
Feedback from customers - especially complaints - are essential for good organizational performance and ongoing development. Most organizations avoid, discourage and hide from

complaints. Don't. Complaints are free guidance for improving your quality, and free opportunities to increase customer loyalty (Business Balls, 2019).

People and CRM

As with any other business process your people have a huge impact on the success of the CRM process.

Successful and effective Customer Relationship Management people tend to display the following key characteristics:

- positive attitude
- people orientation
- organizational skills
- analytical skills
- customer focus (natural empathy)
- understanding of the link between CRM and profitability

On the subject of empathy: Empathy is about **understanding**, not necessarily **agreeing**. Effective customer focus enables the organization and its staff to see both sides, and to work with the customer to arrive at a mutually satisfactory and sustainable solution. Agreement alone amounts to capitulation, which is neither practicable nor sustainable.

Benefits of effective CRM

There are significant business benefits which accrue from an effective, integrated Customer Relationship Management approach. These include:

- Reduced costs, because the right things are being done (i.e. effective and efficient operation)
- Increased customer satisfaction, because they are getting exactly what they want (i.e. exceeding expectations)
- Ensuring that the focus of the organization is external
- Growth in numbers of customers
- Maximization of opportunities (e.g. increased services, referrals, etc.)
- Increased access to a source of market and competitor information
- Highlighting poor operational processes
- Long term profitability and sustainability

Forward thinking organizations understand the vital need to maintain a strategic focus on CRM and to resource and manage it appropriately.

This guide to CRM methodology and application is provided by Ellen Gifford, which is gratefully acknowledged. Aside from being a UK-based specialist in CRM with many years' experience large and small organizations, Ellen is also a trainer in Neuro Linguistic-Programming (NLP); management development, and personal coaching. As an advocate of all aspects of interpersonal skills and their importance in modern organizations, Ellen started her own business, The Learning Path, in 1998, to concentrate on providing training in these areas, in which the complementary disciplines of NLP and CRM provide an innovative and effective approach to Customer Relationship Management and to achieving sustainable organizational performance improvement.

CRM software solutions and ICT (information and communications technology)

Software and ICT play a significant part in enabling an effective CRM capability, especially in large organizations.

There are many and various systems available, and it is important to have a clear idea of your requirements during the software solution selection process, which for most organizations will also involve the selection of ICT service provider too, since any software solution, for all but very small companies, generally requires support for specifying, implementation, training and maintenance.

Siebel, Sage (who now provide the well-known Accpac and ACT! CRM solutions), and Front Range (whose product is Goldmine) are all significant and proven CRM software products companies. There are many others, and very many more ICT service providers through whom distribution and support is normally arranged.

As with any ICT project, ensure you work with reliable and knowledgeable advisors, with access to cost-effective proven solutions, who can help you to build and implement an effective CRM software and ICT capability.

Assessment of Customer Relationship Management System

Case Study

Preliminary informal yet thorough discussions were held with key users in Sales, Customer Service and Marketing in order to acquire a good grounding in the usage of and requirements for the CRM.

In order to not lose any opportunity for idea generation, all employees were interviewed.

Employees were able to arrange the most convenient time to them for their interview in order to gain maximum production.

The interview time was suggested as up to an hour, or 2 hours for managers.

Days prior to the interviews, questions were given to the interviewees to think about.

In order to provoke maximum thought and ideas on each aspect of CRM, the question, "What would you like to use the CRM for?" included the following subset of questions:

- What don't you like about the CRM?
- What will enable you to focus your attention on the most important business and/or tasks?
- What will enable you to work more efficiently?
- What will enable you to provide a better service to the customer?
- How could the CRM be more informative for you? What reports could it provide?
- How could it integrate even more with your work?
- If you have used any other CRM databases in the past, did they have any functionality you liked that the current one doesn't have?

To gauge impact for future analysis interviewees were asked to rate the amount of impact each requested feature would have on their work, irrespective of the importance they feel it will have at a high level. This is illustrated by a figure (1-5) in brackets, (5) being highest.

Process management and long-term CRM strategy were not discussed in order to avoid confusion and/or antagonism.

Finally, interviewees were asked if there is anything on the CRM database that they do not understand, in order to highlight any training opportunities.

Conclusion

The business manager must remain cognizant of the customer relationship management system. There exists several free and paid up systems that can help propel the company to better customer relations. Being able to introduce CRM will cost less by avoiding the involvement of consultants.

5.3.5.3. Self-Assessment

1. Building and sustaining long term business with customers is the aim of :
    a. Electronic customer relationship management
    b. Customer management
    c. Customer acquisition
    d. Customer relationship management
2. There are four classic marketing activities involving customer selection, acquisition, retention, and one other:
    a. Customer differentiation
    b. Customer extension
    c. Customer demographics
    d. None of the answers apply
3. By integrating customer databases with websites, marketing can be improved and the benefits of electronic customer relationship management (e-CRM) then include:
    a. Increased depth, breadth, and nature of the relationship
    b. Lower costs
    c. Targeting more cost-effectively
    d. Achieve mass customisation
    e. All the above are correct
    f. Only the first three answers are correct
4. Permission marketing is an established approach and the concept of opt-in typically involves:
    a. The customer proactively selecting opt-in
    b. Profiling a customer's interests and value to an organization
    c. Using an incentive
    d. The customer agreeing to receive marketing communications
    e. All of the above
5. An example of the concept of opt-out is:
    a. A customer unsubscribing to an e-mail newsletter
    b. A customer choosing an e-mail newsletter
    c. A customer agreeing to receive an e-mail newsletter
    d. None of the above
6. To engage a customer in an online relationship, the minimum information that needs to be collected in an online form is:

    a. Post code
    b. E-mail address
    c. Customer profile
    d. Credit rating

7. A key CRM technique is to encourage existing customers to recommend friends or colleagues to purchase. This is:
    a. Referral
    b. Cross-sell
    c. Reactivation
    d. Up-sell
8. A key CRM technique is a sub-set of cross-selling, but in this case selling more expensive products. This is:
    a. Cross-sell
    b. Referral
    c. Reactivation
    d. Up-sell
9. Using the RACE (Reach, Act, Convert, Engage) marketing value framework, what does Reach aim to do?
    a. Engage audience with brand on its website or other online presence
    b. Build awareness on other sites and in offline media and drive to web presences
    c. Build customer relationships over time to achieve retention rates
    d. Achieve conversions to marketing goals such as fans, leads, or sales on web presences and offline
10. What would be a key performance indicator for the Reach step?
    a. Revenue or goal value per visit
    b. Conversion rates
    c. Repeat conversion
    d. Bounce rate
11. Which of the following refers to the propensity of customers to select products online, but buy offline?
    a. Mixed-mode buying
    b. Online purchase, online informed
    c. Online purchase, offline informed
    d. Offline purchase, offline informed
    e. None of the above
12. Customers who are signed up for an online service but who have never used it are described as:
    a. Active
    b. Inactive
    c. Dormant
    d. None of the above
13. E-commerce managers aim to integrate an effective mix of electronic communications to drive traffic to their e-commerce sites. Which answer best represents an offline marketing strategy to generate website traffic?

a. E-mail marketing
b. Digital media channels
c. Social media marketing
d. TV advertising

14. When assessing marketing communications effectiveness, the cost of getting the visitor to the website plus the cost of achieving the outcomes during their visit is known as:
    a. Bounce rate
    b. Allowable cost per acquisition
    c. Cost per acquisition
    d. Referral costs
15. The online communications technique of search engine optimisation involves:
    a. Gaining a good ranking in sponsored listings of the search engines
    b. Gaining representation on third party sites
    c. Gaining a good ranking in the organic or natural listings of search engines
    d. Gaining a position in web directories like Yahoo!
16. The online communications technique of link building involves:
    a. Gaining a good ranking in sponsored listings of the search engines
    b. Gaining representation on third party sites
    c. Gaining a position in web directories like Yahoo!
    d. Gaining a good ranking in the organic or natural listings of search engines
17. A factor which will improve results from search engine optimization is:
    a. Partnering with popular sites with pages relevant to your offering
    b. Developing effective ad copy which encourages click through
    c. Including the copy of a search term within a site's web page
    d. Ensuring that partners can gain good earnings per click
18. Implement the Sugar or Zoho CRM, analyze its components with peers and assess its effectiveness.

5.3.5.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Laptops/Computer lab
- CRM systems
- Model Organizational Policies and procedures
- Reliable Internet connection

5.3.5.5. References (APA)

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5.3.6. Learning Outcome No. 5. Manage Customer Outreach

5.3.6.1. Learning Activities

Learning Outcome #No. 5. Manage Customer Outreach	
Learning Activities	**Special Instructions**
Analyze the customer of the local dairy/farmers processing plant and map them down.	Trainer may look for an appropriate case study
Request for permission to undertake outreach programs and execute one.	
Analyze the outreach program and propose corrective measures.	

5.3.6.2. Information Sheet No. 5/ LO5

Introduction

Customer outreach

Customer outreach is the process of connecting and communicating with customers and enhancing relationships. When you interact with customers through social media, review sites, email, or mail, you are doing customer outreach (SMB CEO, 2019). The business manager must be able to utilize various technologies to interact with customers. Customer outreach is a great communication strategy for your business. With outreach marketing, you can tell consumers about your products, promotions, and news.
When it comes to customer outreach, your business reputation is on the line. How you conduct yourself when you communicate with customers directly ties into how customers view your business.

On social media, you can post updates about your business and join the online conversation with customers or leads. With review sites, you should respond to customer complaints and praise. Send emails and mail containing business promotions or company news. In some cases, you will reach out to people who are unfamiliar with you or your business. In these situations, their first impression of your business is from your outreach.

Customer satisfaction could hinge on your outreach plan. If customers think you are slow to respond on review sites, send too many emails, or post too frequently on social media, their interest in your business might decrease.

Ways of conducting customer outreach

Today, there are more ways than ever to connect with customers. There's email, social media, mobile, meetings, focus groups, trade shows. The list goes on. But which ways are the most effective? The success of a method depends largely, if not entirely, on the business you are in and who or where your customers are. While social media sites--e.g., Facebook, Twitter, You-Tube --may work great for some organizations, they may not be the best option for others. Similarly, while some customers may prefer to be contacted via email, others may want or appreciate a phone call or a face-to face meeting.

Before you invest too much money or time in one particular method of customer outreach, ask your customers how they prefer to be contacted or engaged. As for prospective customers, all the experts we queried suggested organizations try multiple forms of outreach and track which one(s) worked best (Schiff, 2019).

1. Survey your customers. "Surveys allow businesses to identify user needs directly," says Reuben Yonatan, CEO, analyst and editor-in-chief of Get, VoIP, which provides guidance and assistance to voice over IP consumers.

"Once customers' needs are known, companies can steer their offerings towards filling these needs," he says. "Surveys are also a good tool to bring in prospective customers who are on the fence about a product/service--i.e. surveys can be used as a platform for prospective customers to voice their wants/needs," Yonatan says

2. Use newsletters. "Send out a newsletter about 10 times per year," says Stan C. Kimer, president, Total Engagement Consulting by Kimer. "It should have a table of contents up front so people will at least take three seconds to scan it, and the five to six articles should be short (two to three sentences) and include links to useful resources."

"We segment our [newsletters] according to business verticals and construct targeted content to those verticals," says Maciej Fita, SEO director, Brandignity, an Internet marketing services company. "Our newsletters are filled with free information," not lots of advertising, he adds. "It is a good way to stay on people's radar screens."

"And don't forget to integrate social media functionality!" adds Keith Trivitt, director of Marketing and Communications, MediaWhiz, a performance marketing agency. Include "share" buttons for Facebook, Twitter, Google+ and Pinterest, whichever are relevant. "Not only will you increase the social shares of your content but you'll give your customers and prospects an easy way to spread your company's expertise," he says.

3. Blog. "One of the best ways to connect with customers is by blogging," says Deborah Sweeney, CEO, MyCorporation.com, an incorporation and trademarking service. "If you actively keep up a quality blog, not only will your customers read your blog, but they will respond to your blog," she notes. "This creates a positive flow of communication"--and helps build customer loyalty.

4. Pick up the phone. "There's nothing more direct than picking up the phone to call a customer or client," states Gil Effron, cofounder, The Growth Team, a coaching and consulting firm. "Whether following up on a delivery, apologizing for something that went amiss, or wondering why you haven't received an order in a while, there's no better way to build or strengthen a relationship," he says. Moreover, "in a world saturated with one-way communication, the phone provides instant feedback."

5. Go visit. "In a recent study SAS sponsored we asked marketers 'What are your company's most effective channels for customer engagement both now and in three years?'" says Jonathan Moran, product marketing manager at SAS, which provides business analytics and business intelligence software. "The top response: 'face to face,' from 59 percent of respondents." That said, when visiting customers, it is critical to listen--and not walk in the door trying to sell them something.

6. Respond to email. "At our company, we make it our goal to respond to customer emails within five minutes, and the response we receive from our customers is usually something like ‘Wow that was fast!' or 'Fastest response I've ever received. Thanks so much," says Giancarlo Massaro, the cofounder of ViralSweep, which provides businesses tools to create giveaways on their website. "How has this helped us? People love amazing customer service and in turn have been referring people to our service, all because of our customer service."

7. Send a personalized note or a postcard. "I love sending personalized cards by snail mail to let customers know I'm thinking of them," says Kathy DalPra, the owner of Bride Appeal Web Design & SEO.
"Physical mail is so uncommon these days, it's remembered," DalPra says. "When customers receive a card from me, they know I've put thought and time into it, which translates into feeling valued. And when customers feel valued, they buy and refer their friends."

8. Be active on Twitter and Facebook. "One of the best ways to connect with customers is through social media, such as Facebook and Twitter," says Ian Aronovich, cofounder and president, GovernmentAuctions.org, a site that compiles and provides information about government auctions of seized and surplus merchandise from all over the country.
"With social media, you can reach out to your customers at any moment rather than wait for customers to send you emails or phone calls with feedback," Aronovich says. Use your company's Facebook fan page or Twitter account to "engage your followers and keep conversations going. Social media can also be used as a form of customer service, where company representatives can directly answer customer questions and concerns," he says.
"It's critical to have a social media listening post to quickly respond to each issue that arises," notes Chuck Wall, founder and CEO, Customer CEO Consulting. "You may not be able to solve their specific problem, but don't ignore them. They will give you credit for listening and acknowledging their situation."

Similarly, a great way to connect with customers at trade shows and events is to "participate in any 'Twitter parties' using the event hashtag," says Niquenya Fulbright, the president and CEO of Building Bridges Chicago LLC, a small business consulting and executive coaching firm.
"Tweet quotes from the speakers as well as your own tips and advice and respond to and engage others who are also tweeting," Fulbright says. Why is this important and how can it help you connect with prospective customers? "One, it establishes you as an expert on the subject, and two, it connects you to potential customers who you can follow-up on later."

9. Use Instagram. "Instagram helps us stay connected and engaged with our customers and fans," says Julie Pocino, co-owner and director of Communications & Development at Barnabas Clothing Co.
"We can post pictures and information regularly, and post contests and giveaways," she says. "For our contests and giveaways, we ask our followers to repost and hashtag to enter," Pocino says. "When our followers tag us, we can then go and comment on their posts too. It has been a great way to interact with our fans, and it allows us to post new pictures and content about our brand frequently."

10. Offer webinars. "Webinars--seminars delivered over the Internet--are a great way to keep the spice in your customer relationship," says Marc Gutman, chief meeting officer, Lighthouse Conferencing, the provider of audio, video and Web-based conferencing services. To get customers interested, "invite a well-known speaker in your industry to present on a topic your customers want to hear."

11. Empower salespeople. "Salespeople can make or break the retail experience," says Joseph Cecere, president and chief creative officer, Little & Company, a provider of design services. "Empowering them with access to real-time answers and information beyond what the consumer can find online provides value that brings shoppers back to the store again and again," he says. "Concierge-like services and expert advice create truly personalized experiences, which are the hallmark of the brick-and-mortar experience. In truth, sales associates are underleveraged store assets."

12. Provide exceptional customer service. "One of the most powerful tools an organization has to connect with its customers is its employee base," says Rick DeMarco, managing director, West Coast Operations, Inward Strategic Consulting, a marketing, branding and positioning firm.
"Every interaction between a customer and employee, whether that is pre-sale, the actual sales process, after sales support or billing, provides an opportunity to either add or detract from the equity of your brand and company," DeMarco says. "Significant empirical evidence exists that makes a direct connection between employee engagement and satisfaction and customer satisfaction and loyalty." So one of the best ways to connect and engage with customers, he says, is to "turn your employees into company ambassadors and brand advocates who deliver on your brand promise and business strategy at every single customer touch point."

13. Go mobile. "Almost everyone is carrying some kind of mobile device today--92 percent of Americans have a mobile phone," says Nur Sharina Shariff, cofounder, Mobile Sales Systems. And "the use of SMS/text messages is instant, cost effective and a tried and tested communication medium that every mobile phone user knows about and knows how to use," she adds.

"In our modern mobile society one can reach with SMS almost anyone at anytime and anywhere in the world within seconds, making text messaging an easy way for a local business to connect with their customers," she says.

"What better way to connect with loyal customers than with a branded app that integrates location technology, allowing automatic, personalized delivery of messages to consumers near stores?" asks Eric Newman, vice president of products and marketing at Digby, a mobile commerce and marketing technology solutions provider? "Location-aware apps open an entirely new channel for customers and brands to personally connect before, during and after a shopping experience."

14. Monitor review sites. "Whether it's Yelp, TripAdvisor or Angie's List, find out what customers are saying about your business [on review sites]," says Lisa Parkin, president of Social Climber, LLC, a social media consultancy.

"Responding to customer reviews on these popular sites shows that your company is aware of any problems and is willing to fix them," Parkin says. However, she urges caution when replying to negative comments. Instead of being defensive or picking a fight, try to understand and offer to fix the problem or provide an inducement for the customer to try your product, service or establishment again.

Manage customers' responses

You can work on becoming a more productive customer support team and take steps to reduce the number of request coming in. By all means, this is worth doing, but the main goal is not only to reduce the number of requests. The key is to provide excellent customer service.

If you put too much focus on just removing customer requests from the queue as quickly as possible, the quality of your response may drop and then you run the risk that your customers will feel they are being treated rudely and/ or being rushed out.

You can create outstanding customer support with the help of the customer service software. While the software takes away the strain of an overloaded queue, you can concentrate on optimizing your customer support processes, reducing your customer service queues and providing a positive experience.

Here's how to manage customer service queues:

1. Acknowledge emails and respond quickly
2. Have all customer information ready
3. Prioritize important customer emails
4. Forward emails to the correct department
5. Offer a self-service option on your website

Analysis of Outreach program outcomes

Once customer outreach programs are implemented, it is important to evaluate them to determine their success or failure. This enables organizations to formulate and implement corrective measures aimed at ensuring that these programs achieve the set goals and objectives. The cycle below demonstrates how organizations can achieve this process of customer outreach.

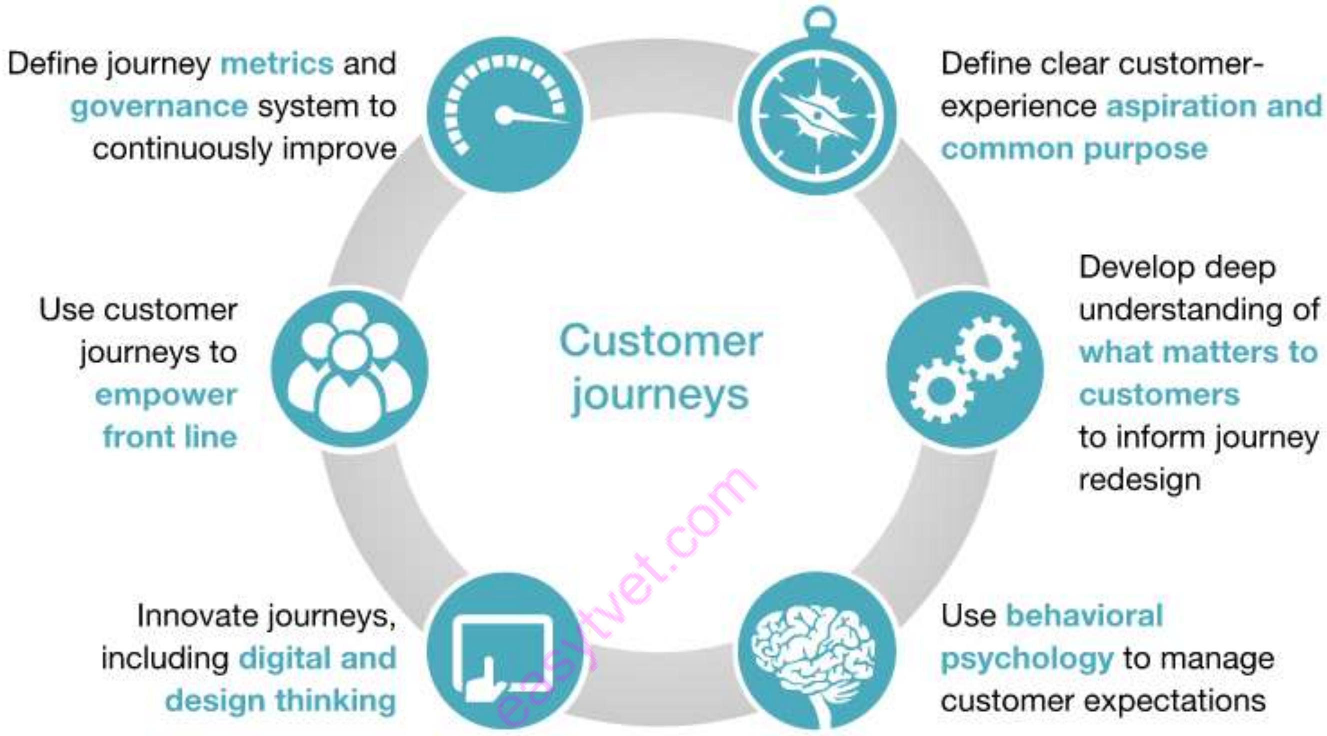

Figure 22: Achieving Customer Outreach

Conclusion

Outreach services certainly seem to have a role in customer engagement, in the ‘local areas’ agenda, and in promoting greater partnership working within local communities. Outreach services may be negatively affected or constrained if: they lack clear goals; lack support from mainstream organizations; lack capacity and/or funds to deliver; face (overly burdensome) outcome-related funding pressures which encourage ‘creaming’; and experience difficulties working in partnership with other (local) agencies.

5.3.6.3. Self-Assessment

1. Building long-term relationships with customers is essential for any business. The application of technology to achieve CRM is a key element of e-business but what does CRM stand for?
    a. Customer resource management

   b. Consumer relationship management
   c. Customer relationship management
   d. Customer retailing management

2. There are different techniques to both initiate and build relationships with customers by using a combination of online and offline techniques. What is the 'customer life cycle' though?
   a. An approach to building and sustaining long-term business with a customer
   b. Techniques to encourage customers to increase their involvement with an organisation
   c. The stages each customer will go through in a long-term relationship with a supplier
   d. The answers above are all correct
3. The four marketing activities within the customer relationship management include customer selection, customer acquisition, customer retention, plus:
   a. Customer Up-sell
   b. Customer referrals
   c. Customer extension
   d. Customer re-sell
   e. Customer cross-sell

4. Using digital communications technologies to maximize sales to existing customers and encourage continued usage on online services is known as:
   a. Sense and respond communications
   b. Mass customization
   c. Electronic customer relationship management
   d. Customer-centric marketing
   e. Personalization
5. Using the Internet for relationship marketing involves integrating the customer database with websites to make the relationship targeted and personalized. Through doing this there are many benefits to be gained but which of the below is not an advantage?
   a. Minimizes breadth, depth and nature of relationship
   b. Lower costs
   c. Targeting more effectively
   d. Achieve mass customization of the marketing messages
6. Accepting that a customer has agreed to opt-in to receive further information, with customer profiling the minimum amount of online information that needs to be collected is an e-mail address. What is really required though to decide if the customer is a good potential target for further communications?
   a. Permission marketing
   b. Opt-out facilities to be removed
   c. A qualified lead
   d. Interruption marketing

7. RACE is a practical framework to help marketers manage and improve the commercial value gained from digital marketing. The term stands for Reach, Act, C, and Engage. What does 'C' refer to?
    a. None of the below
    b. Collaborate
    c. Convert
    d. Consolidate
    e. Collect
8. Companies that understand how customers use digital media in their purchase decision buying can develop integrated communications strategies to support their customers at each stage in the buying process. Customers have individual preferences in the ways they use the web depending upon why they need to use it and this web use is known as
    a. Directed-information seekers
    b. Undirected information-seekers
    c. Searching behaviors
    d. Directed buyers

9. E-commerce managers aim to deliver the most effective mix of communications to drive traffic to their e-commerce sites. The different techniques can be characterized as:
    a. Offline marketing communications
    b. Digital media channels
    c. Online marketing communications
    d. All of the above
10. A marketing campaign will not be successful if the costs of acquiring site visitors and customers are too high. The term used to describe the cost of acquiring a new customer is known as:
    a. Referrer cost
    b. Bounce rate
    c. Cost per acquisition
    d. Allowable cost per acquisition

11. The use of online and offline promotion techniques to increase the audience of a site is known as a:
    a. Quality score
    b. Search engine marketing
    c. Search engine optimization
    d. Traffic building campaign
12. Online public relations (or e-PR) should aim to maximize favorable mentions of companies, products, brands, etc which are likely to be visited by target audiences. Which of the following activities fall within the remit of e-PR?
    a. Social networks and online communities
    b. Link building including reciprocal links

c. Communicating with media (journalists) online
d. Blogs and podcasts
e. All of the above

13. Social media (e.g. Facebook, Twitter) usage has become so widespread that to discount a social media strategy would be a mistake best avoided. Social customer relationship management (Social CRM) is a relatively new term which helps to define the broad scope of social media across the customer life cycle and value chain. The Altimeter report (2010) provides a framework for reviewing strategy implementation and is known as:
    a. Social CRM modelling
    b. The 5Ms
    c. Social media CRM framework
    d. None of the above
14. Online marketing communications include the development on online partnerships and are regarded as an important part of a marketing mix. There are three key types of online partnerships; link building, affiliate marketing, and one other:
    a. Online sponsorship
    b. Media multiplier
    c. Interactive advertising
    d. Ad serving
15. E-mail marketing has to make strategic plans regarding outbound and inbound e-mails. E-mail is most widely used as a prospect conversion and customer retention tool. A database of customer names, email addresses and profile information used for e-mail marketing is usually known as:
    a. Viral marketing email directory
    b. Customer profiles
    c. Customer and prospect database
    d. House list
16. A strength of social media and viral marketing is:
    a. Highly targeted with controlled costs
    b. Considered credible
    c. Cannot be ignored in user's inbox
    d. It is possible to reach a large number at relatively low cost

17. Take a field trip to a government office that provides goods and services. Undertake a customer outreach exercise and present a report.

5.3.6.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Laptops/Computer lab
- Smartphones
- Digital Cameras
- Model Organizational Policies and procedures
- Reliable Internet connection

5.3.6.5. References

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5.3.7. Learning Outcome No. 6. Plan outsourcing services

5.3.7.1. Learning Activities

Learning Outcome #No. 6. Plan outsourcing services	
Learning Activities	**Special Instructions**
Carry out an audit of the business management department and produce a report of all services required.	
Undertake a cost benefit analysis and give a report of services that can be outsourced	
Identify potential service providers and generate a long lost	
Visit the procurement department and investigate on how to come up with a short list	
Prepare a budget for the services to be outsourced	
In groups role play as company, service provider and outsource the services	

5.3.7.2. Information Sheet No 5/ LO6

Introduction

Outsourcing is a business practice in which a company hires another company or an individual to perform tasks, handle operations or provide services that are either usually executed or had previously been done by the company's own employees. The outside company, which is known as the service provider or a third-party provider, arranges for its own workers or computer systems to perform the tasks or services either on site at the hiring company's own facilities or at external locations (Rouse, 2019). The business manager must determine, plan and budget for the outsourced budget.

Definitions of key terms

Outsourcing

Outsourcing is a business practice in which a company hires another company or an individual to perform tasks, handle operations or provide services that are either usually executed or had previously been done by the company's own employees.

Determining Outsourced Services

Both big and small companies resort to outsourcing their business functions. Either they choose to outsource most of their functions or just a handful of them so that they can focus on core business aspects .Let’s take a look at some of the factors to consider for taking outsourcing decisions for your business.

1) Cost Savings

When you talk in pure business terms, outsourcing needs to improve your business bottom lines through reduced operational costs. If you don’t see this happening anywhere in the near future, chances are that you’ll end up spending more than you end up saving.

You don't need to be an expert analyst to figure out where you're heading. All you've to see is whether outsourcing will help you reduce a significant amount of your capital in hiring employee and equipment. At the same time, you will also need to maintain a balance between the quality and quantity of the services provided by the outsourced employees/firm.
For instance, if you outsource accounting, you need to see if carrying out this function is taking up more resources and costs as compared to outsourcing it.

2) Pricing

We already discussed how cost-cuttings by hiring talent in a low-price tag is one of the most common factors why companies outsource. You'll get several vendors offering their resources at a competitive price.
However, instead of going for the cheapest vendor, compare and find out what are you going to get from other vendors as well.
For instance, some vendors will also offer customer support at no extra charge, which is a great deal in itself. Just remember that although price is an important factor, it should not be the ONLY factor that helps you zero-in on a vendor.

3) The Resources and Technology

Technology and resources are two considerations that are essential when you choose to outsource.
Ask the vendor about the tools and technologies they are going to use for your project and how capable are they of handling all your outsourcing needs? What about the resources? Are they well trained for the assignments?
Does the vendor have an office with up-to-date systems and can handle the most rigorous of the outsourcing functions? Answers to questions like these will lead the way to select the apt vendor who has the best resources and updated technology for seamless handling of your business functions.

4) The Ability to Meet Deadlines

Timeliness in outsourcing is as important as the costs. For instance, if a vendor fails to toe the deadlines, it can lead to major bottlenecks. That alone will nullify any cost-saving benefits that you had anticipated while hiring them.
You need to ensure that the vendor adheres to the promised quality and timeliness. One of the ways to do this is by making all your queries beforehand.
If you find that the vendor has little quality control measures or does not have any backup plan should they miss a deadline, it is better not to hire them in the first place.

5) Minimal Supervision

When you hire an outsourcing vendor to work on your business requirements, it's a given that they are going to take care of everything from the scratch.
There should be no room for sloppy or shoddy work and they should be able to produce the results.
Choosing a responsible vendor who will be in charge of the projects is a must-have so that you only need to supervise them minimally and let them take it from there.
This will give you more time to focus on your core business functionalities.

6) Limit the Liabilities

More often than not, there are certain functional areas that can build up liabilities for a business. This eats up time and money, which can be spent elsewhere.

You can cleverly outsource certain functions to reduce the liabilities an extent.

7) Trustworthiness

Before you sign on the dotted line, do make it a point to visit the vendor's site. Apart from this, also research on the internet to find more about the firm, the infrastructure, safety practices and the team that works there.

This will help you assess the reliability of the service providers. If you have a reference who've worked with a vendor in the past, you can also ask them about the firm. This takes us to the next point.

8) Who'll lead the Team?

You can't just have blind faith in the outsourcing team even if you're saving significantly by hiring them. Find out all that you can, including the team members who'll be working on the projects and who'll lead that team.

Learning these facts upfront will save you from several agonies at a later stage. Moreover, when you know that your business functions are in able hands, you'll be at peace.

9) The Service Level Agreement

The SLA (Service Level Agreement) is one of the most crucial documents when we talk about outsourcing partnerships. At the time of creating the document, make it a point to ensure that every single detail is written clearly.

This will help you avoid any kind of confusion or ambiguity especially about the quality of the services you'll be getting. It also makes sense to hire a lawyer especially to manage your outsourcing endeavor so that you don't end up in any legal trouble.

10) Communication

Communication is the key whether you're working onshore or with an offshore team. The vendors should be able to handle your queries and promptly reply without making you wait indefinitely.

Their communication skills need to be spot on without any space for cultural or other communication barriers. This ensures that they have clearly understood your requirements and can address any issue that may crop up.

11) Outsourcing Tips to Grow Your Business Successfully.

During a downturn in the economy when the demands for products and services touch the lowest level and cost is sky rocketing, outsourcing acts like a savior. Majority of the companies look for cost-effective solutions to run the business operations with effectiveness and maximizing the performance of an organization during the period of recession.

The cost of labor can take a toll on the profits of a business. In the tough times your definitive choice is outsourcing to increase your productivity at the same time you will end up saving substantial cost.

When you look for an outsourcing partner, you get a grasp on the procedures and approaches that can make your business run in a seamless manner.

For instance, establishing positive relationship with the customers requires strategic skills that can become effective with the assistance of a genuine outsourcing services provider.

When you outsource services to a company which is located offshore, the target is to access better workforce that can handle your tasks with a different approach and is identified as a turning point in business. There are some businesses that try to do everything on their own without realizing that it is a counter-productive step.

When you are trying to step into a phase of growth in business, it is necessary to envisage the big picture rather than getting into the realm of trivial tasks and taking proper steps can make all the difference.

Selecting outsourcing service providers

Step 1 – Identify Your Business Requirements.

The first step to outsourcing starts by answering the question: "Why are you outsourcing?" Given its multitude of benefits, there could be more than one reason for this:

- **Reduce Cost –** As discussed, the primary reason for outsourcing. Perhaps you should start small and get your feet wet by outsourcing non-essential tasks such as administrative work.
- **Increase Productivity –** In addition to non- essential tasks, you may want to outsource back office work such as Human Resources, IT and Accounting. This way you can re-align your resources only to the core functions of your business.
- **Improve Work Quality –** You could also outsource highly specialized tasks which require their own time and attention to become more effective. These highly specialized tasks include customer support, digital marketing and telemarketing.

Once you have identified the tasks you want to outsource, then it becomes easier to find the right outsourcing services vendor.

Step 2 – Research on the Right Outsourcing Vendor.

The Philippines and India are the consensus top 2 destinations for outsourcing services providers. The Philippines is widely reputed for customer support and telemarketing while India is known for world- class IT services and back office support.

But these countries have a large pool of outsourcing vendors. It would be difficult to pinpoint the right vendor. The exercise would be analogous to trying to find a needle in a haystack.

The best approach would be to conduct research. Here are some tips on finding the right outsourcing vendor:

- Contact the local regulating agency and ask for recommendations or referrals. In the Philippines, the regulating agencies are the Business Process Association of the Philippines (BPAP) and Contact Center Association of the Philippines (CCAP). These agencies have many outsourcing centers as members.
- Sign up and join focus groups in social media and ask for recommendations. There are a number of outsourcing focus groups in LinkedIn. You can join and engage with members to find out more about their experiences with outsourcing. They may also give you referrals to reputable vendors.
- Ask for recommendations from friends and associates. Given the popularity of outsourcing, for sure a few of your friends and associates know someone directly involved in outsourcing.
- Conduct due diligence. Once you've received some recommendations, always conduct due diligence work. A simple Google search may yield valuable results.

Step 3 – Send a Request.

Come up with a short list of at least 3 qualified outsourcing services providers. Then communicate and ask them to submit a Request for Proposal (RFP) or Request for Quotation (RFQ).

Before the service provider can comply, they may send you an RFI form or Request for Information. This is a highly detailed form which will require you to answer both general and specific questions on outsourced projects. The RFI will be used as the reference guide for making the RFP or RFQ.

Step 4 – Initiate the Qualifying Process.

Once you have received all of the RFP's do not eliminate the service providers based on its contents or pricing. Remember, everything is negotiable. As the service provider gets more details on your business needs, the quotation can be fine- tuned.

You should schedule an audio- video interview between your outsourcing team and theirs. Prepare a list of questions the answers of which your team has fully researched beforehand and discussed. The questions should cover the following topics:

- Time- lines
- Hiring Process
- Data Security and Integrity
- Systems; Processes and Frameworks
- Existing Technological Profile
- Organizational Culture
- Grading and Performance Evaluation Processes
- Current Training and Orientation Programs
- Current Career and Succession Planning Programs
- Social and Cultural Nuances
- Disaster Recovery Planning

Step 5 – Contract Negotiations

Rank the Service Providers in order of preference. Prioritize negotiations with the first outsourcing vendor and initiate contract negotiations. You should submit the following contracts to the outsourcing vendor:

- Service Level Agreement (SLA)
- Memorandum of Agreement (MOA)
- Confidentiality Agreement (CA)
- Scope of Work
- Schedule of Payments

Getting Down to the Short List

The sponsor should begin by developing a Request for Quotation (RFQ), which addresses the important attributes of the project and identifies those activities that are considered critical. The sponsor must ensure that, within every level of the organization, the goals for outsourcing are the same and the deliverables and budget recommendations are approved by upper management. Once a selection few candidates have been identified as potentially viable service providers, telephone interviews should be conducted. This will provide the first exposure to the regulatory status, customer service level, resourcefulness and overall knowledge of the organization. Prepare for the interviews by developing a script of questions, based on the requirements stated in the draft RFQ that will be asked of every service provider. This may seem mundane, but having a consistent list of questions makes life a lot easier when it comes time to comparing each service provider.

Request for Quotation

The telephone interviews are completed first before the sponsor decide which suppliers are the most desirable and provide each viable supplier with a RFQ. The RFQ must contain the essential attributes that are necessary for the supplier to develop a scope of work and to provide meaningful quotations. The RFQ should address specific requirements and reporting format. The final proposal should be in a format which will allow the sponsor to understand the timeline and budget for each functional area of the project (i.e. formulation development, method development, validation). Proposals should also be itemized by functional tasks. The sponsor should avoid proposals that only provide a single charge for the project.

The project sponsor wants as much information as possible in order to make meaningful decisions regarding which activities will be outsourced. Projects are also susceptible to the dreaded "scope creep," which is actually the norm for lengthy projects. If a quotation does not detail charges by functional area, then the project sponsor cannot assess the budget impact that will occur when items are added, removed or modified.

When preparing the RFQ, the sponsor must be certain to include items such as deal breakers and maximum acceptable budget. If the sponsor organization has a certain way of performing tasks and this is the only acceptable method for the organization (especially if it exceeds industry norms), then the outsource provider must be made aware of the requirement early on, so that any additional charges may be assessed in a proactive manner. Also, the sponsor should avoid asking for information such as profit margin, client names and other proprietary information, which cannot be provided.

Due Diligence

One of the most common mistakes made by project sponsors is a lack of overall due diligence of potential contract sites. In an ideal world, all products would be multi-sourced, always providing for built-in backup supply in case of problems. However, in the real world only a few select products are produced or even qualified at dual sites. Therefore, it is essential that a thorough due diligence be performed before any contracts are executed. The sponsor must remember that the company is essentially about to place all of its eggs into one basket.
The importance and benefits of QA audits are well understood but QA audits are only one part of what is commonly referred to as due diligence. When considering an outsource provider, the following must be evaluated, in addition to a QA audit.

Financial stability and liquidity: Will they be there when I need them?
• Equipment ownership: Will my product be produced on any equipment not wholly owned by the contractor?
• Capacity at several levels: What is the status of personnel, equipment and facility today vs. the future?

• How do the personnel respond to your inquiries: Are they slow or fast, professional or curt?
• Core business: Is the contract business unit intended to absorb overhead or is it the core business?
•Legal/regulatory: Is there pending litigation? What is the provider's regulatory history?
• Experience in pharmaceutical contract manufacturing: Is this one of the many organizations that are attempting contract manufacturing simply in order to fill capacity?

Final Selection

Before final selection, ensure that all critical elements and responsibilities are clearly defined and understood by both parties. Once any questions are resolved and revisions are completed in a final quotation, a legal review should be conducted. Regardless of whether the accepted proposal serves as the rules document, or a formal contract is drafted, it is essential to have legal counsel review the documentation. Remember, contracts are not written for when things go right! Contracts should be balanced but, depending on who wrote the agreement, there may be an imbalance of rights and responsibilities. This must be carefully considered before executing the agreement.

Moving forward

The sponsor must be courteous to those contractors that were not awarded the contract. One should inform them of the decision to go with another service provider and be honest when explaining why that provider was selected.

Outsourcing services budget

Outsourcing services may be a risky activity to a business if not well budgeted for, the following are some of the guidelines to follow to avoid disappointments:-

1. **Start Budgeting Early**

Regardless of the size of your business, you should begin the annual budgeting process three months before your year end to guarantee a detailed estimate by the end of the fiscal year. Annual budgets should be thoroughly monitored and updated throughout the year, to avoid untimely beginning.

2. **Involve All Departments**

In order to create a comprehensive budget, members of all departments should be consulted on their expectations and requirements for the fiscal period. Each team can bring useful input to the process. The sales team, for example, will assist you with creating realistic revenue assessments. The manufacturing team can provide insight on purchasing costs and technological fees; and the research and development team can bring significant insight into industry projections and expenditures. Considering input from all departments within your company provides you with an arsenal of knowledge so you know which budget items to consider for your upcoming year.

3. **Accurately Define Expenses**

Sales estimates can have a significant influence on cost projections, but can be complicated to accurately assess. A proper business budgeting process will help you come up with the best revenue estimates.

Evaluating recent monthly growth rates helps you decide if you are maintaining your financial goals. Staying up to date with industry guides and expert advice through publications allows you to focus on financial projections that align you with your competitors.

By keeping open lines of communication with your customers, you can develop a deeper understanding of client expectations and product satisfaction. Discussing revenue goals with your sales team can positively set expectations that promote business growth and effective budget maintenance.

4. **Accurately Define Expenses**

Once you have defined your revenue figures, you should focus on company expenses. Many companies have expenses that directly relate to revenue such as inventory or employee services. Involve your staff to identify cost-saving strategies that will positively reflect your budget assets and liabilities.

Fixed costs, such as rent, insurance, property leases, and purchase services, should be defined in detail. While these expenses are easy to estimate, standardized policies should be taken into consideration. Comparing rates between insurance companies and distributors can be cost effective in the long run.

Employee compensation should be evaluated according to company's growth. When preparing your annual budget, projected growth for the upcoming year should be in line with revenues to establish responsible employee wages.

Estimating the total number of employees is also a critical factor to consider when making a budget. Knowing when you need to hire, what expenses are incurred during the hiring process, and what experience level is required will further optimize your business growth and overall operations.

5. Know Your Cash Flow

A projected income statement is great for overall growth projections. However, it is imperative to calculate the expected cash flow within the business, as cash flow and income statement reports are not necessarily the same. If you pay your creditors faster than your clients pay you, you might need to purchase inventory in advance of sales if your acquisition time is significant. Implementing a cash flow report along with your income statement using metrics from your balance sheet will optimize your business budgeting process and result in overall capital gain.

Conclusion

Although organizations might have the right talent, technology and policies in place to oversee production operations, there are times when such organizations need to outsource some operations. Outsourcing work is a tried-and-tested model and is recognized as a long-term competitive strategy for success. Outsourcing helps you get the focus back on your core business and control costs at the same time. However, this approach also introduces the threat of imitation of an organization’s products by the competitors especially if an organization outsources from businesses in the same industry. It is therefore crucial to do due diligence when selecting service providers to outsource from.

5.3.7.3. Self-Assessment

1. Which of the following is why it is sometimes cheaper for an outside company to make your product?

a) The outside company is cheap.

b) The outside company uses cheap materials.

c) The outside company is in a country with a low cost of living.

d) None of these answers are correct.

2. Which of these are deciding factors for companies when deciding to outsource?

a) Demand

b) Profitability

c) Company weaknesses

d) None of these answers are correct.

3. Undertake an audit of your institution and recommend services that can be audited. In your report provide a cost benefit analysis segment.

4. Outsourcing technically means:
   a. moving functions or activities out of an organization
   b. the delegation of non-core operations from internal production to an external entity specializing in the management of that operation
   c. buying resources from outside a company’s main domestic market
   d. the first or second answer above
5. Outsourcing is used by an organization in the interest of:
   a. redirecting or conserving energy directed at the competencies of a particular business
   b. making more efficient use of worldwide labour, capital, technology and resources
   c. lowering firm costs or to make more efficient use of worldwide labour, capital, technology and resources
   d. any of the above
6. Under conditions of globalization, outsourcing and offshoring are not mutually exclusive; however, outsourcing differs from offshoring in that

a. outsourcing is relative to the nation while offshoring is relative to the restructuring of the firm
b. offshoring represents a relocation of an organizational function to a foreign country, not necessarily a transformation of internal organizational control, while outsourcing means sharing organizational control with another organization, or a process of establishing network relations within an organizational field
c. outsourcing is relative to the restructuring of the firm while offshoring is relative to the nation
d. the second and third answers above

7. 'Developing countries' such as China or India benefit from the patronage of companies that outsource to them in terms of:
   a. increased wages
   b. job prestige and education
   c. increased quality of life
   d. All of the above
8. OEM means:
   a. organizational elaborated markets
   b. organic equipment manufacturer
   c. original equipment manufacturer
   d. organizational equity measures
9. One criticism of outsourcing is that:
   a. the interaction bears no flexibility
   b. product quality suffers
   c. there are delays in meeting the demand
   d. the price paid by the customer is very high
10. The two underlying reasons for outsourcing are:
   a. hedging and cultural diversity
   b. economies of scope and quality concerns
   c. personal benefits and network access
   d. economies of scale and lower wage costs
11. Strategic alliances are:
   a. not at all favoured by SMEs as they are perceived to be too risky
   b. more successful than other market entry modes
   c. one of the many ways in which firms may enter foreign markets
   d. the most common market entry mode used by known multinationals
12. Which of the following is not an example of subcontracting?
   a. Expanded subcontracting
   b. Vertical subcontracting
   c. Strategic development subcontracting
   d. Simple subcontracting
13. The five relationship phases are:
   a. awareness, exploration, expansion, commitment and dissolution
   b. awareness, contact, planning, commitment and dissolution
   c. exploration, expansion, commitment, exploitation and dissolution
   d. awareness, exploration, exploitation, commitment and re-negotiation

14. The marriage metaphor is:
    a. psychological sunk cost
    b. what prevents companies from having more than one supplier
    c. the process of reducing the psychic distance + increasing dependence between buyer and seller
    d. the mutual dependency between firms forcing them to continue a relationship
15. Reverse marketing is:
    a. where buyers invest in the seller's firm e.g. through crowd funding
    b. where the buyer takes the initiative in searching for a supplier that is able to fulfil their needs
    c. where the buyer is doing marketing campaigns for the seller
    d. Internet marketing
16. In the example of seat-sourcing at Mazda, the competition for the remaining third of the Mazda seat business is based on:
    a. meeting specifications at the lowest total price
    b. primarily performance since the last contract was awarded
    c. network relationship
    d. price betting
17. In software the three types of know-how are:
    a. software know-how, organizational know-how, financial know-how
    b. hardware know-how, software know-how, project know-how
    c. customer know-how, end-user know-how, programming know-how
    d. technology know-how, project know-how and management know-how
18. Outsourcing on the American continents is supported by ________, in that there is provision with reference to workers from low labour-cost countries, such as Mexico, working in the USA or Canada
    a. G8
    b. NAFTA
    c. MERCOSUR
    d. OECD

5.3.7.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Laptops/Computer lab
- Smartphones
- Model Organizational Policies and procedures
- Reliable Internet connection

5.3.7.5. References

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5.3.8. Learning Outcome No. 7. Manage customer virtual platforms

5.3.8.1. Learning Activities

Learning Outcome #No…7… Manage customer virtual platforms	
Learning Activities	**Special Instructions**
Google search the topic: Top social sites to identify the most used virtual platforms.	
Create a Facebook page and customize it to fit an organization.	www.facebook.com
Identify the various communication channels through virtual platforms.	Train on use of direct messages, chat rooms, group chats data voice calls among others
Identify rules that affect organization use of virtual platforms from the ICT policy of the institution	
Brainstorm on security issues associated with virtual platforms.	Read more on Data Security and Control from (Makori, J.O., Mutuku, J. & Munene, K. ,2019)
Analyze user feedback on published Facebook page one of the students administrates.	

5.3.8.2. Information Sheet No. 5/ LO7

Introduction

This learning outcome intends to enable a trainee develop an ICT policy for an institution. The trainee should be aware of all the stages involved in coming up with a draft ICT policy. The trainer must enable an environment of sample ICT policy development focusing on various national standards as well as institutional policies.

Definitions of key terms

ICT Policy is a policy document that outlines how an institution can effectively use ICTs.

Methods, processes/ procedures/ guidelines

All methods and standards governing ICTs in Kenya are available at www.icta.go.ke

Content

Identify virtual platforms

There are various virtual platforms that modern organizations use to manage customer experience. Since some platforms are more popular than others, it is important to select those that are widely accepted by current and prospective customers in order to attract as many of them as possible (Lua, 2019).

The following are the top ten social media sites of 2019 according to (Lua, 2019):

1. Facebook
2. YouTube
3. WhatsApp
4. Messenger
5. WeChat
6. Instagram

7. QQ
8. Tumblr
9. Qzone
10. Tik Tok

How to Beef Up Your Facebook Business Page in 2019

Facebook is the top social media site hence the need to leverage on its existence to develop your business.

The following are some of the strategies that can be used:

Update Your Page Template

Found under Page Settings, Facebook offers a variety of Business Page templates with default buttons and tabs to help marketers showcase content in a way that best aligns with your business type and goals. While the template options look somewhat similar, they prioritize information based on your business or industry - such as promoting the "donate" call-to-action button or ability to start a fundraiser for a local nonprofit.

Select the Right Call-To-Action (CTA) Button

Facebook Business Pages include a prominent CTA directly below the cover image, which you can (and should) update based on current campaigns and offers that support your business goals.

Create an Eye-Catching Cover Image or Video

The Business Page Cover Image is prime real estate to feature attention-grabbing imagery and content for your business. If you're not leveraging this aspect of your page effectively, consider a refresh to help promote the most important aspect(s) of your organization - products, services, offers, career opportunities, etc. - and align with your featured CTA button.

Leverage Recommendations

One of the best ways to increase your brand awareness and gain new customers is by leveraging your existing customer or fan base. Help more people find your business and begin building social proof by adding Facebook Recommendations (previously reviews) to your Business Page.

Capitalize on Messenger

Facebook Messenger is a great way to create meaningful relationships with your customers, enabling users to contact or message you directly through your Page. And if you're concerned about someone reaching out while you're offline or unavailable to respond, don't worry! Facebook has expanded the Business Page Messenger to now support 24/7 customer service and responsiveness.

Once messaging is activated on your page, brands can create pre-set greetings and automated responses to support you in off-hours and still feel accessible to users with important feedback or inquiries.

This helps marketers connect with users, even when you're offline or unavailable for immediate response (Vavruska, 2019).

4. Create a Custom Messenger Greeting
5. Turn on Instant Replies and Away Messages
6. Save Common Replies
7. Review Conversation Insights

What are star ratings on social media?
Star Ratings are an internationally recognized symbol for quality accommodation standards. They are used in more than 70 countries worldwide and reflect the cleanliness, quality and condition of guest facilities (Star ratings Australia, 2019).

Training virtual platform personnel

It is important to train the people responsible for overseeing virtual platform activities to ensure that they understand how to maximize the benefits of these platforms. Training should focus on both the basic set up procedure as well as respective data analytics. Below is an example of the basic steps to follow when creating a Facebook account for a business and the same process can be followed for other virtual platforms.

How to set up a Facebook Page for your business

Step 1: Sign up

Go to facebook.com/business and click **Create a Page** in the top right-hand corner. You'll be greeted with several business type options including local business or place, brand or product, and cause or community. Select the type of business you're creating the Facebook Page for. If your business type falls into more than one of the category options, choose the one your customers are most likely to think of when they think about your business.

When you click on a business type, a box will open asking for a few further details, like the name of your business, your address, and your Page category. Categories are basically sub-types within the larger business category you've already chosen. When you start typing in the category field, you'll see a list of potential category options to choose from.

When you're ready, click **Get Started.** Note that doing so indicates your acceptance of Facebook's terms and conditions for Business Pages, so you might want to check those out before you proceed.

Step 2. Add Pictures

Next, you'll upload profile and cover images for your Facebook Page. It's important to create a good visual first impression, so choose wisely here. Make sure the photos you choose align with your brand and are easily identifiable with your business.

You'll upload your profile image first. This image accompanies your business name in search results and when you interact with users, and also appears on the top left of your Facebook Page.

If you're a big brand, using your logo is probably a safe way to go. If you're a celebrity or public figure, a picture of your face will work like a charm. And if you're a local business, maybe a well-shot image of your signature offering is what will allow a potential follower or customer to make the connection immediately.

Your profile picture will appear as a square on your Facebook Page, but will be cropped to a circle in ads and posts, so don't put any critical details in the corners. Once you've chosen a great one, click **Upload Profile Picture.**

Now it's time to choose your cover image, the most prominent image on your Facebook Business Page. This image should capture the essence of your brand and convey your brand personality. It will display at 820 x 312 pixels on desktop or 640 x 360 pixels on mobile. The image must be at least 400 pixels wide and 150 tall.

Once you've selected an appropriate image, click **Upload a Cover Photo**.

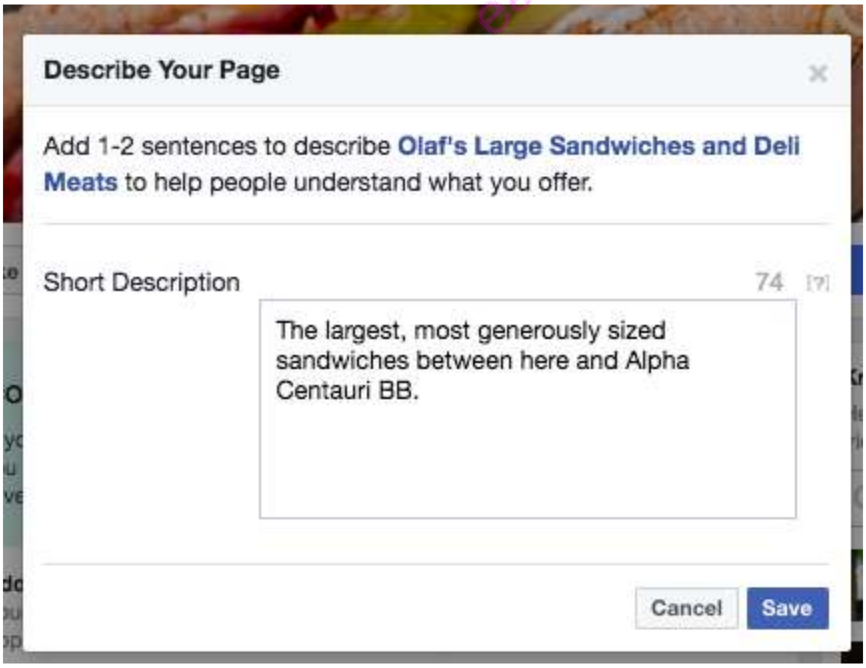
Step 3: Explore your new Page

At this point, you'll be prompted to take a quick walk-through of a few features. Unless you're already well aware of how Facebook Business Pages operate, we recommend clicking through the prompts, just so you know where everything is. It only takes a few seconds.

Of course, while the skeleton of the Facebook Page for your business is now in place, you've still got some work to do before you share it with your audience.

Step 4: Add a short description

This is your opportunity to tell people about your business. It should be just a couple of sentences (maximum 155 characters), so there's no need to get too elaborate here. Click **Add a Short Description**, then just share what your customers need to know as clearly and concisely as possible. You can add a longer description later on.

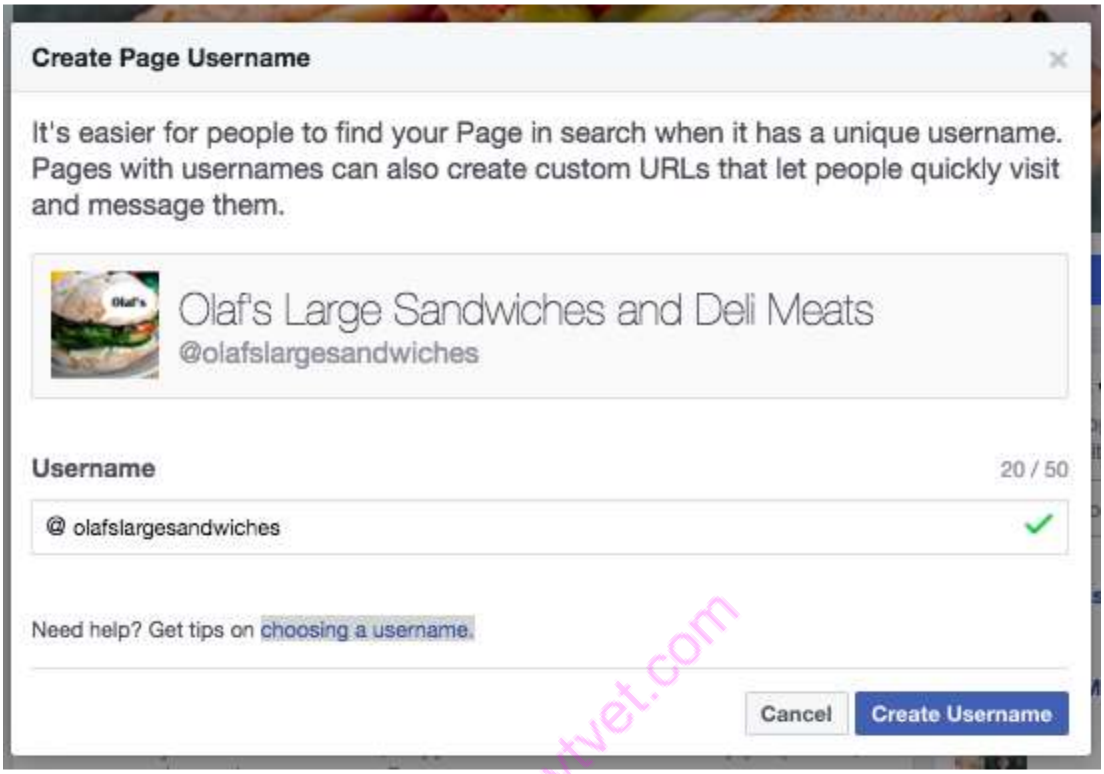


Click **Save** when you're done.

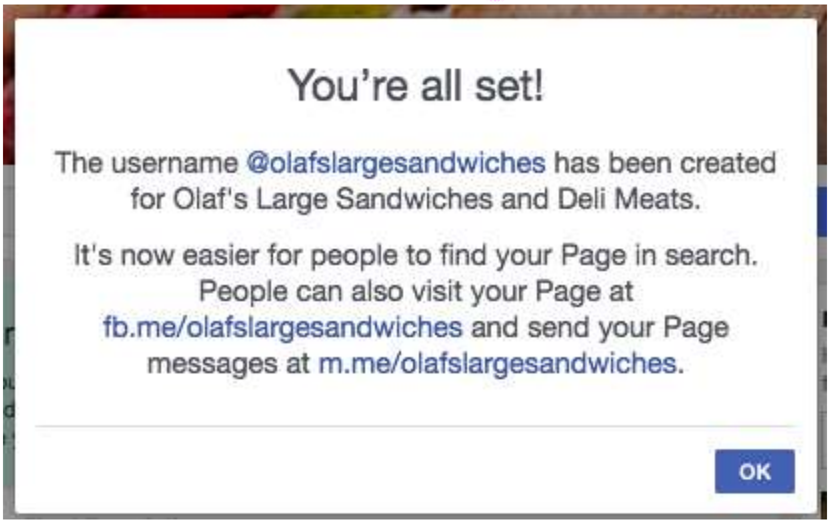
Step 5: Create your username

Your username, also called your vanity URL, is how you'll tell people where to find you on Facebook. Your username can be up to 50 characters long, but don't use extra characters just because you can. You want it to be easy to type and easy to remember. Your business name or some obvious variation of it is a safe bet.

Click **Create a Username for Your Page** to set up your vanity URL.



Click **Create Username** when you're done. A box will pop up showing you the links people can use to connect with your business on Facebook and Facebook Messenger.



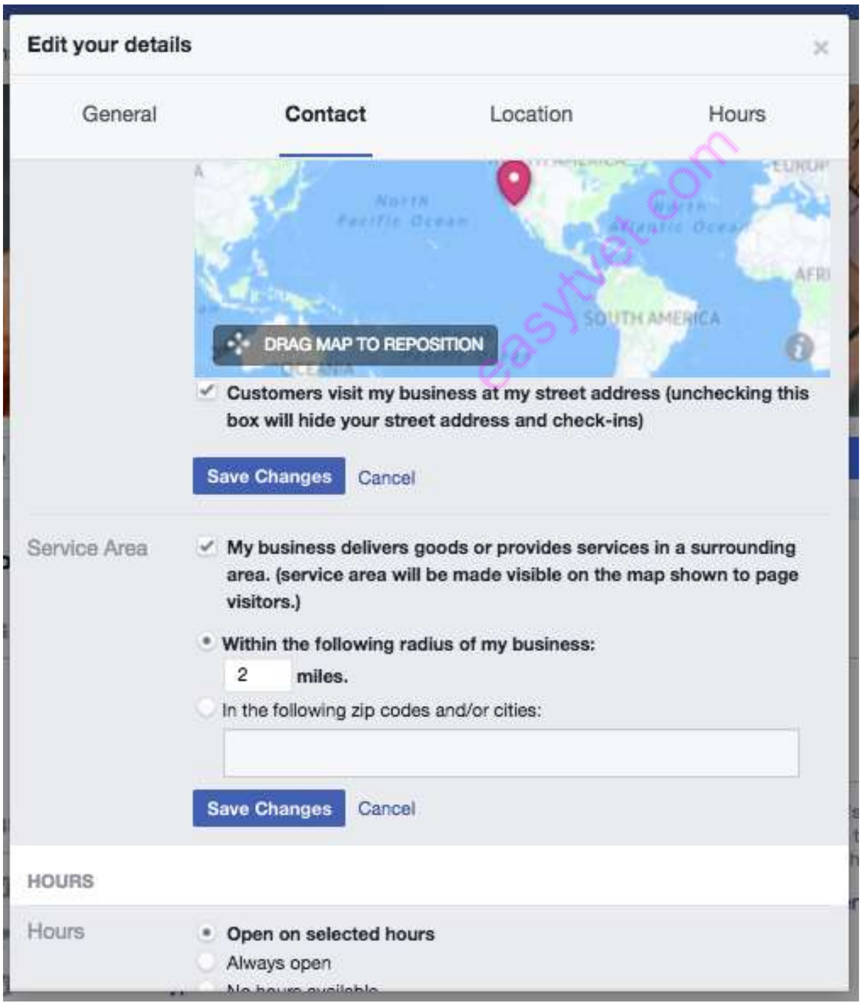
Click **OK** to continue filling in your Facebook for business Page details.

Step 6: Complete your about section

While you might be tempted to leave the details for later, it's important to fill out all of the fields in your Facebook Page's **About** section right from the start. As Facebook is often the very first place a customer goes to get information about you, having it all there is extremely

important. If someone is looking for a business that's open till 9 and can't find this information on your Page, they'll surely keep looking until they find another place that's more forthcoming. It's also a good idea to list information about your Facebook Messenger protocol, such as your customer service reps' online hours and estimated response time.
To get started, click **About** in the left-hand menu of your Facebook Page.
From this screen, you can add or edit your specific business details, like your start date, contact information, and other social accounts. Depending on your type of business, you may be able to add specific details like a menu or information about your price range and whether you offer valet parking.
This is also the screen where you can add a longer description of your business. Click **Edit Story** on the right side of the Page to provide a detailed description of what your business offers customers and why they should Like or Follow your Page. This is a great place to set expectations about how you'll interact with fans through your Facebook Page for business purposes and to offer a compelling reason for them to engage with you online.

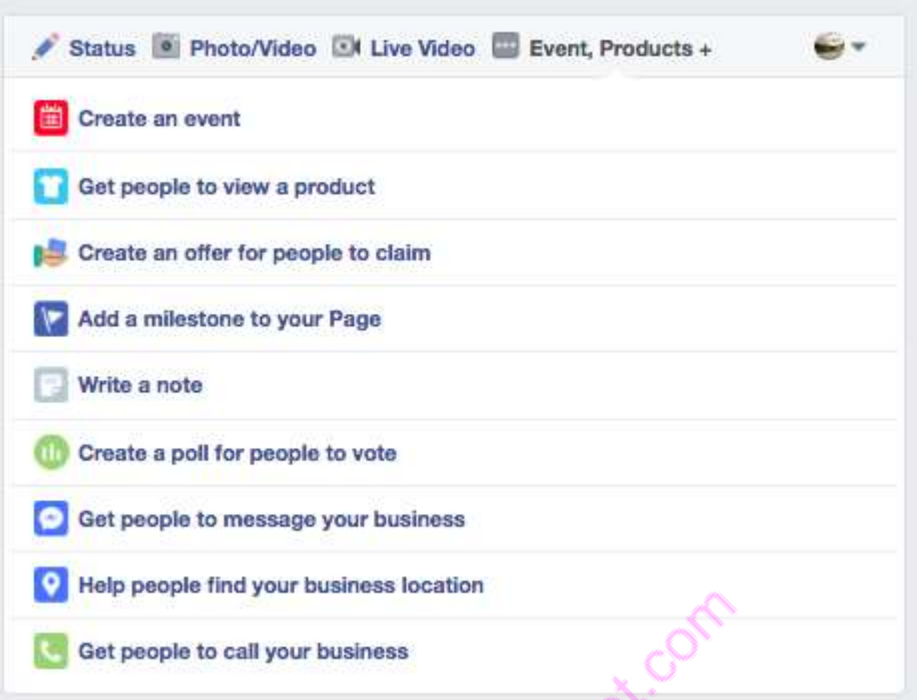
To specify your business location and hours, click **Edit Page Info** on the top right of the screen.



When you're finished, click **Save Changes**.

Step 7. Create your first post

Before you start inviting people to like the Facebook Page for your business, you'll want to make sure you share some valuable content. You can create some of your own posts, or share relevant content from thoughtful leaders in your industry.
You could also create a more specific type of post, like an event or product offer—just click through the tabs at the top of the status box to bring up all the options.



Make sure that whatever you post offers value for your visitors when they arrive at your Facebook Page, so they'll be inclined to stick around.
Your Facebook Business Page now represents a robust online presence that will make potential customers and fans feel comfortable interacting with you.

Step 8: Start engaging

Now you're ready to give your Facebook Business Page a bit of a nudge. Invite family and friends to like the Page. Use your other channels, like your website and Twitter, to promote it. Add "follow us" logos on your promotional materials and/or email signature. If you're comfortable with it, you can even ask your customers review you on Facebook, too.

Conclusion

Virtual platforms may give a company a competitive edge hence require proper management. Since virtual platforms give customers a chance to create content about organizations and share it, they can negatively impact on an organization if the shared information threatens the corporate reputation of the organization. This creates the need to continuously monitor information shared through these platforms and mitigating threats early enough. Firms can carry out sentiment analysis to facilitate this process.

5.3.8.3. Self-Assessment

1. Visit a local business entity, study their processes and create a Facebook page used for customer feedback and communication.

2. Analyze the customer experience of the Safaricom PLC page and write a report outlining customer complaints and positive feedback.
3. Why have you joined social media?
4. What is your brand’s overall purpose?
5. What do you or your company aim to achieve with social media?
6. Who is your target audience?
7. Which social channels do they use?
8. What topics and sources of information are most important to them?
9. What events matter to them and their lives?
10. What problems can you help them solve?
11. What jobs can you help them complete?
12. What is one of the big differences between traditional media and social media?
    a. Participatory production.
    b. Social media reaches only a few people at a time.
    c. The management structure of the companies.
    d. Traditional media offers no way for audiences to communicate with media producers.
13. Which of the following is NOT a fundamental area of change regarding people's media habits?
    a. Conversation.
    b. Collaboration.
    c. Choice.
    d. Communication.
14. An important lesson learned in online political campaigns in recent years and other collaborative efforts that had online components is
    a. People much prefer to do their own thing and not work in groups.
    b. There are always a couple of people who disrupt the work of others in the group.
    c. People must be able to meet face to face at times as well as online.
    d. Social media has still not lived up to its promise of helping people collaborate.
15. A portable chunk of code that can be embedded in Web pages to give extra functionality is known as a
    a. Folksonomy.
    b. Widget.
    c. Curator.
    d. Wiki.

16. The state of spam, or unwanted commercial e-mails, in today's Internet could best be described as
    a. Increased numbers of spam messages have made e-mail largely useless for business today.

b. Spammers have become far more sophisticated in their techniques to avoid spam filters.
c. Antispam legislation and technology have helped reduced spam to a five-year low.
d. Spam filters have largely been ineffective and spam continues to grow as a percentage of online traffic.

17. A website that lets anyone add, edit, or delete pages of content is called a
    a. Wiki
    b. Online forum.
    c. Usenet
    d. Lurker site.
18. Today the most popular social networking site is
    a. MySpace
    b. Twitter
    c. Weibo
    d. Facebook
19. Creating a website or group that looks like it originated from concerned grassroots efforts of citizens is known as
    a. Lurking
    b. Trolling
    c. Phishing
    d. Astroturfing
20. Two increasingly important ethical aspects of social media are
    a. Ratings and traffic.
    b. Transparency and privacy.
    c. Identity and honesty.
    d. Virtue and virality.

5.3.8.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Laptops/Computer lab
- Smartphones
- Model Organizational Policies and procedures
- Reliable Internet connection

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5.3.9. Learning Outcome No. 8. Generate customer feedback report

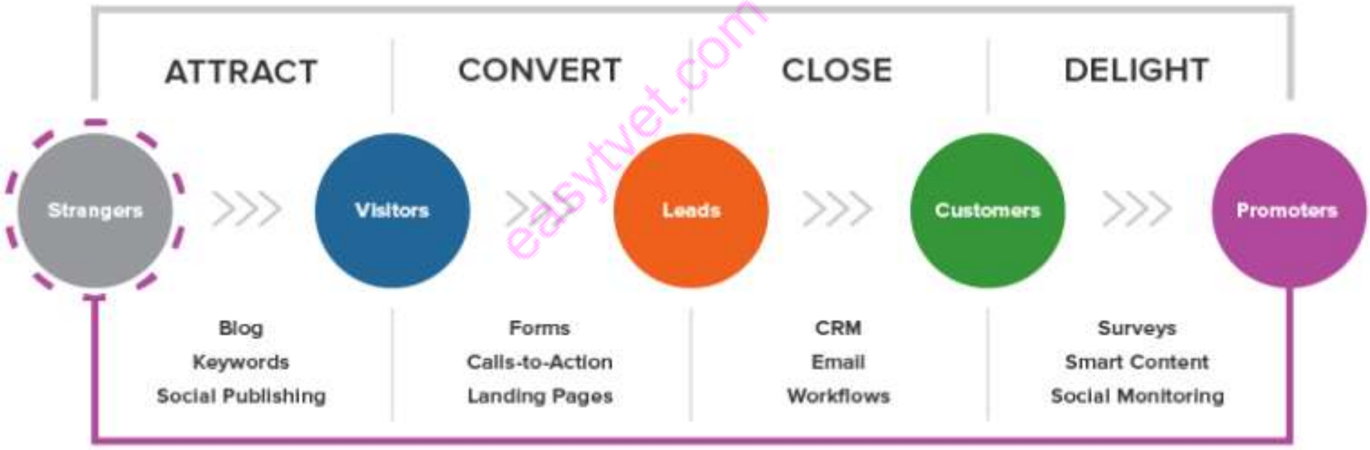
5.3.9.1. Learning Activities

Learning Outcome #No. 8. Generate customer feedback report	
Learning Activities	**Special Instructions**
Form five groups, assign each group one survey type. Consult the head of department and carry out a customer survey, analyze the feedback and give a report.	Trainees to be reminded on research methods learnt.

5.3.9.2. Information Sheet No. 5/ LO8

Introduction

Customer satisfaction is a complicated issue because it determines whether customers remain loyal to a certain organization or they see alternative companies. Many factors contribute to it, from the quality of your website and products or services to customer service to the look of emails sent to customers (Kierczak, 2019). Achieving customer satisfaction is beneficial to firms because it enables them to increase sales by attracting prospective customers and converting them into brand ambassadors as depicted in the figure below.



Source: HubSpot.

Definitions of key terms

Customer Satisfaction Survey

A customer satisfaction survey is a questionnaire that businesses send to shoppers after they have made a purchase or received a service from your business. Methods, processes/ procedures/ guidelines

Conducting customer satisfaction survey: Types of Customer Satisfaction Surveys

1. Net Promoter Score (NPS) Survey

An NPS, or Net Promoter Score, survey measures customer loyalty by asking a single question: How likely is it that you would recommend our company/product/service to a friend or colleague? Customers can score from 0 (not at all likely) to 10 (extremely likely).Businesses use NPS to measure customer loyalty and overall customer sentiment, instead of feedback on a specific product or experience. NPS is widely used across many industries, so it can be a good tool to measure your customer loyalty and satisfaction against competitors. NPS can also be used to identify detractors, or customers likely to switch to competitors or spread negative feedback about your business.

NPS Survey Template

How likely are you to recommend our company to a friend or colleague?

Not at all likely					Extremely likely					
0	1	2	3	4	5	6	7	8	9	10

Tell us more:

2. Customer Satisfaction (CSAT) Survey

CSAT, or customer satisfaction survey, is used to measure a customer's satisfaction with your products or services (unlike NPS, which is used to gauge customer loyalty). CSAT surveys consist of a variation of the question: How would you rate your overall satisfaction with the products/service you received?

Customers would then choose from the following 1 to 5 scale:
1. Very unsatisfied
2. Unsatisfied
3. Neutral
4. Satisfied
5. Very satisfied

Only customers who choose "Satisfied" or "Very Satisfied" are considered satisfied customers. To calculate your business' CSAT score, take your number of satisfied customers and divide by the total number of survey respondents, then multiply by 100. Therefore, if you have 100 survey respondents and 70 of them responded “Satisfied” or “Very Satisfied,” your CSAT score would be 70%.

(70 / 100 = .7) x 100 = 70%

Businesses should use a CSAT survey to measure whether or not their products and services are meeting customer expectations. CSAT surveys allow businesses to fix individual customers service issues and look at how specific products and services are performing overall. For example, if customers consistently rate a product as a 1 through 3, it needs to be improved. If customers consistently rate an item as a 4 or 5, it’s a strong product that you should promote.

CSAT Survey Template

How would you rate your overall satisfaction with the products/service you received?

☐	1	Very Unsatisfied
☐	2	Unsatisfied
☐	3	Neutral
☐	4	Satisfied
☐	5	Very Satisfied

3. Post-Purchase Survey

Post-purchase surveys are sent to customers after they have bought a product or a service from your company. These types of surveys are meant to get feedback on the specific experience the customers had with this transaction (as opposed to a survey like NPS, which gauges overall loyalty).

This type of survey should be used to pinpoint specific areas of the business that need to be improved. For example, if your NPS score is low, using post-purchase surveys helps businesses understand whether they need to focus their attention on their customer service or quality of products.

Post-purchase surveys can be open-ended, but typically they ask customers to rank different aspects of their experience on a scale of “Strongly Disagree” to “Strongly Agree” or “Poor” to Excellent.”

Product Development Survey Template

1. What is your first impression of the product?
    - Extremely Negative
    - Negative
    - Neutral
    - Positive
    - Extremely Positive

Please Explain:

2. Overall, I am very satisfied with the quality of [product].

- ❏ Strongly Disagree
- ❏ Disagree
- ❏ Neither Agree nor Disagree
- ❏ Agree
- ❏ Strongly Agree

Please Explain:

3. Overall, I am satisfied with the customer service I received from [company].

- ❏ Strongly Disagree
- ❏ Disagree
- ❏ Neither Agree nor Disagree
- ❏ Agree
- ❏ Strongly Agree

Please Explain:

4.Product or Service Development Survey

Also known as Concept Testing, development surveys are sent to customers before businesses launch a new product to get a feel for how likely existing customers are to purchase the product. The goal of a product development survey is to see if the new product or service is profitable and/or receive feedback to make improvements on the product before launching it.

For this survey, you want to show customers a sample of the product you are testing, either in-person or online, including price. Then, ask questions to gauge their reactions to the product and leave space for open-ended feedback. These surveys are best to send to your most loyal customers and your highest spending customers.

Product Development Survey Template

1. What is your first impression of the product?

- ❑ Extremely Negative
- ❑ Negative
- ❑ Neutral
- ❑ Positive
- ❑ Extremely Positive

Please Explain:

2. If the product was available today, how likely would you be to buy it?

- ❑ Very Unlikely
- ❑ Unlikely
- ❑ Not Sure
- ❑ Likely
- ❑ Very Likely

Please Explain:

3. Overall, the product is a good value for the price.

- ❑ Strongly Disagree
- ❑ Disagree
- ❑ Neither Agree nor Disagree
- ❑ Agree
- ❑ Strongly Agree

Please Explain:

4. What do you like most about the product?

5. What about the product would you change?

4. Usability Survey

Usability surveys, or user experience surveys, are used by online businesses to receive feedback on their website to create a better experience for the customer. These surveys usually pop up

while a shopper is on your site. They can be multiple-choice questions, open-ended questions, or even live messaging that directs shoppers to the information they are looking for.
Usability surveys are best for trying to improve the customer experience, stream-live content, or improve website navigation. There are many survey and messaging tools that can help collect customer feedback and provide a better shopping experience (Brophy, 2019).

Usability Survey Template

1. Did you find what you are looking for?

- ❑ Yes, easily
- ❑ Yes, eventually
- ❑ No

2. How would you rate your experience on our site?

- ❑ Extremely positive
- ❑ Positive
- ❑ Neutral
- ❑ Negative
- ❑ Extremely negative

3. What can we do to improve?

Integrating Customer Satisfaction Surveys into Your Business
Here are six steps every business should follow when setting up a customer satisfaction survey:
Determine Your Need
Before you begin, it is important to pin down exactly why you need this survey and what insights you want to get out of the survey results. For example, if you are trying to reduce your customer churn rate, a product development survey won't be as helpful as an NPS survey. By determining your need for the survey first, you can choose the survey type that will give you the most relevant data.
Choose a Medium
After determining your need and choosing a survey type, you need to pick a medium. Will you be sending your survey over email, text, in-app, on paper, or in person? Most surveys are collected over email, but some product development surveys could be done in person. Surveys that measure a website's ease of use can be done as pop-up surveys on the site itself.
Select a Survey Tool
Once your survey type and delivery method are chosen, it's time to pick a survey tool that can accommodate the type of survey you are looking to deploy. Obviously, price is a big

consideration, but also think about whether this is a one-off survey or if you want to incorporate customer satisfaction surveys into your business indefinitely.

Set a Process

After you have your survey type, medium, and software in place, it's time to set a process for executing your survey. If you are doing a survey with customized questions, this is when you would sit down and create them. This is also when you determine during which part of the buying process shoppers will receive their surveys. Be sure to show a copy of the survey to your employees, and let them know what their role is in the process if they have one.

Gather Feedback

Now that your survey is in place, start monitoring your results. Check feedback regularly for any common themes or customers service opportunities. If your survey tool gathers and analyzes data for you, make sure your employees have access to see the customer feedback. If your survey tool doesn't package feedback for you, manage the feedback yourself with a spreadsheet or CRM software and set regular times to share feedback with your staff.

Enact Change

Going through the process of setting up surveys and collecting feedback is only worthwhile if you gain actionable insights for your business. Take the common themes you notice from the surveys to change business policies, better trained employees, or adjust your products and services.

Sharing your results

The saying "Show, don't tell" applies. It's always better to show how satisfaction scores have changed over time rather than to simply state it. Make full use of hard numbers and data visualizations to present your findings.

Be mindful of your target audience. A report for customers and the general public is intended to showcase your results and let customers know that their voice is being heard. A report for management should be tailored to driving future success.

Taking action

The insights you gather from your customer feedback surveys should guide the way you move forward. You should identify groups within your customer-base that are vulnerable to churn and find the sources of their dissatisfaction (Bock, 2019). You should also find groups with high rates of satisfaction and search for potential customers with similar traits. With the knowledge and insights gathered from your survey results, you will be able to make informed, data-driven decisions to guide you into the future.

Conclusion

To run customer satisfaction surveys online, you can use techniques such as website surveys and email surveys. Benefits of running customer satisfaction surveys and analyzing their results include improving customer service and increasing the number of brand ambassadors, which leads to higher sales. Customer satisfaction surveys are most useful when analyzed on a regular basis to identify emerging trends in customer behavior (Kierczak, 2019). When dealing with customer feedback, it is important to encourage and address both positive and negative feedback. Such feedback provides organizations with an opportunity to identify areas that need to be addressed to enhance their customer experience management efforts.

5.3.9.3. Self-Assessment

Conduct a customer satisfaction levels of a product or service of your choice

1. How would you rate your overall satisfaction with us?

    * Very satisfied
    * Satisfied
    * Neutral
    * Dissatisfied
    * Very dissatisfied

2. How likely are you to recommend our products/service to others?

    * Very likely
    * Likely
    * Neutral
    * Unlikely
    * Very unlikely

3. When was the last time you purchased a product or service from us?

    * Within the last month
    * Between one month and 3 months
    * Between 3 and 6 months
    * Between 6 months and one year
    * More than one year
    * Never

4. Please rate us on the following:

(Excellent, Good, Fair, Poor)

    * Customer service/support
    * Quality of products/service

* Sales staff

* Price/value

5. How likely are you to continue doing business with us?

* Very likely

* Likely

* Neutral

* Unlikely

* Very unlikely

6. How long have you used our products/service?

* Fewer than 6 months

* Between 6 months and 1 year

* Between one year and 3 years

* Between 3 and 5 years

* More than 5 years

* Have not used

7. Please suggest how we can improve our products/services to better serve you

8. Analyze your training institution undertake a customer satisfaction survey, analyze the feedback and share the results.

5.3.9.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Laptops/Computer lab
- Model Organizational Policies and procedures
- Internet
- Smartphones

5.3.9.5. References

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CHAPTER 6: DEVELOPING CORPORATE IMAGE / DEVELOP CORPORATE IMAGE

6.1. Introduction of the Unit of Learning / Unit of Competency

This unit of competency and learning aims at equipping the trainee with the necessary knowledge, skills and expertise to develop monitor and evaluate corporate image strategies in order to build a sustainable corporate image for enterprises. The critical aspects that will be covered involve developing corporate strategies, designed CSR programed budgets, carry out public relations and social responsibility. In the business world today, corporate image is an invaluable asset as it works towards sustainable businesses through increased acceptance of the business by all key stakeholders. Customers, suppliers, government agencies, financial institutions, creditors and the general public, support businesses that do have a good corporate image.

Corporate image is of importance because it prepares the trainee into world of work in business activities and providing business in development of a competitive image in the market places. The basic learning resources required as pertains to this course are internet connectivity, computers and printers among many others for success implementation of the unit. Trainees are required to have good ethical netiquettes during the undertaking of this course. The trainee is expected to have earned communication skills and knowledge towards practical presentations by the end of the course.

6.2. Performance Standard

The trainee should be able to develop and implement corporate image strategies, develop synergies for innovation as well as maintain stakeholder's relationship and initiate global business opportunities. Manage project resources, manage corporate image through media, undertake periodic corporate image review and monitor and evaluate corporate image in accordance to the best practices in the market performance according to the best corporate strategies of the organizations.

6.3. Learning Outcomes

6.3.1. List of Learning Outcomes

a) Develop corporate image strategy
b) Develop and implement public relations strategy
c) Carry out corporate social responsibility (CSR) activities
d) Maintain stakeholders relationship
e) Develop synergies for innovation
f) Develop and implement rebranding strategies
g) Initiate international/ global business opportunities
h) Manage corporate image through media
i) Undertake periodic corporate image review and rebrand
j) Monitor and evaluate corporate image

6.3.2.Learning Outcome LO1. Develop Corporate Image

6.3.2.1. Learning Activities

Learning Outcome LO1. Develop Corporate Image	
Learning Activities	Special Instructions
• Invite a corporate / public relations manager of a reputable firm situated near the institution to help in outlining the process involved in the development of a corporate image policy • Brainstorming in group discussions on factors that should be considered when designing corporate identity tools. • Design appropriate corporate identity for different industries	• Invitation role playing • Designing identity tools such as logos to identify with suggested businesses • Form groups and assign the responsibilities to each group

6.3.2.2. Information Sheet No1/6

Corporate image could be used interchangeable as corporate identity. Corporate identity tools include such items as a logo, brand name, specific colors, use of specific tones before an advertisement, use of slogans among many others. These tools help the general public to quickly identify the company product, what it stands for and what generally comes in mind when anyone views a product. It is important that a company should identify tools used by reputable firms in one's country as well as develop some identity tools that could be used by different companies in different industries.

Definition of key terms

i. Corporate identity or corporate image: - is the manner which a corporation, firm or business presents themselves to the public (such as customers, employees, general public, suppliers etc.).

ii. Corporate image policy- a policy developed by a company management to build on the perception held by various stakeholders concerning the company.

iii. Corporate image objective- a plan that is developed to clearly outline the ways/means that a company shall use to build its corporate image.

Content

A **corporate identity** or **corporate image** is the manner which a corporation, firm or business presents themselves to the general public (such as customers and investors as well as employees). Basically, its the general image of the organization towards the public.

Consequently, corporate identity is a primary goal of the corporate communications, for the purpose to maintain and build the identity to accord with and facilitate the corporate business objectives.

The corporate identity is typically conceptualized by way of branding and the use of trademarks, but it can also include things like product design, advertising, public relations, etc.

As pertains to above, this amounts to a corporate title, logo, (logotype and/or logogram) and supporting devices commonly assembled within a set of corporate guidelines. These guidelines govern how the identity is applied and usually include approved color patterns, typefaces, page layouts, fonts, and others.

- Components of corporate identity/image.

The components of corporate identity are:-

a) Corporate communication: Is a complex issue associated with the manner in which the organization communicates with its various stakeholders. Corporate communication can be both controlled and uncontrolled by nature.
b) Corporate design (visual identity): Corporate visual identity is an array of visual cues designed by the organization for the purpose of differentiating it from other organizations and project quality to all stakeholders. This can be done through advertisements, packaging and promotion, use of specific colors etc.
c) Corporate culture: Corporate behavior's core values, behavior and beliefs are reflected in its corporate culture.
d) Corporate behavior: Corporate behavior is associated with senior management task of instigating the clear communication of the corporate vision and strategy. The actions and statements from senior management exert a substantial influence over the management behavior.
e) Corporate structure: Consists of organization structure and branding structure and fundamental component of corporate image. Organizations engage in branding strategies in order to differentiate themselves from competitors.
f) Industry identity: This refers to fundamental industry features such as competitiveness, size, and rates of change which influences the corporate identity of a company.
g) Corporate strategy: Is the blue print of a firm's fundamental objectives and strategies for competing in their given market? It determines what the company produces, the level of profit and stakeholder's perceptions about the company.

Corporate identity tools

Managing a corporate identity requires three tools that must be interlinked, and each has the potential to influence the overall impression of the company. These are:-

a) Corporate design (visual appearance): Elements of corporate design include the company logo, its visual corporate presence at trade fairs, the design of the company website and prominent design features of a company products and packaging.
b) Corporate behavior: The conduct of a company towards all those who could be regarded as stakeholders. Apart from external behavior affecting customers, media and public, corporate behavior can also be shaped by internal matters e.g. the way employees are treated and management styles of leadership.
c) Corporate communication: A consistent language and communication style are important components of a corporate identity.

Developing corporate image components

Regardless of all the corporate identity components discussed herein all ensure that are adhered to.

Conclusion

In pursuit of achieving excellent corporate image, different designs images have to be considered. Different businesses in different industries require different designs that are appropriate identity tools such as logos, brand names, slogans etc. The company should identify the corporate identity tools that are used by reputable companies in his or her country and adopt them as a competitive advantage strategy. The enterprise should also embrace the importance of building a corporate culture and corporate behavior for a good corporate image.

6.3.2.3. Self-Assessment

a) _____________ is the blue print of a firm's fundamental objectives and determines what the company produces, the level of profit and stakeholder's perceptions about the company.

  b) Corporate identify b) Corporate design c) Industry design d) Corporate structure

7. The following are corporate identify tools which one is not
   c) Corporate communication b) Corporate behavior c) Corporate culture d) Corporate design
8. A _______________________is visiual presentation of company at trade fairs, product packages and company website?
   a) Logo b) Corporate Design c) Trade Mark d) Website
9. Which level of strategy provides direction on company objectives, goal, missions and direction the business should be in and its growth policy
   a) Business level strategy b) Corporate strategy c) Marketing strategy d) Service strategy
10. Which of the following falls within the scope of corporate strategy/
    a) Target market definition b) Vertical integration c) Brand policies d) Line extension
11. Scope goals, objectives, resource deployment and identification of sustainable competitive advantage systems are key components for developing corporate strategy?
    True [ ] False [ ]
12. Define the following terms
13. Corporate image b) Corporate objectives
14. What is the importance of developing corporate image policy?
15. Discuss the various factors to consider when carrying out corporate communication and advertisement
16. Design an appropriate corporate identity tools for different organizations
17. Identify and suggest modifications to the current corporate identity tools used by nearby companies
18. Identify three organization of your choice and describe how they carry out corporate communication and corporate advertising.

18.1.1.1. Tools, Equipment, Supplies and Materials

- Computer
- Digital devices
- Internet connectivity
- Stationery
- Case studies

18.1.1.2. References

1. Glen Broom (2008). Cutlip and Center's Effective Public Relations (10th Edition), Prentice Hall
2. Fraser P. Seitel(2010). The practice of Public Relations (11th edition), Prentice Hall
3. David Guth, Charles Marsh, Allyn and Bacon (2008). Publc Relations: A values Driven Approach (4th Edition), Boston

6.3.3. Learning Outcome LO2. Develop and Implement Public Relations Strategy

6.3.3.1. Learning Activities

Learning Outcome LO2.Develop and Implement Public Relations Strategy	
Learning Activities	Special Instructions
• Develop a public relation strategy for the organization • Visit a nearby organization and learn on their public relations strategies and how they are of benefit to their organization	• Select two or three PR activities to engage in.

1.3.3.2. Information Sheet No1/6

Introduction

Public relations basically are activities that promote the positivism of an organization to the general public. An Enterprise or organization should be able to engage in various public relations (PR) activities. The enterprise should be able to form social groups in the digital platforms e.g. Facebook, WhatsApp, twitter and use them to promote the image of an institution. The enterprise management should appreciate the immense contribution of media, employee relations, and community relations in promotion of corporate image. Organizations invest in public relations as a promotional activity that helps out in the sale of the organizations corporate image.

Definition of key terms

Public relations strategy: a plan of action that aims at creating a positive attitude towards an organization in the eyes of its stakeholders.

Public relations: refer to all those activities that are geared towards promoting a positive reputation about an organization.

Public relations activities: activities that aim at creating a positive attitude towards an organization.

Content

Public relations tools and activities PR tools are very cost effective and often give you a degree of control than more broadly targeted advertising campaigns.

Tools and activities that help to build a business's reputation:

i. Media relations

Media strategies focus on circulating messages through media channels to manage how your business is portrayed by the media.

Media tools may include releasing media statements and facts sheets, offering on-site media tours to encourage journalists to report positive messages about your business and using social media to get the attention of journalists and track journalists who report in your market. One can use local, regional or state media to:

- Promote the business
- Manage risks, issues and crises affecting the business

ii. Advertorials

Advertorials are advertisements in the form of news stories or reviews in newspapers many businesses employ advertising or marketing professionals to help them develop main stream.

iii. Social media

Social media lets you bypass mainstream media and go straight to one's customers. Using social networking sites such as Facebook and twitter allows one to follow and be followed by journalists, drive web traffic, manage issues by responding quickly to criticisms or negative perceptions and increases exposure for your business brand.

iv. News letters

Print or emailed newsletters are a good way to promote your business, communicate with customers and keep them informed of new products and services.

v. Brochures and catalogues

"Take home" or mail out brochures' or catalogues can help keep your customers thinking about your business and its products and services.

Properly designed brochures and catalogues give customers confidence in you and your brand and help drive customers to your website or store.

vi. Business events

Events are opportunities for business people to gain exposure for their business, promote new products or services and make sure accurate information gets to the targeted customers.

Make sure you go to the event prepared with marketing materials to disseminate and collect information and customer details.

vii. Speaking engagements

Speaking at events where customers are likely to attend helps position you as a leader or innovator in your field. As a business owner, or leader, building your reputation as an expert also builds the reputation of your business and draws new customers.

viii. Sponsorship or partnerships

Supporting a not-for-profit cause can help build feelings of goodwill and loyalty towards a business. Community partnership may involve an exchange of funds or in kind- benefits to grow a local community organization in return for benefits that promote your business reputation.

Partnerships can help consumers identify your brand with good business practice and good ethics.

ix. Employee relations

Your staffs are ambassadors for your business and brand.

Conduct employee relations build business culture and team relationships by business culture and team relationships by sharing information, promoting involvement and instill a sense of pride in business achievement.

- Community relations

This helps build customer loyalty. Engaging local stakeholders helps build your profile and level of influence, helping you attract more customers through word of mouth and ensuring your business interests are factored into community decision making.

- Public relations budget

Prepare a PR budget that is reasonable and achievable depending on your financial ability.

Allocate resources time and money for public relations activities.

- Analysis and review of public relations activities;
- Consistently review the PR activities being engaged in and modify as situations may demand.
- This helps the PR activities to produce the desired results.

Conclusion

Campaigns are a significant part of the public relations and must be done with meticulous planning. Specific step by step measures should be taken when planning any PR campaign to ensure it meets the objectives set or in other words, achieves what needs to be achieved. Various tools and activities such as use of media, partnerships, and business events can be used to develop an effective PR strategy.

1.3.3.3.Self-Assessment

a) When facing a crisis, a business should consider

a) Not holding a press conference until things cool down.
b) Freezing all corporate assets.
c) Developing a public relations strategy.
d) Leaving the country during the cover of darkness.

b) Which part of public relations deals with emerging trends and their potential impact on an organization?

a) Persuasion
b) Issue management
c) Public opinion

d) Publicity

c) Which are not reasons for designing PR strategy in a business?

a) to keep action in line with mission.
b) to help us be able to control our destiny.
c) to be outstanding in gaining power and authority.
d) to better understand and focus our research.

d) _____________ use various tools like news, speech special events

a) Public relation professions
b) Advertisment specialist
c) Media planners
d) Marketing managers

e) Public relations is often confused with

a) Advertisement
b) Promotion of sales
c) Publicity of products

f) Explain the meaning of the term public relations strategy as used in business?

g) Discuss the various factors that guide the identification of public relations activities for a business/

h) What are the key elements to consider when determining Public relations resources and expenditure?

i) Discuss the importance of carrying out analysis and review of public relation activities?

j) Is the trainee capable of mounting successful PR activities to promote the reputation of the organization through use of different tools and activities?

a) By use of one global organization, illustrate how it builds its public relation image internationally.
b) Highlight the tools and activities used to build a business reputation.

1.3.3.4. Tools, Equipment, Supplies and Materials

- Computer
- Digital devices
- Internet connectivity
- Stationery
- Case studies

1.3.3.5. References (APA)

1. Glen Broom (2008). Cutlip and Center’s Effective Public Relations (10th Edition), Prentice Hall
2. Fraser P. SITEL (2010). The practice of Public Relations (11th edition), Prentice Hall
3. David Guth, Charles Marsh, Allyn and Bacon (2008). Publc Relations: A values Driven Approach (4th Edition), Boston

6.3.4. Learning Outcome LO3. Carry out Corporate Social Responsibility

6.3.4.1. Learning Activities

Learning Outcome LO3. Carry out Corporate Social Responsibility	
Learning Activities	Special Instructions
• Visit nearby organizations (successful reputable institutions and identify the corporate social responsibility) (CSR) activities they engage in. • invite a resource person from a reputable organization (for example equity bank) and discuss on benefits that their organization accrues from their involvement in CSR activities	• Organize the visitation of the institution

6.3.4.2. Information Sheet No1/6

Introduction

Corporate Social Responsibility (CSR) is a key important factor in the success of any enterprise in modern days. Through CSR activities are of important to an organization in such a way that it is able to build its corporate image among all key stakeholders. It creates a sustainable relationship between a company, its products and services which in effect increases a company's growth and competitiveness in the market place leading to a good market performance. Examples of CSR are like Equity bank wings to fly and many more.

Definitions of key terms

Corporate social responsibility (CSR): Refers to the strategies corporations or firms use to conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development.

Community development (CD): Refers to initiatives undertaken by community with partnerships with external organizations or corporations to empower individuals and groups of people by providing these groups with the skills they need to effect change in their own communities.

Content

Roles of CSR in community development

a) to share the negative consequences as a result of industrialization; this is related to increasing conscience- focused market places necessitating more ethical business projects
b) Closer ties between corporations and community. Through CSR the existence of corporations in the social system is felt beyond a perception that corporation is a place just to get employment and procedures of goods and services. Undertaking this activity helps corporations and communities stay in peace and harmony.
c) Helping to get talents: Organizations with a reputation of CSR can take advantage of their status and strengthen their appeal as an attractive employer by making their commitment part of their value proposition for potential candidates.
d) Role in transfer of technology (TOT): Closer ties help in TOT between corporations and communities

e) CSR helps in protecting the environment the issue of going green is gaining popularity and some CSR programs aim at protecting the environment within their locality.
f) CSR promotes interdependency between a corporation and community; this creates sustainable development in the long run.

The CSR committee determines the company's CSR activity policy (s) and communicates those policies to all the departments.
Examples of CSR activities include;

a) Economic dimensions
   - Assisting financially the less advantaged in society
   - Provision of employment to community members
   - Payment of taxes
   - Provision of market to raw materials produced by communities Etc.
b) Social dimension
   - Building of schools, dispensaries, sporting facilities etc.
   - Educating children from poor backgrounds etc.

c) Environmental dimension
   - Tree planting
   - Conservation of endangered species e.g. Bamburi Cement Company's Haller Park in Mombasa.
   - Provision of clean water for human and animal intake etc.

CSR budget- the CSR budget should be in line with the company's CSR policy.
It should be reasonably within its ability and aim at benefiting the majority of community members.
CSR report; information on CSR activities should be recorded upon evaluation to offer more insight for future CSR plans and activities.

Illustration

CSR activities / CSR dimensions: Most CSR activities revolve around the activities; Economic, Social and Environmental dimensions as shown below:

Figure 23: CSR Dimensions. Source: Pranav vikas. Limited (India)

Conclusion

CSR is critical in the development of successful enterprises through actively building a sustainable corporate image. In essence it creates a relationship with key stakeholders for continued growth and development of the enterprise. It also acts as a marketing tool for a company's products and services. Continuous review of the CSR activities keeps the firm in a competitive edge and increases the success of organization.

6.3.4.3. Self-Assessment

1. All definitions of CSR recognize that

a) Businesses have a responsibility for their impact on society and environment

b) Community environment should be the main focus of CSR

c) Maintaining CSR in a business is complex and an impossible venture

d) Companies must pay equal attention to business ethics and sustainability

2. What are the four main strategies for CRS in businesses?

   a) Proaction, Defensive, Reaction, Reinvestment

   b) Defense Proaction, Reaction, reinvestments

   c) Reaction, defense , investment , withdrawal

3. Social responsibility is a government policy that does not help the growth of businesses

True [ ]   False [ ]

4. Define the following terms
   a) Corporate social responsibility
   b) Community development
5. Discuss the role of corporate social responsibility in community development?
6. Highlight various social responsibility activities
7. Using your institution as an example describe the various social responsibilities conducted by your institution and its impact on the community?
8. Identify effective CSR activities to promote positive attitude towards an organization in the nearby community?

6.3.4.4. Tools, Equipment, Supplies and Materials

- Computer
- Digital device
- Internet connectivity
- Stationery
- Format templates
- Case studies

6.3.4.5. References

1. Glen Broom (2008). Cutlip and Center's Effective Public Relations(10th Edition), Prentice Hall
2. Fraser P. Seitel(2010). The practice of Public Relations(11th edition), Prentice Hall
3. David Guth, Charles Marsh, Allyn and Bacon (2008). Publc Relations: A values Driven Approach (4th Edition), Boston
4. Maimunah Ismael (2009) corporate social responsibility and its role in community development. An international perspective vol 2 journal of international social research

6.3.5. Learning Outcome LO4. Maintain Stakeholders Relationship

6.3.5.1. Learning Activities

<table>
<tr><th colspan="2">Learning Outcome LO4. Maintain Stakeholders Relationship</th></tr>
<tr><td>Learning Activities</td><td>Special Instructions</td></tr>
<tr><td>Identify the stakeholders of;
a. The institution where they train
b. Stakeholders of a nearby company.
Invite a resource person- preferably from the marketing department to discuss on issues related to analysis and response mechanism they apply upon receiving stakeholder’s feedback.</td><td>Tutor facilitate the invitation of the resource personnel</td></tr>
</table>

6.3.5.2. Information Sheet No 1/6

Introduction

Familiarize with the term stakeholders. Businesses should be able to recognize its key stakeholders and find out their main concerns. The issues so raised by the key stakeholders should be collected and analyzed objectively in order to identify major concerns that they require to be addressed. Responses to address the concerns must be made to the concerned stakeholders using the right channels.

Definition of key terms

a) Stakeholder- a person or organization or group that has an interest in the company for example customers, employees, government agencies etc.
b) Stakeholder feedback- the responses or perceptions held by a company’s stakeholders regarding the operations of the companies.

Content

Internal stakeholders

They are concerned with the success of the organization for example, employees want to be assured of job security and fair remuneration management want a good reputation of their firm and the owners need to earn reasonable returns for their investment.

External stakeholders

The external stakeholders have different interests such as:

- Suppliers- to be assured of continued supply and payment for supplies.
- Government- for taxation purpose
- Financial institutions- to be assured of the ability of firm to repay loans.
- Creditors- to be assured of payment
- Society- to be assured that the firm is beneficial to community members.
- Customers- they need guarantee that the goods and services being offered are of quality nature and that there is value for their money.

Stakeholders' feedback

- Stakeholder's feedback is acquired through observation, interviews, questionnaires, and media reports. The information is collected from both internal and external stakeholders.
- Analysis of stakeholders should be carefully done to ensure that each stakeholder's concerns are fully addressed to avoid conflicts between the company and its stakeholders.

Responding on stakeholders feedback

- Once an analysis has been done, communication should be done so as to inform the concerned that any emerging issues that are being addressed. Communication means should be selected based on the target audience and the effectiveness of the method of communicating the responses.

Illustration

The following chart shows the business stakeholders.

Figure 24: Business Stakeholders

Conclusion

Stakeholders (both internal and external) are key in the success of any enterprise. Their concerns must be objectively collected and analyzed. The company should quickly respond to the concerns and make sure that they are satisfied with the actions that they have taken.

6.3.5.3. Self-Assessment

a) The following are example sof external stakeholders except
   a) Suppliers
   b) Customers
   c) Employees
   d) Creditors

b) ______________________group of forces determine the level of competitiveness and profitability in a business

a) existing potential customers , government regulations , buyers and suppliers

b) Stakeholders , senior management, major competitors and customers

c) Customer and suppliers . availability of substitute services /product

d) Suppliers cartels, dominant buyers and powerful stakeholders
c) What is the main purpose of stakeholder mapping
   a) To establish how each main stakeholder influence the organization future plans
   b) To clarify the main roles of individual stakeholders
   c) To identify major stakeholder expectation and source of power in the business
d) Using examples explain the meaning ad importance of stakeholders in a business
e) Discuss the role on external stakeholder in a business enterprise
f) What strategies can one use in collecting stakeholders feedback for a business ?
g) Outline the key differences between internal and extreme stakeholder.
h) Identify stakeholders of different enterprises within your locality
i) Identify the methods used by a reputable organization near you institution to respond to issues raised by its key stakeholders

6.3.5.4. Tools, Equipment, Supplies and Materials

- Computer
- Digital device
- Internet connectivity
- Stationery
- Case studies

6.3.5.5. References

1. Glen Broom (2008). Cutlip and Center's Effective Public Relations(10th Edition), Prentice Hall
2. Fraser P. Seitel(2010). The practice of Public Relations(11th edition), Prentice Hall
3. David Guth, Charles Marsh, Allyn and Bacon(2008). Publc Relations: A values Driven Approach (4th Edition), Boston

6.3.6. Learning Outcome LO5. Develop Synergies for Innovation

6.3.6.1. Learning Activities

Learning Outcome LO5. Develop Synergies for Innovation	
Learning Activities	Special Instructions
• Visit a major business enterprise close to your institution and identify the benefits that accrue from forming beneficial partnerships • Identify the collaborative partnerships that your institution engages in and the resultant innovations.	• Provide internet connectivity and facilitate the visitation activity

6.3.6.2. Information Sheet No1/6

Introduction

Development of synergies involves amalgamation of two or more organizations as partners to create a bigger benefit for all the partners'. It ensures that the collective results attained are for increased mutual benefit for all. This results to combined resources of more than one organization that in the end brings innovation in businesses.

Definition of key terms

a. Synergy- the interaction or co-operation of two or more organizations, substances or other agents to produce a combined effect greater than the sum of their separate effects.
b. Synergy for innovation- building of partnerships synergies that will lead to development of new ideas.
c. Partnership benefits- refer to those benefits that accrue to business partners as a result of their working together.

Concept

A partnership is an arrangement where parties, known as partners, agree to co-operate to advance their mutual interest. The partners in a partnership may be individuals, businesses, interest based organizations, schools, government, or combinations.

Organizations partner to increase their likelihood of each achieving their mission and to amplify their reach.

Smart specialization strategies (S3) play a key role in fostering efficient and inclusive innovation.

Benefits of partnership of enterprises

i. Agility and momentum- in many instances, startups are able to operate with more agility than corporate counterparts.
This proves especially beneficial when corporate partners need to move quickly through product prototyping, development and deployment.

ii. Access to emerging technology start up enterprises will have access to and utilize the technological advancements to produce next-generation products and services. With direct access to new and emerging technologies, corporate have the firepower needed to create industry leading products and services of their own.

iii. Better customer experience
The right start up will help your business deliver a better customer experience more and more business are prioritizing the customer experience in the quest to dominate their respective industries.

iv. Access to new markets and verticals- when corporate want to disrupt new markets or verticals partnering with a startup is the way to go
This is because the startups can provide the corporate partner with all the insider intelligence and insights needed to accelerate their go to market strategy.

v. Product validation- Lastly, corporate leaders can use startups as a sounding board. With the help of a leading start-up, test and validating products or services in a controlled environment allows corporate to build more robust and customer oriented solutions.

vi. Partnership for innovation- The best innovation teams don’t work alone. They bring in partners from different backgrounds, countries and even industries to help provide fresh thinking of ideas. The process of finding and forging partnerships and collaborations however is not easy to do well.

vii. The ‘test and learn’ partnership model- An organization identifies a problem and then sets out to hire a vendor to provide a solution.

Innovation teams do not have specific, concrete problems to explore. So the best internal innovation teams start by testing potential partners first before getting down to business. So they find the right talents who can work on solutions together. Great innovators use this ‘test and learn’ approach for partnerships. No matter how big or small their company is.

Conclusion

Synergies development for innovation results into mutual benefits to all the concerned institutions or rather organizations. In essence it eliminates unnecessary competitions that make organizations loose at the end. They embrace the old saying ‘let’s work together as brothers or perish together as fools’. They do work for the overall good of business in the industry.

6.3.6.3. Self-Assessment

- An arrangement by parties , partners with mutual interest is called
    a) Collaboration
    b) Synergy
    c) Partnership
- Define the following terms
    a) Synergy
    b) Innovation
    c) Partnership
- Discuss the benefits of partnership in business?

- What are some of the disadvantages of business partnership?
- What factors should one consider when identifying opportunities for business partnership?
- What are the features of collaboration partnership for innovation
- Discuss the impact of partnership in business innovation?
- Identify companies within your locality that have embraced partnership for increased synergy and the resultant gains by these firms
- Define synergy and partnership benefits
- Describe partnership for innovation.

6.3.6.4. Tools, Equipment, Supplies and Materials

- Computer
- Device
- Internet connectivity
- Stationery
- Case studies

6.3.6.5. References (APA)

1. Glen Broom (2008). Cutlip and Center's Effective Public Relations(10th Edition), Prentice Hall
2. Fraser P. Seitel(2010). The practice of Public Relations(11th edition), Prentice
3. David Guth, Charles Marsh, Allyn and Bacon(2008). Public Relations: A values Driven Approach (4th Edition), Boston

6.3.7. Learning Outcome LO6. Develop and implement rebranding strategies

6.3.7.1. Learning Activities

Learning Outcome LO6. Develop and implement rebranding strategies	
Learning Activities	Special Instructions
1. Trainees to visit nearby firms and assess the rebranding that have been done over the years. 2. Using different known brands, analyze the effects that have resulted out of the rebranding strategies adopted. 3. Invite a brand manager from a reputable firm nearby the institution to give to trainees a discussion on rebranding strategies.	• For analysis of different known brands, trainees may visit a supermarket that is nearby the institution. • Also talking to brand managers could be beneficial.

6.3.7.2. Information Sheet No1/6

Introduction

Rebranding is an essential strategy where organizations aim at redefining itself in the market place. Rebranding gives a new life or image to a company and its products or services. A proper rebranding should be done using a SWOT analysis by analyzing the current brand strengths and weaknesses and work towards exploiting the available opportunities and eradicating the possible threats. In so doing, the company rebuilds its corporate image and gains a competitive image at the market place

Definitions

Rebranding-Is a marketing strategy in which a new name, term, symbol, design concept or combination thereof is created for an established brand with the intention of developing a new differentiated identity in minds of consumers, investors, competitors and other stakeholders.(Wikipedia.org)

SWOT analysis-An acronym for Strengths, weakness, Opportunities and Threats. Strengths and Weaknesses are influenced by internal forces while opportunities and threats emerge from external forces/factors.

Content

Rebranding can be applied to new products, mature products or even products still in development. The process can occur intentionally through a deliberate change in strategy or occur unintentionally from unplanned, emergent situations such as a `corporate restructuring'. Rebranding can also refer to a change in a company/corporate brand that may own several sub brands for products or companies.

Corporate rebranding: this is mostly done to shed off a negative image. Muzzellec and Lambkin (2006) found that whether a rebranding follows from corporate strategy or constitutes the actual marketing strategy, it aims at enhancing, regaining, transferring and /or recreating the corporate brand equity. Marketing develops the awareness and associations in consumer memory so that customers know (and are constantly reminded) which brands best serves their needs.

Rebranding plan

Carry out a SWOT analysis to prepare an effective rebranding plan. A good effective plan should aim at addressing the following:

- Differentiation from competitors- Differentiation from the competitors is important in order to attract more customers and is effective to draw more desirable employees.
- Elimination of negative image organizations may rebrand to intentionally shed of negative images of the past.

Lost market share

Brands often rebrand in reaction to losing market share .In some cases companies try to build on any perceived equity they believe still exists in their brand e.g. When Steve Jobs returned to Apple Computers so that the company would have customer permission to sell other products such as iPod and iPhone. In addition, the new brand came with a new theme line that said, `Think Different.' In time, Apple has become the world`s most valuable company.

Emerging issues

Rebranding may also occur unintentionally from emergent situations such as corporate restructuring or through bankruptcy.

Staying relevant

Companies also choose to rebrand to remain relevant to its customers and stakeholders. This could occur when a company`s business has changed, for example its strategic direction and industry focus or its brand no longer fits its new customer, a company may rebrand in order to fit in a new market out of culture, customs or language of new target customers.

Monitoring and Evaluation

The new brand should be monitored to ensure that it meets the company's intended plans. Any sign of negative effect should be modified in time to avoid create a bad image/ reputation

- Evaluation helps in improving the brand to be better than previously designed. This should be based on collected information from the customers.
- The rebranding plan should be within the company's financial ability and within the budget.

Conclusion

A company's brand image is an important aspect to the public. This ensures sustained competence in the market today and maintenance of reliance at the market place. For an effective rebranding enterprises have to analyze the current brand strengths and weaknesses. This will enable the organization to exploit emerging opportunities as well as work on minimizing or eradicating threats. Rebranding is one of the factors that organizations use to build a competitive advantage strategy toward the performance of a certain market. This ensures the corporate image is reinforced and the company will gain a competitive edge and increase its market share.

6.3.7.3. Self-assessment

1. Define the following terms
    - **a)** Rebranding
    - **b)** SWOT analysis
    - **c)** Corporate rebranding
    - **d)** Rebranding benchmarks
2. Discuss the various benefits of rebranding?
3. What factors should one consider when benchmarking key performance indicators for rebranding purposes
4. Highlight the key components to be included in a rebranding budget?
5. Describe some of the activities to undertake in monitoring and evaluation of rebranding in a company
6. Prepare a rebranding plan based on the analyzed current brand status
7. Is the trainee able to identify the brand parameters to use when benchmarking against peers in the industry?
8. Explain how rebranding plan is formulated based on SWOT analysis
9. Discuss how corrective action was implemented as per corporate image policy by a local brand of your choice.

6.3.7.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computer
- Digital device
- Internet connectivity
- Stationery
- Case studies

6.3.7.5. References

1. Glen Broom (2008). Cutlip and Center's Effective Public Relations (10th Edition), Prentice Hall
2. Fraser P. Seitel(2010). The practice of Public Relations (11th edition), Prentice Hall
3. David Guth, Charles Marsh, Allyn and Bacon(2008). Public Relations: A values Driven Approach (4th Edition), Boston

6.3.8. Learning Outcome LO7. Initiate international/global business opportunities

6.3.8.1. Learning Activities

Learning Outcome LO7. Initiate international/global business opportunities	
Learning Activities	Special Instructions
• Visit a major firm within your locality or county and then brainstorm to select global business opportunities that the firm may engage in • Invite a manager of a business to discuss Benefits of global business Global trade policy and procedures	• Visit firms that have international linkages • Use of resource persons /managers of international firms

6.3.8.2. Information Sheet No1/6

Introduction

A company's global trade policy is structured by the top management. It's essential to collect and analyze objective data before entry into the international market. A feasibility study will enable an enterprise to make informed decisions. Before global expansion is effected its necessary to equip yourself with all important information as regards the political, legal, economical, socio-cultural and technological factors that will influence the success of the business in the international market. The main advantage of doing business globally is to capture a large market share and increase on acquisition of new ideas.

Definition of Key Terms

a) **Global Trade** – this involves the import or export of goods and services between two or more different countries
b) **Feasibility Study-** A study that is carried out at the onset to determine whether a plan should be executed. It acts as a pilot test before implementation of a plan.
c) **Global trade Policy-** A policy that has been put in place by the management of a business enterprise to guide when making decisions for global expansion.
d) **Strategic Plan-** A plan by the top management of an enterprise that involves major decisions e.g. expansion to other countries, development of mission and vision, diversification strategies etc.

Content

Global trade policy

A global trade policy is developed in accordance with strategic plan. The strategic plan gives directions on expansion of activities to different international countries.

Importance of carrying out a feasibility study

i. To identify the competition that the firm will face on expansion to a new country
ii. To identify the country's legislation as regards to business from other countries e.g. registration, licenses, taxation etc.

iii. To get acquitted to the socio-economic cultural beliefs and practices of the people where the new business opportunity is to be carried out.
iv. It minimizes conflicts between individuals, organizations with the new organization on arrival
v. To get acquitted to sources of raw materials, labor and the costs attached to these factors of production.

Benefits of international global trade

i. Expanded market opportunities –results to a wider market that the organization sets out to reach.
ii. New opportunities –Creates new opportunities for a business.
iii. International harmony - creates unity among member of different countries.
iv. New ideas and innovation- Expansion into the global market promotes the acquisition of new ideas and provides a ground for innovation.

Monitoring of implemented opportunities;

Opportunities which are selected and implemented should be monitored to ensure their success. When monitoring the opportunities consider the following factors;

i. Any changes that may emerge from time to time due to currency exchange, fluctuations, tax legislations that affect the type of business extended to the other country.
ii. Any political changes that may positively or negatively affect your business in outside country
iii. Technological changes that may affect the business while working in an outside country
iv. Socio cultural beliefs and practices that may be affecting the success of the business operations in an outside country

Conclusion

Expansion into new markets outside the company's area of jurisdiction is critical for businesses that intend to explore new markets and increase their revenues and ultimately the profits. In doing so, a feasibility study is essential so as to equip the enterprise with all the issues that may arise upon entering into the new markets abroad. This area also tries to show the policy guiding the entry of a new market.

6.3.8.3. Self-Assessment

1. The following are required in implementing global trade opportunities which one is not ?
   a) Resources
   b) Personnel
   c) Trade policy
   d) Business name
2. One should consider the following factors when conducting global trade feasibility study except

a) Political situation
b) Economic situation
c) Environmental situation
d) Countries Population

3. Define the following terms
   a) Feasibility study
   b) Global trade
   c) Global trade policy
4. Explain the importance of carrying out feasibility study before initiating a global trade?
5. What factors should one consider when initiating a global/international trade?
6. What components are critical in developing global trade policy for a business
7. **Carry** out a feasibility study to identify international trade opportunities

a) Select and monitor opportunities that may arise from engaging in global business
b) What is feasibility study and its importance?
c) What factors are considered before implementing business ideas abroad?

6.3.8.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computer
- Device
- Internet connectivity
- Stationery
- Case studies

- Case studies

6.3.8.5. References

1. Glen Broom (2008). Cutlip and Center’s Effective Public Relations (10th Edition), Prentice Hall
2. Fraser P. Seitel(2010). The practice of Public Relations (11th edition), Prentice Hall
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6.3.9. Learning Outcome LO8. Manage Corporate Image through Media

6.3.9.1. Learning Activities

Learning Outcome LO8 Manage Corporate Image Through Media	
Learning Activities	Special Instructions
• Preparation of virtual platform (WhatsApp groups, Facebook, twitter pages , Instagram use to manage corporate image through media • Invite a company corporate /public relations manager to highlight to trainee the methods used to manage corporate image through media	• Provide the internet connectivity and computers for preparation of this virtual platforms • Organize the invitation of the personnel involved

6.3.9.2. Information Sheet No1/6

Introduction

Virtual platforms are a new emerging force to compliment the mainstream media. Such platforms such as Facebook, WhatsApp, twitter, YouTube among many other that have greatly enhanced the interactions between the corporate management and the stakeholders. The major benefit of the virtual platforms is that they enable a quick response from the corporate management. Media is a strong factor in building of a successful corporate through creation of a positive image. Most virtual platforms use the connection of the internet therefore most platforms are usually online.

Definition of Terms and Content

a) Virtual Platform -refers to social media applications that promote interactions between individuals and groups through internet connectivity, such as Whatsapp, Facebook, twitter and Instagram accounts.
b) Mainstream media –refers to the media platform that access a majority of persons in a locality or country e.g. use of television radios, films and print media.
c) Corporate image is synonymous to the perception of the company in the minds of stakeholders.

Content

Virtual platforms in the management of corporate image;

Social media influences the corporate identify management process in a multitude of ways and changes the underlying logic of the process. Successful identify related social media management processes resemble the characteristics of the organization and environment social media changes the entire operations logic of corporate identify management by making it receptive and corporation in nature.

Volmor (2010) ascertain that using social media effectively in corporate identify management can help a company brand become more real in the eyes of the consumers by giving it a social voice. Social media sites can function as a channel for interaction between companies and customers by helping to transmit company brand values to enhance brand attractiveness and attract customer attention (Lin and Lu, 2011).

As companies begin to realize the value of the internet and social media as an essential component of corporate communication, they are beginning to leverage alternative marketing practices that are more cost effective and more efficient at engaging with consumers compared to traditional advertising channels (Castronovo and Huang, 2012)

Social media is defined as the online communication environment where all users have the opportunity to be active in communication and produce of content in addition to being the recipient of information.

Social networking sites are applications enabling users to connect by creating personal profiles inviting friends and colleagues to have access to those profiles and sending messages between each other.

Brand communications emerge from use of social media. Brand community is a group of ardent consumers organized around the life style activities and those of the brand. Brand communities provide a platform through which consumers can share information and experience regarding a certain product or service.

Conclusion

From the above organizations should effectively use the virtual platforms as a faster means of communications to the outside world. The key policies and procedures guiding the use of virtual platforms or rather social media channels should clearly adhere to.

6.3.9.3. Self-Assessment

1. Which of the following is not an example of virtual platform
   a) Emails
   b) Twitter
   c) Facebook
   d) You Tube
2. Virtual platforms and mainstream media are critical components in increasing positive image of a company. True / False
3. Define the following terms
   a) Virtual Platforms
   b) Mainstream media
   c) Brand communication
4. What consideration should one have when selecting virtual platforms for a company?
5. Explain the importance of training virtual platform personnel
6. What risks does virtual platform and mainstream media pose to growth of businesses?

7. Open different accounts (Facebook, WhatsApp, twitter, Instagram etc.) and form groups that enable interactions between different stakeholders.
8. Identify the mainstream media used to promote corporate image of companies in your locality.

6.3.9.4. Tools, Equipment, Supplies and Materials

- Computer
- Projector
- Mobile phone
- Tablet
- Internet connectivity
- Stationery

6.3.9.5. References

1. Glen Broom (2008). Cutlip and Center's Effective Public Relations(10th Edition), Prentice Hall
2. Fraser P. Seitel(2010). The practice of Public Relations (11th edition), Prentice Hall
3. David Guth, Charles Marsh, Allyn and Bacon(2008). Public Relations: A valuesDriven Approach (4th Edition), Boston

6.3.10. Learning Outcome LO9. Undertake periodic corporate Image review and rebrand

6.3.10.1. Learning Activities

Learning Outcome LO9: Undertake periodic corporate Image review and rebrand	
Learning Activities	Special Instructions
• Visit a major firm operating within your locality and find out the rebranding strategies they use as well as the procedure of carrying out the rebranding process • Invite a resource person to highlight to trainees the benefits that firms accrue from reviewing corporate image components as well as benefits of corporate rebranding	• Operationalize the visitation activity as well as personnel invitation

6.3.10.2. Information Sheet No1/6

Introduction

Engaging in periodic corporate image review and rebranding is critical in ensuring the company remains relevant into the future. It works in increasing the company's competitive edge and re-adjusts any negative perceptions that key stakeholders may be having on the enterprise. Rebranding redefines the company, its products and services in the market creating a larger market share thus resulting into a sustainable growth of the business.

Definition of Terms

Corporate image components: these includes corporate identity, corporate communication and feedback

Corporate identity: is the reality of the corporate unique, individual personality that differentiate it from other companies

Corporate communication is the aggregate of sources, messages and media by which the corporation convey its uniqueness or brand to its various audiences

Corporate image is in the eye of the beholder the impression of the overall corporation held by its several audiences

Rebranding strategy: The act of changing the current brand e.g. by changing the name graphics logos etc. in order to give a new corporate image to the publics

Content

Reviewing corporate image component

Corporate image is the reputation of the firm by the various audiences that are important to it. The principal stakeholders with whom most large corporation must be concerned with are: customer distributions and retailers, financial institutions and analysts, shareholders, government regulatory agencies, social action organizations, the general public and employees. Companies' sales and profit decline when a customer develops a negative perception about a company or its products.

Reviewing corporate image components is important because of the following reasons:

- Customers will continuously support the company and its products
- Corporations can gain access to financial assistance as need may arise from time to time
- Ensures good working relationship with regulatory agencies e.g. tax bodies, county and national government etc.
- Enhances community acceptance of the company and its products
- Promotes employees satisfaction with a company that has a good corporate image
- This ensures that components employees are attracted and retained

The following steps can be applied in carrying out rebranding process

i) Start with the business reason. Any rebranding strategy should start with a thorough understanding of the business reason behind the rebranding. Is it driven by a need to accelerate growth? Does your firm need to corporate with large , more established completion/
ii) Research on your firm and your target clients
iii) Carry out an independent research on your firm and clients; the goal is to have an objective understanding of your current brand perception and competencies. Without objectives research, you are likely to build a brand on false assumptions.
iv) Use positioning and messaging to capture your brand strategies.
v) Balance who you are as a firm and who you want to become

vi) Build your brand identity

This is part of the rebranding strategy where you develop the visual elements that will communicate your brand. Think firm name, logo, tagline, colors, business card design, stationery and the like.
Building your website and online services is your single most important communication and business development tool.
Brand building plan helps to develop a plan to promote and strengthen your new brand. How will you launch it internally? It is essential that the employees embrace the new brand.
The brand in a way that they will communicates your firm's reputation and expertise as well as its name.

Conclusion
Monitoring and evaluation ensures that the current corporate image is evaluated so that any necessary changes are made to maintain or enhance the corporate image of organizations. This is essential in order to maintain a good image with all the company's key stakeholders'. A monitoring and evaluation team should report their results to the corporate management for action to be taken.

6.3.10.3. Self-Assessment

1. When customers perception on a product changes to negative a good manager should consider
   a) carrying out feasibility study
   b) Rebranding
   c) Public relations
2.
3. Define the following terms
   Corporate communication
   Rebranding Strategy
4. Why is it important to review corporate image components?
5. What process should one adhere to when conducting rebranding for a company
6. What is the importance of reviewing corporate image?
7. Open different accounts (Facebook, WhatsApp, twitter, Instagram etc) and form groups that enable interactions between different stakeholders.
8. Identify the mainstream media used to promote corporate image of companies in your locality
9. Describe components you will use in developing a rebranding strategy for your institution?
10. Illustrate how an organization of your choice undertook corrective action (Observation)

6.3.10.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computer
- Digital device
- Internet connectivity

- Stationery

6.3.10.5. References

1. Glen Broom (2008). Cutlip and Center’s Effective Public Relations (10th Edition), Prentice Hall
2. Fraser P. Seitel(2010). The practice of Public Relations (11th edition), PrenticeHall
3. David Guth, Charles Marsh, Allyn and Bacon(2008). Public Relations: A values Driven Approach (4th Edition), Boston

6.3.11. Learning Outcome No. 10. Monitor and evaluate corporate image

6.3.11.1. Learning Activities

Learning Outcome #No 10 Monitor and evaluate corporate image	
Learning Activities	Special Instructions
• Visit a reputation firm within your locality obtain stakeholder , feedback, evaluate corporate image and make recommendation on corrective actions to be undertaken • Prepare and share corporate image report based on your findings in question above	• Organize the visitation activity for the local firm

6.3.11.2. Information Sheet No 6/LO10

Introduction

Corporate image is an essential aspect to most organizations. Companies must protect their corporate image to the general public and be able to give a positive outlook of the general view of the organization. Monitoring and evaluating of this corporate image is an important act to enable organizations understand their position on how the public view or rate them.

Definition of Key terms

i. Stakeholder's feedback- the perception or responses obtained from people who have an interest on the firm. the response so obtained should be able to assess the perception they hold about the company
ii. Evaluation of corporate image – an assessment from the stakeholder about their held perspectives about the company
iii. Corporate image report – a report prepared detailing the stakeholder perception of the company

Content

Obtaining stakeholder feedback

This can be done through collecting views from various stakeholders, employees, customers, suppliers, the general public and government agencies etc. The following methods can be used to collect data on corporate image from the stakeholders

i. Observation methods
ii. Interview method
iii. Use of questionnaire
iv. Analysis of media reports both form social media and mainstream a data
v. Evaluating corporate image
vi. An assessment of the corporate image is done using the data collected from stakeholders. The analysis should be done objectively to determine the stakeholder's perception of the company.

vii. A sample that is representative of all the stakeholder will give objectives results on the stakeholders perception of the company

viii. Undertaking corrective actions and preparing and sharing corporate image report.

ix. The management should be informed of the results upon evaluation so as to institute corrective measures. This helps to create a better image among all its stakeholders.

x. A conclusive report detailing the strength and weakness identified should be prepared. This will provide an opportunity to the management to take appropriate actions e.g rebranding, modify certain strategies to boost its corporate image.

Conclusion

Monitoring and evaluation involves the art of ensuring there is adherence to plans and instituting corrections where necessary. Monitoring and evaluation of corporate image helps in ensuring the corporate image remains relevant for sustainability. Evaluating corporate image enables organizations to rethink on ways to better the corporate image

6.3.11.3. Self-Assessment

1. The following are used in obtaining stakeholders feedback which one is not?
a) Observations
b) Advertisement
c) Interviews
d) Opinion polls
2. Online sharing and websites are very important components for enhancing corporate image. **True /False**
3. Explain the importance of evaluating corporate image?
4. What are some of the corrective measures a company can undertake to boost its corporate image
5. How can a manger share corporate image reports
6. Identify a company within the locality and identify areas that require improvement in the brand image of the company
7. Propose changes that will in effect rebrand the company to positively change the corporate image.

6.3.11.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computer
- Digital device
- Internet connectivity
- Stationery

6.3.11.5. References

1. Glen Broom (2008). Cutlip and Center’s Effective Public Relations (10th Edition), Hall
2. Fraser P. Seitel(2010). The practice of Public Relations (11th edition), Prentice Hall
3. David Guth, Charles Marsh, Allyn and Bacon (2008). Public Relations: A values Approach (4th Edition), Boston

CHAPTER 7: MANAGE BUSINESS ASSETS & LIABILITIES /MANAGING BUSINESS ASSETS & LIABILITIES.

7.1. Introduction of the Unit of Learning / Unit of Competency

This is a core unit that will enable the trainee manage business assets and liabilities. This unit involves preparing business assets and liabilities plan, evaluating business capital investment, establishing internal control system over assets and liabilities, maintenance and disposal of assets, documenting and computerizing business assets and liabilities. Assets are the items your company owns that can provide future economic benefit whereas liabilities are what you owe other parties. The critical aspects of competency/knowledge to be covered in this unit are; prepared business assets and liabilities plan, evaluate various investment projects, documenting and computerizing organizational assets and liabilities etc.

This unit is designed to equip a trainee to acquire competencies to prepare business assets and liabilities plan, evaluate investment, proposal, establish efficient internal control system over assets and liabilities. The trainee should also be able to maintain and manage disposal of assets as well as document and computerize business assets and liabilities.

The trainee should be able to develop an internal control system over assets and liabilities, undertake asset acquisition, physical controls and financial controls.

The trainee should also be able to update inventory transactions, carry out debtors, cash and liabilities management.

7.2. Performance Standard

The trainee should be able to manage business assets and liabilities through development of a plan, evaluation of business capital investment plan, establishment of internal control system, and documentation of assets according to the Enterprise Risk Management Policy (ERM).

7.3. Learning Outcomes

7.3.1. List of Learning Outcomes

a) Prepare business assets and liabilities plan
b) Evaluate business capital investment
c) Establish internal control system over assets and liabilities
d) Maintenance and disposal assets
e) Document and computerize business assets and liabilities

7.3.2. Learning Outcome No. 1. Prepare Business Assets and Liabilities Plan

7.3.2.1 Learning Activities

Learning Outcome #No. 1. Prepare Business Assets and Liabilities Plan	
Learning Activities	Special Instructions
Trainers to analyze and document their institution asset and liabilities Identify and list internal control system for assets and liabilities in their institution	Provide Sample Plan & Budget

7.3.2.2 Information Sheet No 7/LO 1

Introduction

At the end of this learning outcome, the trainee should be able to assess asset requirement, analyze records of existing assets and liabilities, establish asset usage and acquisition, prepare business asset and liabilities plan and budget based on budget estimates. Accounting standards define an asset as something your company owns that can provide future economic benefits. Cash, inventory, accounts receivable, land, buildings, equipment – these are all assets. Liabilities are your company's obligations – either money that must be paid or services that must be performed. A successful company has more assets than liabilities, meaning it has the resources to fulfill its obligations. On the other hand, a company whose liabilities exceed its assets is probably in trouble.

Definition of key terms

- **Budget-** This is a tool that aids in financial planning
- **Asset usage-** This is the extent to which a given asset has been used by an enterprise
- **Budget estimates-** This refers to those financial estimates of cost that are used in the preparation of budgets
- **Assets acquisition-** This is the act of obtaining an asset for use within an enterprise e.g. through buying or leasing

What are Assets?

Assets are something that keeps paying you for years. For example, let’s say that you have purchased an asset for your business. It has a lifetime value of 5 years. That means purchasing the asset allowed you to get paid for next 5 years from now.

Some assets offer you direct cash inflow and some provide you in kind. In the earlier example, it provides you 5 years of convenience so that you can keep and store important documents.

Now let's talk about investments. Organizations often invest a lot of money into meaningful equities, bonds, and other investment instruments. And as a result, they get an interest on their money every year. Investments are assets to the organizations since these investments are able to create direct cash flows.

Types of assets

Assets are classified based on their convertibility to cash , physical existence and usage. There are two main types of assets in business in the category of convertibility to cash. These are;

a) Current assets
b) Fixed assets

Another classification of assets based on physical existence are;

a) Tangible
b) Non tangible

Tangible assets are those assets that one can touch feel or see. All fixed assets are tangible and other current assets like inventory and cash. Intangible assets are those that one cannot tough or feel. They include good will, copyrights and agreements.

Finally assets are classed as per their usability. These are

a) Operational
b) Non-operational assets

Operational assets are those items of business that are used on a day to day basis. This can include bank balance, cash, equipments inventory etc. Non-operational assets on the other hand are those that are not used on a daily basis but are useful in future operation of the business. Such include excess cash in the business real estate or undeveloped land.

Current assets

These are assets which can be easily converted into cash/ liquidity within a year. In the balance sheet, current assets are placed at first.

Examples of current assets include:

- Cash & Cash Equivalents
- Short-term investments
- Inventories

- Trade & Other Receivables
- Prepayments & Accrued Income
- Derivative Assets
- Current Income Tax Assets
- Assets Held for Sale
- Foreign Currency
- Prepaid Expenses

Fixed/ Non-current assets

These assets are also called "fixed assets". These assets can't be converted into cash immediately, but they provide benefits to the owner for a long period of time. Examples of fixed assets in business are land, buildings, equipments and furniture.

Establishing asset usage

- Determinate the need of the asset
- Determine the rate of depreciation being provided on existing assets to assess the book value of the assets

Analysis of existing assets and liabilities

This is an exercise that requires one to:

- Determine the enterprises' assets and liabilities
- Carry out a physical check to verify existence of the assets recorded in the books of account
- Verify the existing liabilities of the enterprise as recorded the books of account
- Preparation of an assets and liabilities budget;
- List out all the assets of the enterprise to determine;
    - ✓ Assets to be bought(additions)
    - ✓ Assets to be disposed
- Allocate time estimates i.e. when to acquire, when to dispose so as to allocate funds for asset acquisition in the budget.
- Prepare an asset movement schedule (budget) in advance that entails all expected acquisitions and disposals
- List all expected liabilities based on the existing liabilities and the financial requirements of a firm. Liabilities should be based on the enterprise management policy to ensure liquidity and avoid a poor coverage status.

Liabilities

Generally liabilities are considered to be obligations that a business has to somebody. These can include legal financial debts or obligations. Good services and money are used to settle business liabilities over time. Examples of liability include accounts payables, mortgages, differed revenues , accrued expenses and loans. Liabilities are usually recorded on the right side of the balance sheet.

Differences between assets and liabilities in Business

The main difference between a**ssets** and liabilities is that assets provide a future economic benefit, while liabilities present future obligations. An indicator of a successful business is one that has a high proportion of assets to liabilities, since this indicates a higher degree of liquidity.

There are several other issues relating to the difference between assets and liabilities, which are:

2. One must also examine the ability of a business to convert an asset into cash within a short period of time. Even if there are far more assets than liabilities, a business cannot pay its liabilities in a timely manner if the assets cannot be converted into cash.
3. The aggregate difference between assets and liabilities is equity, which is the net residual ownership of owners in a business. For an individual, the primary asset may be his or her house. Offsetting this is a mortgage, which is a liability. The difference between the house asset and the mortgage is the equity of the owner in the house.

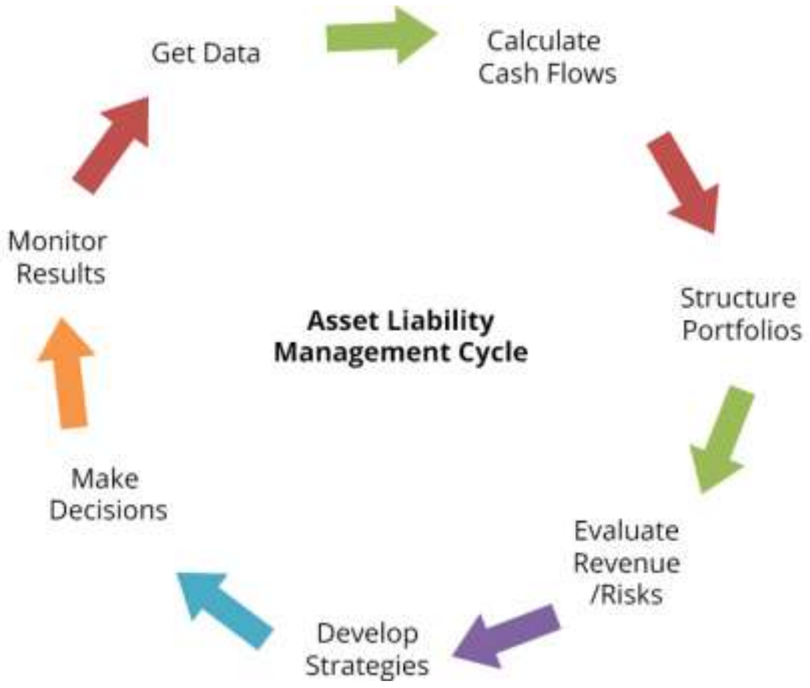
Asset and Liabilities Management (ALM)

In practice, assets and liabilities of a bank are continuously changing which affect interest cost and interest income. Since Micro level management of assets and liabilities is not possible, through ALM, the bank groups the assets and liabilities according to the maturity, rate, risk, and size so as to control mismatches.

While elimination of gaps arising due to mismatches is not possible, the ALM aims at minimizing the gaps as they are risk-prone and directly affect the NIM. Thus ALM will enable the bank to protect and if possible improve the Net Interest Margin through conscious strategies and decisions.

A sound ALM system for a company should include:

a) Interest rate movement and outlook
b) Pricing of assets and liabilities
c) Review of investment portfolio and credit risk management
d) Review of investment of foreign exchange operations
e) Management of liquidity Risk



ALM Cycle for management of assets and liabilities (Investopedia)

Conclusion

The trainee should be able to establish asset usage, assess assets requirements, analyzing records of existing assets and liabilities, establishing asset usage, establishing asset acquisition and settlement of liabilities, receiving budget estimates and preparing business asset and liabilities plan and budget.

7.3.2.3 Self-Assessment

1. The following are current assets which one is not
   a) Foreign currency
   b) Furniture
   c) Inventory
   d) Receivables
2. Intangible assets are the same as non-operational assets

   True [ ] False [ ]
3. Which of the following statements is true
   a) Fixed assets are used in daily operation of the business
   b) Good will is a current assets in most businesses
   c) Non-operational assets are included in the balance sheet
   d) Businesses operate well with more liabilities than assets

4. Explain the meaning of the following terms
a) Current assets
b) Liabilities
c) Fixed assets
5. Using examples discuss the various categories of assets used in businesses
6. Outline the various differences between assets and liabilities in a business
7. Using your institution as an example prepare a list of assets showing their various categories
8. Prepare an assets and liabilities plan and budget for the institution where you undertake your training.
9. Analyze existing assets and liabilities of an enterprise situated nearby your institution

7.3.2.4 Tools, Equipment, Supplies and Materials

- Computer
- Internet connectivity
- Stationery
- Format templates balance sheets
- Case studies

7.3.2.5 References

1. **Meigs W.B** and **Meigs R.B(1989)**; intermediate accounting(6th edition) McGraw Hill, New York
2. **Mosich A.N** (1988); INTERMEDIATE ACCOUNTING (6th edition), McGraw Hill-New York
3. **Jennings A.R** (1994); financial accounting (2nd edition) Dp publications limited, London.

7.3.3. Learning Outcome No. 2. Evaluate Business Capital Investment

7.3.3.1. Learning Activities

Learning Outcome #N0. 2. Evaluate Business Capital Investment	
Learning Activities	Special Instructions
• Identify two companies in near your institution, obtain their strategic plan and evaluate the alternative business investment method using appropriate business investment criteria. • Select strategic plan from two county governments and prepare a business investment report and hence propose appropriate capital investment.	Apply various methods of investment evaluation i.e. Accounting Rate of Return (ARR) and payback period method and modern methods such as Profitability Index (PI), Net Present Value(NPV), Internal Rate of Return (IRR) and discounted payback period method in suggested investments in both companies.

7.3.3.2. Information Sheet No. 7/LO2

Introduction

Any investment project with a positive net present value is profitable for the firm and should be undertaken. For example, you're evaluating a capital investment project that generates cash flows for the next four years. The most commonly employed technique for evaluating investment alternatives is the net present value technique.

Definition of key terms

- **Business investment**: Refer to those funds that have been put in productive business in order to generate returns.
- **Cash flows:** in business investment, cash outflows and cash inflows. **Cash flows** is the difference in amount of cash available at the beginning of a period[opening balance] and the amount at the end of that period[closing balance] and are generated from operating activities, financing activities and investment activities(IFRS NO.7).
- **Investment evaluation**: The process of selecting the best investment alternative among the available alternatives.

Modern and Traditional methods for investment evaluation

Traditional methods of investment evaluation; includes the

a) **Accounting rate of return**
b) **Payback period method**

Modern methods of investment evaluation include the net present value (NPV) method, internal Rate of Return method, discounted payback period (DPBP) method, and Profitability Index (PI) method.

Investment Evaluation Methods

a) **Accounting Rate of Return (ARR):** A method of investment evaluation based on past historical accounting profits averages. Disadvantage of this method is that it uses accounting profits which are historical in nature.

b) **Payback period method:** A method of investment evaluation that accepts those projects that have a shorter payback period of the invested amount. It has several advantages and disadvantages.

c) **Net Present Value (NPV)** method: A method of investment evaluation that involves use of discounted cash flows to determine whether to accept or reject an investment option. The discount rate used should be the cost of capital (shareholder's required rate of return). Accept those projects that have positive NPV and reject those with a negative NPV.

d) **Internal Rate of Return Method (IRR)**: Refers to that discount rate that will give an NPV of zero. Accept projects that IRR is greater than the cost of capital.

e) **Discounted Payback Period Method (DPBM):**A method similar to the payback period but involves the use of discounted cash flows(DCF's)

f) **Profitability index (PI):** A method that compares the total; discounted cash flows of an investments to the investment initial outflow.

Summary of decisions using the modern methods of appraising investment projects

i) NPV-accept when positive-reject when negative
ii) IRR-accept when IRR<cost of capital-reject when IRR>cost of capital
iii) PI-accept when PI>1-reject when PI<1

Note: For mutually exclusive projects, that are acceptable, then choose the investment alternative that promises a greater return in the future.

Components of investment evaluation report

The following components are included in a investment evaluation report

Cover page

- Business name
- Location
- Year
- Writers Name

Main body

- Executive summary
- Problem/Opportunity
- Background of the business

- Business scope
- Strategic impact
- Recommendation
- Approval and authority
- Implementation Plan
- Business team, approval and signature
- Appendices

Conclusion

The trainee should be able to use both the traditional and modern methods of investment evaluation by obtaining alternative business investment, evaluating business investment, prepare investment evaluation report and selecting capital investments.

7.3.3.3. Self-Assessment

1. Which of the following id not a traditional; method of investment evaluation
   D) Accounting rates
   E) Payback period
   F) Profitability index method
2. Define the following terms
   a) Business Investment
   b) Capital Investment
   c) Business investment evaluation
3. Discuss the various methods used in evaluating investment. Highlight advantages and disadvantage of each method.
4. Why is it important to prepare an investment evaluation report
5. What factors should one consider when selecting capital investments for a business
6. Brainstorm on a business idea and prepare a business investment report after evaluating the available option for investments.
7. Prepare business assets and liabilities plan
8. ABC Company intends to invest in one of the two mutually exclusively projects, X and Y. the investment initial outlay is Ksh.1, 500,000.00 .The following are the expected cash flows:

Year expected cash flows	Project X	project Z
1	500000	400000
2	800000	1000000
3	1000000	500000
4	800000	700000

The cost of capital is 14%

Advice the management of ABC limited on the project to invest in based on each of the following investment appraisal methods:

a) Payback period method
b) Net present value method
c) Internal rate of return
d) Profitability index
e) Discounted payback period method

7.3.3.4. Tools, Equipment, Supplies and Materials

- Computer
- Internet connectivity
- Stationery
- Format templates
- Case studies
- Sample business plan

7.3.3.5. References

1. Meigs W.B and Meigs R.B (1989); intermediate accounting (6th edition) McGraw Hill, New York
2. Mosich A.N (1988); INTERMEDIATE ACCOUNTING (6th edition), McGraw Hill-New York
3. Jennings A.R (1994); financial accounting (2nd edition) Dp publications limited, London.

7.3.4. Learning Outcome No. 3. Establish Internal Control System over Assets and Liabilities

7.3.4.1. Learning Activities

Learning Outcome #No. 3. Establish internal control system over assets and liability	
Learning Activities	Special Instructions
• Visiting a nearby institution of your choice, and develop a report on; • The various controls for assets and liabilities • Suggest ways of managing debtors, cash and liabilities in a business organization with the finance department of your institution	• Trainee to be guided in identify an institutions and Identify Controls in the identified institution- physical, non-physical and financial controls

7.3.4.2. Information Sheet No. 7/LO3.

Introduction

Internal control as defined by accounting, is a process for assuring of an organizations objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

Definition of key terms

- **Physical controls**-all controls that relate to the physical security of the assets e.g use of lockable doors and cabinets, employing a security guard etc.
- **Financial controls**–all controls put in place to guard against financial impropriety and also minimize accounting errors usually done through internal check and internal audit.
- **Debtor's management**–managing debtors in such a way that the business deals with credit-worthy customers and also ensure timely payment from the debtors.
- **Cash management** –the management of cash such that excess cash is invested and ensure there is sufficient cash to handle business operations. This ensures an optional level of cash available.
- **Liabilities management** –this involves avoidance of excess liabilities for a firm e.g., creditors should be managed well to ensure continued supply and good relations with suppliers. Excess liabilities should be avoided as this may result to firm's illiquidity and solvency.

Development Internal control system (ICS) for Assets and Liabilities

A good internal control system helps in efficient management of assets and liabilities .The following features of a good internal control system must be incorporated;

- Organization plan
- Recording of assets and liabilities
- Division of work
- Authorization and approvals

- Segregation of duties
- Accountability and transparency

Note: Discuss the benefits of each of the features of an internal control system (ICS)

Objectives of Internal Control System

- To ensure that the **business transactions take place as per the general and specific authorization** of the management.
- To make sure that there is a **sequential and systematic recording** of every transaction, with the accurate amount in their respective account and in the accounting period in which they take place. It confirms that the financial statement fulfils the relevant statutory requirements.
- To provide **security to the company's assets from unauthorized use**. For this purpose, physical security systems are used to provide protection such as security guards, anti-theft devices, surveillance cameras, etc.
- To **compare the assets in the record with that of the existing ones** at regular intervals and report to the charged with governance (TCWG), in case any difference is found.
- To evaluate the **system of accounting for complete authorization** of the transactions.
- To review the **working of the organization and the loopholes in the operations** and take necessary steps for its correction.
- To ensure there is the **optimum utilization of the firm's resources**, i.e. men, material, machine and money.
- To find out **whether the financial statements are in alignment with the accounting concepts and principles**.

An ideal internal control system of an organization is one that ensures best possible utilization of the resources, and that too for the intended use and helps to mitigate the risk involved in it concerning the wastage of organization's funds and other resources.

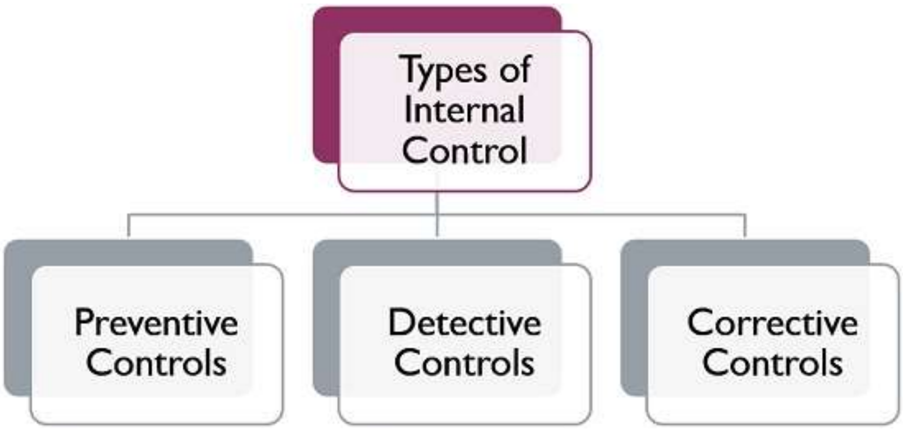


Figure 25: Types of Internal Control System

1. **Preventive Controls**: These controls are introduced in the firm to stop errors and irregularities from taking place.
2. **Detective Controls**: These controls are implemented to reveal errors and irregularities, once they take place.

3. **Corrective Controls**: These controls are designed to take corrective action for removing errors and irregularities after they are detected.

Limitations: It's important to keep in mind that internal controls, while effective, are not a guarantee that a company's objectives will be met. Human errors and computer errors are not accounted for by internal controls. In addition, internal controls assume employees are honest and that will not alter data to benefit themselves.

The type of internal control system implemented in the organization will be based on the company's nature and requirements.

Internal Control System is important for every organization, for efficient management as well as it also assist in the company's audit. It includes all the processes and methods to help the company in reaching its ultimate objective.

- Physical controls
  - Lockable doors
  - Use of passwords-to gain entry to some information on computers
  - Biometric doors
  - Use of CCTV cameras
  - Use of a reliable security firm etc.
- Financial controls

Financial controls include all those controls that are aimed to ensure there is accountability and transparency.

Financial controls include the following;

- Internal audit department
- Internal check for all transactions
- Procurement controls to avoid collusion between the employers and suppliers
- Proper authorization and approvals when acquiring or disposing assets

- Debtors management
  - ➢ Involves management of debtors .Assess the credit –worthiness of debtors using the following "C"s
    - i) Capital
    - ii) Character
    - iii) Collateral
  - ➢ Debtor's management policy should be put in place e.g duration of debt, any discounts to be offered to encourage earlier payment (cash discount), quantity discounts to be offered etc.
- Cash management
  - ✓ Involves having an optimal cash balance within the enterprise.
  - ✓ Reasons for holding cash:
    - i) **Speculative motive**- firms hold cash to avail the benefit of bargain purchases that may arise in future .i.e. if the firm feels the prices of raw materials are going to rise in the near future, it will hold cash and wait till the prices actually falls.
    - ii) **Transaction motive**- cash required by a firm to meet the day to day needs of its business operations.

iii) **Precautionary motive**- this refers to the tendency of a firm to hold cash, to meet the contingencies such as increase in the price of raw materials, labor strike, change in the demand or unforeseen circumstances arising in the course of business.

iv) To take care of emergencies as they arise

- Apply the **miller-Orr** model and **Baumol's** model of cash management. **Baumols model** is based on the basic assumptions that the size and timing of cash flows are known with certainty while **miller-Orr model [**a model of the demand for money] expanded on the Baumol model and developed stochastic model for firms with uncertain cash inflows and cash outflows.

Liabilities management

- Creditors should be well managed to ensure timely payment of creditors
- Long-term liabilities should also be well managed to ensure there is proper operating and financial leverage for an enterprise
- Total liabilities should be less than the total assets to ensure shareholders' control is not diluted
- Internal control of liabilities ensures accountability and transparency

Conclusion

The trainee should be able to develop an internal control system over assets and liabilities as well as undertake physical and financial controls over assets. The trainee should also be able to carry out debtor, cash and liabilities management.

7.3.4.3. Self-Assessment

7. Which of the following is not used in assessing debtors worthiness
    1. Capital
    2. Collateral
    3. Investment
    4. Capital
8. Which of the following internal control system is shows errors and irregularities
    - Preventive control
    - Financial control
    - Corrective control
    - Detective control
9. Explain the following terminologies as used in business ;
    5. Internal control system
    6. Capital expenditure
    7. Debtors management
2. Define and give examples of the following terms
    1. Physical control
    2. Financial Control
3. What factors /procedure to be considered while updating inventory transactions
4. Discuss the importance of carrying out cash transaction for a business

5. What procedures are used in liability management for a business
6. Design and recommend an efficient internal control system for management of your institution assets and liabilities

7.3.4.4. Tools, Equipment, Supplies and Materials

- Computer
- Internet connectivity
- Stationery
- Format templates of business internal control system
- Case studies

7.3.4.5. References

1. Meigs W.B and Meigs R.B(1989); intermediate accounting(6th edition) McGraw Hill, New York
2. Mosich A.N (1988); INTERMEDIATE ACCOUNTING (6th edition), McGraw Hill-New York
3. Jennings A.R (1994); financial accounting (2nd edition) Dp publications limited, London.

7.3.5. Learning Outcome No.4. Maintenance and Disposal of Assets

7.3.5.1. Learning Activities

Learning Outcome #No. 4. Maintenance and Disposal of Assets	
Learning Activities	Special Instructions
• Visit a nearby company and find out the procedures they use in preparing an asset maintenance schedule. • Discuss factors considered when preparing an asset maintenance budget with the management of your institution. • Using the selected company management, Discuss factors considered when carrying out disposal of assets.	• Field visits

7.3.5.2. Information Sheet No. 7/LO4.

Introduction

The trainee should be able to prepare assets maintenance schedule, assets maintenance budget and carry out maintenance and disposal of assets.

Definitions of key terms

- **Asset maintenance schedule:** A schedule that lists out the plan for assets maintenance. It must include date of previous and next maintenance, company engaged in maintenance of assets, any major repairs to be done etc.
- **Asset maintenance budget:** A budget that contains the costs that are to be incurred for proper maintenance of assets e.g. payment to service providers, cost of buying spares and any replacement items
- **Disposal of asset**: it is the act of selling off the assets

Asset maintenance schedule

A schedule should be prepared to include all assets of an organization. The following format may be used;

Asset classification	Date of Acquisition	Date of previous Maintenance	Cost of Maintenance	Date of next Maintenance
A. Land and buildings	xx	xx	xx	xx
B. Motor Vehicles KBL, KAX	xx	xx	xx	xx
C. Computer and Accessories	xx	xx	xx	xx

Assets maintenance budget

A budget for all assets must be maintained .An asset maintenance budget may be in various forms. The following is a simple budget.

Asset	Date of acquisition	Expected Monthly cost of maintenance Ksh '000'
A	XX	XX
B	XX	XX

Monitoring maintenance of assets

Assets should be monitored well to ensure that the value is maintained.

Institute a repair and maintenance team within the enterprise to manage assets maintenance

Disposal of Assets

Disposal should be done upon management approval and following laid down policies on assets management.

Record all disposals in the assets movement schedule.

All disposal should be properly accounted for to determine either the loss or gain on disposal of an asset. The trainee should be able to also prepare:

i. Assets account
ii. Asset Provision for depreciation account
iii. Assets disposal account

Accounting Entries for Depreciation of Fixed Assets

In a business with financial year ended 31st December, a machine was bought for $2,000 on 1st January 2005. It has been depreciated at a rate of 20% using the reducing balance method. The records for the first three years are now shown below:

Machinery

2005	Bank	$	2005	Balance c/f	$
1 Jan		2,000	31 Dec		2,000
		2,000			2,000
2006	Balance b/f	2,000	2006	Balance c/f	2,000
1 Jan			31 Dec		
		2,000			2,000
2007	Balance b/f	2,000	2007	Balance c/f	2,000
1 Jan			31 Dec		
		2,000			2,000
2008	Balance b/f	2,000			
1 Jan					

Provision for depreciation

		$			$
2005			2005		
31 Dec	Balance c/f	400	31 Dec	Profit & Loss account	400
		400			400
2006			2006		
31 Dec	Balance c/f	720	1 Jan	Balance b/f	400
			31 Dec	Profit and Loss account	320
		720			720
2007			2007		
31 Dec	Balance c/f	976	1 Jan	Balance b/f	720
			31 Dec	Profit and Loss account	256
		976			976

Balance Sheet (extract)

As at 31 Dec. 2005	$	$
Fixed Assets		
Machinery (at cost)	2,000	
Less: Provision for Depreciation	400	1,600
As at 31 Dec 2006	$	$
Fixed Assets		
Machinery (at cost)	2,000	
Less: Provision for depreciation	720	1,280
As at 31 Dec 2007	$	$
Fixed Assets		
Machinery (at cost)	2,000	
Less: Provision for depreciation	976	1,024

The terms ‘aggregate depreciation’ and ‘net book value (NBV)’ are often used. What they mean in the above example is shown below:

	31 Dec. 2005	31 Dec. 2006	31 Dec. 2007
	$	$	$
Machinery at cost	2,000	2,000	2,000
Less: Aggregate depreciation	400	720	976
Net book value	1,600	1,280	1,024

New Terms:
Aggregate depreciation / Accumulated depreciation
The total amount of depreciation written off a fixed asset up to a specific time.
Net book value (NBV)
The cost or valuation of a fixed asset less accumulated depreciation.

Example 3
In a business with financial year ended 30th June. A motor lorry was bought on 1st July 2001 for $8,000. Another motor lorry was bought on 1st July 2002 for $11,000. Each lorry is expected to be in use for 5 years, and the disposal value of the first lorry is expected to be $500 and the second lorry is expected to fetch $1,000 disposal value. The method of depreciation to be used is the straight-line method. The first two years' accounts are shown.

Motor Lorries

2001		$	2002		$
1 Jul	Bank	8,000	30 Jun	Balance c/f	8,000
		8,000			8,000
2002			2003		
1 Jul	Balance b/f	8,000	30 Jun	Balance c/f	19,000
1 Jul	Bank	11,000			
		19,000			19,000
2003					
1 Jul	Balance b/f	19,000			

Provision for Depreciation – Motor Lorries

2002		$	2002	Profit & Loss account	$
30 Jun	Balance c/f	1,500	30 Jun	($8,000 - $500) / 5	1,500
		1,500			1,500
2003			2002		
30 Jun	Balance c/f	5,000	1 Jul	Balance b/f	1,500
				Profit and Loss account	
			2003	$1,500 + ($11,000 - $1,000)	
			30 Jun	/ 5	3,500
		5,000			5,000
			2003		
			1 Jul	Balance b/f	5,000

Profit and Loss Account for the year ended 30 June (extracts)

		$	
2002			
Provision depreciation	for	1,500	

2003	
Provision for depreciation 3,500	

Balance Sheet as at 30 June (extracts)

As at 30 Jun. 2002	$	$	
Fixed Assets			
Motor lorries (at cost)		8,000	
Less: Accumulated depreciation		1,500	
Net book value		6,500	
As at 30 Jun. 2003		$	
Fixed Assets			
Motor lorries (at cost)		19,000	
Less: Accumulated depreciation		5,000	
Net book value		14,000	

Disposal of an asset / sale of an asset

Upon the sale of an asset, we will want to delete it from our accounts. This means that the cost of that asset needs to be taken out of the asset account. In addition, the depreciation of the sold asset will have to be taken out of the depreciation provision. When we dispose of an asset, the cash received for it is usually different from our original guess. Therefore, the profit or loss on sale, if any, will have to be calculated. For instance, let us assume the sale of machinery.

Accounting entries needed:

(A) Transfer the cost price of the asset sold to an assets disposal account (e.g. Machinery Disposals account)	Debit: Machinery Disposals account Credit: Machinery account
(B) Transfer the depreciation already charged to the assets disposals account	Debit: Provision for Depreciation – Machinery account Credit: Machinery Disposals account
(C) For remittance received on disposal	Debit: Cash / Bank account Credit: Machinery Disposals account
(D) Transfer the difference (amount needed to balance the account) (i) If the Machinery Disposals account shows a CREDIT balance, it is a profit on sale, or (ii) If the Machinery Disposals account shows a DEBIT balance, it is a loss on sale.	Debit: Machinery Disposals account Credit: Profit and Loss account Debit: Profit and Loss account Credit: Machinery Disposals account

Conclusion

The trainee should be able to prepare an assets maintenance schedule, preparing assets maintenance budget, carrying out and monitoring maintenance of assets and carrying out disposal of assets. The trainee should be able to prepare the ***assets account***, ***provision for depreciation*** account and assets ***disposal account*** for a period of time.

7.3.5.3. Self-Assessment

1. Suppose a machinery disposal account shows credit balance. The company is said to have made
    1. Profit
    2. Loss
    3. Depreciation
2. Which of the following is not included in assets maintenance
    - Dates of maintenance
    - Cost of disposal
    - Date of acquisition
    - Cost of maintenance
3. Define the following terms as used in business
    - Fixed assets
    - Assets maintenance schedule
    - Assets Disposal
4. Describe the key elements that is comprised is assets maintenance budget
5. Explain the importance of assets maintenance and monitoring
6. Outline procedures required for of assets disposal in a business
7. Prepare a sample of assets maintenance schedules for an organization of choice
8. Prepare a sample of assets maintenance budget
9. Prepare an asset maintenance budget of a nearby business enterprise

Given the following items

a) Cost of assets
b) Rate illustrations
c) Date of acquisition
d) Price paid for upon disposal of assets

7.3.5.4. Tools, Equipment, Supplies and Materials

- Computer
- Internet connectivity
- Stationery
- Format templates
- Case studies

7.3.5.5. References

1. Meigs W.B and Meigs R.B(1989); intermediate accounting(6th edition) McGraw Hill, New York
2. Mosich A.N (1988); INTERMEDIATE ACCOUNTING (6th edition), McGraw Hill-New York
3. Jennings A.R (1994); financial accounting (2nd edition) Dp publications limited, London.
4. Strathmore study pack. Accounting for assets and liabilities, Strathmore, Nairobi

7.3.6. Learning Outcome No. 5. Document and computerize business assets

7.3.6.1. Learning Activities

Learning Outcome #No. 5. Document and computerize business assets	
Learning Activities	Special Instructions
• Visit a nearby reputable business and discuss benefits of computerizing business assets and liabilities • Using your institution management, document and updating assets and liabilities • Prepare an assets and liabilities report of your institution. (use the financial records of your institution)	• Sample report on assets and liabilities

7.3.6.2. Information Sheet No. 7/LO5

Introduction

A successful company should have assets that override the sum of liabilities. Organization assets and liabilities are identified by calculating assets, money, investments and products that can be converted into cash.

Definitions of key terms

- **Assets-**Assets are items that are owned by the enterprise. They can be current assets or noncurrent assets
- **Liabilities-**This are those items that belong to outsiders .i.e. Current liabilities e.g. accounts payables and bank overdraft and the noncurrent liabilities e.g. long term bank loans
- **Assets and liabilities report-**A report that contains assets acquisitions assets maintenance and disposal affecting the liabilities owed by the business as at a given date.

Documentation of organization assets and liabilities

There are 3 key documents in any asset management program;

a) Asset Management Policy
b) Strategic Asset Management Plan
c) Asset Management Plan

While the length, size, and level of detail will vary between organizations, the core of the documents will be the same. The purpose of these documents is to align the organization to common goals, and a common approach to asset management. Now, on to the documents

Asset Management Policy

The asset management policy is a short document, typically not extending more than a single page. The asset management policy highlights key principles and requirements that the organization must follow for implementing and sustaining and asset management strategy and defining the asset management objectives.

These principles and requirements are derived from the organization's strategic plan and should directly support the organization's key objectives.

These principles and requirements could be;

- All decisions relating to asset management shall be formally assessed against risk and economic outcomes.
- Maintain assets in a manner that ensures they meet the life cycle requirements.
- Ensure adequate resources are provided to achieve the asset management objectives.

The asset management policy sets the stage for the asset management program for the entire organization. As such, it should be reviewed and approved at the highest levels of the organization, and communicated and displayed with all other organizational policies, such as quality, safety, etc.

Strategic Asset Management Plan (SAMP)

SAMP is a key document which takes the asset management policy and specifies how the principles and requirements will be carried out to achieve the goals of the organization.
Depending on the size of the organization the asset management policy may be combined with the SAMP. This is typically found in smaller organizations or organizations without a complex asset portfolio.

The SAMP will describe;

- the asset management objectives and how they support the organizational objectives
- the role of the asset management program in achieving the organizational goals
- the approach for developing asset management plans

The document summarizes a variety of additional information related to asset management at the strategic level. This includes, but is not limited to;

- The asset management framework
- What assets will be covered by the asset management program
- The organization context and the need for an asset management system
- The risks and opportunities associated with asset management
- The asset management planning process provides a summary of the approach to selecting the objectives
- A documented approach to achieving the asset management objectives. This may include decision-making criteria, the analysis techniques used or RACIs
- The specific asset management objectives
- Any specific asset management initiatives that could impact the asset management program
- Any measures that the asset management program will be reviewed against.

The overall goal of the SAMP is to provide clear direction, accountability, and responsibility for all those involved in the asset management program.

Asset Management Plan

The asset management plan (AMP) is where the rubber meets the road. It describes in detail the activities, resources, and timelines required for a specific asset, or class of assets, to achieve the asset management objectives.

In smaller organizations, or those with simple asset portfolios, a single AMP may be used, whereas large organizations with multiple business units and asset classes may have an AMP for each type of asset.

The **AMP** will typically include;

- Information on the asset or asset class such as a description of the asset(s), the roles of the asset(s), the criticality, quantity or assets, the geographical distribution, and the replacement value of the asset(s)
- Information on the stakeholders which will have an impact on the asset(s) and who is generally responsible for what
- The current performance and service levels of the asset(s) and any gaps to the desired level of performance
- Any life limiting factors of the asset(s) such as age, design, capacity, etc.
- Any specific environmental, health and safety or regulatory requirements of the asset(s)
- The lifecycle strategy for the asset(s) in all phases, such as acquisition, operation, maintenance, and disposal
- A summary of the budget requirements for the asset(s) to maintain, operate and any CAPEX requirements
- Any asset specific risks, and any measures to reduce the risk
- Any improvement initiatives across the asset(s)

Upon the conclusion of reading the AMP, anyone should know how exactly the specific asset or asset class will be managed over its entire life cycle and the current state of the asset(s)

Identify the assets and liabilities of an organization through checking the organization financial statement records

Update assets and liabilities in the data base.

Update the assets and liabilities when there is new acquisition and when assets are disposed.

Preparing assets and liabilities reports, the report should contain the following items;

i. Date of assets acquisition
ii. depreciation provided for assets
iii. Book value of assets owned by enterprise
iv. Any disposal made during the year and whether there was a loss on disposal or a gain on disposal
v. All liabilities as at the financial year end
vi. Any proposals to acquire additional assets out of needs assessments

Benefits of Computerized Asset Register.

With a computerized system, management information reports can be generated to help management to:

- Better manage the Physical Assets in the Public Sector.
- Assess the budget incurred in the purchase, and repair and maintenance of Physical Assets by summary financial reports that will be generated in the system.
- Detect fraud or loss of assets by providing information on full history of movement, transfer or interventions on individual assets.
- Monitor the movement of assets from one ministry to another.
- Provide up- to- date statistical information on physical assets

Conclusion

The trainee should be able to identify organization assets and liabilities, update assets and liabilities in the database and prepare assets and liabilities report.

7.3.6.3. Self-Assessment

a) The following documents are key to organization assets and liabilities. Which one is not
    - Bank statement &strategic plan
    - Assets management policy
    - Assets management Plan
    - Strategic assets management Plan

b) Which document shows requirements to be followed by an organization to implement assets management
    - Assets management policy
    - Assets Management Plan
    - Business plan

c) Assets management plan is a document used to provide clear direction accountability and responsibility for all assets management program?
   True [ ]   False [ ]

d) Explain the meaning of the following terms
    - Assets and liability registers
    - Assets and liability data base

e) Describe the key elements of assets and liability report
f) Discuss the key components of an organization assets and liability register
g) Explain the importance of updating an assets and liability database
h) Prepare an asset and liabilities report of your institution (use financial records, of your institution)
i) Prepare an assets register for your institution assets and liabilities in an asset register

7.3.6.4. Tools, Equipment, Supplies and Materials

- Computer
- Tablet
- Internet connectivity
- Stationery

- Format templates of assets and liability registers and reports
- Case studies

7.3.6.5. References

1. Meigs W.B and Meigs R.B(1989); intermediate accounting(6th edition) McGraw Hill, New York
2. Mosich A.N (1988); INTERMEDIATE ACCOUNTING (6th edition), McGraw Hill-New York
3. Jennings A.R (1994); financial accounting (2nd edition) Dp publications limited, London.

CHAPTER 8: MANAGE FINANCIAL OPERATIONS/ MANAGING FINANCIAL OPERATIONS

8.1. Introduction of the Unit of Learning / Unit of Competency

Management of financial operations is the overseeing of financial activities in an organization. The trainee should be able to prepare an organization finance plan and budget according to standards of operation soft strategic plan organizational financial policy and organization budget manual. Establish corporate governance structure in accordance to financial reporting and audit standards, labor laws, human resource policy and risk management policy monitor and manage working capital and prepare an annual report as per procurement producer's financial statement and audit guidelines.

This unit will assist the trainee to be familiar with the financial aspects driving the economy. Business templates, financial templates, candidates authorized reports and assessment centers among many more will be used to guide the trainee on the standards which are set by the relevant governing bodies such as International Financial Accounting Standards (IFRS) and International Accounting Standards (IASs) in preparing the financial reports, budgets and annual organization performance reports. The trainee at the end of the training should be able to prepare budgets, financial statements, organization financial plan and also prepare the corporate governance structure this is in line with the provisions by the corporate business world.

8.2. Performance Standard

Prepare an organization financial plan and budgets, financial statements and monitor, implement and analyze variances, manage working capital & the annual performance report in accordance with the SOP, strategic plan, and organizational finance plan, International Financial Accounting Standards (IFRS), International Accounting Standards (IASs) and policy guidelines of a specific country.

8.3. Learning Outcomes

8.3.1. List of Learning Outcomes

a) Prepare an organization financial plan
b) Prepare organization budget
c) Establish corporate governance structures
d) Monitor implementation of budgets and analyze variance
e) Manage working capital
f) Prepare financial statements
g) Analyze financial statement
h) Prepare annual performance report

8.3.2.Learning Outcome No. 1. Prepare Organization Financial Plan

8.3.2.1. Learning Activities

Learning Outcome #No. 1. Prepare Organization Financial Plan	
Learning Activities	Special Instructions
• Visit two organization's near your learning institution and study their environment, vision and objectives, prepare a postal and make an oral presentation. • Trainee to compute organization's revenues, sales and purchases from a given list of costs of an organization.	• Trainer to guide trainees in critiquing organization environment, vision and objectives. • The trainee poster should be kept or remain displayed as portfolio • Relevant and related documents to be availed

8.3.2.2. Information Sheet No. 8/LO1

Introduction

A financial plan entails the process of managing the current financial position of the business while forecasting on the future expectations. Financial planning is essential for the success of any business and it provides task of determining how a business will afford to achieve its strategic goals and objectives. Usually, a company creates a Financial Plan immediately after the vision and objectives have been set. The Financial Plan describes each of the activities, resources, equipment and materials that are needed to achieve these objectives, as well as the timeframes involved. In this lesson, we shall learn about the financial planning process that businesses perform, including preparation of a master budget, capital budget and cash budget.

Definitions of key terms

Organizational data: This refers to any data that would be referenced to in relation to the organization which includes; sales/ revenue, purchases, production, labor, expenditure, vision, mission and objectives, internal structures, their processes and the behavior of the corporate actors in different social and economic context. *(Liebig, 2009)*

Financial plan: This refers to the projection of business financial performance by looking at the statement of financial position, income statement and statement of cash flow so as to be able to improve the general performance of the organization.

Financial planning is the task of determining how a business will afford to achieve its strategic goals and objectives. Usually, a company creates a Financial Plan immediately after the vision and objectives have been set. The Financial Plan describes each of the activities, resources, equipment and materials that are needed to achieve these objectives, as well as the timeframes involved.

The Financial Planning activity involves the following tasks:

a) Assess the business environment.
b) Confirm the business vision and objectives.
c) Identify the types of resources needed to achieve these objectives.
d) Quantify the amount of resource (labor, equipment, materials).
e) Calculate the total cost of each type of resource.
f) Summarize the costs to create a budget.

g) Identify any risks and issues with the budget set.

Performing Financial Planning is critical to the success of any organization. It provides the Business Plan with rigor, by confirming that the objectives set are achievable from a financial point of view. It also helps the CEO to set financial targets for the organization, and reward staff for meeting objectives within the budget set.

The role of financial planning includes three categories:
a) Strategic role of financial management
b) Objectives of financial management
c) The planning cycle

When drafting a financial plan, the company should establish the planning horizon, which is the time period of the plan, whether it be on a short-term (usually 12 months) or long-term (2–5 years) basis. Also, the individual projects and investment proposals of each operational unit within the company should be totaled and treated as one large project. This process is called aggregation.

Follow the case study below:
Case Study on Financial Planning Process
Meet Melissa. She's a financial manager for her company. One of her most important roles in the company is helping with the company's financial planning. Financial planning is a part of the overall business planning process; it's a piece of the puzzle that all businesses must figure out in order to achieve their objectives. **Financial planning** is the process of allocating financial resources to maximize the profitability and wealth of the company.

Three Essential Questions
Melissa starts the planning process by asking three essential questions. First, what is the company's current state of affairs? You can consider this the starting point where Melissa analyzes the current situation of the company. For example, let's say that the company's leading product, a smartphone, has lost significant market share from a new smartphone on the market from a competitor.
Second, where does Melissa's company want to go? This is the ending point or the goal. For example, the president of Melissa's company wants a new smartphone developed so that it not only takes back the lost market share but also to improve upon its market share to increase the company's profit.
Third, how does the company get to its ending point or goal? Here is where financial planning kicks in because financial planning helps provide the course to take the company from where it is to where it wants to be from a financial standpoint.

Cash and Profit Planning
Melissa needs to pay attention to two important aspects of financial planning for a business. First, she needs to ensure that her company has sufficient liquidity and cash flow to operate. **Liquidity** is the ability to convert assets into cash quickly, and **cash flow** is simply the flow of cash into and out of the company.
Second, Melissa must consider profit planning in her overall analysis. For example, if the resources to be allocated to the new smartphone development can't produce a return, or profit, then the resources should be allocated elsewhere. Remember, the overall objective of a business is to earn a profit for its owners, and financial planning is a means to allocate resources to achieve that objective.

Other Factors to Consider

Melissa needs to factor in different variables when developing a successful financial plan. Each of these considerations may involve their own detailed analysis, but we'll paint with a broad brush and just give an overview.

Melissa helps her company determine whether getting from where it is to where it wants to be is feasible. **Financial feasibility** is an analysis whereby you determine if a particular venture is financially viable by taking into account the total costs of it and the probable revenues generated from it. For example, if it will cost more to make the new smartphone than the company can sell it for, then the project is not financially feasible.

Melissa also needs to determine the method of financing. Will the project be funded with the company's retained earnings, an offering of stock or bonds to investors, a loan from a bank or a combination of all these sources? If a combination will be utilized, what will the percentage mix of each type of financing be?

Just because a project is financially feasible doesn't necessarily mean it should be pursued. Melissa needs to consider the financial return compared to financial risk. In our example, do the anticipated profits justify the investment in the new smartphone? What will the company lose if the smartphone flops? How much will the company lose if it does flop? Are there alternative investments with a better risk/reward assessment?

Of course, a core purpose of planning is **resource allocation**, which is determining where the company's resources go. The financial plan will show how all the company's resources are allocated either on a project basis, a divisional basis, a product basis or some other organizational method. For example, Melissa's company may show resources allocated by project, such as the new smartphone project. Looking at the allocation of resources will give you a clue about a company's priorities and strategy.

Every good plan should include financial controls during implementation. **Financial control** is a system developed to allow the business to control and monitor the acquisition, allocation and utilization of the financial resources to ensure they are done in accordance with the plan. Of course, there may be regulatory reasons for financial controls as well.

- Financial Targets
- Growth in revenues – the changes of revenue for at least two financial years
- Growth in earnings- changes in earnings from one year to another.
- Wider profit margins- ability to continue giving dividends to shareholders that are incremental
- Higher returns on invested capital- ability to choose the portfolios with higher risks
- Diversified revenue base- investment in variety of investment

Organizational need assessment- Is determining an organization’s needs which involves the initiation, data collection and analysis and production, and hence identify the gaps that are preventing it from reaching its desired goals

Methods of needs assessment

- Gap analysis/ discrepancy analysis- Comparison of preference with stated intended competences
- Objective knowledge – the purpose of the organization existence governed by the vision, mission and objectives
- Skill tests – what skill does the organization have and which are they going to outsource
- Observation- scout around and see what is it that you can do
- Revalidation – reassessment of exactly what is in the real situation

- Self-assessment- to what extent can the organization be able to achieve their objectives
- Peer review- People in the same industry/ section assessing different works

Finance Committee

Its sole purpose is to provide financial oversight for the organization which have responsibility of budgeting and financial planning, financial reporting and creation and monitoring of internal controls and accountability.

Conclusion

Organization plan is the bigger picture of an organization purpose of existence and it must be interned with the vision, mission and the objectives. This gives the direction of the organization which determines its success and it continuity. Clear instructions, clear job description, direct channels of communication makes things easier and hence increased morale to the staff and commitment to the organization.

8.3.2.3. Self-Assessment

1. Financial feasibility is a system that allows business to control and monitor acquisition.

   True [ ] False [ ]

2. Define the following terms
   - Financial feasibility
   - Financial control
   - Business environment
3. What are the main consideration for preparing organization financial plan
4. Discuss the various importance of financial planning in an organization
5. From given data select the appropriate ones to determine revenues, sales
6. Describe the procedures followed for development of an organization financial plan

8.3.2.4. Tools, Equipment, Supplies and Materials

- Computers
- Calculators
- Format templates
- Internet
- Samples of Organization data

8.3.2.5. References (APA)

2. Stefan Liebig, (2009), Organizational Data, Working Paper Series of the German Council for Social and Economic Data 67

8.3.3. Learning Outcome No. 2. Prepare Organization Budgets

8.3.3.1. Learning Activities

Learning Outcome #No. 2. Prepare Organization Budgets	
Learning Activities	Special Instructions
From the provided samples of financial information data of an organization, prepare the following organization budgets • Sales budget • Income budget • Production budget • Cash budget • Budgeted balance sheet	• Provide samples of organization financial information data or guide trainee is identify such from the internet

8.3.3.2. Information Sheet No. 8/LO2

Introduction

Budgets are the yardsticks for good financial performance of every business. Therefore they need to be carefully drafted. Budgets may be functional or operational and master budgets. In this lesson, we shall learn about the budgeting process and demonstrate the different budgets in the financial sector including preparation of a master budget, capital budget and cash budget.

Definitions of key terms

- **Functional Manager:** These are personnel who are entrusted with the management of different organization departments e.g. Marketing, Production, Procurement, Chief Finance Officer, Human Resource and Research and Development Managers.

- **Functional Budgets:** These are budgets prepared by the functional managers in each organizational department such as sales budget, production budget, purchases budget, cash budget, expenditure budget and production cost budget.

- **Master Budget:** It is a budget that contains the forecasted income statements and the forecasted statements of financial position of a given financial year.

A functional budget

This is one which relates to any of the functions of an undertaking. They are subsidiary to the master budget which is the summary budget incorporating its component functional budgets which is finally approved, adopted and implemented. These include: sales budget, production budget, plant utilization budget, capital expenditure budget, selling and distribution budget, purchasing budget and cash budget.

The Master budget

On completion of the sub diary budgets, the budget officer will prepare a master budget. It will contain total budgeted sales and costs which are detailed in the subsidiary budgets. It shows the total picture of the projected results of the business for the next period. The budget committee will consider the master budget and if they approve it, it will be submitted to the board of directors for final approval. Amendments may be requested at this stage and alterations may be necessary. When it is finally approved, it represents a standard which should be achieved by each department in the organization. When the budget is submitted to the board for approval it is usual practice to supply suitable notes to explain why any major differences from previous periods have occurred.

Preparation of budgets

Preparation of budgets is done by use of data from production for units produced, production costs/ unit, cash budget for cash received and cash paid where the willing method is employed

Case Study

On 31st December, 2017 a Company Y had1400 units of product Z10 in the stores and in the year 2018 sold 2000 units and in the year 2018, 1800 units were in store. Prepare the production Budget

Sol:

Product Z10

Production Budget 2018

	Units
Closing Stock	1800
Add Sales	2000
	3800
Less of Stock	1400
Production Units	2400

Cash Budget

- Credit terms for the purchases (credit) will be set for payments
- Credit terms for the sales (credit) will be set for collections.

Example 2: .Royal Company is preparing budgets for quarter ending June 30.

Budgeted sales for the next five months are:

April	20,000units
May	50,000units
June	30,000units
July	25,000units
August	15,000units.

The selling price is $10 perunit.

	April	May	June	Quarter
Budgeted sales in units	20,000	50,000	30,000	100,000
Selling price per unit	$ 10	$ 10	$ 10	$ 10
Total budgeted sales	$ 200,000	$ 500,000	$ 300,000	$ 1,000,000

Expected Cash Collections

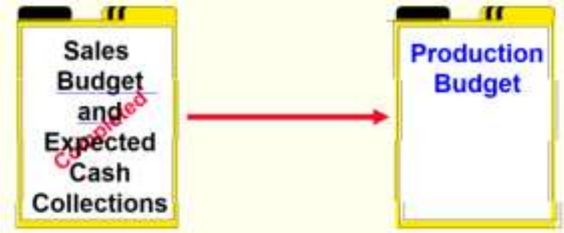
- All sales are on account.
- Royal's collection pattern is:
  70% collected in the month of sale,
  25% collected in the month following sale, 5% uncollectible.
- The 31stMarch accounts receivable balance of$30,000 will be collected in full.

	April	May	June	Quarter
Accounts receivable 3/31	$ 30,000			$ 30,000
April Sales				
70% x $200,000	140,000			140,000
25% x $200,000		50,000		50,000
May Sales				
70% x $500,000		350,000		350,000
25% x $500,000			125,000	125,000

From the Sales Budget for May.

Total Cash Collection $170,000$400,000

The Production Budget



Production must be adequate to meet budgeted sales and provide for sufficient ending inventory

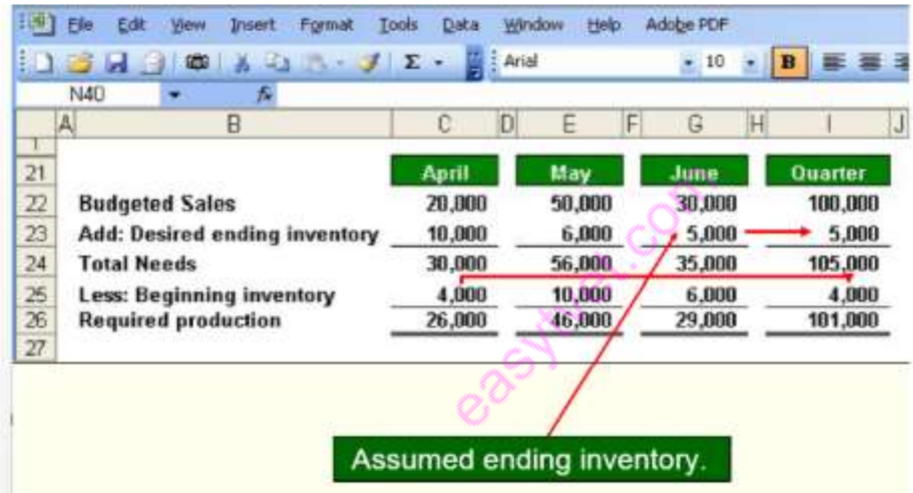
The Production Budget

Example: The management at Royal Company wants ending inventory to be equal to 20% of the following month's budgeted sales in units.

•On March 31st 4,000 units were on hand.

Let's prepare the production budget.

The Production Budget



	April	May	June	Quarter
Budgeted Sales	20,000	50,000	30,000	100,000
Add: Desired ending inventory	10,000	6,000	5,000	5,000
Total Needs	30,000	56,000	35,000	105,000
Less: Beginning inventory	4,000	10,000	6,000	4,000
Required production	26,000	46,000	29,000	101,000

The Cash Budget

Royal:

- Maintains a 16% open line of credit for $75,000
- Maintains a minimum cash balance of $30,000
- Borrows on the first day of the month and repays loans on the last day of the quarter.
- Pays a cash dividend of $49,000 in April
- Purchases $143,700 of equipment in May and $48,300 in June (both purchases paid in cash)

As at April 1st cash balance of $40,000 was recorded

Prepare a cash budget.

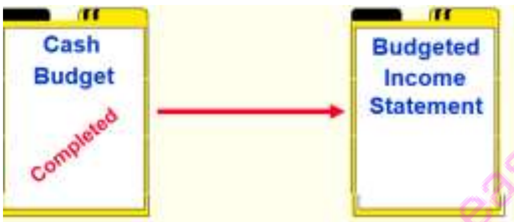
THE CASH BUDGET

	B	C	E	G	I
63		April	May	June	Quarter
64	Beginning cash balance	$ 40,000	$ 30,000	$ 30,000	$ 40,000
65	Add: Cash collections	170,000	400,000	335,000	905,000
66	Total cash available	210,000	430,000	365,000	945,000
67	Less: Cash disbursements				
			72,300	72,700	185,000
			23,000	15,000	53,000
			76,000	59,000	191,000
			85,000	75,000	230,000
			143,700	48,300	192,000
73	Dividend	49,000	-	-	49,000
74	Total disbursements	230,000	400,000	270,000	900,000
75	Excess (deficiency)	(20,000)	30,000	95,000	45,000
76	Financing:				
77	Borrowing	50,000	-		50,000
78	Repayments	-	-	(50,000)	(50,000)
79	Interest	-	-	(2,000)	(2,000)
80	Total financing	50,000	-	(52,000)	(2,000)
81	Ending cash balance	$ 30,000	$ 30,000	$ 43,000	$ 43,000
82					

$50,000 × 16% × 3/12 = $2,000

Borrowings on April 1 and repayment on June 30.

The Budgeted Income Statement



After we complete the cash budget, we can prepare the budgeted income statement for Royal.

BUDGETED INCOME STATEMENT

Royal Company
Budgeted Income Statement
For the Three Months Ended June 30

Sales (100,000 units @ $10)	$ 1,000,000
Cost of goods sold (100,000 @ $4.99)	499,000
Gross margin	501,000
Selling and administrative expenses	260,000
Operating income	241,000
Interest expense	2,000
Net income	$ 239,000

Sales Budget.

Ending Finished Goods Inventory.

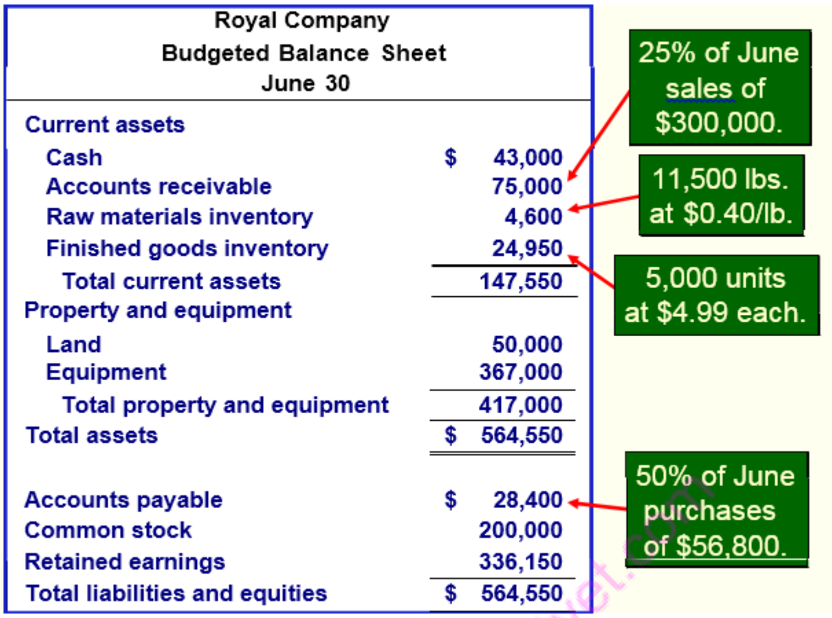
Selling and Administrative Expense Budget.

Cash Budget.

BUDGETED BALANCE SHEET

Royal reported the following account balances prior to preparing its budgeted Financial statements:

- Land - $50,000
- Common stock - $200,000
- Retained earnings - $146,150
- Equipment - $175,000



Royal Company
Budgeted Balance Sheet
June 30

Current assets		
Cash	$	43,000
Accounts receivable		75,000
Raw materials inventory		4,600
Finished goods inventory		24,950
Total current assets		147,550
Property and equipment		
Land		50,000
Equipment		367,000
Total property and equipment		417,000
Total assets	$	564,550
Accounts payable	$	28,400
Common stock		200,000
Retained earnings		336,150
Total liabilities and equities	$	564,550

Conclusion

In preparation of budgets accurate ascertainment of the items to be used for each budget must be put into consideration otherwise wrong budgets prepared would lead to wrong decisions being made. A budget put in place should be reviewed in accordance to the vision and position of the entity in question. Over estimation or under estimation of a budget will lead to wrong forecasting of expected position.

8.3.3.3. Self-Assessment

a) What is the name of the budget prepared on the completion of sub diary budgets
   - Master budget
   - Functional Budget

b) Explain the various types of budgets that a business entity can prepare/

c) Differentiate between budget estimate and actual budget

d) What is the importance of budgeting in business

e) Prepare a budget by extracting the items that differentiate an actual budgets with the budgeted estimates

8.3.3.4. Tools, Equipment, Supplies and Materials

- Computers
- Calculators
- Printers
- Format templates

8.3.3.5. References

1. Owler, L. W. J & Brown, J. L, (1980), Wheldons Costing Simplifies (6th Ed.), McDonalds& Evans Ltd, British Library
2. Sagwa Phillip, (2018), Financial Management, (1sted)Manifested Publishers Ltd, Kenya
3. Saleemi N.A. (2010), Cost Accounting Simplified ,(Revised and Updated ,ed), Saleemi Publications, Nairobi , Kenya

8.3.4. Learning Outcome No. 3. Establish Corporate Governance Structures

8.3.4.1. Learning Activities

Learning Outcome #No. 3. Establish Corporate Governance Structures	
Learning Activities	Special Instructions
• Make a visit to two organizations in your town and observe their governance structures. • Assume you are a manager in charge of a transport service in your organization.	• Critic the two structures observed. • Prepare a corporate structure suitable for your organization.

8.3.4.2. Information Sheet No. 08/LO3

Introduction

Business organizations must put their houses proper for effective management and to enhance the achievement of their objectives as it gives them the direction where each of them would be going. This is elaborated by a clear corporate structure. This call for everybody involved in the organization to be aware of his/ her responsibility. The channels of communication must be clear resolution of conflicts model.

Definition of key terms

Corporate governance

As defined by Gabrielle O'Donovan, corporate governance is an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities, with good business objectivity, accountability and integrity.

Content

A corporate strategy is a clearly defined long-term vision that organizations set, seeking to create corporate value and motivate the work force to implement the proper actions to achieve customer satisfaction.

It is a continuous process that requires a constant effort to engage investors in trusting the company with their money, thereby increasing the company's equity. Financial reporting is conducted using the principles of Accounting and also the International Financial Reporting Standards (IFRS).

Auditing will be conducted using the International Auditing Standards that are acceptable.

For proper financial operation activities, there has to be qualified personnel to ensure the rewards maintained are accurate and correct, free from posting errors.

The corporate structure must be in-place and well communicated to everyone.

Corporate Governance Structure

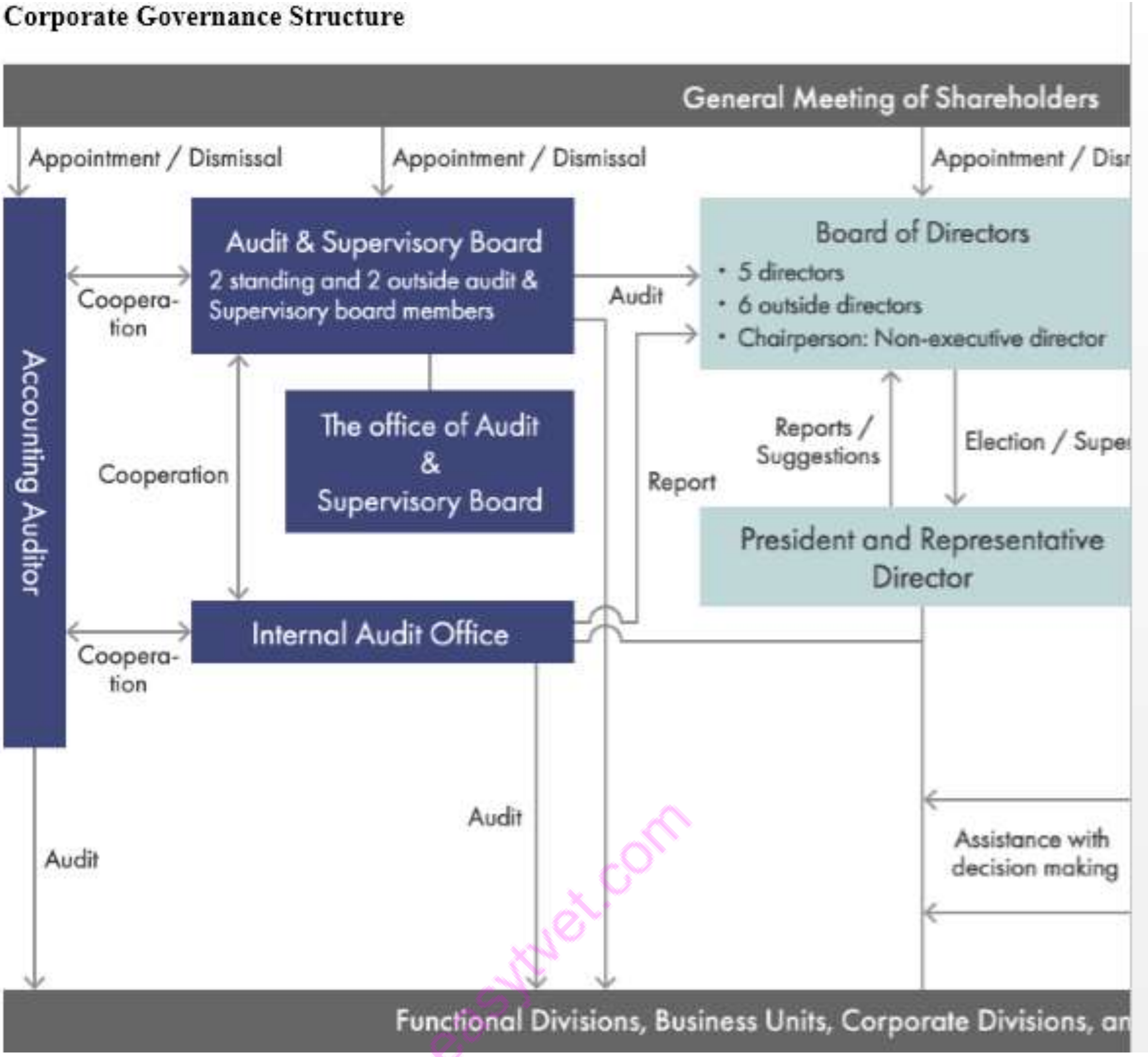


Figure 26: Corporate Governance Structure

Corporate structure refers to the organization of different departments or business units within a company. Depending on a company's goals and the industry which it operates in, corporate structure can differ significantly between companies. Each of the departments usually performs a specialized function while constantly collaborating with each other to achieve the corporate goals,Mission and Values. CFI's mission is to help anyone become a world-class financial analyst. Learn more about Corporate Finance Institute's mission, vision, values and culture.

Departments in a company include Human Resource, IT, Accounting and Finance, Marketing, Research and Development (R&D), and Production Cost of Goods Manufactured (COGM) Cost of Goods Manufactured (COGM) is a schedule showing the total production costs during a specific period of time. See COGM formula & examples in this guide. COGM is the total costs incurred to manufacture products and transfer them into finished goods inventory for actual retail sale. Some product-based or project-based companies may divide up business units by addressing a single product or project as a department.

Types of Organizational Structure

There are four general types of organizational structure that are widely used by businesses all around the world:

1. Functional Structure

Under this structure, employees are grouped into the same departments based on similarity in their skill sets, tasks, and accountabilities. This allows effective communications between people within a department and thus leads to an efficient decision-making process. Companies with departments such as IT and Accounting. Our Accounting guides and resources are designed as self-study guides to learn accounting and finance at your own pace. Browse hundreds of articles on important topics such as the income statement, balance sheet, cash flow statement, depreciation methods, how to link the 3 statements, debits & credits, journal entries are good examples of a functional structure.

2. Divisional Structure

This structure organizes business activities into specific market, product, service, or customer groups. The purpose of the divisional structure is to create work teams that can produce similar products matching the needs of individual groups. A common example of the divisional structure is geographical structure, where regional divisions are built to provide products or service to specific locations.

3. Matrix Structure

Matrix Structure is a combination of functional and divisional structures. This structure allows decentralized decision making, greater autonomy, more inter-departmental interactions, and thus greater productivity and innovation. Despite all the advantages, this structure incurs higher costs and may lead to conflicts between the vertical functions and horizontal product lines.

4. Hybrid Structure

Like the Matrix Structure, the Hybrid Structure combines both functional and divisional structure. Instead of grid organization, Hybrid Structure divides its activities into departments that can be either functional or divisional. This structure allows utilization of resources and knowledge in each function, while maintaining product specialization in different divisions. Hybrid Structure is widely adopted by many large organizations.

Learning about a Company's Corporate Structure

When an FP&A analyst FP&A Analyst Become an FP&A Analyst at a corporation. We outline the salary, skills, personality, and training you need for FP&A jobs and a successful finance career. FP&A analysts, managers, and directors are responsible for providing executives with the analysis and information they need performs various analyses and modeling. What is Financial Modeling? Financial modeling is performed in Excel to forecast a company's financial performance. Overview of what is financial modeling, how & why to build a model. A 3-statement model links income statement, balance sheet, and cash flow statement. More advanced types of financial models are built for valuation, planning, and corporate structure is often one of the first things taken into consideration, because how the departments are defined directly influences the construction of any model.

1. Corporate structure is the basis for building any financial models

Depending on the kind of products/services a company provides or the industry it is in, its corporate structure can look very different from other businesses. Therefore, it is essential for the FP& A analyst to work closely with different business units in the company to understand their responsibilities and areas of expertise.

The FP&A analyst should organize regular meetings and communicate consistently with the different business units to keep up with the latest trends in the market, new and existing projects, short-term and long-term work plans, and expected opportunities in the project pipeline. That way, not only can the analyst familiarize himself with the ongoing activities in each team, he is also able to respond quickly to changes in budgets and forecasts with the latest information.

2. Businesses with functional or divisional structures tend to use straightforward modeling

Out of the four organizational structures, functional and divisional structures are the easiest to build financial and forecasting models on, because of the simplicity of the companies' departmental structure. An FP&A analyst can easily gather data, perform analysis and realize variances, identify data trends, and forecast future performance for each department.

Sometimes, an FP&A analyst may drill down to as deep as each employee when collecting information for detailed analysis. Because all employees are in a single reporting relationship in a functional or divisional structure, the analyst can easily track individual performance, working hours, and expenditures. This helps in performing precise analysis on departmental costs, earnings, and productivity, without simply making a lot of assumptions.

3. Matrix structure companies may incur more estimations on various factors

In a matrix structure, employees have dual reporting relationships, generally to both a functional manager and a division/product manager. It can lead to conflicts in resource utilization between a division and a function, making it more difficult to implement cost allocation because a single employee can be a member of two teams at the same time.

Moreover, it is more challenging for an FP&A analyst to develop a perfect forecasting model for matrix structure companies because there are many resources overlapping and ambiguous reporting lines. Measuring employee productivity rates and project expenses may require some estimations on individual working hours spent on various products or projects.

Conclusion

Organization structure gives the bigger picture of an organization purpose of existence and it must be interned with the vision, mission and the objectives. This gives the direction of the organization which determines its success and its continuity. Clear instructions, clear job description, direct channels of communication makes things easier and hence increased morale to the staff and commitment for the organization.

8.3.4.3. Self-Assessment

1. Which of the following governance structure allows decentralization of decision making greater autonomy and more departmental interactions
    - Matrix
    - Divisional
    - Hybrid
2. Working closely with various company units in a business helps in producing an effective corporate governance structure. Indicate whether it is true
   True [ ]   False [ ]
3. Define and give characteristics of the following governance structure
    - Matrix
    - Hybrid
    - Functional
4. Discuss why it is important for organizations to have a governance structure/

5. Given corporate structures from two local companies critique the corporate structures of two identified organizations.
6. Prepare a corporate structure of the organization where you are the manager.

8.3.4.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computer
- Calculator
- Organization Policy Manual
- Auditing Standards Manual
- Internal Financial Reporting Standards Manual

8.3.4.5. References (APA)

1. Dube C. F, (2008), Corporate Governance, Non-Executive Directors' Independence.

8.3.5. Learning Outcome No. 4. Monitor Implementation of Budgets and Analyze Variance

8.3.5.1. Learning Activities

Learning Outcome #No. 4. Monitor Implementation of Budgets and Analyze Variance	
Learning Activities	Special Instructions
• From two types of budgets identify the variances from the statements	• Compute the variances and interpret them

8.3.5.2. Information Sheet No. 8/LO4

Introduction

Monitoring of the budget entails having an oversight of the performance of the performance of the budget put in place in an organization. By the end of the training the trainee should be able to review the actual and budgeted financial results determine and analyze variances and choose the appropriate correction action.

Definitions of key terms

Actual Financial Results – These are the results of the prevailing financial year that have been achieved

Budgeted Financial Results- This is the standard that was set and approved by the management that was to guide the supervisors in the respective functional departments

Variance- It's the difference that can be seen when comparing the budgeted values and the prevailing values and prices like of goods in the market.

E.g. In operating profit variances, material usage, material price variance, raw material price, wage rate variance, labor efficiency variances, overhead expenditure variances etc.

Content

The budgeted results are the standards that are set by the management in order to give the direction and the targets, for which performance of the respective functional managers will be assessed in case of major difference between the actual results and the budgeted. It should be explained and this is what is referred to as variances from comparing items from the statement

Standard
It's a norm or bench mark. It is useful for comparison and may be used indicate minimum quality. E.g. Standard of passing.

Standard Cost
An estimated or pre-determined cost of performing an operation or producing a good or service, under normal conditions. It is used as a basis for cost control through variance analysis.

It is chosen to serve as a benchmark in the standard costing/ budgetary control system. It is a budget for the production of one unit of product or service.
It is a pre-determined cost which is calculated from management's standards of efficient operation and the relevant necessary expenditure.

Standard Costing
It is a cost accounting technique for cost control where standard costs are determined and compared with actual costs, to initiate corrective action. It is a control method involving the preparation of detailed cost and sales budgets. A management tool used to facilitate management by exception.

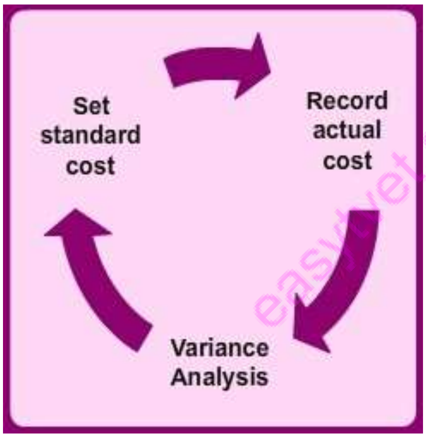


Figure 27: Steps in Standard Costing

Steps in Standard Costing

Set the standard cost
A standard quantity is predetermined and standard price per unit is estimated. Budgeted cost is calculated by using standard cost.

Record the actual cost
Calculate actual quantity and cost incurred giving full details.

Variance Analysis
This entails comparison of the actual cost with the budgeted cost so as to maintain control of the business as a whole. The cost variance is used in controlling cost.

Types of standards Ideal Standards:

These represents the level of performance attainable when prices for material and labour are most favorable, when the highest output is achieved with the best equipment and layout and when maximum efficiency in utilization of resources results in maximum output with minimum cost.

Normal Standards:

These are the standards that may be achieved under normal operating conditions. The normal activity has been defined as number of standard hours which will produce normal efficiency sufficient goods to meet the average sales demand over a term of years.

Basic or Bogey standards:

These standards are used only when they are likely to remain constant or unaltered over long period. According to this standard, a base year is chosen for comparison purposes in the same way as statistician use price indices.

When basic standards are in use, variances are not calculated as the difference between standard and actual cost. Instead, the actual cost is expressed as a percentage of basic cost.

Current Standard:

These standards reflect the management's anticipation of what actual cost will be for the current period. These are the costs which the business will incur if the anticipated prices are paid for goods and services and the usage corresponds to that believed to be necessary to produce the planned output.

Variance

The difference between standard cost and actual cost of the actual output is defined as Variance. A variance may be favorable or unfavorable. If the actual cost is less than the standard cost, the variance is favorable and if the actual cost is more than the standard cost, the variance will be unfavorable. It is not enough to know the figures of these variances in fact it is required to trace their origin and causes of occurrence for taking necessary remedial steps to reduce / eliminate them.

Variance - Types

The purpose of standard costing reports is to investigate the reasons for significant variances so as to identify the problems and take corrective action. Variances are broadly of two types, namely, controllable and uncontrollable.

Controllable Variance

Controllable variances are those which can be controlled by the departmental heads whereas uncontrollable variances are those which are beyond their control. If uncontrollable variances are of significant nature and are persistent, the standards may need revision.

Variance Analysis

Variance analysis is the dividing of the cost variance into its components to know their causes, so that one can approach for corrective measures.

Variances of Efficiency:

Variance arising due to the effectiveness in use of material quantities and labor hours. Here actual quantities are compared with predetermined standards.

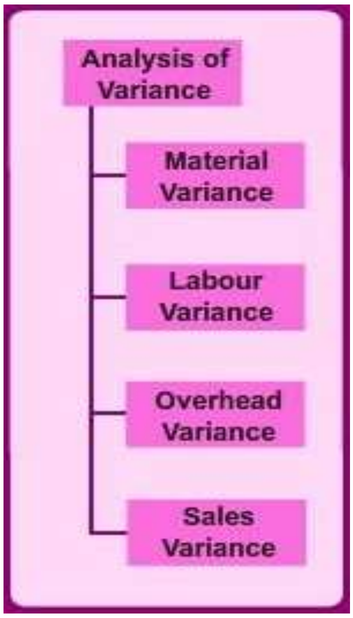


Figure 28: Variance Analysis Chart

Variances of Price Rates:

Variances arising due to change in unit material prices, standard labor hour rates and standard allowances for indirect costs. Here actual prices are compared with pre-determined ones.

Variances of Due to Volume: Variance due to effect of difference between actual activity and the level of activity estimated when the standard was set.

Reasons for Material Variance

- Change in Basic price.
- Failure to purchase anticipated standard quantities at appropriate price.
- Use of sub-standard material.
- Ineffective use of materials. Pilferage.

Material Variance

Material Cost Variance = (Standard Quantity X Standard Price) – (Actual Qty X Act Price)

Material Price Variance = Actual Quantity (Standard Price - Actual Price)

Material Usage Variance = Standard Price (Standard Quantity - Actual Quantity)

Reasons of Labor Variance Time Related Issues.

- Change in design and quality standard. Low Motivation.

- Poor working conditions.
- Improper scheduling/placement of labor. Inadequate Training

Rate Related Issues. Increments / high labor wages. Overtime.
Labor shortage leading to higher rates. Union agreement.
Labor Variance
Labor Cost Variance = (Standard Hrs X Standard Rate Per Hour) –(Actual Hrs X Actual Rate Per Hour)
Labor Rate Variance = Actual Hrs (Standard Rate - Actual Rate)
Labor efficiency Variance = Standard Rate (StdHrs - Actual Hrs worked)
Idle Time Variance = Idle Hours X Std Rate

Reasons for Overheads Variance

- Under or over absorption of fixed overheads. Fall in demand/ improper planning.
- Breakdowns /Power Failure. Labor issues.
- Inflation.
- Lack of planning. Lack of cost control.

Variable Overheads (OH) Variance
Variable OH Cost Variance = (Standard Hrs X Standard Variable OH Rate) – Actual OH Cost

Variable OH Variance
Variable OH Expenditure Variance = (Actual Hrs X Standard Variable OH Rate) – Actual OH Cost
Variable OH Efficiency Variance = (Standard Hrs - Actual Hrs) X Standard Variable OH Rate

Fixed Overheads (OH) Variance
Fixed OH Cost Variance = Absorbed OH – Actual OH Absorbed OH = Actual Units * Standard OH Rate per unit

Fixed OH Variance
Fixed OH Expenditure Variance = Budgeted OH – Actual OH Fixed OH Volume Variance = Absorbed OH – Budgeted OH

Reasons of Sales Variance

- Change in price. Change in Market size.
- Change in Market share.

Sales Variances
Sales Value Variance = Budgeted Sales – Actual Sales
Sales Price Variance = Actual Quantity (Actual Price - Budgeted Price)
Sales Volume Variance = Budgeted Price (Actual Quantity - Budgeted Quantity)

Advantages of Standard Costing Advantages

- Basis for sensible cost comparisons.
- Employment of management by exception. Means of performance evaluation for employees. Result in more stable product cost.

Disadvantages of Standard Costing

- Too comprehensive hence time-consuming. Precise estimation of prices or rates is difficult.
- Requires continuous revision with frequent changes in technology/ market trends. Focus on cost minimization rather than quality or innovation.

Material Variance
Material Cost Variance Material Price Variance Material Usage Variance
Can we sub-divide Usage Variance?
What are its causes, when we have more than one Raw Material?

Material Variance
Material Cost Variance Material Price Variance Material Usage Variance Material Yield Variance Material Mix Variance
Material Cost Variance = (Standard Quantity X Standard Price) – (Actual Qty X Act Price)
Material Price Variance = Actual Quantity (Standard Price - Actual Price)
Material Usage Variance = Standard Price (Standard Quantity - Actual Quantity) Material Yield Variance (Std Input Qty - Actual Input Qty) * Std Price of Std Input Material Mix Variance = Standard Price (Revised Standard Quantity - Actual Quantity)

Fixed Overheads (OH) Variance
Fixed OH Cost Variance = Absorbed OH – Actual OH Absorbed OH = Actual Units * Standard OH Rate per unit

Fixed OH Variance
Fixed OH Expenditure Variance = Budgeted OH – Actual OH Fixed OH Volume Variance = Absorbed OH – Budgeted OH

Material Variance
F OH Cost Variance
F OH Expenditure Variance F OH Volume Variance
Can we sub-divide Volume Variance?
What are its causes, why may volume vary?

Fixed OH Variance

Fixed OH Efficiency Variance = Standard OH Rate per hour (Standard Hrs - Actual Hrs)

Fixed OH Capacity Variance = Standard OH Rate per hour (Budgeted Hrs - Actual Hrs

Conclusion

Once budgets have been approved they are to be implemented. After implementation then monitoring is carried out by different personnel from the organization who is to determine whether there has been any difference between the budgeted amounts and the actual figures. This is to ensure there are no overstatements of figures even with the assumption of the officers being people of high integrity.

8.3.5.3. Self-Assessment

1. There are types of variance type which one is used to control overhead costs?
    - Controlled variance
    - Non controlled variance
2. The following are reasons for overhead variance which one is not
    - Under absorption of fixed overhead
    - Breakdown /power failure
    - Ineffective use of materials
    - Inflation
3. Define the following terms as used in business
    - Standard Cost
    - Variance
    - Variance analysis
4. What are some of the reasons for sales variance?
5. Discuss the importance of calculate variance?
6. Using a budget for a middle level organization identify variances
7. Calculate the various variances in the budget.

8.3.5.4. Tools, Equipment, Supplies and Materials

1. Computers
2. Calculator
3. Actual & Budgeted results

8.3.5.5. References

1. Saleemi, S. M, (2010), Cost Accountancy Simplified, (Revised and Updateded),SaleemiPublicationsLtd, Nairobi, Kenya.
2. Owler, L. W. J & Brown, J. L, (1980), Wheldons Costing Simplifies (6^{th} Ed.), McDonalds& Evans Ltd, British Library

8.3.6. Learning Outcome No. 5. Manage Working Capital

8.3.6.1. Learning Activities

Learning Outcome #No. 5. Manage Working Capital	
Learning Activities	Special Instructions
• Visit an organization next to your institution or in your institution • In the same organization compute the current ratio, quick ratio, stock turnover • Calculate the bad debts from the Accounts Receivables. • From the cash book and the bank statements of organization Z.	• Carry out inventory counting. • Use the specified formulas to calculate the ratios and the bad debts • Construct a bank reconciliation statement

8.3.6.2 Information Sheet No. 8/LO5

Introduction

Managing working capital is the process of overseeing the relationship between a firm's short term assets and its short term liabilities. Proper management of working capital components such as inventory, cash, trade payables and trade receivables is vital for optimum financial performance of any entity. This lesson is going to direct the trainee on the proper working capital techniques in line with the mentioned components.

Definitions of key terms

Working Capital- It's the capital of a business which is used in its day to day trading operations. It represents operating liquidity available to a business, organization or other entity. It is also known as the operating assets or net current assets.

Inventory- according to working capital inventory is defined as items of sales which take the longest time to be converted to cash or cash equivalents.

Accounts receivables- these are the amounts payable to the organization from customers who have been purchasing goods on credit terms.

Accounts payables-these to an organization are current liabilities which arise from the suppliers providing goods or services to the organization on credit terms.

Prepayments -these are payments made in advance to the organization or the suppliers for work that has not yet been done. They are assets if it's the organization that has paid them in advance and liabilities when it's the organization which has received payment in advance.

Accrual-these are obligations which arise due to delayed payment by the organization but the service has already been offered.

Content

Working capital being the measure of a company's liquidity, efficiency and overall health, it involves cash, inventory, accounts receivable, accounts payable, the portion of debt due within one year and other short term accounts. It will involve the inventory management, debt management, revenue collection and payment to suppliers.

Working Capital= Current Assets – Current Liabilities

With positive working capital indicates that a company is able to pay off its short term liabilities almost immediately.
In a decreasing working capital indicates that the company is over-leveraged and it's struggling to maintain or grow sales, is paying bills too quickly or is collecting receivables too slowly

To evaluate working capital, the following methods are adopted;
- Inventory turnover
- The receivables ratio
- Days payable
- Current ratio
- Quick acid ratio

$$\textit{Working Capital Ratio} = \frac{\textit{Current Assets}}{\textit{Current Liabilities}}$$

Working Capital Ratio = (Cash + Short-term investments + Inventory + A/C Receivable) / (Short-term notes + A/C Payable)

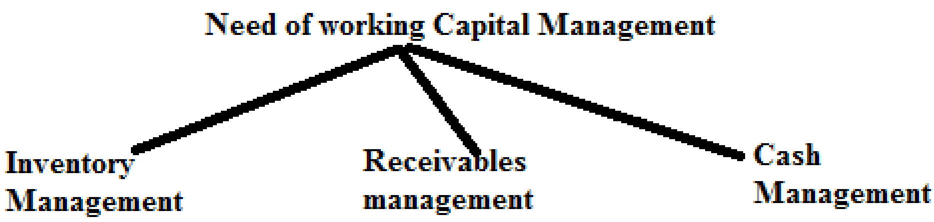
The healthy working capital ratio will be between *1:0* and *2:0*

Inventory management is important consideration in working capital management.
- The longer inventory sits on the shelf or in the warehouse, the longer the company's working capital is tied up. When not managed carefully, business can grow themselves out of cash by needing more working capital to fulfill expansion plans than they can generate in their current state.
- This arises when the company has used cash to pay for everything rather than seeking financing that would smooth out the payment and make cash available for other uses. As a result, working capital shortages causes many businesses to fail even though they have been making a profit.

The debtor's collection period must be carefully fixed
The level and timing of a company's cash flows are what really determine whether a company is able to pay its liabilities when due.

WORKING CAPITAL
The capital of a business which is used in its day-by-day trading operations, calculated as the current assets minus the current liabilities. Working capital is also called operating assets or net current assets.

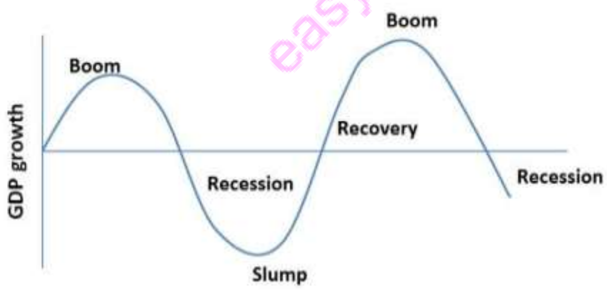
WORKING CAPITAL MANAGEMENT
Working capital management refers to a company's managerial accounting strategy designed to monitor and utilize the two components of working capital, current assets and current liabilities, to ensure the most financially efficient operation of the company.



FACTORS AFFECTING WORKING CAPITAL

a. Nature of business
b. Production policy
c. Credit policy
d. Inventory policy
e. Abnormal factor
f. Market conditions
g. Conditions of supply
h. Business cycle
i. Taxation policy
j. Dividend policy
k. Operating efficiency
l. Price level changes
m. Depreciation policy
n. Availability of raw material

BUSINESS CYCLE



HOW MUCH WC IS NEEDED?

It depends on the following factors-

- Size of the firm
- Activities of the firm
- Availability of credits
- Attitudes towards profit
- Attitude toward risks
- Others

IMPORTANCE OF ADEQUATE WC/ OPTIMUM WC

a. Smooth running of business
b. Profitability with manage risk
c. Growth and development possibility
d. Smooth payment
e. Increase in goodwill
f. Improve trade relationship

g. Others

SOME IMPORTANT ISSUES

A. Monetary level of cash receivable & inventory

B. To have understanding of percentage of fund in current account

C. Recording time spent in managing current account

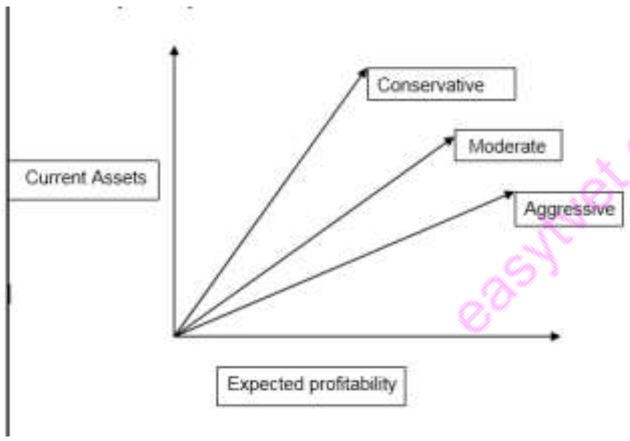
WORKING CAPITAL POLICY / APPROACHES

It can be explained by two approaches:

- Conservative approach
- Aggressive approach

Conservative approach: A firm financing its common permanent assets & also with long term financing & less risky so far as insolvency is concerned. However funds may be invested in such investment which fetches small returns to build up liquidity.

Aggressive approach: The firm uses only short term financing. In this approach, the firm finances a part of the permanent assets with short term financing. This approach refers to more risky but may return to the assets.



FINANCING OF WORKING CAPITAL

Financing of working capital can be done in two ways:

- Long term sources
- Short term sources

A. **Long term sources**

1. Share capital
    - Equity share capital
    - Preference share capital
2. Debentures
    - Convertible debentures
    - Non-convertible debentures
    - Redeemable debentures
    - Non-Redeemable debentures
3. Bonds
4. Loans from banks & financial institutions
5. Retained earnings

6. Venture capital fund for innovative projects

B. **Short term sources**
1. Bank credit
2. Transaction credit
3 Advances from customers
4. Bank advances
5. Loans
6. Overdraft
7. Bills purchase and discounted
8. Advance against documents of title of goods
9. Term loans by bank
10. Commercial paper
11. Bank deposits

Conclusion

Working capital management refers to a company's managerial accounting strategy designed to monitor and utilize the two components of working capital; current assets and current liabilities, to ensure the most financially efficient operation of the company. Proper working capital management enhances the continuity of an organization, in its operations into the foreseeable future due to its ability to meet its financial obligations when they fall.

8.3.6.3. Self-Assessment

1. Working capital measures companies ____________________
   - Health, profits , efficiency
   - Health liquidity and efficiency
   - Efficiency, employee satisfactions and sustainability
   - Which of the following consideration
2. The following are consideration for how much working capital one will require for their business which one is not
   i. Risks
   ii. Size of the firm
   iii. Credits
   iv. Company Policy
3. Discuss the various factors affecting a business working capital
4. Why is it important for businesses to have adequate working capital
5. Define the following terminologies
   a) Working capital
   b) Accounts receivables
   c) Accrual
   d) Prepayments
6. Undertake inventory counting.
   a) Compute working capital ratios.
   b) Construct a bank reconciliation statement

8.3.6.4. Tools, Equipment, Supplies and Materials

1. Computer
2. Calculator
3. Formulas of calculating stock levels

4. Procurement and Disposal Act

8.3.6.5. References

1. Gill, A., Biger, N., & Mathur, N. (2010). The relationship between working capital management and profitability: Evidence from the United States. Business and Economics Journal, 4 (2), 1

8.3.7. Learning Outcome No. 6. Prepare Financial Statements

8.3.7.1. Learning Activities

Learning Outcome #No. 6. Prepare Financial Statements	
Learning Activities	Special Instructions
f) Guided by the IFRS Select the appropriate source documents among a range of them of a given organization.	• Prepare the financial statement of the organization according to International Financial reporting Standard and GAAPS (Generally Accepted Accounting Principles

8.3.7.2. Information Sheet No. 8/LO6

Introduction

Financial statements can basically be defined as accounting data prepared at the end of a financial year derived from the day to day activities of the business. The information used in financial statements is derived from fact and applications of judgment.

The process of crafting together various elements of information will inevitably involve applying a large number of accounting concepts. If its process was not strictly regulated by a conceptual framework, we would end up with financial reports that are subjective or even misleading.

By the end of the lesson the trainee should be able to prepare the required financial statements which are generally accepted for a public limited company. These but a few include income statement, statement of financial position and statement of cash flow.

Definitions of key terms

Financial information- it is the data such as credit cards number, credit ratings, account balances and other monetary facts about a person or organization that are used for billing, credit assessment, loan transactions and other financial activities.

Financial information must be processed in order for a business to be conducted but it must also be carefully handled to ensure security for customers and to avoid the liquidation and bad publicity that can stem from negligence or improper uses.

Income statement-also called a profit and loss statement is a report made by company accountant that shows the revenue, expenses, and net income or loss for a period.

Statement of financial position- originally called the balance sheet is a financial statement that reports the assets, liabilities, and equity of a company on a specific date. It's usually prepared at the end of every financial year which mostly is one year.

Statement of cash flow-this is a summary of the actual an anticipated incomings and outgoings of cash in an entity in an accounting period usually one year.

Content

In preparation of financial statements the general purpose will include the balance sheet, income statement and statement of retained earnings and statement of cash flows which represents the purpose of financial accounting.

Process

It involves aggregating accounting information into a standardized set of financials. The completed financial statements are then distributed to lenders, creditors and investors who use them to evaluate the performance liquidity and cash flows of a business.

a) Compare the receiving log to accounts payable to ensure all supplier invoices have been received
b) Compare the shipping log to the account receivable to ensure that all custom invoices have been issued.
c) Accrue an expense for any wages earned but not yet paid at the end of reporting panel
d) Calculate depreciation and Expense for all fixed account.
e) Conduct an ending physical inventory count or alternative method.
f) Conduct a bank reconciliation and create journal entries.
g) Post all subsiding ledge balances to the general ledger.
h) Review the balance sheet accounts and use journal entries to adjust the account balances.
i) Print preliminary version of the financial statement and review them for errors.
j) Accrue an income tax expense.
k) Close all subsidiary ledgers for the period
l) Print a final version of the financial statements
m) Compile foot notes to accompany the financial statements to explain key points.
n) Distribute the financial statements

Format for statement of financial position

Rose Amukuya

Financial position as at 1st July 2006

Fixed assets			
Land & building	XX		
Furniture and fittings	XX		
Motor van	XX		
			XX
Current Assets			
Stock	XX		
Debtors	XX		
Cash	XX		
Total Current assets	XX	XX	
Less **current liabilities**			
Creditors	XX		
Bank overdraft	XXXX		
Total current liabilities			
Working capital XX			
XX			
Financed by			
Owners' Equity		XX	
Loan CDC	XX		
		XX	

NB/ Assets and liabilities are arranged in the order of their liquidity.

Format for statement of cash flow

ABC CASH FLOW
FOR THE YEAR ENDED 31ST DEC 2006

Changes in cash (X- Y)	**XXX**		
Net income / profit		XX	
Items not affecting cash			
(a) Depreciation		xx	
Cash from operating activities			
(b) Decrease / increase in receivables	xx		
© Increase / decrease in prepaid Expenses	xx		
(d) Increase / decrease in accounts Payable	xx		
(e) Interest payable	xx		Inflow and outflow
(f) Increase / Dec. of wages & salaries	xx		
(g) Paying other expenses	xx		
(h) Paying government taxes	xx		
(i) Sales of goods and services	xx		
(j) Dividends received	xx		
(k) Profit from sale of fixed assets	xx		
	XX		
Investing activities			
Inflow			
-Sale of property and equipment	xx		
-Sale for debt equity and securities	xx		
-Collection of principal on loan	xx		
		XX	
Outflow			
Purchase of property and equipment	xx		
Purchase debtors equity	xx		
Paying of loans	xx		
	XX	**XX**	
Financing activities			
Inflow			
-Sale of own equity	xx		
-issuance of debts bonds	xx	**XX**	
Outflow			
-Shareholders dividend	xx		
-Redeemed long term	xx		
		XX	
Net change in cash		**XXX**	

Conclusion

Financial statements are prepared using the IFRS, IASs and the GAAPs which indicate the quality of financial information which in exchange enhances the type of decisions that will be made from them. A properly prepared financial statement will be essential in determining the position of the firm for easy decision making and further investment.

8.3.7.3. Self-Assessment

1. The following documents are needed in preparation of financial statement, which one is not?
    a) Company Charter
    b) Balance sheet
    c) Income statements
    d) Statement for cash flow
2. Define the following terms
    - Financial statements
    - Income statements
    - Cash flow
3. Outline the procedure you will follow in preparing financial statement for an organization?
4. Discus the various tools used in preparing financial statements
5. Visit the finance department of your institution with assistance from the finance officers select the appropriate source documents and prepare financial statements.
6. Select the appropriate source documents and prepare the financial statements

8.3.7.4. Tools, Equipment, Supplies and Materials

- Computers
- Printers
- Calculator

8.3.7.5 References

1. Siagwa P., (2016), Financial accounting, (1st ed), Manifested publishers ltd, Nairobi , Kenya
2. Baston A, (1980), Elements of accounting, (4th ed), Great Britain Publishers
3. Wood F (2006) Principle of financial accounting for East Africa

8.3.8. Learning Outcome No. 7. Analyze Financial Statements

8.3.8.1. Learning Activities

Learning Outcome #No. 7. Analyze Financial Statements	
Learning Activities	Special Instructions
• Pick two period financial statements and prepare analysis.	• Using the standard formulas calculate the ratios to indicate the variances.

8.3.8.2. Information Sheet No. 8/LO7

Introduction

Once the financial statements have been prepared and distributed to management and interested stakeholders they must compare the figures appearing in the previous trading or accounting period.

Financial statement analysis (or financial analysis) is the process of reviewing and analyzing a company's financial statements to make better economic decisions to earn income in future. These statements include the income statement, balance sheet, statement of cash flows, notes to accounts and a statement of changes in equity (if applicable). Financial statement analysis is a method or process involving specific techniques for evaluating risks, performance, financial health, and future prospects of an organization.

Definitions of key terms

Financial statements – these are formal records of the financial activities and position of a business a given reporting period.

Content

Financial statements are used by investors, market analysts and creditors in order to evaluate a company's financial health and earnings potential. It will include the balance sheet, income statement and statement of cash flows.

The financial statement is intended to provide information about the financial position performance and changes in financial position of an enterprise that uses a wide range of uses in making economic decisions.

(IASB) framework.

The uses of financial statements information are managers, stakeholders, prospective investors, financial institutions, suppliers, customers, employees, competitor's general public. The accounting ratios can be used to assess the trend of the business in its operations.

There are generally six steps to developing an effective analysis of financial statements.

1. Identify the industry economic characteristics.

First, determine a value chain analysis for the industry—the chain of activities involved in the creation, manufacture and distribution of the firm's products and/or services. Techniques such as Porter's Five Forces or analysis of economic attributes are typically used in this step.

2. Identify company strategies.
Next, look at the nature of the product/service being offered by the firm, including the uniqueness of product, level of profit margins, and creation of brand loyalty and control of costs. Additionally, factors such as supply chain integration, geographic diversification and industry diversification should be considered.

3. Assess the quality of the firm's financial statements.
Review the key financial statements within the context of the relevant accounting standards. In examining balance sheet accounts, issues such as recognition, valuation and classification are keys to proper evaluation. The main question should be whether this balance sheet is a complete representation of the firm's economic position. When evaluating the income statement, the main point is to properly assess the quality of earnings as a complete representation of the firm's economic performance. Evaluation of the statement of cash flows helps in understanding the impact of the firm's liquidity position from its operations, investments and financial activities over the period—in essence, where funds came from, where they went, and how the overall liquidity of the firm was affected.

4. Analyze current profitability and risk.
This is the step where financial professionals can really add value in the evaluation of the firm and its financial statements. The most common analysis tools are key financial statement ratios relating to liquidity, asset management, profitability and debt management/coverage, and risk/market valuation. With respect to profitability, there are two broad questions to be asked: how profitable are the operations of the firm relative to its assets—independent of how the firm finances those assets—and how profitable is the firm from the perspective of the equity shareholders. It is also important to learn how to disaggregate return measures into primary impact factors. Lastly, it is critical to analyze any financial statement ratios in a comparative manner, looking at the current ratios in relation to those from earlier periods or relative to other firms or industry averages.

5. Prepare forecasted financial statements.
Although often challenging, financial professionals must make reasonable assumptions about the future of the firm (and its industry) and determine how these assumptions will impact both the cash flows and the funding. This often takes the form of pro-forma financial statements, based on techniques such as the percent of sales approach.

6. Value the firm.
While there are many valuation approaches, the most common is a type of discounted cash flow methodology. These cash flows could be in the form of projected dividends, or more detailed techniques such as free cash flows to either the equity holders or on enterprise basis. Other approaches may include using relative valuation or accounting-based measures such as economic value added.

The next steps;
Once the analysis of the firm and its financial statements are completed, there are further questions that must be answered. One of the most critical is: "Can we really trust the numbers that are being provided?" There are many reported instances of accounting irregularities. Whether it is called aggressive accounting, earnings management, or outright fraudulent financial reporting, it is important for the financial professional to understand how these types of manipulations are perpetrated and more importantly, how to detect them.

Tools of Financial analysis

Financial ratios are very powerful tools to perform some quick analysis of financial statements. There are four main categories of ratios: liquidity ratios, profitability ratios, activity ratios and leverage ratios. These are typically analyzed over time and across competitors in an industry.

Liquidity ratios are used to determine how quickly a company can turn its assets into cash if it experiences financial difficulties or bankruptcy. It essentially is a measure of a company's ability to remain in business. A few common liquidity ratios are the current ratio and the liquidity index. The current ratio is current assets/current liabilities and measures how much liquidity is available to pay for liabilities. The liquidity index shows how quickly a company can turn assets into cash and is calculated by: (Trade receivables x Days to liquidate) + (Inventory x Days to liquidate)/Trade Receivables + Inventory.

Profitability ratios are ratios that demonstrate how profitable a company is. A few popular profitability ratios are the breakeven point and gross profit ratio. The breakeven point calculates how much cash a company must generate to break even with their startup costs. The gross profit ratio is equal to gross profit/revenue. This ratio shows a quick snapshot of expected revenue.

Activity ratios are meant to show how well management is managing the company's resources. Two common activity ratios are accounts payable turnover and accounts receivable turnover. These ratios demonstrate how long it takes for a company to pay off its accounts payable and how long it takes for a company to receive payments, respectively.

Leverage ratios depict how much a company relies upon its debt to fund operations. A very common leverage ratio used for financial statement analysis is the debt-to-equity ratio. This ratio shows the extent to which management is willing to use debt in order to fund operations. This ratio is calculated as: (Long-term debt + Short-term debt + Leases)/ Equity

Conclusion

Once financial statements have been prepared and signed, then they require to be analyzed to establish whether the objectives have been achieved or not. Also to determine the current trend and then compare with the previous reporting period financial statements and ascertain the changes. Analysis is done for comparison with other businesses in the same industry and also to compare performance of the same organization for the different accounting periods.

8.3.8.3.Self-Assessment

1. Which tool is used to determine how quickly a company can turn its assets into cash
    - Bank statements
    - Financial Ratios
    - Liquidity ratio
    - Depreciation price
2.
3. Discuss the procedures one would follow in preparation of analysis of financial statement?
4. Describe the various tools in financial analysis
5. You have been given two financial statements from different companies. Use them to
    - Calculate the profitability ratio
    - Calculate the liquidity ratio
    - Interpret the results

8.3.8.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

g) Computers
h) Calculators
i) Financial statements for two financial periods
j) Printers

8.3.8.5. References

1. Wood , Frank and Sangster, (2012), Business Accounting vol 1 7thed
2. Siagwa P. (2016), Financial accounting, 1StedManifested publishers ltd, Nairobi , Kenya
3. Baston A(1980),Elements of accounting,4 th,edGreat Britain Publishers

8.3.9. Learning Outcome No. 8. Prepare Annual Performance Report

8.3.9.1. Learning Activities

Learning Outcome #No. 8. Prepare Annual Performance Report	
Learning Activities	Special Instructions
• Examine a given set of source documents from an organization for a reporting period. • From the same documents	• Identify the controls observed from the source documents. • Prepare a report on your findings.

8.3.9.2. Information Sheet No. 08/LO8

Introduction

Performance reports are important to an organization as they provide the information to the management and other stake holders on whether the financial commitments that were budgeted have been achieved or not. This is only achieved after the financial statements have been examined by an external auditor who verifies that they present the true and fair view of the financial position of an organization by using the audit guideline as per International auditing standards.

Content

Performance report is detailed statement that measures the results of some activity in terms of its success over a specific time frame e.g., an annual performance report might be produced for each employee of a business or such a report might help management assess the success of a project or product and how well budgetary constraints were adhered to.
The reports should provide all the information needed by stakeholders to the level of detail required by them. It's an important activity in project communication management. It involves collecting and disseminating project information, communicating project progress, utilization of resources, and forecasting future progress and status to various stakeholders, as decided in the communication management plan.

An organizational strategy is the sum of the actions a company intends to take to achieve long-term goals. Together, these actions make up a company's strategic plan. Strategic plans take at least a year to complete, requiring involvement from all company levels.

Organization strategy is an expression of how an organization needs to evolve over time to meet its objectives along with a detailed assessment of what needs to be done. Developing an organization strategy for a business involves first comparing its present state to its targeted state to define different and then stating what is required to be desired changes to take place. Below a designs of strategies that can be adopted.

Figure 29: Organizational Structure

Figure 30: Organizational Strategy

The development and implementation of a risk measurement performance and reporting framework. Establishes a comprehensive risk reporting system that is aligned with other organizational performance management structures and processes.
Risk performance and reporting

	Leadership level	**Senior level**	**Management level**	**Support level**
Risk reporting systems	Establishes a comprehensive risk reporting system that is aligned with other organizational performance management structures and processes.	Reports on the strategic and financial impact of risks.	Ensures that risk reporting systems operate efficiently.	Explains the purpose of measuring and reporting risk performance and the use of technology to support effective risk management.
Risk performance indicators	Defines organizational Key Risk / Performance Indicators (KRIs/KPIs) for evaluating risk management performance, strategy, processes and controls.	Specifies the design requirements of risk performance reporting systems.	Uses analytical tools and techniques to monitor changes to an organization's risks and opportunities and updates risk information.	Complies with legal, ethical and regulatory requirements in the gathering and recording of risk information.
Risk reporting protocols	Ensures that risk reporting systems enable effective decision making and are capable of identifying actual and emerging risks.	Reports recommendations for improvements based on systematic analyses of information at agreed intervals.	Produces risk management reports, highlighting areas of concern, change, emerging threats and opportunities.	Explains the uses of risk information and reports the potential consequences of poor risk reporting.

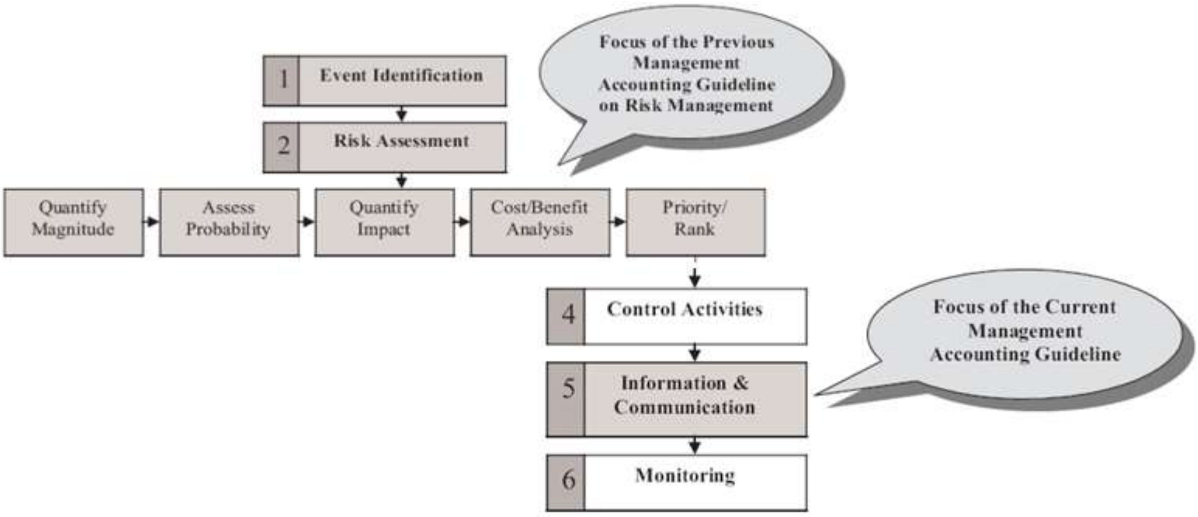


Figure 31: Risk Management Process

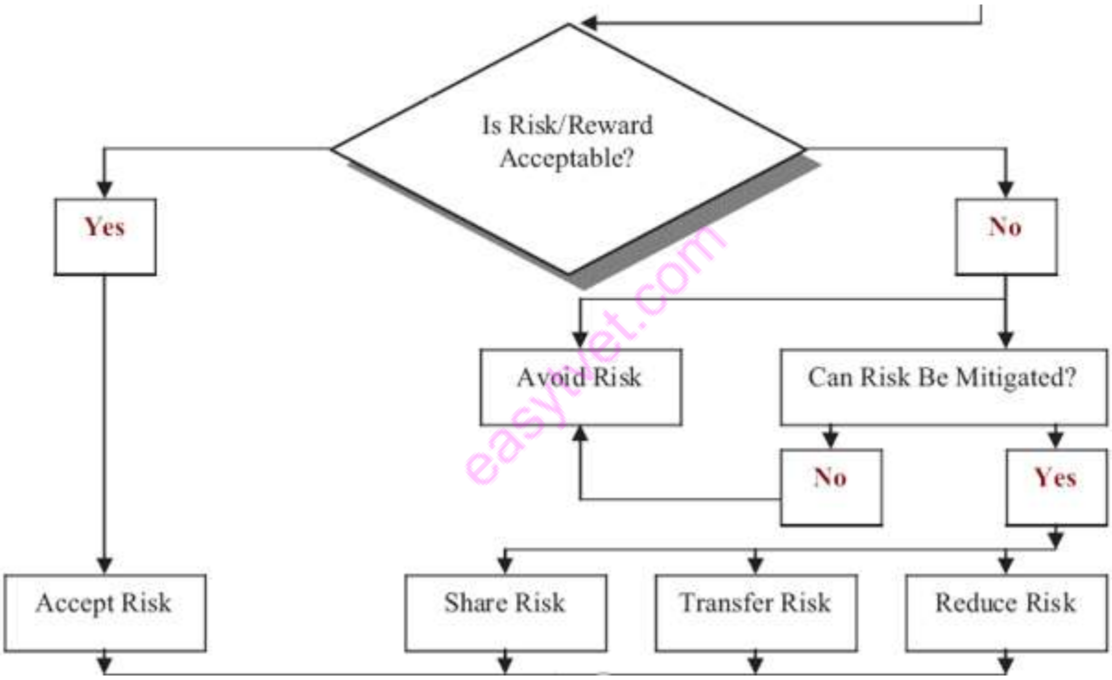
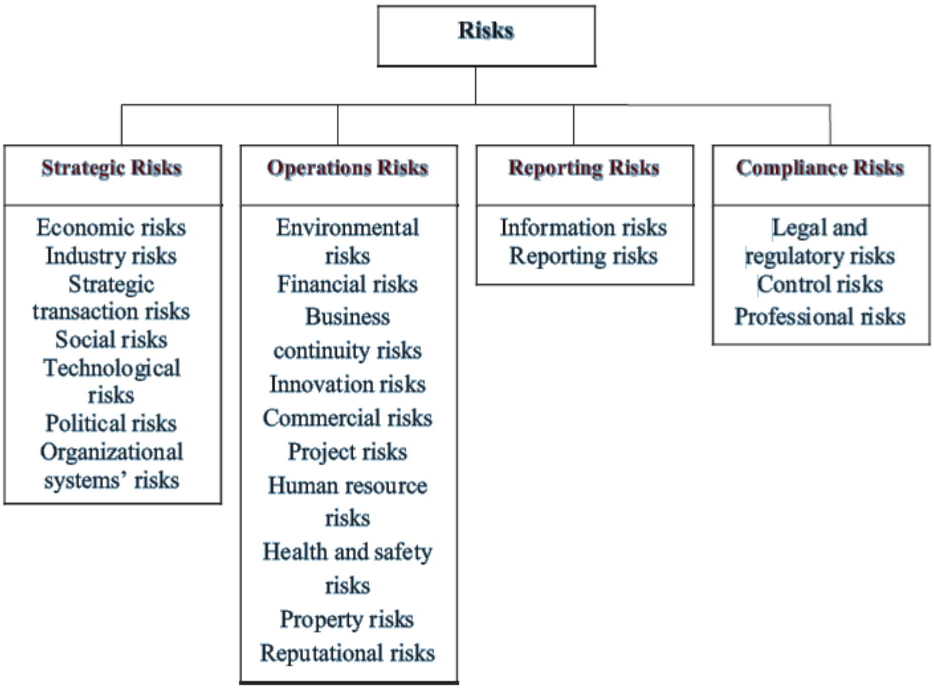


Figure 32: Risk Management

Exhibit 2: Organizational Risks



Epstein and Rejc, 2005.

Conclusion

Performance reports are prepared after all the analysis of the organization financial statements, organization strategies, risks contingencies and the non-financial activities have been analyzed and then the final report is prepared which will indicate any need for any changes. The report is based on the standard operation procedures of the organization, which will be measure of the extent of objectives achievement which will indicate the need or no of corrective action.

8.3.9.3. Self-Assessment

1. Annual financial performance report is used in communicating organization goals and vision?
   False [ ]   True [ ]
2. Annual performance report should capture its components from the organization strategy?
   True [ ]   False [ ]
3. Why is organizational strategy important for preparation of annual financial report?
4. Outline the various components in an annual performance report?
5. Identify the controls various source documents for annual document
6. Using existing documents in your organization prepare an annual performance report for your institution.

8.3.9.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Computers
- Calculators
- Source documents

- Financial statements for two financial periods
- Printers
- Audit guidelines manual

8.3.9.5. References

1. Wood, Frank and Sangster, (2012), Business Accounting vol 1(7th ed)
2. Sagwa P., (2016), Financial accounting,(1st ed), Manifested publishers ltd, Nairobi , Kenya
3. Baston A, (1980),Elements of accounting, (4th ed), Great Britain Publishers

CHAPTER 9: MANAGE BUSINESS RISKS/MANAGING BUSINESS RISKS.

9.1. Introduction of the Unit of Learning / Unit of Competency

This is a core unit in Business Management and attempts to address the competencies required to manage business risks. It involves the identification and assessment of risks, establishment of risk management team, development and implementation of risk mitigation plan, monitoring and evaluation of the risk management process and preparation of business risk management report. **Business Risk management** is the identification, evaluation, and prioritization of risks, (defined in ISO 31000, as *the effect of uncertainty on objectives*) followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximize the realization of business opportunities.

Risks can come from various sources including uncertainty in financial markets, threats from project failures (at any phase in design, development, production, or sustainment life-cycles), legal liabilities, credit risk, accidents, natural causes and disasters, deliberate attack from an adversary, or events of uncertain or unpredictable root-cause. There are two types of events i.e. negative events can be classified as risks while positive events are classified as opportunities. Learning this unit equips the trainees with elaborate skills hence facilitating the achievement of the business financial goal and sustainability. Strategies to manage threats (uncertainties with negative consequences) typically include avoiding the threat, reducing the negative effect or probability of the threat, transferring all or part of the threat to another party, and even retaining some or all of the potential or actual consequences of a particular threat, and the opposites for opportunities (uncertain future states with benefits). The basic learning resources required for this unit include relevant books and guides related to Business risk, relevant business policies, organizations' operating procedures etc. The learning activities for this unit will entail interactive activities that will fully engage the learners.

9.2. Performance Standard

The trainee should be able to identify, assess and analyze the business risks according to Political, Economic, Social, Technological, Environmental and Legal factors (PESTEL) and Committee of Sponsoring organization (COSO) models respectively, establish risk management team, develop and implement a risk mitigation plan as per the organizations' risk management policy.

9.3. Learning Outcomes

9.3.1. List of Learning Outcomes

a) Assess business risk.
b) Establish risk management team
c) Develop and implement risk mitigation plan
d) Monitor and evaluate risk management process.
e) Prepare business risk management report.

9.3.2. Learning Outcome No. 1. Assess Business Risk

9.3.2.1. Learning Activities

Learning Outcome #No. 1. Assess Business Risk	
Learning Activities	Special Instructions
• Visit a nearby business enterprise and carry out both SWOT and PESTEL. • Demonstrate procedure of developing a risk assessment matrix.	• Group discussions • Download a risk assessment matrix template from the internet (www.smartsheet.com)

9.3.2.2. Information Sheet No. 9/LO1

Introduction

Risk assessment is the process of identifying, understanding and evaluating potential hazards in the workplace concerning the day to day running of the organization. It entails organization coming up with effective mitigation strategies to control the hazardous effects of risk.
The trainee should be able to identify analyze and classify business risks as well as prepare risk assessment matrix and classify risk perspective according to the type or nature of the business.

Definitions of key terms

Business risk- refer to the potential of incurring a loss out of the normal business operations also called operational risk.

Risk assessment matrix- is a project management tools that allows quick view of the probable risks evaluated in terms of likelihood or probability of occurring.

Risk management- This can be defined as the process employed by the organization, set out ways to avoid an occurrence, minimize the impact should it occur or to handle the effects of such an event after occurring.

Content

Identification of Business Risks

Risk identification can be done through strategic plan, SWOT and PESTEL analysis.

a)SWOT analysis

SWOT Analysis involves looking at the organization's internal and external factors namely, Strength and Weaknesses (internal) and Opportunities and Threats (external). The figure below illustrates SWOT analysis in details.

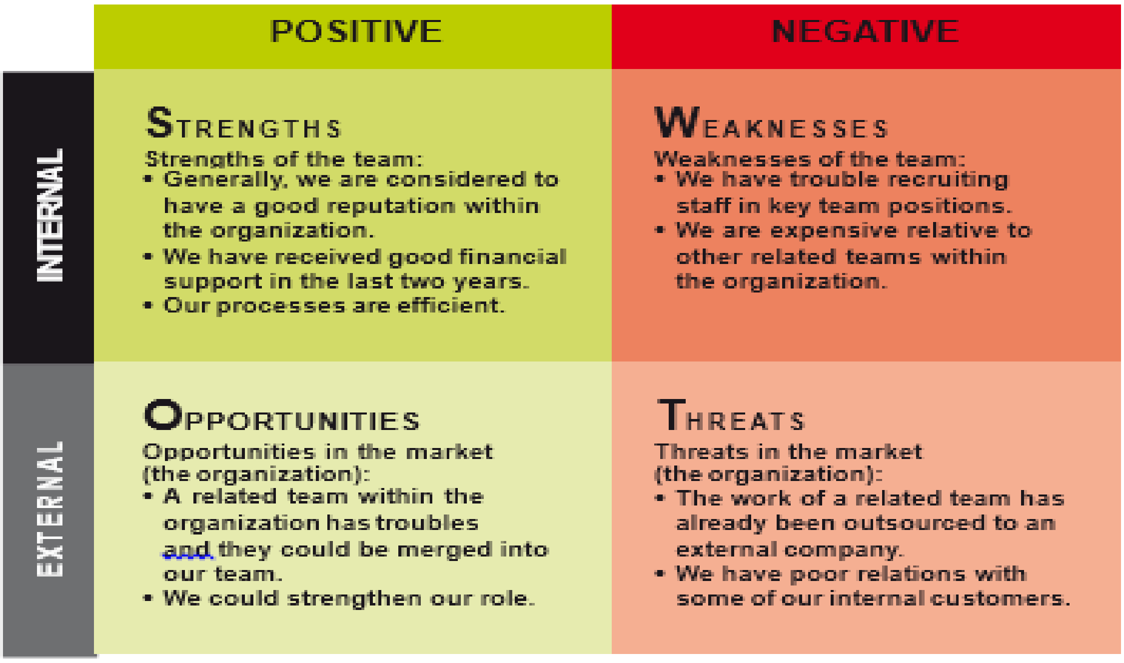


Figure 33: SWOT Analysis. Source: Kevan, Williams 2009, Strategic Management, DK publishing, New York

An organization should aim at enhancing the strengths and opportunities and aim at reducing threats and weaknesses.

Importance of SWOT analysis

1. SWOT analysis outcome could be used to improve the viability of the company/organizations
2. It assist the organizational to identify both external and internal facts that affect performance
3. It is part of the overall corporate planning process which assists the setting of set goals.
4. Could assist to true business operations
5. Could assist a new organization to come up with the opportunities.

b) PESTEL

PESTEL is an acronym for Political, Economic, Social, Technological, Environmental and Legal factors which have an impact on the business performance.

- Political environment- the effect of politics on the business environment
- Economic environment- refers to those economic changes that affect the business e.g. currency fluctuations, inflation etc.
- Social environment- refer to social cultural issues that affect business e.g. religion, cultural beliefs etc.
- Legal environment the legal requirement e.g. legislative that affect business environment e.g. taxation
- Technology environment- effect that new technology has on business environment eg technology for production efficiency

A PESTLE analysis is an early step in creating new strategy since it creates the background in which an organization has to operate and make decisions. It can be performed by an individual but it is best if a team undertake it to allow sharing of ideas and discussion on the same. The figure below illustrates PESTEL analysis.

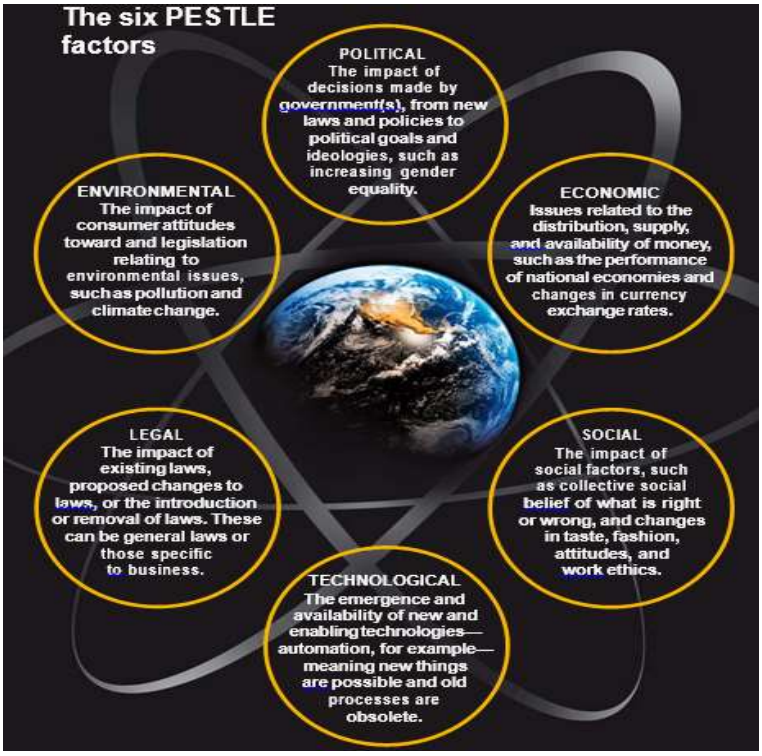


Figure 34: PESTEL Analysis. Source: Kevan, Williams 2009, Strategic Management, DK publishing, New York

Business Risks Analysis

Business risks can be analyzed according to Committee of Sponsoring Organizations (COSO) model

In 1992, the Committee of Sponsoring Organizations of the Tread way Commission, (COSO) developed a model for evaluating internal controls. This model has been adopted as the generally accepted framework for internal control and is widely recognized as the definitive standard against which organizations measure the effectiveness of their systems of internal control.

What Is The COSO Framework?

The COSO model defines internal control as "a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance of the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations"

In an "effective" internal control system, the following five components work to support the achievement of an entity's mission, strategies and related business objectives.

1. Control Environment

- Integrity and Ethical Values
- Commitment to Competence
- Board of Directors and Audit Committee
- Management's Philosophy and Operating Style
- Organizational Structure
- Assignment of Authority and Responsibility

- Human Resource Policies and Procedures

2. Risk Assessment

- Company-wide Objectives
- Process-level Objectives
- Risk Identification and Analysis
- Managing Change

3. Control Activities

- Policies and Procedures
- Security (Application and Network)
- Application Change Management
- Business Continuity/Backups
- Outsourcing

4. Information and Communication

- Quality of Information
- Effectiveness of Communication

5. Monitoring

- Ongoing Monitoring
- Separate Evaluations
- Reporting Deficiencies

These components work to establish the foundation for sound internal control within the company through directed leadership, shared values and a culture that emphasizes accountability for control. The various risks facing the company are identified and assessed routinely at all levels and within all functions in the organization. Control activities and other mechanisms are proactively designed to address and mitigate the significant risks. Information critical to identifying risks and meeting business objectives is communicated through established channels up, down and across the company. The entire system of internal control is monitored continuously and problems are addressed timely.

If you're looking for even more information on COSO, explore these links:

1. The Updated COSO Internal Control Framework: Frequently Asked Questions, Third Edition
2. COSO 2013 Internal Control–Integrated Framework Executive Summary
3. Control Self-Assessment Questionnaire: COSO
4. A Risk-Based Approach to Implementing COSO

Types of classification/classification of risks

a) Industry risks- risks that affect a specific industry i.e. industry specific.
b) Financial risks- these are risks that are of financial nature. E.g. due to poor capital structure, weak liquidity, rising interest rates and high inflation among others
c) Strategic risks- risks associated with the companies strategies in the long run.
d) Political risks- risks arising from political environment within which a business operates e.g. changes in political climate or change in legislation.
e) Operational risks- these are risks that an organization faces in the course of its normal operations.

Risk assessment Matrix

A Risk assessment matrix template is as shown below:

Figure 35: Risk Management Matrix

Risk assessment Matrix Template is a simple slide design template that you can use on Risk Management. This risk assessment matrix template can also be used in presentations on risk evaluation to determine the size of a risk and whether or not the risk is sufficiently controlled. There are two dimensions to a risk matrix. In one dimension we can see how severe and likely an unwanted event is while the other probability dimension shows create a matrix. The combination of probability and severity will give any event a place on a risk matrix between Low Risk, Medium Risk and High Risk.

Risk Perspectives- this is the classification of risk according to type of organization and nature of business

Conclusion
This topic identified, analyzed and classified business risks in accordance to the respect models, as well as prepares a risk assessment matrix, using provided template. This will enable trainee classify risks the risk perspectives according to type of organization and nature of business. It has also analyzed the SWOT and PESTLE analysis.

9.3.2.3. Self-Assessment

1. What is risk management is defined as what?
    a) decision making process
    b) A wing safety program
    c) Common practices to reduce injuries to personnel
    d) An decision making tool for commanders

2. What/who falls under the scope of risk management?
    a) Only personnel on duty
    b) Only personnel on duty
    c) All personnel, everywhere
    d) No personnel, anywhere

3. Which of the following is NOT a risk management principle?

a) Accept no unnecessary risks
b) Make risk decisions at the appropriate level
c) Integrate RM into operations and activity planning at all levels
d) Apply the process as needed

4. What is the third step in the risk management process?
   a) Identify hazards
   b) Implement controls
   c) Assess the hazards
   d) Make control decisions

5. In overseas markets higher returns are usually associated with:
   a) High risk and high attractiveness.
   b) High risk and low attractiveness.
   c) Low risk and high attractiveness.
   d) Low risk and low attractiveness.
6. According to the WEF which of the following is NOT key for efficiency-driven economies?
   a) Higher education and training
   b) Labour market efficiency
   c) Market size
   d) Innovation
7. Identify various business risks that are likely to arise in a nearby enterprise and provide examples.
8. Prepare a risk assessment matrix and use it to analyze risks in the nearby enterprise.
9. Explain the concept risk assessment
10. Using the risk assessment matrix develop a mitigation strategy for an organization that has been experiencing constant employee
11. Identify the various types of risks that organization called encounter.

9.3.2.4. Tools, Equipment, Supplies and Materials

- Textbooks
- Stationery
- Felt board
- LCD projector

9.3.2.5. References

1. Katz, Rosen, Lipton and Watchel(2008) Risk Management and the board of directors
2. Dowd, K, (2002). An Introduction to Market Risks Management. John Wiley and son’s Ltd, Chichester, England.
3. Linsmeier, T and Pearson, N (1996) Risk measurement and introduction to value at Risk, University of Illnois, Urbana- Champaign.

9.3.3. Learning Outcome No. 2. Establish Risk Management Team

9.3.3.1. Learning Activities

Learning Outcome #No. 2. Establish Risk Management Team	
Learning Activities	Special Instructions
• Visit a nearby enterprise to verify the procedures to apply when formulating a risk management team. • Prepare a job specification for the staff in risk management team	

9.3.3.2 Information Sheet No. 9/LO2

Introduction

The trainee should be able to recruit staff to form the risk management team. The trainee should be able to develop a job specification and develop an organization structure for the team

Definition of Key Terms

Recruitment- The process of selecting and appointing the right candidate to carry out some specific duties.
Job Specification- It entails the requirements for a specific job to be done.
HR Policy- A policy that is put in place by the management of a business organization to guide on all matters related to employees.
Risk Perspectives- A classification of risk according to type of organization and nature of business.
Organization structure- The reporting relationship within an organization or the reporting relationship within the risk management team.

Content

Recruitment process for risk management team.
The recruitment of personnel to form the risk management team may be through;

i. Selection - through a competitive interview.
ii. Referrals – made from reliable people in the industry or company.
iii. Outsourcing – from outside the organization e.g. engaging a consultancy firm
iv. Head hunting – going out there to physically look for a competent person to handle risk management.

A **risk management team (workgroup)** is a separate and often independent unit within the project management team headed by the risk manager or the chief risk officer. It helps place a value on the project's activities (such as procuring, communicating, controlling quality, staffing etc.).The team also develops strategies to mitigate identified risks, applies risk management methodologies and risk analysis tools, and integrates insurance policies of treating prioritized threats with the project management team.
The primary responsibility of the team is to ensure that the project is provided with a complete **risk management information system** that ultimately determines how to control and oversee the project's effectiveness and fulfillment. The team also approves risk management policies and defines their framework.

The risk management team oversees the execution of the following five-step process:

1) Admit and Identify

The implementation of every activity within a project involves some degree of threat or uncertainty about future events. The first step in managing such threats is to acknowledge and identify them. Some of the threats are generic and inherent to the execution of the project so virtually any activity has a risk to fail. For example, some necessary goods to be procured for executing the project are delivered out of schedule so completion of the respective project's phase or the overall project completion is under the risk of failure, or at least delay. Other risks and threats are unique to the performing company, for example a possibility of vehicular crashes or copyright infringements. By means of risk management workshops, seminars and meetings, the **risk management group** needs to admit a probability of risk occurrence and then use risk identification tools to reveal and describe the probable risks.

In case the team envision any threats and uncertainties happening in the existing system, it should list those threats at the very beginning of the risk management process. Insight will play a considerable role for identifying risks, so appropriate risk management education of the team members will be appreciated.

2) Measure and prioritize.

At the second step, the team evaluates the probability of each risk's occurrence and estimates its possible (negative or positive) effect and cost to the project and its activities. The group can use a retrospective risk assessment methodology to get a look at past accidents (if they took place) and check with similar situations in order to try developing risk probability estimates and cost estimates. A given retrospective risk assessment methodology allows using lessons learnt and consider the potential public reaction considering the past experience. If no similar threats are detected in past projects after a retrospective risk assessment methodology has been conducted, the team can use strategic risk management tools and assessment methods to evaluate the risks. The PMBOK Guide offers a variety of such tools and methods. The team uses results obtained to identify priority areas of concern for the risks that are most likely to occur and are expensive when they do happen. Such risks get High Priority. Lower Priority's risks are those ones that occur rather rarely and are unlikely to cost as much when they do happen.

3) Implement a Strategy.

The team decides how to manage the prioritized risks by using risk management strategies. So the next task of the workgroup is to develop a written plan which outlines what steps should be taken to manage major risks and allow the performing company to carry out the project with the minimal probability of failure. That plan describes a suggested strategy, or combination of such strategies being implemented into the project. The PMBOK Guide offers the four basic risk management strategies. All the strategies are usually implemented with help of risk management software solutions.

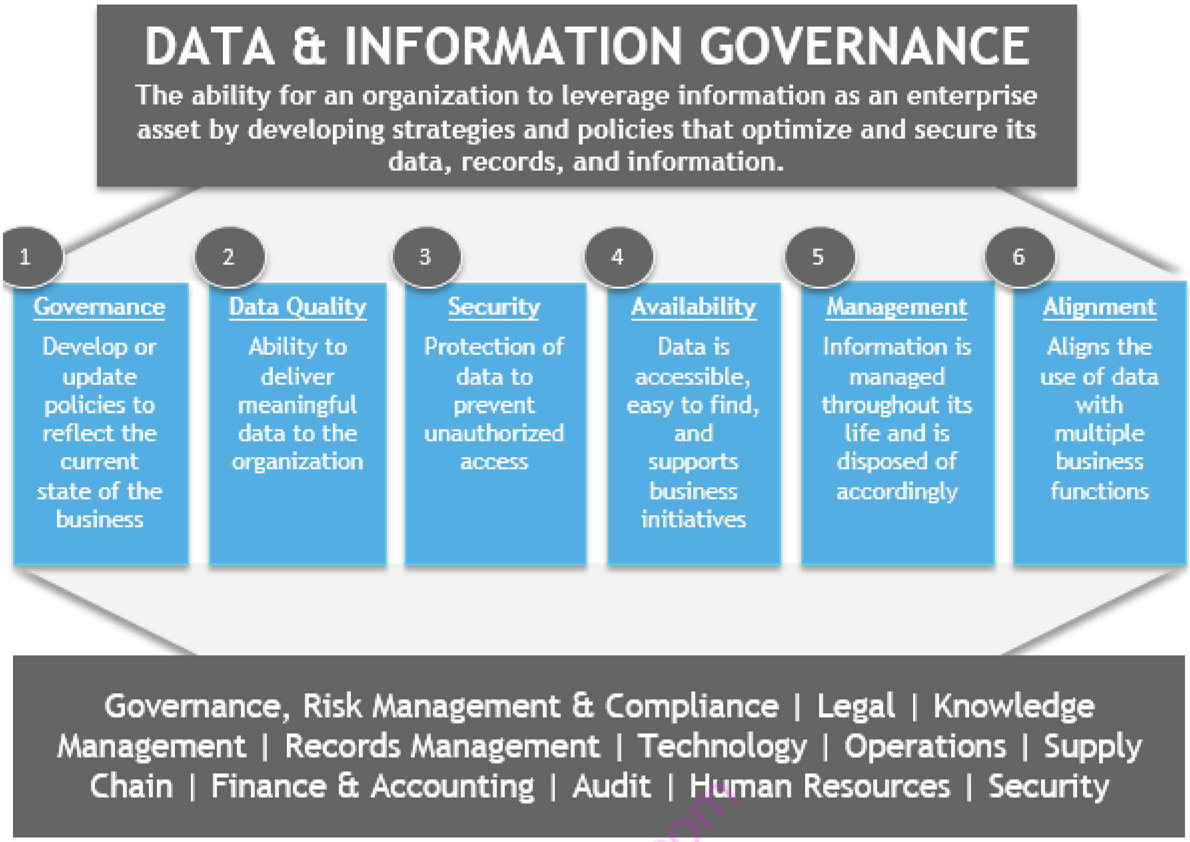
- ***"Avoidance" Strategy***. The workgroup uses a risk management application to develop actions plans and risk management templates that let focus on ways to avoid or cease to provide a service or conduct an activity **considered too risky.**

- ***"Modification" Strategy***. The workgroup strives at changing and modifying the project's activities so that the chance of threat occurring and the impact of potential harm can be taken within acceptable limits.
- ***"Retention" Strategy*.** With help of a **risk management software solution**, the workgroup evaluates the success of admitting all or a portion of the identified risks and gets prepared for the consequences.
- ***"Sharing" Strategy***. By means of a risk management application's functionality for user collaboration and online communication, the workgroup is able to consider sharing the identified risks with another team or organization. Examples of risk sharing strategy include mutual procurement agreements with other performing companies, insurance, etc.
- **Job Specification**
  Specify the job requirements for the risk management team. These should be brief and clear to avoid duplication of duties as well as clearly defined roles.
- **Organizational Structure**
  The risk management team should have a working organizational structure that describes the reporting relationships so as to create harmony within the team.

- **Risk Data Information and governance**

Data governance allows an organization to:

- Improve functionality across the organization;
- Optimize customer or donor data analytics, trends, and anomalies;
- Highlight potential vendor fraud;
- Identify sources of protected data to enhance data security and privacy programs, such as masking or anonymous sensitive data;
- Identify business and operational issues; and
- Improve insight into the organization, such as improved forecasting, higher degree of personalization, and targeted marketing.
- Establishing a general framework that aligns with your business is key to an effective data governance program. Equally important is a data governance committee focused on promoting enterprise information as a core asset to the business. BDO's Data & Information Governance framework (see below) focuses on governance, data quality, security, availability, management, and business alignment



Conclusion

By the end of this learning outcome, the trainee shall be able to establish a risk management team (following the organization's policy and procedures) that will help in management of risks. In addition the trainee shall be able to obtain risk data information from the organizational data according to procedures for identifying and mitigating risks. The trainee shall also be able to develop and implement risk mitigation plan as well as develop internal controls to mitigate against risks.

9.3.3.3. Self-Assessment

1. John Strauss is a Project Manager for a reforestation project. To identify the risks involved, John sends a questionnaire to gather inputs from experts. Which technique is John using?
    a) Delphi technique
    b) Interviews
    c) Brain storming
    d) Documentation review
2. Mathew is a Project Manager for software migration at a bank. A major risk that has been identified is attrition of resources. As a strategy to respond to this risk, Mathew, with support from Senior Management, provides good increments to his team members. What type of risk response is Mathew following?
    a) Accept
    b) Avoid
    c) Transfer
    d) Mitigate

3. Illustrate the risk management process for a risk management team.
4. Prepare a job specification for members in the risk management team.
5. Why is it important for organization to have risk management team?
6. Explain how employees in an organization.
7. What are some of the function of risk management team?

9.3.3.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Textbooks
- Stationery
- Felt board
- LCD projector
- Felt boards

9.3.3.5. References

1. Karen Schuler and Mark (2018); Integration of Data privacy into a Data Governance Programme
2. Katz, Rosen, Lipton and Watchel (2008) Risk Management and the board of directors
3. Dowd, K, (2002) an introduction to market risks management. John Wiley and son's ltd, Chichester, England.

9.3.4. Learning Outcome No. 3. Develop and Implement Risk Mitigation Plan

9.3.4.1. Learning Activities

Learning Outcome #No. 3. Develop and Implement Risk Mitigation Plan	
Learning Activities	Special Instructions
• Visit a nearby institution and Evaluate risk impact according to the risk assessment matrix, • Develop a risk mitigation plan according to the evaluation of the risk assessment matrix and budget, • Verify the internal control in the organization and the procedures used in the development of a risk mitigation plan	

9.3.4.2. Information Sheet No.9/LO3

Introduction

The trainee should be able to develop and implement risk mitigation plan.

The trainee should also be able to develop internal controls and comply with legal and regulatory requirement in accordance with enterprise risk management (ERM) policy.

Definition of key terms

Risk mitigation plan- A plan that is put in order to reduce risk impact if the risk actually rise.

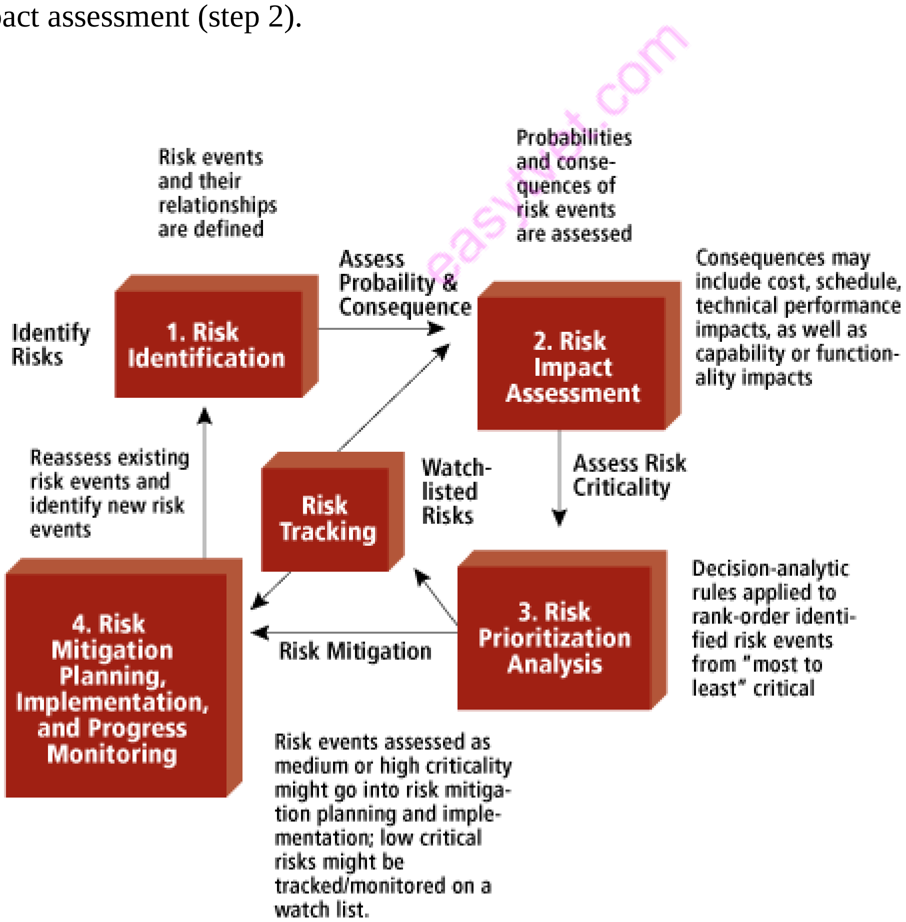
Internal control- a system of controls i.e. physical, non-physical and financial that are put in place within an organization.

Enterprise risk management (ERM) policy- a policy put in place by the management of the business to manage risks.
Risk mitigation report- a report prepared by the risk management team to reduce possible risks in an enterprise.
Risk impact- the impact/effect that arise out of a risk occurring

Content
Developing a risk mitigation plan
– Evaluate the risk assessment matrix giving priority to those most risky areas.
– The plan developed should be within reasonable budget estimates.

Risk mitigation planning is the process of developing options and actions to enhance opportunities and reduce threats to project objectives. Risk mitigation implementation is the process of executing risk mitigation actions. Risk mitigation progress monitoring includes tracking identified risks, identifying new risks, and evaluating risk process effectiveness throughout the project.

Risk mitigation planning, implementation, and progress monitoring are depicted in Figure below. As part of an interactive process, the risk tracking tool is used to record the results of risk prioritization analysis (step 3) that provides input to both risk mitigation (step 4) and risk impact assessment (step 2).



Source; Systems Engineering Guide; Risk mitigation planning, Implementation and progress monitoring

Internal control

Internal control refers to all those controls, physical, non-physical and financial controls that help in the management of business organizations. (Should be carried out in accordance to organizations internal control procedures)

To ensure internal control is efficient to mitigate risks, the following should be addressed:

1. Organizational plan- ensures that there is a working organization structure such that the reporting relationship is well defined. It also ensures that everyone's duties are well spelt out and there is no duplication of tasks.
2. Recording- maintain proper records on risk management as per the organization policy
3. Division of work- Ensure that different tasks in the risk management team is well done. This ensures that there is internal check among the team members.
4. Authorization- ensure that authority is clearly defined ie who authorizes what.
5. Segregation of duties- clearly define the task that everyone does so that there is no conflict when carrying out business operations.
6. Internal audit- this ensures that risks are identified early and addressed before its late.
7. Approvals- approval of risk management plan must be done by authorized personnel

Compliance with legal and regulatory requirements

To develop a risk mitigation plan ensure all the legal requirements are met. Such legal requirements include;

1. Adherence to tax legislation
2. Registration of the business with relevant authorities
3. Compliance with both county and national legislation

This reduces risks and costs associated with non-compliance

- Risk mitigation report
  1. The report should contain; risks identified
  2. Risk mitigation plan carried out
  3. Suggestions for improvement of mitigation plans

Sample of a risk management Plan
Risk Management Plan- Single Homeless Housing Support Service

Risk	Implication	Risk Level	Impact	Contingency/Mitigation
Service does not start on the planned date on 1st April	• No housing support services in place 1st April • TUPE staff will not have a contract at the start of 1st April • Reputational damage due to non-delivery of a planned service	Medium	High	• Understand full impact of the service not starting on the 1st April and ensure contingency plan is in place. • Ensure we are fully aware of the implications for current staff • Ensure that current provider/s are kept informed • Detailed project plan in place and commitment of project board to timescales. • Decision to be made by county on whether it may be possible for them to extend existing contracts for limited time period
We do not receive any tenders for the service	No support services in place for customers on 1st April TUPE staff will not have a contract at the start of 1st April	Low-we anticipate that the current providers will be interested in tendering	High	• Decision to be made by county on whether it may be possible for them to extend existing contracts for limited time period • Advise identified interested parties of the dates when the tender will be advertised • Give adequate time for return of tenders • Provide clear and concise tender documents • Service tendered for its achievable within budget.

We do not receive all or part of the funding from county now or in the future	We may not have a support service in place or may have a reduces support service	High (amended from medium after receipt of email from county)	High	• Regular communication and updates with county council • Regular communication with successful provider and exit strategy is in place. • Ensure that the tender documents and contract reflect the insecurity of future funding. • Receipt of funding in one lump sum up front.

Conclusion
At the end of this learning outcome the trainee shall be able to evaluate risk impact according to the risk assessment matrix, develop a risk mitigation plan and appreciate the importance of efficient internal controls in management of risks in business enterprises.

1.3.4.3. Self-Assessment

1. Develop a risk mitigation plan to address the risk of fire of an organization.
2. Outline some of the central systems that are put in place to avoid disaster from occurring frequently in an organization.
3. Why is it critical for organization to have a functional risk management plan?
4. Development of a risk mitigation plan?
5. Assess and determine an efficient internal control system?
6. Developing a working risk management plan?
7. Your project has met with an unexpected problem. The supply of a critical component of your final product is delayed by 25 days. You need to show an alpha prototype of the product in 15 days. You've called a brainstorming team meeting to? Determine if you can deliver this limited version without the critical component. What are you trying to create

9.3.4.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Textbooks
- Stationery
- Felt board
- LCD projector
- Felt boards

9.3.4.5. References

1. Katz, Rosen, Lipton and Watchel(2008) Risk Management and the board of directors
2. Dowd, K, (2002) An Introduction to Market Risks Management. John Wiley and Sons ltd, Chichester, England.

3. Linsmeier, T and Pearson, N (1996) Risk measurement and introduction to value at Risk, University of Illnois, Urbana- Champaign.
4. Systems Engineering Guide; Risk mitigation planning, Implementation and progress monitoring

9.3.5. Learning Outcome No. 4. Monitor and Evaluate Risk Management Process

9.3.5.1. Learning Activities

Learning Outcome #No. 4.Monitor and Evaluate Risk Management Process	
Learning Activities	Special Instructions
Visit a nearby organization and; • Identify new potential risk areas, • Prepare a monitoring and evaluation plan according to risk management procedures,	• Preparation of a monitoring and evaluation tool • Group discussions

9.3.5.2. Information Sheet No. 9/LO4

Introduction

By the end of this learning outcome the trainee should be able to prepare monitoring and evaluation plans according to risk mitigation procedures.
The trainee should also be able to train all staff on risk management as well as integrate risk management to organizational change processes per the enterprise risk management (EMR) policy.

Definition of key terms

- Risk areas- refers to those areas in a business enterprise that are prone to risk eg finance, labor turnover, assets and liabilities
- Risk avoidance- refers to strategy of not engaging in risky events.
- Risk reduction- strategies used to minimize the probability of risk occurrence
- Risk monitoring plan- is a plan that is used to monitor risks
- Risk evaluation plan- a plan that is used to assess the extent to which risk management plans have been met.

Content

Identification of new risk areas through;

- Observation on current market trends
- Industry related risks
- Political risks
- Operational risks
- Financial risks

Effective Risk Mitigation Strategies

Identifying risk is an important first step. It is not sufficient though.Taking steps to deal with risk is an essential step. Knowing about and thinking about risk is not the same as doing something about the risk.

Risk will occur. Some good, some bad. Some minor, some catastrophic. Your ability to mitigate risk allows you to proactively acknowledge and accommodate risks. Let’s talk about four different strategies to mitigate risk: avoid, accept, reduce/control, or transfer.
Avoidance
If a risk presents an unwanted negative consequence, you may be able to completely avoid those consequences. By stepping away from the business activities involved or designing out the causes of the risk you can successfully avoid the occurrence of the undesired events.

One way to avoid risk is to exit the business, cancel the project, close the factory, etc. This has other consequences, yet it is an option.
Another approach is to establish policies and procedures that assist the organization to foresee and avoid high-risk situations. By not starting a project that includes a high unwanted risk successfully avoids that risk.
Testing or screening of products that may have a latent defect which may lead to unwanted and unacceptably high field failures is an option. Screening is not 100% effective yet may reduce the risk of field failures sufficiently.
Design out of a product or process the elements that permit an unwanted risk to arise. A product design change to a more robust material avoids unwanted failures due to unacceptable wear of a less robust material. Implementing engineering design reviews in the product lifecycle process may help identify high-risk areas of a new product or process prior to the decision to start shipping.

1. Acceptance
Every product produced has a finite chance of failing in the hands of your customer. When that risk is at an acceptable level, sufficiently low estimated field failure rate, then ship the product. Accept the risk.
When the decision to accept the risk is in part based on an estimate or prediction, there is the risk the information incorrectly forecasts the future. Therefore, for high consequence related field failures, closely monitoring field performance or establishing early warning systems may be prudent.

2. Reduction or control
FMEA, hazard analysis, FTA, and other risk prioritization tools focus help you and your organization identify and prioritize risks.

Reducing the probability of occurrence or the severity of the consequences of an unwanted risk (say product failure) is a natural outcome of risk prioritization tools.If it is not possible to reduce the occurrence or severity, then implementing controls is an option. Controls that either detect causes of unwanted events prior to the consequence occurring during use of the product, or the detection of root causes of unwanted failures that the team can then avoid.

Controls may focus on management or decision-making processes. Improving the ability to find design flaws or to improve the accuracy of field failure rate prediction both improve the ability to make the appropriate decisions concerning risk.
Another method to reduce or control risk is to diversify. Thinking through the mix of products, technologies, markets, operations and supply chains permit the team the ability to limit the high-risk opportunities to a manageable or (Linsmeier, T and Pearson, N (1996)

3. Risk monitoring plan
Development of a risk monitoring plan should be based on the risk mitigation plan
An increase or decrease of risk should be noted from time to time to avoid a high risk impact if the risk actually occurs.

4. Risk evaluation plan
This plan should be developed to measure the extent to which the risk mitigation plans are working.

5. Risk management training for staffs

Various methods of training staff on risk management should be employed.
This includes use of on-job trainings, bench marking, involving risk consultancy firms, seminars and workshops.

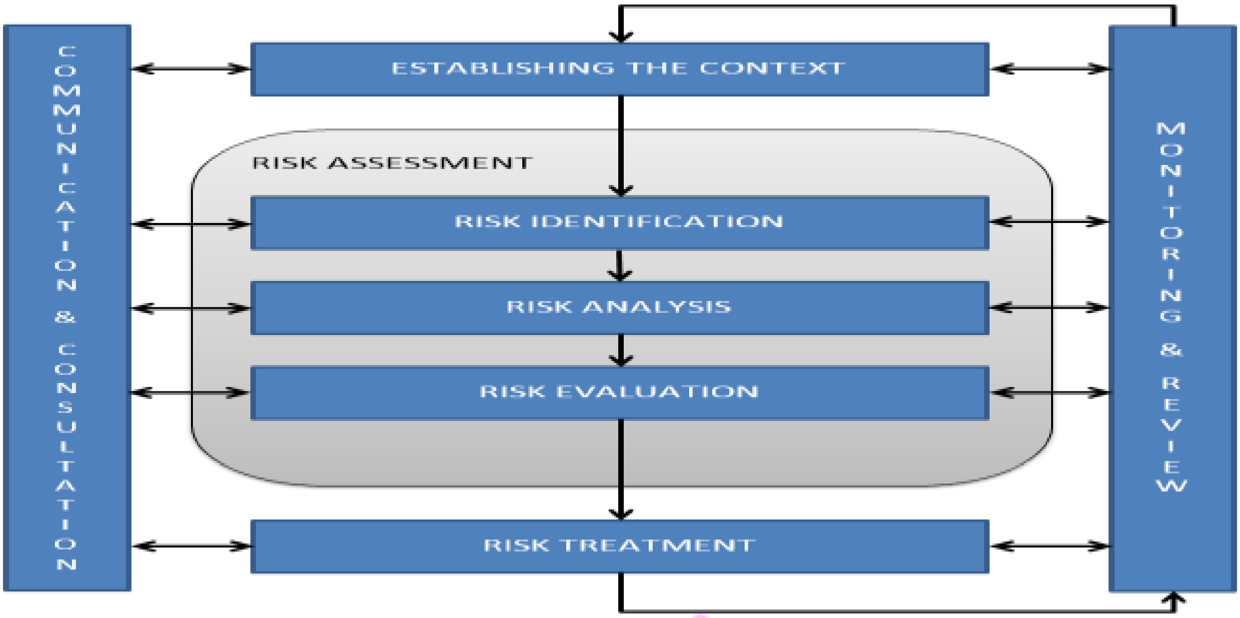


Figure 36: Risk Evaluation Table (Source.www.riskinteg.com)

Conclusion

Finally, at the end of this topic, the trainee will be able to prepare risk monitoring and evaluation plans as well as conduct risk management training for all staff. The trainee should also be able to identify new risk areas, modify risk likelihood and conduct risk management training for all staff.
The trainee should also be competent to adopt any of the suggested mitigation strategies.

9.3.5.3. Self-Assessment

1. Prepare risk monitoring and evaluation tool to manage risk.
2. Apply appropriate mitigation strategy in order to modify risk likelihood and impact.
3. Outline some of the ways in which organization could identify new risk areas.
4. Explain some of the risk mitigation strategies that organization could put in place to ensure organizational safety.
5. Explain why it is important to have a risk monitoring plan in organization.
6. Justify the need for frequent training of employees on effective risk management in an organization.

9.3.5.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Textbooks
- Stationery
- Felt board
- LCD projector
- Felt boards

9.3.5.5. References

1. Katz, Rosen, Lipton and Watchel (2008) Risk Management and the board of directors
2. Dowd, K, (2002) an Introduction to Market Risks Management. John Wiley and Sons ltd, Chichester, England.
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9.3.6. Learning outcome No. 5. Prepare Business Risk Management Report.

9.3.6.1. Learning Activities

Learning Outcome #No. 5. Prepare Business Risk Management Report.	
Learning Activities	Special Instructions
• Prepare a business risk management report for a nearby organization. • Develop risk management recommendations for the above business organization	• Use a sample report

9.3.6.2. Information Sheet No.9/LO5

Introduction

The trainee is expected to be able to prepare and share risk management report as well as implement risk management report recommendations.

Definition of key words

Risk management report- report prepared by the risk management team upon evaluation of the risk management plans.

Risk management recommendations – these are opinions of the risk management team on how to better manage the business risks.

Content

Preparation of risk management report

The report should include the following;

i. Risks identified
ii. Risks mitigation plan
iii. Any modification to plans monitoring
iv. Evaluation of the mitigation plans i.e. both process evaluation and terminal evaluation

Benefits of implementing risk management report recommendations

Sample risk management reports

There are different templates that can be used to present risk management report depending on the organizations activities

Conclusion

In conclusion, the trainee shall be able to prepare a risk management report using a preferable template. The trainee shall also be able to come up with viable recommendations on how to manage the specific business risk.

9.3.6.3. Self-Assessment

1. Prepare and share a risk management report of business organization.
2. Outline the value of having an business risk management report
3. Explain some of benefits of implementing risk management report recommend
4. Which among the following is not a true statement on preparation of a business risk management report?
   a) The business risk management report must be made yearly
   b) The report should not have recommendation to implement
   c) The report should only be shared with op management
   d) The risk management report should always be keep confidential.

9.3.6.4. Tools, Equipment, Supplies and Materials

- Textbooks
- Stationery
- Felt board
- LCD projector
- Felt boards

9.3.6.5. References

1. Katz, Rosen, Lipton and Watchel(2008) Risk Management and the board of directors

2. Dowd, K, (2002) An Introduction to Market Risks Management, John Wileyv and Sons Ltd, Chichester, England.
3. Linsmeier, T and Pearson, N (1996) Risk measurement and introduction to value at Risk, University of Illnois, Urbana- Champaign.
4. www.smartsheet.com

CHAPTER 10 COORDINATE INFORMATION COMMUNICATIONS TECHNOLOGY (ICT) FUNCTIONS/COORDINATING INFORMATION COMMUNICATION TECHNOLOGY

10.1. Introduction of the Unit of Learning / Unit of Competency

This a core unit prepares trainee to study: policy development and dissemination, management of procurement of ICT services and resources, manage required installations, repairs and maintenance. The business manager shall coordinate ICT integration, manage innovation in modern business to enhance advancement in modern technology. The trainee shall acquire competences for preparing and disseminating ICT reports, conduct user training and give recommendations for continual improvement.

ICT is critical because it equips the trainee with modern technology in order to integrate various departments in an organization as well as their clients with ease.

Basic learning resources required for the course include: Internet connectivity and appropriate software will be critical in delivery of this unit.
Observing safety when using various soft-wares is vital. Netiquette and ethics are to be observed in this unit.
Trainee should expect to: develop, manage and install among other elements of ICT.
ICT is fundamental business unit which is significant.

10.2. Performance Standard

Develop an organization's ICT policy and manage ICT Innovations according to organization policy, manage procurement of ICT Services according to the procurement policies and procedures, Manage ICT Installation, maintain virtual platforms in accordance with ICT Policy and user feedback. The trainee should as well be able to undertake user training, prepare and interpret ICT reports as per the organization's procedures.
The trainee should be able to implement practical ideas and theories learnt in the business unit.

10.3. Learning Outcomes

10.3.1. List of Learning Outcomes

1. Develop organization's ICT policy
2. Manage Procurement of ICT Services
3. Manage ICT Installation and Maintenance
4. Manage Organizations ICT Integration
5. Manage ICT Innovation
6. Manage Virtual Platform/Social Media
7. Analyze and Interpret Reports Generated from ICT System
8. Conduct ICT User Training
9. Prepare ICT report

10.3.2 Learning Outcome No. 1. Develop organization's ICT policy

10.3.2.1. Learning Activities

Learning Outcome No. 1. Develop organization's ICT policy	
Learning Activities	**Special Instructions**
Select an ICT technical team using a sample strategic plan	Access the ICT authority website and download the authority strategic plan to evaluate the requirements of forming a technical team.
Develop a draft ICT policy from a template	Develop a template from the government ICT policy downloadable from (ICT Authority Kenya, 2019): http://icta.go.ke/national-ict-policy/
Use role play to critique the draft ICT policy developed	The trainer to form groups and assign various institutional responsibilities
Amend the draft ICT policy	
Use role play to undertake approval of the reviewed ICT policy	
Use various methods of sharing the approved ICT policy e.g. share using email, Scan QR code, and Fingerprints scanner.	The trainees to form Whatsapp groups and share the developed policy as a scanned pdf document.

10.3.2.2. Information Sheet No. 10/LO2

Introduction

This learning outcome intends to enable a trainee develop an ICT policy for an institution. The trainee should be aware of all the stages involved in coming up with a draft ICT policy. The trainer must enable an environment of sample ICT policy development focusing on various national standards as well as institutional policies.

Definitions of key terms

ICT Policy is a policy document that outlines how an institution can effectively use ICTs.
Amendment of ICT draft policy: It's a bill that modifies and governs the ICT body in Kenya. It's available in this website.www.icta.go.ke

Methods, processes procedures guidelines

All methods and standards governing ICTs in Kenya are available at www.icta.go.ke

Content

Drafting ICT Policy

As the ICT department tries to meet the needs of the workforce, it also needs to develop policies to ensure the acceptable uses of ICTs within the organization. Developing an ICT policy for an organization is as important as having any other policy within the organization. Note also that, an effective policy allows the organization to define how and for what purposes ICTs will be used, while also providing the opportunity to educate employees about ICTs and the risks and reward associated with them.

The following is the guide towards development of an ICT policy:

1. Articulate the main aims of using ICT within the institution.
2. Identify health and safety issues regarding the use of ICT resources.
3. Plan training opportunities for staff to develop their skills and understanding in ICT.
4. Include audits of both technical aspects (e.g. an inventory of serial numbers of equipment and licenses) and ICT skills (e.g. staff capability).
5. Provide details of technical support available in and outside institution.
6. Outline ICT leadership in the institution.
7. Give details of the use of software and hardware across the institution.
8. Identify the role of ICT in supporting extracurricular activities, taking into account its use by parents and the wider community.
9. Make reference to data protection issues.
10. Explain the role of ICT in institution administration, e.g. electronic registration systems.
11. Describe how the internet will be used and highlight the safeguards in place to maintain internet security and protect pupils.
12. In the case of maintained institutions using the National Curriculum, outline how computing programs of study will be delivered.

Conclusion

An ICT policy is an institution specific document focusing on effective use of deployed ICTs. The business manager is required to assess the organization, plan and prepare the ICT policy. The approved policy should be disseminated appropriately in accordance with the standard operating procedures.

10.3.2.3. Self-Assessment

1. Undertake amendments on draft ICT policy based on review report
2. Develop and approve ICT policy in in accordance with the ICT objectives in the strategic plan
3. Share ICT policy among organization departments according to organization policy
4. Which of the following would not be classified as an innovation advance?
    a) A company's R&D facility.
    b) The launching of a completely new product.
    c) A modification that improves an existing good or service.
    d) A major improvement in a production process.
5. Tacit knowledge is:

a) Knowledge that can be written down.
b) Lost when employees leave the firm.
c) Easily transferable from one employee to another.
d) Not important to the business.

6. Which of the following can be seen as part of a commercial firm's intellectual property?
   a) Scientists employed by a pharmaceutical company.
   b) A technological breakthrough at a state funded university.
   c) Expenditure on R&D.
   d) A brand name such as Coke.
7. When looking for new ideas to exploit commercially, multinationals:
   a) Depend exclusively on their own R&D efforts.
   b) Always set up partnerships with university research laboratories.
   c) May collaborate with rivals, suppliers, or customers.
   d) Spend large sums of money on R&D.
8. Which of the following are likely to be the most active innovators?
   a) A small retailer in India.
   b) A medium-sized Spanish textile firm.
   c) A large Chinese producer of smartphones.
   d) A large Brazilian mining company.
9. Technological advance does not:
   a) Allow firms to bring new goods and services to the market.
   b) Make it possible to freeze competitors out of the market place.
   c) Increase productivity.
   d) Guarantee that business will be successful.
10. China raises a problem for Western firms trying to protect their intellectual property rights (IPRs) because of:
    a) The high cost of taking out patents.
    b) The failure by the Chinese authorities to enforce the law on IPRs.
    c) The high cost of pursuing infringers of IPRs through the Chinese courts compared with the US.
    d) The hostile attitude of the Communist Party to Western firms.
11. Information and communications technology (ICT) means that international firms:
    a) Can monitor their employees more closely.
    b) Find it more difficult to control remote foreign subsidiaries.
    c) Do not need to redesign jobs.
    d) Face increasing production costs.
12. The development of the Cloud can result in:
    a) Small firms finding it more difficult to communicate with large numbers of customers.
    b) Big multinationals facing more competition from small and medium-sized rivals.

c) Multinationals focusing solely on competing with their large established rivals.
d) An increase in a small firm's expenditure on IT personnel and infrastructure.

13. Schumpeter's concept of creative destruction involves:
    a) Firms competing in perfectly competitive markets.
    b) Oligopolists competing through innovation.
    c) Firms competing solely on price.

10.3.2.4. Tools, Equipment, Supplies and Materials

- Laptops/Computer lab
- Network Cables
- Tablets
- Model strategic plan
- Stationery
- Model Organizational Policies and procedures
- Internet

10.3.2.5. References

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10.3.3. Learning Outcome No. 2. Manage Procurement of ICT Services

10.3.3.1. Learning Activities

Learning Outcome No. 2. Manage Procurement of ICT Services	
Learning Activities	**Special Instructions**
Use the case study provided to assess the ICT needs of an institution.	Check the case study presented in the information sheet section.
Role play on the procurement of ICT resources and services. Describe the procurement procedures used within your training institution.	Use sample ISO 9001:2015 certified institution quality management procedures on procurement ICT procedures. Trainer may use procedures within the training institution.
Role play on verification of delivered ICT goods and services.	Must use an approved form for acceptance of delivered goods or services. Read the public procurement and disposal act of 2015 and its regulations.

10.3.3.2. Information Sheet No. 10/LO2

Introduction

The procurement of ICTs is a process that requires proper assessment of needs, cost evaluation and finally proper inspection in order to acquire the best technology at a fair cost. The skills and competences for must be perfected. This unit equips the trainee with all necessary skills and competencies.

Definitions of key terms

ICT Services – This include but not limited to Hardware, Software, Data, Users and communication technologies.

Methods, processes/ procedures/ guidelines

All methods and standards governing ICTs in Kenya are available at www.icta.go.ke

Content

ICT needs assessment focuses on the identification of all required devices, infrastructure and services appropriate for the functions of the organization. Users forward request for various items for delivery of services. These requests need to be discussed by the ICT technical team which will propose on the cost-effective technologies that will work for the organization.

Procurement procedures vary from institution to institution. For instance, public procurement has a draft of laws regulations to be adhered to.

The following is the general procurement procedure:

i. Budgeting
ii. Submission of procurement requests
iii. Approval of request
iv. Request Specification
v. Request for questions/Advertisement
vi. Evaluation of quotations, Proposals or tenders
vii. Award of contracts
viii. Delivery, inspection and acceptance
ix. Payment
x. Distribution to requesting departments
xi. Close off

Inspection and acceptance are a major part of any procurement process. The following is a sample inspection and acceptance form for use in the activity above:

MNP/PROC/INSPECTION

THE MERU NATIONAL POLYTECHNIC

THE MERU NATIONAL POLYTECHNIC

INSPECTION AND ACCEPTANCE FORM

Supplier's Name	
Postal Address	
Telephone Contact	
Date/Time Of Delivery	
Name of Person Delivering the Goods. Vehicle Reg. No	

PART B

Description Of Goods/Services/ works & Amount

PART C

LPO No:	Date of LPO:
Delivery Note No:	Date of Delivery:
Invoice No:	Date of Invoice:
Credit Note No:	Date of Credit:

PART D

Item	Yes (✓) or No (✖)	Comments
Accept		
Reject		
Duration of Delivery		

NB: ✓ For Acceptance
✖ For Reject

PART E
INSPECTION AND ACCEPTANCE COMMITTEE MEMBERS

NO	NAME	SIGNATURE	DATE
1			
2			
3			
4			
5			
6			
7			

PART F
REMARKS BY CHAIR

NB: This form must be completed at all times during the receiving of goods/services.
This form must be signed by members of the inspection and acceptance committee and the user.
The completed form will constitute part of the documents in processing payment.

Figure 37: Inspection and Acceptance Form

Case study1

The ICT International University has constructed an auditorium without any ICT infrastructure, the auditorium has provision for ICT equipment. The purpose of the auditorium is to enable an audience hear and watch performances. You are required to carry out a study and come up with the ICT needs for the auditorium.

Conclusion

A business manager must note that acquisition of ICTs takes the following steps; needs identification, requisition, approval, request for quotations or tenders, evaluation, award, delivery and reception of goods and service. During delivery it is important to have a standard way of verification and acceptance of goods/services.

10.3.3.3. Self-Assessment

1. Carry out ICT needs assessment according to organizations business operations
2. Receive requisitions from user departments according to ICT policy
3. Do invitation to tender or quotation according to the budget and the mode according to procurement procedure and regulations
4. Carry out ICT services sourcing in accordance with the procurement policy
5. Undertake verification of procured ICT services according to the procurement policy
6. Distribute procured services to respective departments based on procurement policy
7. The terms purchasing and procurement should not be seen as synonymous. As such, which of the following statements do you think has greatest validity?
    a. Purchasing has a broader meaning than procurement
    b. Procurement has a broader meaning than purchasing
    c. Procurement is broadly equivalent to purchasing
    d. None of the above
8. The electronic integration and management of all procurement activities including purchase request, authorization, ordering, delivery and payment between a purchaser and supplier is known as:
    a. E-procurement system
    b. E-procurement process
    c. E-procurement
    d. All of the above
9. The range of potential options for improving purchasing processes are indicated by benefits described by the Chartered Institute of Purchasing and Supply such as:
    a. Content management
    b. Evaluation of end-to-end trading cycles
    c. Multimedia
    d. All of the above
    e. None of the above

10. Generally, which sequence is most typical of the procurement process?
    a. Originator to approver to buyer to supplier
    b. Originator to buyer to approver to supplier
    c. Approver to originator to buyer to supplier
    d. Supplier to originator to approver to buyer
    e. None of the above

10.3.3.4. Tools, Equipment, Supplies and Materials

- Laptops/Computer lab
- Model strategic plan
- Model Organizational Policies and procedures
- The PPRA Act 2015 and its regulations
- Internet

10.3.3.5. References

1. ICT Authority Kenya. (2019, 5 30). *National ICT Policy Kenya*. Retrieved from ICT Authority Kenya: http://icta.go.ke/national-ict-policy/

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10.3.4. Learning Outcome No. 3. Manage ICT Installation and Maintenance

10.3.4.1. Learning Activities

Learning Outcome No. 3. Manage ICT Installation and Maintenance	
Learning Activities	**Special Instructions**
Develop system requirements for the human resource management system.	Using the template provided in the information sheet below, trainees should be able to develop all functionalities of a human resource management system
Identify the system specifications provided by service providers.	Sample system specifications provided in the information sheet below can be used in class
Use role play and manage installation of a human resource management system	Trainer to plan a setup focusing on a software provider and the client.
Define ICT level and rights of different system users; use the human resource management system. The following officers from the HR department must be defined: Chief HRO, HRO, Asst. HRO, Data clerks.	Use the user levels provided in the information sheet to identify appropriate ICT user levels.
Perform a security audit on the human resource system and undertake backup	Read on Security threats and control Measures from (Makori, Mwende, & Munene, 2019) Check book details from the references section.
Analyze user feedback and request the service provider to improve the human resource management	Trainer to develop user feedback complaining about the users not able to apply for leave while at home.

10.3.4.2. Information Sheet No. 10/LO2

Introduction

This information sheet provides some of the important guides for the delivery of this unit of competence. The information provided will enable the trainee learn various skills and competencies of systems installation and maintenance.

Definitions of key terms

ICT System is a set of hardware and software that works together to enable an organization achieve its objectives through technology.

Methods, processes/ procedures/ guidelines

All methods and standards governing ICTs in Kenya are available at www.icta.go.ke

Content

The template for developing system specifications to be used to develop human resource management system specifications.

See attached PDF

Human resource management system requirements.pdf****

Sample system specifications for the human resource management system.

SYSTEM REQUIREMENT FOR THE MERU NATIONAL POLYTECHNIC ERP

Both the server and the client machines must meet certain requirements for ABN UNISOL solution to function optimally. The general requirement is that there are two servers to be availed. One is primary and hosts the ERP core database. This can be considered as the ERP SERVER.

Similarly, as a practice, we separate the portal server that handles remote requests. This implies that there shall be need for the portal to have a dedicated server. The same server can be utilized in the implementation of web-based integrations.

Server Requirements

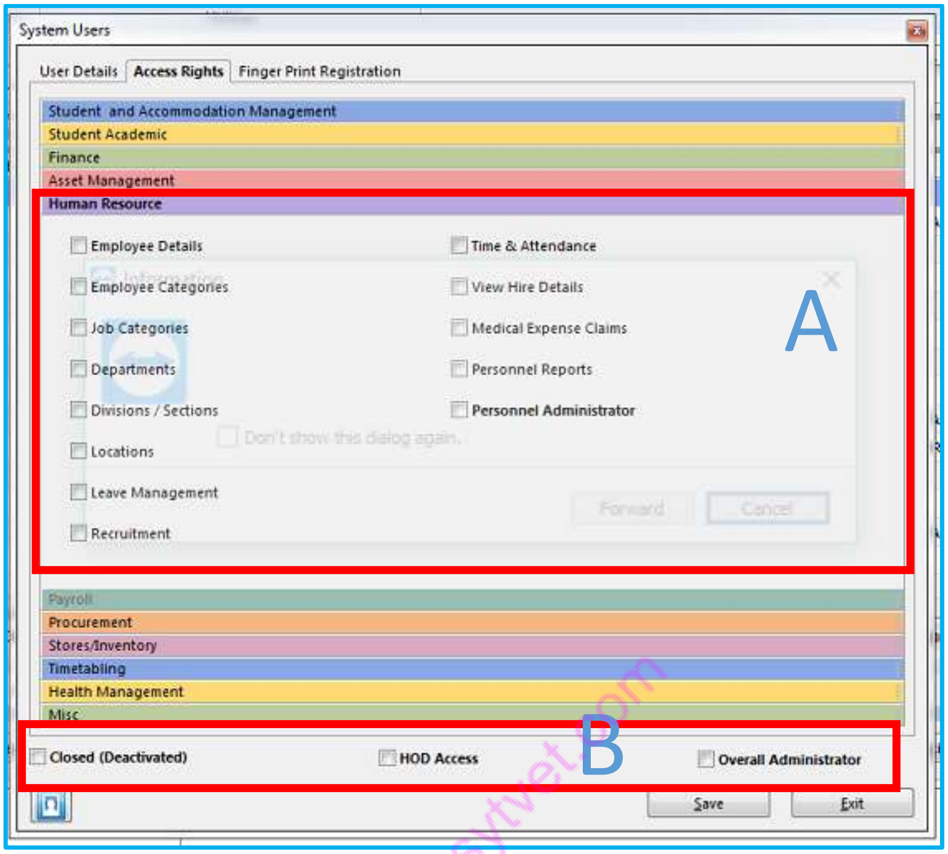
The primary server has to match the expectations in terms of the expected number of users and the nature of the processes that they intend to undertake. It is therefore in most cases of a higher specification than the secondary server. However, the specification below would serve as a general guideline of the servers that shall be required to support the system.

PRIMARY SERVER

This server is used to host the core platform and database of the ERP

Component	**Specifications**
Operating System	Windows Server 2012 and above
Database	MS SQL Server 2012 and above
Server Processor Core	8 or more
Processor speed	2.1 GHz or more
Form factor chassis	Rack
Expansion slots	(6)
Memory	4.0TB HDD with 128 GB RAM
Graphic card	Choice of up to 2 doublewide GPGPU's, or 3 single
Network controller	1Gb 331i Ethernet Adapter 4 Ports per controller and/or Optional Flexible LOM
Wide Screen LCD	20 Inch

Sample user rights and levels for the human resource management system.



10.3.4.3. Self-Assessment

1. Provide requirements of the ICT system Installation in accordance with the nature of the service and service providers policy guidelines
2. Conduct installation process in accordance with the ICT service provider policy and contract between the organization and the service provider
3. Define the ICT access levels and rights in accordance with ICT policy
4. Maintain ICT system as per the ICT policy requirements
5. Develop and implement ICT backup procedures in accordance with ICT policy
6. Review the ICT system in accordance with the feedback gathered from the users
7. E-procurement aims to improve performance of what is known as the 'five rights of purchasing'. One aim of e-procurement is increasing savings by sourcing items:
    a. At the right price
    b. Of the right quantity
    c. From the right source
    d. Of the right quality
8. Another aim of e-procurement is increased choice of supplier leading to sourcing items:
    a. From the right source

b. At the right price
c. Of the right quantity
d. Delivered at the right time

9. A recent simple classification of different types or applications of e-procurement was produced by Smart. Which of the following is NOT one of these?
    a. E-transparency
    b. E-informing
    c. E-tendering
    d. E-sourcing

10.3.4.4. Tools, Equipment, Supplies and Materials

- Laptops/Computer lab
- Model Organizational Policies and procedures
- Internet
- Printers

10.3.4.5. References

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10.3.5. Learning Outcome No. 4. Manage Organizations ICT Integration

10.3.5.1. Learning Activities

Learning Outcome #No. 4. Manage Organizations ICT Integration	
Learning Activities	Special Instructions
Watching a video on fundamentals of computer networks and the discussing the requirements of building an organizations network	Use the YouTube video at https://www.youtube.com/watch?v=cNwEVYkx2Kk Or search for an appropriate video
Discuss various ways of sharing information	Demonstrate by use of a file sharing app on a smartphone
Visit the institutions ICT office, observe and discuss the ERP system use.	
Discuss reasons for upgrading or downgrading ICT systems e.g. moving from office 2003 to office 2016	

10.3.5.2. Information Sheet No. 10/LO4

Introduction

ICT integration is defined as the use of ICT to introduce, reinforce, supplement and extend skills (Pisapia, 2019). ICT integration has been attracting a great deal of interest among researchers in professional development communities and human-computer interaction circles. The business manager must be at the top to leverage on use of ICT for service delivery.

Definitions of key terms

ICT Integration is the use of ICT to introduce, reinforce, supplement and extend skills (Low, 2019).

Methods, processes/ procedures/ guidelines

All methods and standards governing ICTs in Kenya are available at www.icta.go.ke

Content

Computer networks are the basic enablers of ICT integration within an organization. The computer network starts with ability to exchange data between 2 devices for example by use of Bluetooth technology. Once information can be shared between devices within organization, we term this as a Local Area Network (LAN) sharing. If then now information can be shared seamlessly throughout the world, we call this internet. The image below illustrates a computer network.

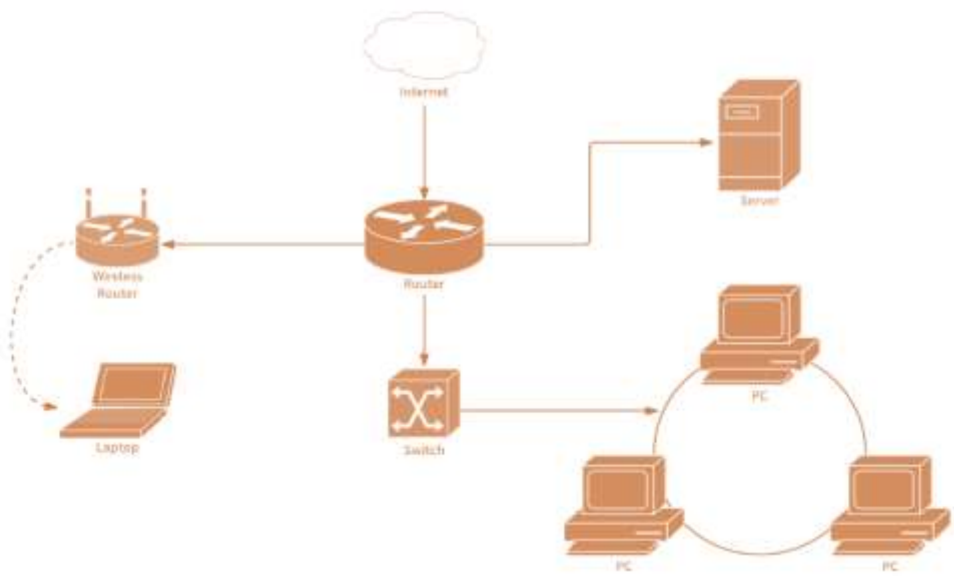

Figure 38: File sharing methods on a computer network

Computer networks allow you to share information with friends, family, co-workers and customers. Network file sharing is the process of copying data files from one computer to another using a live network connection.

Before the Internet and home networks became popular, data files were often shared using floppy disks. Nowadays, some people still use CD-ROM / DVD-ROM disks and USB sticks for transferring their photos and videos, but networks give you more flexible options. This article describes the different methods and networking technologies available to help you share files.

File Sharing With Microsoft Windows

Microsoft Windows (and other network operating systems) contain built-in features for file sharing. For example, Windows file folders can be shared across either a local area network (LAN) or the Internet using any of several methods. You can also set up security access restrictions that control who can obtain the shared files.

Complications can arise when attempting to share files between computers running Windows and ones that don't, but the below alternatives can help.

FTP File Transfers

File Transfer Protocol (FTP) is an older but still useful method to share files on the Internet. A central computer called the *FTP server* holds all the files to be shared, while remote computers running *FTP client* software can log in to the server to obtain copies.

All modern computer operating systems contain built-in FTP client software, and popular Web browsers like Internet Explorer can also be configured to run as FTP clients. Alternative FTP client programs are also available for free download on the Internet. As with Windows file sharing, security access options can be set on the FTP server requiring clients to supply a valid login name and password.

Email

For decades, files have been transferred from person to person over a network using email software. For instance, Google have several applications for storing data. It has Google drive which one can store up to 15GB freely. Google photos also helps in saving photographs and videos automatically from a smartphone and internet connected computer. They can be shared on emails and other social media platforms easily. On can access them through email anywhere anytime. Email systems are designed for transferring small amounts of data and generally limit the size of individual files that can be shared. Advantages of email usage is that it can be used to trace a criminal in case of a committed crime by ICT expert.

Online Sharing Services

Finally, numerous Web services built for personal and/or community file sharing exist on the Internet including well-known options like Box and Dropbox. Members post or upload their files using a Web browser or app, and others can then download copies of these files using the same tools. Some community file sharing sites charge member fees, while others are free (advertising supported). Providers often tout the cloud storage technology advantages of these services, although available storage space tends to be limited, and having too much personal data in the cloud is a concern for some consumers. WhatsApp accounts are also used to connect and share within organizations, clients and communities.

Conclusion

Computer networks enable institutions share resources and provide a centralized integrated way of doing business. Data sharing start with basic networks like the use Bluetooth connections of phone infrared transfers. Computer networks use various devices that the business manager may be required to be aware of.

10.3.5.3. Self-Assessment

1. Undertake systems networking in the organization according to organization structure
2. Develop and implement systems of sharing information in accordance with the organization requirements
3. Establish enterprise resource planning (ERP) according to organization policy
4. Report challenges in the system according to the standard operating procedures
5. Upgrade or downgrade ICT system in accordance with the ICT policy
6. Business intelligence (BI) is a broad category of application programs which includes :
    a) Decision support
    b) Data mining
    c) OLAP

   d) All of the mention
7. Point out the correct statement :
   a) OLAP is an umbrella term that refers to an assortment of software applications for analyzing an organization's raw data for intelligent decision making
   b) Business intelligence equips enterprises to gain business advantage from data
   c) BI makes an organization agile thereby giving it a lower edge in today's evolving market condition
   d) None of the mentioned
8. BI can catalyze a business's success in terms of :
   a) Distinguish the products and services that drive revenues
   b) Rank customers and locations based on profitability
   c) Ranks customers and locations based on probability
   d) All of the mentioned
9. Which of the following areas are affected by BI?
   a) Revenue
   b) CRM
   c) Sales
   d) All of the mentioned
10. Point out the wrong statement :
   a) Data is factual information for analysis
   b) BI is a category of database software that provides an interface to help users quickly and interactively scrutinize the results in a variety of dimensions of the data
   c) Customer relationship management (CRM) entails all aspects of interaction that a company has with its customer
   d) None of the mentioned
11. ________ is a performance management tool that recapitulates an organization's performance from several standpoints on a single page.
   a) Balanced Scorecard
   b) Data Cube
   c) Dashboard
   d) All of the mentioned

10.3.5.4. Tools, Equipment, Supplies and Materials

- Laptops/Computer lab
- Smartphones
- Xender app (any app for sharing data)
- Internet adapters and Bluetooth dongles
- Model Organizational Policies and procedures
- Internet

10.3.5.5. References

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10.3.6. Learning Outcome No. 5. Manage ICT Innovation

10.3.6.1. Learning Activities

Learning Outcome No. 5. Manage ICT Innovation	
Learning Activities	**Special Instructions**
Download and evaluate ICT standards from the ICT Authority website.	www.icta.go.ke
Discuss costs associated with adopting new ICT technologies against benefits.	
Analyze the case study in the information sheet section and assess the impact on new technologies.	Use case study showing a change over from use of basic phones to smartphones in service delivery.

10.3.6.2. Information Sheet No. 10/LO5

Introduction

This learning outcome intends to enable a trainee develop an ICT policy for an institution. The trainee should be aware of all the stages involved in coming up with a draft ICT policy. The trainer must enable an environment of sample ICT policy development focusing on various national standards as well as institutional policies.

Methods, processes/ procedures/ guidelines

All methods and standards governing ICTs in Kenya are available at www.icta.go.ke

Content:

Organizational Innovations

Innovation is a complex construct and overlaps with a few other prevalent concepts such as technology, creativity, and change. Research on innovation spans many fields of inquiry including business, economics, engineering, and public administration. Scholars have studied innovation at different levels of analysis such as individual, group, organization, industry, and economy. The term organizational innovation refers to the studies of innovation in business and public organizations (Damanpour, 2019).

Examples of business innovations

Organizational innovation at Microsoft: agility as an overriding principle

Anyone who enters Microsoft with a suit either has an interview or is a consultant. The casual style is the most visible characteristic of flexible hierarchies. Behind this is a simple philosophy: a company without rigid hierarchies is more agile. Microsoft has learnt from its own painful experiences: With Windows Vista, the company had gotten lost in the complexity trap, constant coordination had made development more and more complicated. Microsoft responded with organizational innovation. Already in 1999, the company was radically reorganized. Too much bureaucracy and too much departmental thinking had paralyzed the ability to innovate at that time.

Organizational Innovation at Samsung – Freedom of hierarchy for strategic creative areas
Samsung has a clear strategic goal:
"Good design is the most important way to differentiate us from our competitors," said long-time CEO Jong-Yong Yun. On his way from a cheap manufacturer to one of the most innovative companies in the world, he prescribed a kind of creative shock therapy for the company: Instead of continuing to manufacture the cheapest equipment, Yun used organizational innovation and opened design centers around the world. In these new products were developed.
In order to give his creative talents direct access to top management, he established a Chief Design Officer. This made it possible for the first time for employees to have their ideas heard by the Executive Board. What was now still an innovation barrier, became the traditional South Korean culture. It is rather hostile to business innovation and organizational change: the culture does not allow employees to freely express their opinions and ideas. In order to overcome these barriers, Samsung has implemented a special type of organizational innovation in the Design Centers: Managers were trained in innovation leadership. This style is different from the one at headquarters. There is no dress code in the Design Centers. Every employee is encouraged to speak his mind and contradict superiors without fear of violating cultural rules. Freedom of hierarchy in strategically important areas of innovation. The culture of operating units at the company headquarters continues to be traditionally South Korean.

Organizational innovation at McDonalds – "Noodle Team" instead of rigid hierarchies
Rigid structures and hierarchies are unfamiliar to McDonald's. When it comes to developing new ideas, everybody is involved as far as possible: partners who supply the raw material, employees from various areas and hierarchical levels as well as customers. As a method of organizational innovation, McDonalds has created its own test kitchens and so-called "noodle teams" in which employees at all levels of the hierarchy develop new ideas and try them out. The hierarchies are flat. Anyone can contact anyone, discuss new ideas with anyone. For former CEO Jim Skinner, this is one of the company's competitive advantages: "The result is a wealth of ideas that flow through the organization. They come from all directions."

Staying Agile through Organizational Innovation
What happens when rigid hierarchies are established in a company once again? When processes and workflows become bloated, when bureaucracy becomes overwhelming? Innovation leaders encounter this by renewed organizational innovation. With only one goal:- to banish any inefficient processes and unnecessary bureaucracy from the company.

Case 1

Mutembei graduated with a diploma in fashion and design. He opened his design store where he sells designer clothes. Mutembei uses a basic phone to describe his products to his clients. His friend penny advised him to purchase a smartphone and use WhatsApp to send images to his clients. He also bought a digital camera to take high quality images, the cost of these devices greatly reduced his capital. His sales doubled and now he is proud of the new technology.

Case 2

Bilhah opened a bakery. Her business was not doing well due to country's economic hard time and so she had to come up with a brilliant strategic plan. She was advised to create Facebook and twitter accounts for her pastry business. She acquired many followers who later started giving orders for birthday, wedding and corporate anniversary cakes from every corner of Kenya. She was relying on customers who were passing by her bakery shop before she advertised online; but through ICT she was able to break distance barriers by showcasing her work through photographs and videos when she is preparing her recipes and baking.

Conclusion

Organizational innovations keep it at the company at the top. Proper management of organizational innovations is an important part of the organization. Organization innovations require to be registered or patented to protect them from being stolen by competitors.

10.3.6.3. Self-Assessment

1. identify and evaluate current technologies in ICT according to the organizational needs
2. Identify and conduct training needs in ICT according to the needs and approved budget
3. Adopt and manage ICT technologies as per ICT guidelines
4. Conduct impact assessment on new ICT technology uptake according to the organization policy
5. Make recommendation on ICT uptake
6. Innovation is defined as:
    a) The commercialization of a new product or process.
    b) The invention of a new product or process.
    c) A new product or process idea.
    d) The implementation of a new production method.
7. Process innovation refers to:
    a) The development of a new service.
    b) The development of a new product.
    c) The implementation of a new or improved production method.
    d) The development of new products or services.
8. Innovation can help to provide a temporary competitive advantage when:

a) Barriers to entry are high.
b) Barriers to imitation are low and intellectual property rights are difficult to enforce.
c) There are few other competitors.
d) Barriers to entry are low.

9. Following establishment of a dominant design in the product life cycle, what would you expect to happen?
    a) Emphasis on product innovation rather than process innovation.
    b) Emphasis on process innovation rather than product innovation.
    c) Competition to increase as new firms enter the industry.
    d) Competition to decrease as more firms exit than enter the industry.
10. Established firms relative to new firms are better at:
    a) All types of innovation.
    b) Innovation which is competence-enhancing.
    c) Innovation which is competence-destroying.
    d) Innovation which is disruptive.
11. In which markets are network effects likely?
    a) Markets subject to increasing returns
    b) 'Tippy' markets
    c) Hi-tech product markets
    d) All of the above
12. Which of the following are valuable in a standards war?

    a) Competitive advantage

    b) Late mover advantage

    c) Early mover advantage

    d) Technological advantage

10.3.6.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Laptops/Computer lab
- Smartphones
- Digital Cameras
- Model Organizational Policies and procedures
- Internet

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10.3.7. Learning Outcome No. 6. Manage Virtual Platforms

10.3.7.1. Learning Activities

Learning Outcome No. 6. Manage Virtual Platforms	
Learning Activities	**Special Instructions**
Google search the topic: Top social sites to identify the most used virtual platforms.	
Create a Facebook page and customize it to fit an organization.	www.facebook.com

Identify the various communication channels through virtual platforms.	Train on use of direct messages, chat rooms, group chats data voice calls among others
Identify rules that affect organization use of virtual platforms from the ICT policy of the institution	
Brainstorm on security issues associated with virtual platforms.	Read more on Data Security and Control from (Makori, J.O., Mutuku, J. & Munene, K. ,2019)
Analyze user feedback on published Facebook page one of the students administrates.	

10.3.7.2. Information Sheet No. 10/LO6

Introduction

This learning outcome intends to enable a trainee develop an ICT policy for an institution. The trainee should be aware of all the stages involved in coming up with a draft ICT policy. The trainer must enable an environment of sample ICT policy development focusing on various national standards as well as institutional policies.

Definitions of key terms

ICT Policy is a policy document that outlines how an institution can effectively use ICTs.

Methods, processes/ procedures/ guidelines

All methods and standards governing ICTs in Kenya are available at www.icta.go.ke

Content

Whether you are a seasoned social media marketer, a marketer looking to venture into social media marketing, or a business owner looking to leverage on social media, it's helpful to know the most popular social media sites around. This will allow you to maximize your brand reach on social media, engage with the right people, and achieve your social media goals (Lua, 2019).

The following are the top ten social media sites of 2019 according to (Lua, 2019):

a) Facebook
b) YouTube
c) WhatsApp
d) Messenger
e) WeChat
f) Instagram
g) QQ

h) Tumblr
i) Qzone
j) Tik Tok

How to Beef Up Your Facebook Business Page in 2019

Facebook is the top social media site hence the need to leverage on its existence to develop your business.

The following are some of the strategies that can be used.

Update Your Page Template

Found under Page Settings, Facebook offers a variety of Business Page templates with default buttons and tabs to help marketers showcase content in a way that best aligns with your business type and goals. While the template options look somewhat similar, they prioritize information based on your business or industry — such as promoting the "donate" call-to-action button or ability to start a fundraiser for a local nonprofit.

Select the Right Call-To-Action (CTA) Button

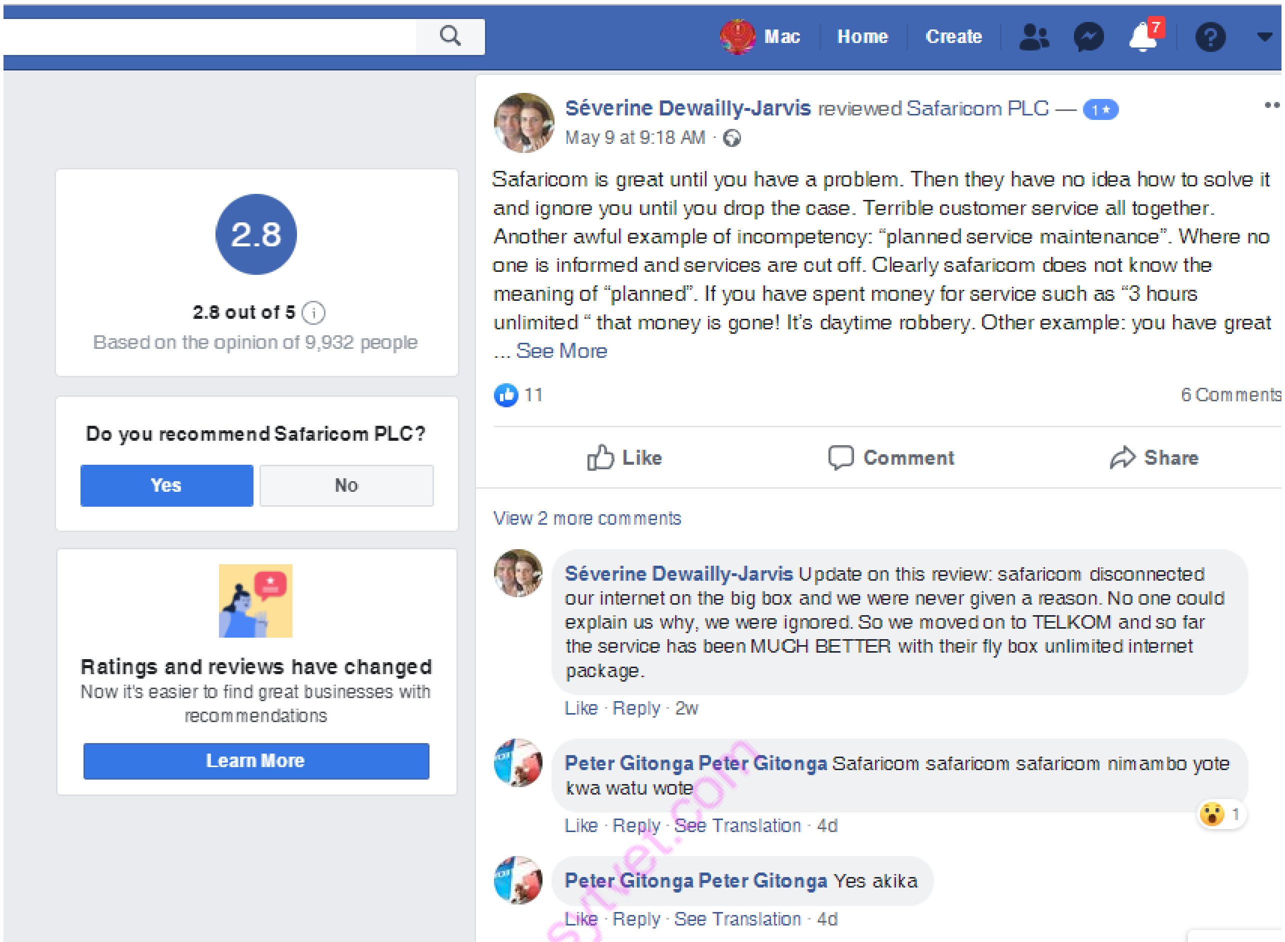
Facebook Business Pages include a prominent CTA directly below the cover image, which you can (and should) update based on current campaigns and offers that support your business goals.

Create an Eye-Catching Cover Image or Video

The Business Page Cover Image is prime real estate to feature attention-grabbing imagery and content for your business. If you're not leveraging this aspect of your page effectively, consider a refresh to help promote the most important aspect(s) of your organization — products, services, offers, career opportunities, etc. — and align with your featured CTA button.

Leverage Recommendations

One of the best ways to increase your brand awareness and gain new customers is by leveraging your existing customer or fan base. Help more people find your business and begin building social proof by adding Facebook Recommendations (previously reviews) to your Business Page.



Capitalize on Messenger

Facebook Messenger is a great way to create meaningful relationships with your customers, enabling users to contact or message you directly through your Page. And if you're concerned about someone reaching out while you're offline or unavailable to respond, don't worry! Facebook has expanded the Business Page Messenger to now support 24/7 customer service and responsiveness.

Once messaging is activated on your page, brands can create pre-set greetings and automated responses to support you in off-hours and still feel accessible to users with important feedback or inquiries.

This helps marketers connect with users, even when you're offline or unavailable for immediate response (Vavruska, 2019).

- Create a Custom Messenger Greeting
- Turn on Instant Replies and Away Messages
- Save Common Replies
- Review Conversation Insights

What are star ratings on social media?
Star Ratings are an internationally recognized symbol for quality accommodation standards. They are used in more than 70 countries worldwide and reflect the cleanliness, quality and condition of guest facilities (Star ratings Australia, 2019).

How to set up a Facebook Page for your business

Step 1: Sign up
Go to facebook.com/business and click **Create a Page** in the top right-hand corner. You'll be greeted with several business type options including local business or place, brand or product, and cause or community. Select the type of business you're creating the Facebook Page for. If your business type falls into more than one of the category options, choose the one your customers are most likely to think of when they think about your business.

When you click on a business type, a box will open asking for a few further details, like the name of your business, your address, and your Page category. Categories are basically sub-types within the larger business category you've already chosen. When you start typing in the category field, you'll see a list of potential category options to choose from.

When you're ready, click **Get Started.** Note that doing so indicates your acceptance of Facebook's terms and conditions for Business Pages, so you might want to check those out before you proceed.

Step 2. Add Pictures

Next, you'll upload profile and cover images for your Facebook Page. It's important to create a good visual first impression, so choose wisely here. Make sure the photos you choose align with your brand and are easily identifiable with your business.

You'll upload your profile image first. This image accompanies your business name in search results and when you interact with users, and also appears on the top left of your Facebook Page.

If you're a big brand, using your logo is probably a safe way to go. If you're a celebrity or public figure, a picture of your face will work like a charm. And if you're a local business, maybe a well-shot image of your signature offering is what will allow a potential follower or customer to make the connection immediately.

Your profile picture will appear as a square on your Facebook Page, but will be cropped to a circle in ads and posts, so don't put any critical details in the corners. Once you've chosen a great one, click **Upload Profile Picture.**

Now it's time to choose your cover image, the most prominent image on your Facebook Business Page. This image should capture the essence of your brand and convey your brand personality. It will display at 820 x 312 pixels on desktop or 640 x 360 pixels on mobile. The image must be at least 400 pixels wide and 150 tall.

Once you've selected an appropriate image, click **Upload a Cover Photo**.

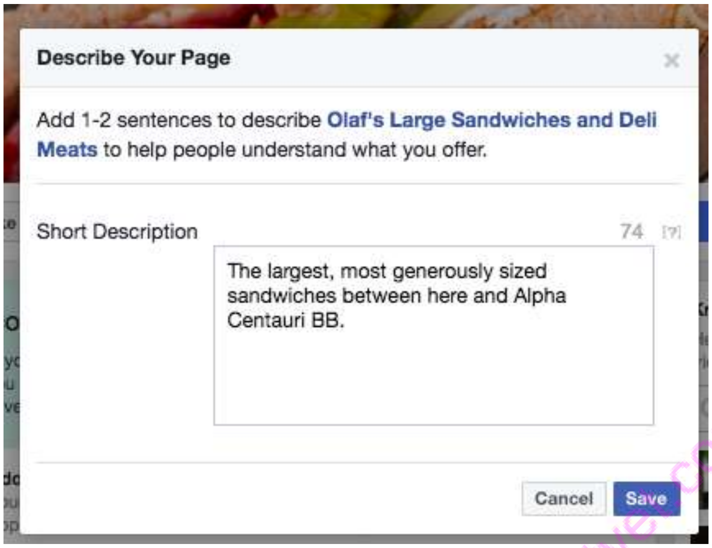
Step 3: Explore your new Page

Ta-da! Your page is alive, albeit it extremely sparse. At this point, you'll be prompted to take a quick walk-through of a few features. Unless you're already well aware of how Facebook Business Pages operate, we recommend clicking through the prompts, just so you know where everything is. It only takes a few seconds.

Of course, while the skeleton of the Facebook Page for your business is now in place, you've still got some work to do before you share it with your audience.

Step 4: Add a short description

This is your opportunity to tell people about your business. It should be just a couple of sentences (maximum 155 characters), so there's no need to get too elaborate here. Click **Add a Short Description**, then just share what your customers need to know as clearly and concisely as possible. You can add a longer description later on.

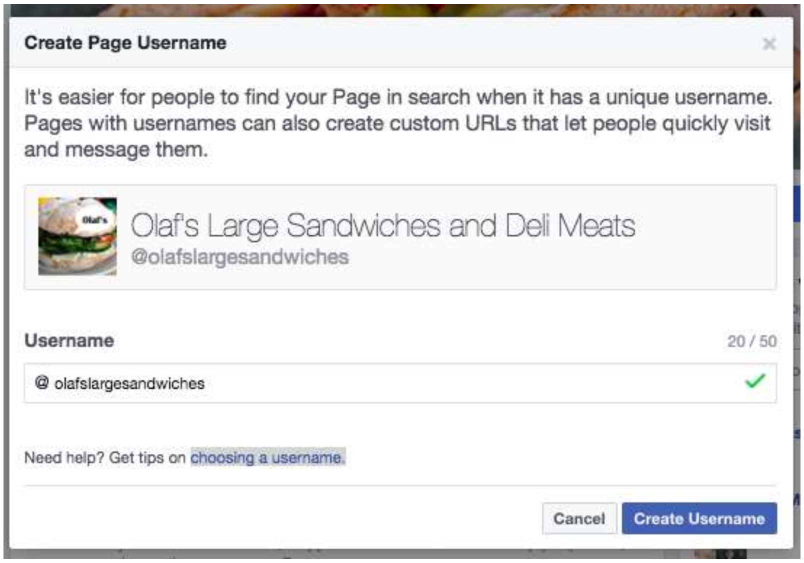


Click **Save** when you're done.

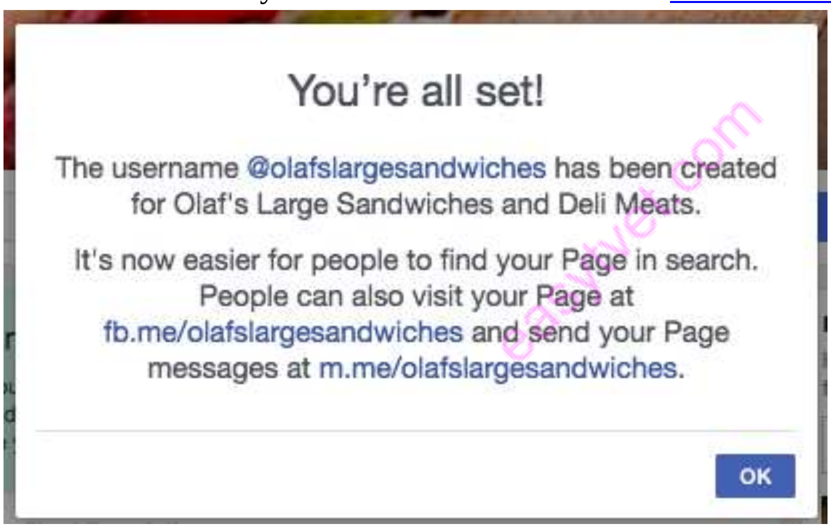
Step 5: Create your username

Your username, also called your vanity URL, is how you'll tell people where to find you on Facebook. Your username can be up to 50 characters long, but don't use extra characters just because you can. You want it to be easy to type and easy to remember. Your business name or some obvious variation of it is a safe bet.

Click **Create a Username for Your Page** to set up your vanity URL.



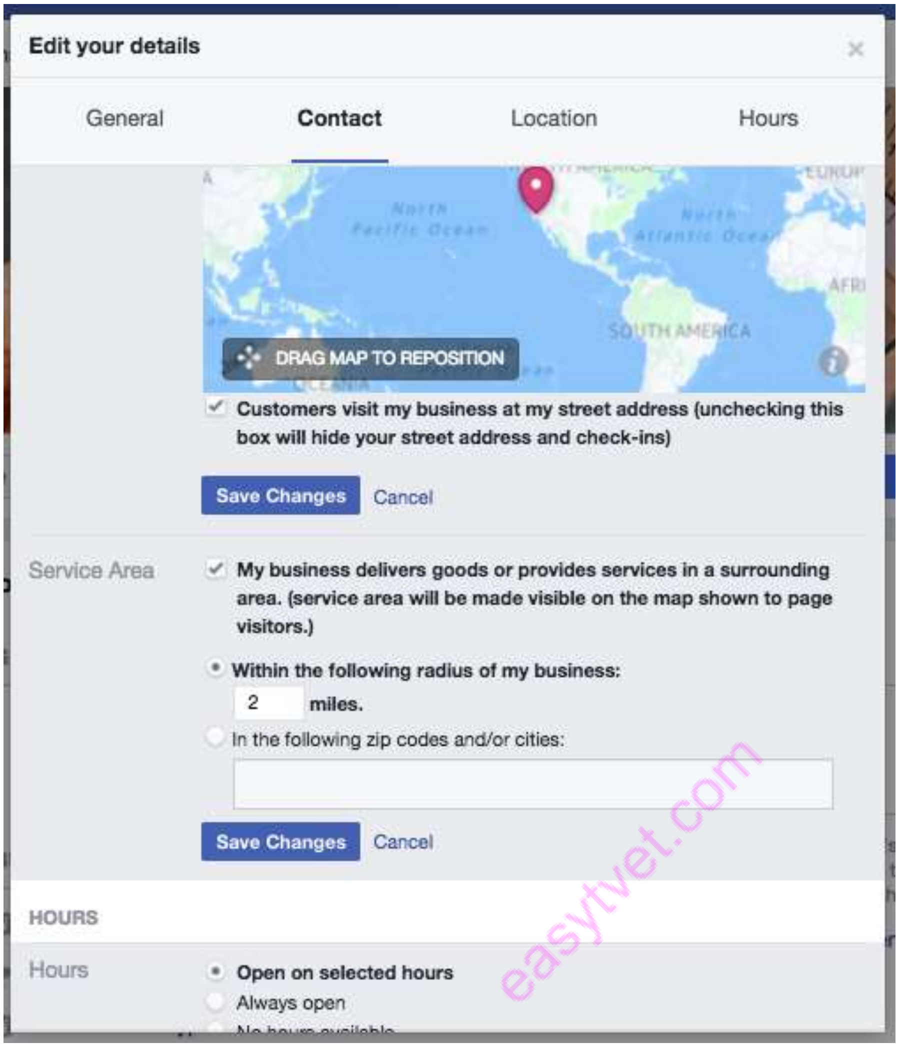
Click **Create Username** when you're done. A box will pop up showing you the links people can use to connect with your business on Facebook and [Facebook Messenger].



Click **OK** to continue filling in your Facebook for business Page details.

This is also the screen where you can add a longer description of your business. Click **Edit Story** on the right side of the Page to provide a detailed description of what your business offers customers and why they should Like or Follow your Page. This is a great place to set expectations about how you'll interact with fans through your Facebook Page for business purposes and to offer a compelling reason for them to engage with you online.

To specify your business location and hours, click **Edit Page Info** on the top right of the screen.

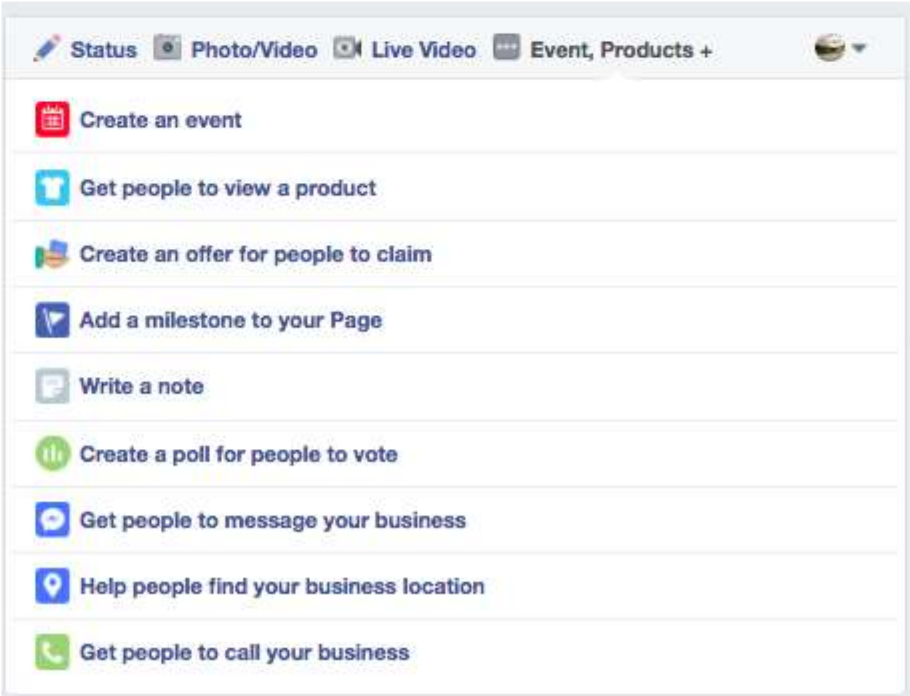


When you’re finished, click **Save Changes**.

Step 7. Create your first post

Before you start inviting people to like the Facebook Page for your business, you’ll want to make sure you share some valuable content. You can create some of your own posts, or share relevant content from thoughtful leaders in your industry.

You could also create a more specific type of post, like an event or product offer—just click through the tabs at the top of the status box to bring up all the options.



Make sure that whatever you post offers value for your visitors when they arrive at your Facebook Page, so they'll be inclined to stick around.

Your Facebook Business Page now represents a robust online presence that will make potential customers and fans feel comfortable interacting with you.

Step 8: Start engaging

Now you're ready to give your Facebook Business Page a bit of a nudge. Invite family and friends to like the Page. Use your other channels, like your website and Twitter, to promote it. Add "follow us" logos on your promotional materials and/or email signature. If you're comfortable with it, you can even ask your customers review you on Facebook, too.

Conclusion

Virtual platforms may give a company a competitive edge hence require proper management. It is worth noting that the virtual platforms may negatively impact on an organization.

NB: The business manager must carefully control the online presence of the company.

10.3.7.3. Self-Assessment

1. identify virtual platforms according to organization needs
2. Train personnel on the use of social media according to organizational policy
3. Customize virtual platform in accordance with organizations needs
4. Develop online services for the business in accordance with ICT policy
5. Monitor and review system feedback as per ICT policy
6. Provide systems security in accordance with ICT policy
7. What is one of the big differences between traditional media and social media?

a. Participatory production.
b. Social media reaches only a few people at a time.
c. The management structure of the companies.
d. Traditional media offers no way for audiences to communicate with media producers.

8. Which of the following is NOT a fundamental area of change regarding people's media habits?
    a. Conversation.
    b. Collaboration.
    c. Choice.
    d. Communication.
    e. Curation.
9. An important lesson learned in online political campaigns in recent years and other collaborative efforts that had online components is
    a. People much prefer to do their own thing and not work in groups.
    b. There are always a couple of people who disrupt the work of others in the group.
    c. People must be able to meet face to face at times as well as online.
    d. Social media has still not lived up to its promise of helping people collaborate.
    e. All of the above.
10. A portable chunk of code that can be embedded in Web pages to give extra functionality is known as a
    a. Folksonomy.
    b. Widget.
    c. Curator.
    d. Wiki.
    e. Listserv.
11. The state of spam, or unwanted commercial e-mails, in today's Internet could best be described as
    a. Increased numbers of spam messages have made e-mail largely useless for business today.
    b. Spammers have become far more sophisticated in their techniques to avoid spam filters.
    c. Antispam legislation and technology have helped reduced spam to a five-year low.
    d. Spam filters have largely been ineffective and spam continues to grow as a percentage of online traffic.

10.3.7.4. Tools, Equipment, Supplies and Materials

- Laptops/Computer lab
- Smartphones
- Model Organizational Policies and procedures
- Internet

10.3.7.5. References

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10.3.8. Learning Outcome No. 7. Analyze and Interpret Reports Generated from ICT System

10.3.8.1. Learning Activities

Learning Outcome No. 7. Analyze and Interpret Reports Generated from ICT System	
Learning Activities	**Special Instructions**
Analyze and interpret reports: using a sample fact sheet and system report provided.	Fact sheet and system report must be provided Sample system report.pdf,Fact sheet.pdf
Generate an analysis report and disseminate it to the relevant office through a role play setup.	

10.3.8.2. Information Sheet No. 7/LO7

Introduction

This learning outcome intends to enable a trainee develop appropriate competence of analysis of reports and manage the reports generated from the ERP of the organization.

Definitions of key terms

ICT Report is the output of the analysis of data in information systems. Data is in the form of one of many types of reports. These reports will aggregate the data and present them in a coherent format that the management in the company can then use to aid them in the decision-making process. The reports could be no more than summaries of such things as sales, or they could be more detailed.

Methods, processes/ procedures/ guidelines

All methods and standards governing ICTs in Kenya are available at www.icta.go.ke

Content

Basic Kinds of Reports Produced by a Management Information System

The Greater Ecosystem of Information Systems

Management information systems aren't the only kind of information system out there. There are many others ***that are used*** in businesses for different purposes.

Decision Support Systems

Decision support systems, as you may have guessed from their name, basically assist the decision-making process that is carried out by management. Basically, they do this by ***generating the necessary data*** and performing preliminary statistical analysis on it. The manager's final judgment will still be required. However, the job is greatly simplified for them as they have all the data they need at their fingertips.

Transaction Processing Systems

Transaction processing systems are tasked with ***three things:*** they ***collect transactions,*** then ***store them***, and then ***process them*** on a daily basis as the ***transactions pass through*** the systems. In case the need arises to modify transactions that have been done in the past or even cancel them, then such systems offer that functionality as well.

Executive Information Systems

Even executives need a system that helps them do their job. Basically, the Executive information system will give them a ***bird's-eye view*** of the entire company by providing them with company-wide data whenever they need it. The system will ***generate*** convenient reports for the executives of the company with graphs and other pictorial representations; these pictorial representations are ***analyses of various aspects*** of the company's operations that can provide executives with a look at the ***bigger picture*** of how well the company is ***accomplishing its mission*** in achieving its goals. Ultimately, such a system helps executives in the decision-making process by allowing them to make quality decisions.

You may have noticed that this seems ***similar to the task*** carried out by a ***decision support system.*** To be sure, it is. A decision support system can be used by anyone in the company from ***lower level management to executives.*** An executive information system is simply the decision support system used by the executives.

MIS Reporting System

The fodder used by an **MIS reporting system** to produce reports is raw data from the processing systems in the office, such as the software on the computers, the transactional information coming from the transaction processing systems, and even the mobile applications running on employee phones for business purposes.

The output of the analysis of this data is in the form of one of many types of reports. These reports will ***aggregate the data*** and present them in a coherent format that the management in the company can then use to aid them in the decision-making process. The reports could be no more than summaries of such things as sales, or they could be more detailed.

The Summary Reports

These reports take data from different categories and aggregate it. It could be from different products, or different business units or geographical regions or accounting periods.

The information that is being aggregated in summary reports is usually presented in such a way that ***management can make sense of it.*** If it is an inventory summary, then it will consider vital information like the value of inventory in stock as well as the value of new purchases. If it is a sales summary, then it will contain information about sales revenue as well as divisions for that revenue in terms of geographical location, product category, and so on. No matter what kind of management information system you are using, even if it is as simple as a spreadsheet, it will allow you to specify the format in which you want the report.

The Trend Reports

Trend reports simply show trends, which allow you to compare how different things perform and they also enable you to compare present performance with past performance. A trend report of sales, for example, shows the performance of a given product category or business unit over the course of, say, a year. That year will then be broken down into months, weeks, and so on so that you

can see how well it did over different periods. You can also see how well a product category or business unit is doing from one year to the next.
When management uses ***trend reports***, they can pinpoint problem areas and figure out how to correct them. A business unit ***that's not doing well*** may need for the leadership in it to be changed, so it can improve. A product category that is suffering may need to either be improved or scrapped altogether.

The Exception Reports

An exception is anything outside of the norm. An ***exception report*** will collect every single instance of these abnormal occurrences and then put them in one place where management has easy access to it. An exception report allows ***management*** to see ***what's not going right*** and ***then prioritize what needs*** to be solved immediately. If, for example, inventory levels are well below the norm, then management can order more supplies. If a business unit is making much less revenue than the norm, then management can take action.

On-Demand Reports

On-demand reports are produced on demand. The way they look and what is contained in them depend on both the ***requirements of the manager*** that needs them and on the prevailing ***circumstances***. The **management information format** can either be a standard format or a custom one as required by the requester.

The 3-Step Key Report Analysis Process

STEP 1: Completeness
In order to validate a key report, the tester will look to verify that the sampled report is complete by evaluating the query code and parameters used to run the report or by performing a comparison to a related report of identical data or total from an independent source. The report-to-report comparison method is appropriate when evaluating the same data from two systems (e.g., Key Report for Sales Returns in the form of a data dump from one system that can be compared for completeness against a separate system's sales return data). By utilizing this method, the reports/data dumps are able to be compared and verified to be complete using a VLOOK-UP quickly. This allows for efficient verification of completeness and for the tester to advance to the accuracy sample selection stage of the key report testing.
The second method of validating key report completeness is more common, as a result of it being less likely that a key report has a related report that it can be directly tied to for verification. As such, the tester will obtain system screenshots showing the query code/source code or parameters that were used to run the key report. This is a straightforward process for standard/canned reports that are unable to be modified. In these cases, the tester only has to obtain the screenshot to verify that the standard system report was correctly accessed and used to run the key report due to the report fields being un-editable.

The process of validating the key report that is run via a "custom" system query has an added step. The tester will also need to examine the query code to ensure that the query is appropriate, which entails selecting the correct source or data tables from which to pull the support, identifying required report fields, and selecting the desired date range for the report.

STEP 2: Accuracy

In order to validate a report for accuracy, the tester will need to select samples from the key report and agree the sampled information back to the source data (Lindinger, Cavalieri, & Hayes, 2019). The source data can be in the form of a raw data download from the system, or from screen shots from the source system. The tester may also perform recalculations of the report information to determine whether or not it is accurate. As previously stated, the tester will need to select a sample of items from the list, based on the population, and agree the samples back to the source data.

STEP 3: Last Modification Dates

The final step in the key report testing process is a continuation of the last modification inquiries of control owners and requests of IT that were made during our planning phase. Once accuracy and completeness testing over key reports has been performed, it is once again necessary to obtain follow-up system screenshots to validate that the tested key reports have remained unmodified. This final step is often required by the external auditors that place reliance upon key report testing. Although last modification screenshots were already requested and documented during planning, this last set of system screenshots provides both the tester and those relying upon the key report testing the assurance that the key reports have not been modified since the date of field work was completed through fiscal year end. It is essential to make these requests approximately a month out from the end of the fiscal year so that the tester is allotted time to review the report modification dates and perform Q4 key report testing over any reports that underwent unexpected modifications. There has been a lot of focus on key reports by external auditors, which is why it is important for management to keep a current list of key reports, and to test the reports as required. Not only is it important for management to test key reports for this reason, but also for management to rely on the validity of their own data in making business decisions.

Conclusion

Management expects accurate and consistent reports form the management information systems. Validation of reports with actual data is therefore very important. All business managers must be able to produce reports from the system, analyze and interpret them.

10.3.8.3. Self-Assessment

1. Develop information analysis system as per the organization policy
2. Obtain departmental reports according to the organization policy
3. Conduct analysis and interpretation according to the ICT policy

4. Disseminate analyzed departmental user reports according to organization procedures
5. Undertake periodic review of ICT system in accordance with ICT policy and procedures/SOPs
6. Which of the following is not usually found in a report of a quantitative study?
    a) Measurement
    b) Results
    c) Confession
    d) Validation
7. The introductory section of a research report should aim to:
    a) Identify the specific focus of the study.
    b) Provide a rationale for the dissertation, or article.
    c) Grab the reader's attention.
    d) All of the above.
8. What is the purpose of the conclusion in a research report?
    a) It just a summary what the article already said.
    b) It summarizes the key findings in relation to the research questions.
    c) It contains a useful review of the relevant literature.
    d) It outlines the methodological procedures that were employed.
9. In a report of quantitative research, an empiricist repertoire serves to:
    a) Confuse the reader with long and technical words.
    b) Demonstrate the researcher's reflexivity about their role in the research process.
    c) Give the impression that the results were objective and logically inevitable.
    d) Provide a confessional tale of what went wrong in the procedure.

10.3.8.4. Tools, Equipment, Supplies and Materials

- Laptops/Computer lab
- Model strategic plan
- Model Organizational Policies and procedures
- Internet

10.3.8.5. References

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10.3.9. Learning Outcome No. 8. Conduct ICT User Training

10.3.9.1 Learning Activities

Learning Outcome No. 8. Conduct ICT User Training	
Learning Activities	**Special Instructions**
Use role play and carry out an ICT training needs assessment, come up with training objectives, carry out the training according to the organizations budget and prepare the training report.	

10.3.9.2. Information Sheet No. 10/LO8

Introduction

User training involves imparting the necessary competences required to effectively utilize ICT resources within the organization. This learning outcome intends to equip the business manager with all relevant skills required to undertake user training within an organization.

Definitions of key terms

ICT User training is process of identifying gaps in user competences of ICT systems and planning on how to train and undertaking the actual training to fill the gaps.

Methods, processes/ procedures/ guidelines

All methods and standards governing ICTs in Kenya are available at www.icta.go.ke

Content

ICT Training needs assessment

The business manager can use standard or develop own questionnaire for undertaking a training needs assessment based on the ICTs deployed in a certain institution. The general steps of conducting a training needs assessment is as follows:

Step 1: Determine the Desired Business Outcomes.

Step 2: Link Desired Business Outcomes with Employee Behavior.

Step 3: Identify Trainable Competencies.

Step 4: Evaluate Competencies.

Step 5: Determine Performance Gaps.

Step 6: Prioritize Training Needs.

Step 7: Determine How to Train

ICT training needs purely depends on the ICT services deployed in an institution safe from basic ICT skills that are required by all employees.

The following is a sample template that can be used:

Setting training needs objectives

If you can't measure it, you can't manage it (MicroTek, 2019). At the beginning of every training program, there is a driving purpose; but unless you have clear, written goals and objectives, how will you know once you've achieved that purpose? Setting training goals and objectives will keep your program on track and help you maximize outcomes.

Training Goals versus Objectives

While many assume that goals and objectives are the same, the distinction between them is important. Let's look at a roadmap for example: the compass on the map provides the general direction, whereas the highways are the specific routes that describe how to go in a particular direction.

A goal statement is your compass—it is very broad and speaks to a primary outcome. Experts in our industry have been tying training goals to business outcomes—setting goals on performance and competencies that explicitly relate to ROI and ROE (return on expectations) for the proposed training. For example, a goals statement may answer the following: "What business outcomes do I want training to address?"

Objectives are like the highways on a roadmap—they describe measurable results you are to achieve to meet goals. Whereas you might have one or two goal statements, you'll likely have several objectives that relate back to the over-arching goal.

Don't confuse objectives with program activities—objectives *describe* the results to be achieved by the program and help monitor progress toward program goals.

S.M.A.R.T. Training Objectives

As you create training program objectives, keep them **S.M.A.R.T.**

- **Specific:** State objectives clearly, so there is no room for misinterpretation.
- **Measurable:** Objectives should be measurable so that you have tangible evidence of accomplishment.
- **Achievable:** Objectives should stretch you slightly so the goal feels challenging, yet attainable.
- **Relevant:** Your objectives should be directly applicable to your end goals.
- **Time-Bound:** Objectives should indicate a timeline for which they are to be completed. Apply realistic time scales to your objectives.

Impact-Oriented Training Objectives

As indicated earlier that experts in our industry have stressed the importance of tying training objectives to business impact—specifically how training relates to ROI and ROE. When developing objectives you'll want to think in terms of the business and performance outcomes your training program can impact.

- **Lower Costs:** You can tie training objectives to lowered costs in terms of employee turnover rates, fewer workplace accidents and improved efficiencies.
- **Increased Profits:** If you're doing sales training, you can track individual performance objectives before and after training.
- **Improve Time-to-Market or Accelerate Time-to-Profit:** Tie competency and performance metrics back to time-to-profit or time-to-market measures.
- **Operational Efficiency Improvements:** Skills development training could be related back to business goals relating to operational efficiency.

- **Improve Customer Satisfaction:** Your training can directly affect your customer's satisfaction scores.

Conclusion

Every training will have its own objectives, dependent on the goals set for the program. Determine the best goals to meet the needs of your organization. Clearly identifying these training goals and objectives will keep your training focused on results and illustrate an investment in your company's success.

10.3.9.3. Self-Assessment

1. Carry out training needs assessment in accordance with HR training procedures
2. Set training objectives based on training needs
3. Prepare training programmes as per HR procedures
4. Prepare training budget according to organization finance procedures and policy
5. Obtain training resources in accordance with budget
6. Carry out ICT training as per training programme and budget
7. Carry out evaluation of training as per training needs and objectives set
8. Prepare and share training report according to organization procedures
9. What is the term for incremental changes to processes in an organization using information technology?
    a) Business Process Improvement
    b) Business Process Reengineering
    c) Business Process Change
    d) Business Process Advance
10. What is the first step in a 'Stage gate' process?
    a) Develop a product.
    b) Demonstrate a plan.
    c) Initiate learning.
    d) Generate ideas and concepts.
11. Which is not an example of an external factor for learning and knowledge?
    a) Demographic change
    b) Political influences
    c) Organizational structure
    d) Social change

10.3.9.4. Tools, Equipment, Supplies and Materials

- Laptops/Computer lab
- Model Organizational Policies and procedures
- Internet
- Smartphones

10.3.9.5. References

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10.3.10. Learning Outcome No. 9. Prepare ICT report

10.3.10.1. Learning Activities

Learning Outcome #No. 1. Develop Business Strategic plan	
Learning Activities	Special Instructions
• Prepare and share an ICT report based on a template	• Trainee to use the template and share only to the project implementation committee members.

10.3.10.2. Information Sheet No. 10/LO9

Introduction

This learning outcome intends to equip the trainees with skills of preparing ICT reports and sharing in accordance with standard operating procedures of an organization. The layout of an ICT report can be accessed online at (Status net, 2019)

Definitions of key terms

ICT Report is a status document outline the expected implementation or operation targets and the current status.

Methods, processes/ procedures/ guidelines

All methods and standards governing ICTs in Kenya are available at www.icta.go.ke

Content

https://status.net/templates/project-report/ (All content here)

Report template to be used to prepare a report is found here.

Case Studies

The Meru National Polytechnic is implementing an enterprise resource planning system. You have been given the responsibility of project manager for the human resource and payroll management systems. Develop system requirements and a template for writing the implementation report.

Conclusion

ICT reports are a major function that will allow proper system integration as well as inform management any short falls and strengths of all acquired ICTs. The business manager must sharpen their report writing skills emanating from system requirements defined at the beginning of ICT projects.

10.3.10.3. Self-Assessment

1. Prepare and share organization ICT report in accordance with SOPs
2. Identify areas of concern based on targets and ICT procedures
3. Implement ICT recommendations as per ICT policy
4. Which of the following is not normally included in a written account of qualitative research?
    a. An introduction, locating the research in its theoretical context.
    b. An explanation of the design of the study.
    c. A discussion of the main findings in relation to the research questions.
    d. A decision to accept or reject the hypothesis.
5. What is the term for the act of acquiring an IS architecture from the market?
    a) External buying
    b) Ordering
    c) Outsourcing
    d) Procuring
6. Which is not an implementation activity for an information system?
    a) IS marketing plan
    b) System documentation
    c) Software development
    d) User training and development
7. What is the term for forcing people to accept change?
    a) Conditioning
    b) Conversion
    c) Converting

d) Coercion

10.3.10.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Laptops/Computer lab
- Model Organizational Policies and procedures
- Internet

10.3.10.5. References

1. ICT Authority Kenya. (2019, 5 30). National ICT Policy Kenya. Retrieved from ICT Authority Kenya: http://icta.go.ke/national-ict-policy/

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CHAPTER 11: COORDINATING BUSINESS DEVELOPMENT/ COORDINATE BUSINESS DEVELOPMENT

11.1. Introduction of the Unit of Learning / Unit of Competency

The trainee should be able to develop a business development strategy in accordance with company policies and procedures, and strategic plans, document and computerize business strategy in accordance to ICT policy, identify potential business opportunities and tracking emerging markets in accordance to Strengths, Weaknesses, Opportunities and Threats (SWOT) and Political, Economic, Social-cultural, Technological Legal and environmental (PESTLE), branding the company in accordance to company policy and procedures, maintain customer relations management in accordance to CRM procedures, monitor sales turnovers, manage new strategic partnerships and benchmarking in the industry.

Coordinating business development is a core unit in business management. It entails tasks and processes to develop and implement growth opportunities within and between organizations. Business development creates a long-term value for an organization from customers, markets, and relationships. It enables the trainees to acquire knowledge and skills required in implementation of business opportunity policies and procedures and also in conducting survey and preparing business development plan. It familiarizes the trainee to the business operating environment that is PESTEL analysis and methodologies of conducting SWOT analysis for a business. It equips the trainee with the current technological trends in the competitive business environment. The trainees require laptop, internet and format templates.

11.2. Performance Standard

The trainee should be able to develop a business development strategy in accordance with company policies and procedures, and strategic plans, document and computerize business strategy in accordance to ICT policy, identify potential business opportunities and trade emerging markets in accordance to SWOT analysis and PESTEL frameworks, branding the company in accordance to company policy and procedures, maintain customer relations management in accordance to CRM procedures and monitor sales turnovers.

11.3. Learning Outcomes

11.3.1. List of Learning Outcomes

a) Develop business development strategy
b) Identify potential business opportunities and track emerging markets
c) Develop company presence and brands strategies
d) Maintain Customer Relations management (CRM) System
e) Monitor sales turnover
f) Manage new strategic partnerships
g) Benchmark industry players
h) Document and computerize business strategy

11.3.2. Learning OutcomeLO1. Develop Business Development Strategy

11.3.2.1. Learning Activities

Learning Outcome LO1. Develop Business Development Strategy	
Learning Activities	Special Instructions
• Visit an organization or institution nearby and come up with a strategy you would like to implement	For proper analysis of business strategy the trainees should visit any nearby organization and identify a strategy they would wish to implement

11.3.2.2. Information Sheet No. 11/LO1

Introduction

Business development strategy relates to all round development of a particular business which makes it enriching and fruitful. It is a mixture of commerce, business and organizational behavior theories. Business development deals with the establishment of long term value factor for an organization from the point of view of markets, customers and their interrelationships. The process of business development is all about identifying the interconnected networks which will create new opportunities for growth.

- Business development strategy has a wide application from IT professionals, engineers, marketing management to prospective clients.
- Business development identifies and creates new partnerships avenues that help indirectly to drive revenue. The main goals of business development strategies include: market expansion, brand projection, new client acquisition, general awareness of the brand etc

Definition of Key terms

Business development strategy- This refers to a plan for achieving organizational goals. (William J. (2005). It is a combination of numerous individual tasks which has a goal of implementing and developing growth opportunities either within the organization or between two or more organizations.

Inbound business development strategies: It refers to the process of attracting the attention of prospects via content creation, before they are even ready to buy. It is one of the best most cost effective ways to convert strangers into customers and promoters of your business e.g use of social media and internet.

Outbound business development strategy: This refers to a way of trying to reach customers through general media advertising and inform contact. The approach can be extremely broad i.e TV advertising, through personal (face to face meetings or cold calling / telemarketing and emails. Direct mails (brochures, websites, blogging, social media, branded, marketing (newsletters).

Content

Business development strategy procedure

The following procedure should be followed so as to come up with a good business development strategy;

1. Obtaining current business data
2. Developing business strategies
3. Gather the facts
4. Develop vision statement
5. Develop mission statement
6. Identify strategic objectives
7. Tactical plans
8. Performance management

1. Obtaining current business data.

Business idea can be obtained from current business trends according to company policies and procedures e.g. customer data can be collected by directly asking customers, by indirectly tracking customers and by appending other sources of customer data to your own.

2. Developing business strategies

(a) Business strategies

A business strategy is a set of competitive moves and actions that business uses to attract customers, compete successfully, strengthening performance, and achieve organizational goals. It outlines how business should be carried out to reach the desired ends.

Figure 39: Levels of Business Strategy

(b) Corporate level strategy: Corporate level strategy is long-range, action-oriented, integrated and comprehensive plan **formulated by the top management**. It is used to ascertain business lines, expansion and growth, takeovers and mergers, diversification, integration, new areas for investment and divestment and so forth.

(c) **Business level strategy**: The strategies that relate to a particular business are known as business level strategies. It is **developed by the general managers**, who convert mission and vision into concrete strategies. It is like a blueprint of the entire business.

(d) **Functional level strategy**: **Developed by the first line managers or supervisors**, functional level strategy involves decision making at the operational level concerning particular functional areas like marketing, production, human resource, research and development, finance and so on.

Four Generic Strategies That Strategic Business Units Use

Figure 40: Integrated Cost Leadership/ Differentiation

(e) **Cost Leadership strategy**
A cost leadership strategy works if the company can produce its products at the lowest cost in the industry. This strategy is commonly used in markets with products that are not distinctly different from each other.

(f) **Differentiation Strategy**
A differentiation strategy requires the company to offer products with unique characteristics that consumers believe have value and are willing to pay more for them. If consumers perceive that these unique properties are worthwhile, the company can charge premium prices for its products.

(g) Cost Focus strategy

A cost focus strategy centers on a limited market segment or a particular niche. It requires the company to understand the idiosyncrasies of that market and the unique needs of those specific customers.

(h) Differentiation Focus

Like a cost focus strategy, the differentiation focus approach aims for a narrow niche market. In this case, the company finds unique features of its products that appeal to a particular group of customers.

3. Gather the facts

To know where you're heading, you have to know where you are right now. So before you start looking ahead, you should review the past performance, or the current situation. Look at each area of the business and determine what worked well, what could have been better and what opportunities lie ahead.

There are many tools and techniques available to help with this process, such as SWOT (Strength, Weakness, Opportunities and Threats) analysis.

4. Develop a vision statement

This statement should describe the future direction of the business and its aims in the medium to long term. It's about describing the organization's purpose and values. For example, Microsoft's visionis "to empower people through great software, any time, any place, or any device." Wal-Mart's vision is to become worldwide leader in retailing. A vision is the potential to view things ahead of themselves. It answers the question, "Where we want to be". It gives us a reminder about what we attempt to develop. A vision statement is for the organization and its members, unlike the mission statement which is for the customers/clients. It contributes in effective decision making as well as effective business planning. It incorporates a shared understanding about the nature and aim of the organization and utilizes this understanding to direct and guide the organization towards a better purpose. It describes that on achieving the mission, how the organizational future would appear to be.

An effective vision statement must have following features-

a.It must be unambiguous.

b.It must be clear.

c.It must harmonize with organization's culture and values.

d.The dreams and aspirations must be rational/realistic.

e.Vision statements should be shorter so that they are easier to memorize

5. Develop a mission statement

This defines the organization's purpose, but it also outlines its primary objectives. This focuses on what needs to be done in the short term to realize the long term vision.

Mission statement has three main components-a statement of mission or vision of the company, a statement of the core values that shape the acts and behavior of the employees, and a statement of the goals and objectives.

Features of a Mission

a. Mission must be feasible and attainable. It should be possible to achieve it.

b. Mission should be clear enough so that any action can be taken.

c. It should be inspiring for the management, staff and society at large.

d. It should be precise enough, i.e., it should be neither too broad nor too narrow.

e. It should be unique and distinctive to leave an impact in everyone's mind.

f. It should be analytical, i.e., it should analyze the key components of the strategy.

g. It should be credible, i.e., all stakeholders should be able to believe it

6. Identify strategic objectives

At this stage, the aim is to develop a set of high-level objectives for all areas of the business. They need to highlight the priorities and inform the plans that will ensure delivery of the company's vision and mission.

Crucially, your objectives must be SMART (Specific, Measurable, Achievable, Realistic and Time-related).

That is:

Specific: clear about what, where, when, and how the situation will be changed;

Measurable: able to quantify the targets and benefits;

Achievable: able to attain the objectives (knowing the resources and capacities at the disposal of the community);

Realistic: able to obtain the level of change reflected in the objective; and

Time bound: stating the time period in which they will each be accomplished.

Developing business strategic objectives

Strategic objectives are long-term and should be aligned with your organization mission and vision e.g.

i. Financial strategic objectives i.e. expand sales to existing customers
ii. Increase customer retention, develop a customer database, introduce existing products to new market, introduce new product to new and existing market expand sales to global market place etc.
iii. Internal /operational strategic objectives e.g. to have products that meet standards of excellence increase community outreach. Improve internal communication, execute and maintain a CRM process, improve distribution or supplier relationship etc.
iv. People strategic objectives e.g. employ professional who create success for customers, develop leadership abilities, align incentives and staff rewards with performances etc.

7. Tactical Plans

Translate the strategic objectives into more detailed short-term plans. These plans will contain actions for departments and functions in your organization. You may even want to include suppliers.

8. Performance Management

All the planning and hard work may have been done, but it's vital to continually review all objectives and action plans to make sure you're still on track to achieve that overall goal. Managing and monitoring a whole strategy is a complex task, which is why many directors, managers and business leaders are looking to alternative methods of handling strategies. Creating, managing and reviewing a strategy requires you to capture the relevant information, break down large chunks of information, plan, prioritize, capture the relevant information and have a clear strategic vision.

Developing in bound and out bound business development strategies

Inbound strategies include: Use of social media and Internet

Outbound strategies include: telemarketing, cold calling, website, branded marketing (newsletter)

Modern technology has enabled the creation of a myriad of new communication tools, sites and software. Moreover, improvements and additions are constantly being made to existing devices to maintain the highest quality of communication possible. The modern communication technologies include:

Skype

It is downloaded software that enables users to make free phone calls an send messages via the internet. The service also offers video phone calling allowing users to watch each other in real as they speak. Both businesses and private individuals have benefited from the convenience and immediacy of Skype's communication tools.

Email

Many cell phone services offer access to email with the capability of sending and receiving messages from the devices themselves. This technology is helpful for those who must stay in constant communication with family members, co-workers, without being bound to large computers or laptops.

Other modern communication technologies are instant messaging, twitter, cellular phones, LinkedIn etc.

If a large company wants to tap on good talent in order to develop new technology, then it will take over a small firm for its talent as opposed to its business assets.

A company may want to identify and develop a new target market e.g. a movie theatre can begin renting its facilities for private parties on slow nights.

A company that want to identify and develop new sources of opportunities e.g. a software sales team that currently sells to large firms begins to target mid-sized firms

A company can change its operating model by building its own factories if it previously outsourced manufacturing or also develop its own infrastructure by extending a telecommunication network into a new region.

Conclusion

Business development strategy relates to all round development of a particular business which makes it enriching and fruitful. Therefore process of business development is all about identifying the interconnected networks which will create new opportunities for growth.

The trainee should be able to discuss different types of business strategies and also discuss types of inbound and outbound business development strategies. The trainee should also be able to list down some of the current modern technologies.

11.3.2.3. Self-Assessment

1. A marketing strategy consists of two interrelated parts. These are:
   a) Selection of a target market and implementing the plan.
   b) Selection of a target market and development of a marketing mix.
   c) Selection and development of a marketing mix.
   d) Finding attractive opportunities and developing a marketing mix.
   e) Finding attractive opportunities and selecting a target market.
2. Marketing strategy planners should recognize that:
   a) Target markets should not be large and spread out.
   b) Mass marketing is often very effective and desirable.

c) Firms like General Electric, Sears, and Procter & Gamble are too large to aim at clearly defined markets.
d) Target marketing is not limited to small market segments.
e) The terms "mass marketing" and "mass marketers" mean essentially the same thing.

3. A marketing mix consists of:
    a) Policies, procedures, plans, and personnel.
    b) The customer and the "four Ps."
    c) All variables, controllable and uncontrollable.
    d) Product, price, promotion, and place.
    e) None of the above.
4. Identify various business strategies
5. Using examples explain the difference between inbound and outbound business development strategies
6. Identify inbound and outbound business developed strategies used in an organization of your own choice and explain its mission and vision.
7. Develop a business strategy for your upcoming business

11.3.2.4. Tools, Equipment, Supplies and Materials

- Computer
- Stationery
- Digital devices
- Printers
- Projector
- Internet connectivity

11.3.2.5. References

1. Stevenson William J. (2005) Operations Management, McGraw Hill, New York
2. **Woodruff James (2018). Four Generic Strategies that strategic business use. University of Minessota**

Further reading

3. http://www.businessdictionary.com/
4. https://www.business2community.com/strategy

11.3.3. Learning Outcome LO2. Identify Potential Business Opportunities and Track Emerging Markets

11.3.3.1. Learning Activities

Learning Outcome LO2. Identify Potential Business Opportunities and Track Emerging Markets	
Learning Activities	Special Instructions
• Use SWOT analysis matrix to determine and compare the internal strengths and weaknesses of any organization or institution near your institution and analyze the opportunities for it and threats to it within the market. Use the information to inform your strategy. • In a group of five the trainees should brainstorm each PESTLE factor in turn. Then list anything that could affect their organization of choice in future and narrow the list to the main factors than need to be considered when developing new strategy.	• The trainees should use SWOT analysis to determine and compare the internal strengths and weaknesses of any organization • The trainees should form a group of five and brainstorm each PESTLE factor in turn and then list anything that could affect their organization of choice in future and narrow the list to the main factors that need to be considered when developing new strategy.

11.3.3.2. Information Sheet No. 11/LO2

Introduction

Analyzing the environment in which you operate is the first step to creating a strategy. There are a number of analysis tools that can help you access your chosen market and also the world in which you do your business e.g. to be a successful car dealer you must buy the right cars at the right prices. The analysis tools include; the SWOT analysis matrix and different PESTLE factors that affect an organization.

Definition of Key terms

SWOT Analysis

It is a study undertaken by an organization to identify its internal strength and weakness as well as its external opportunities and threats.

PESTLE- Political, Economic 'Socio cultural, legal and Environmental

It is used for the market environment and environmental analysis and to support strategic decision making.

Market factors

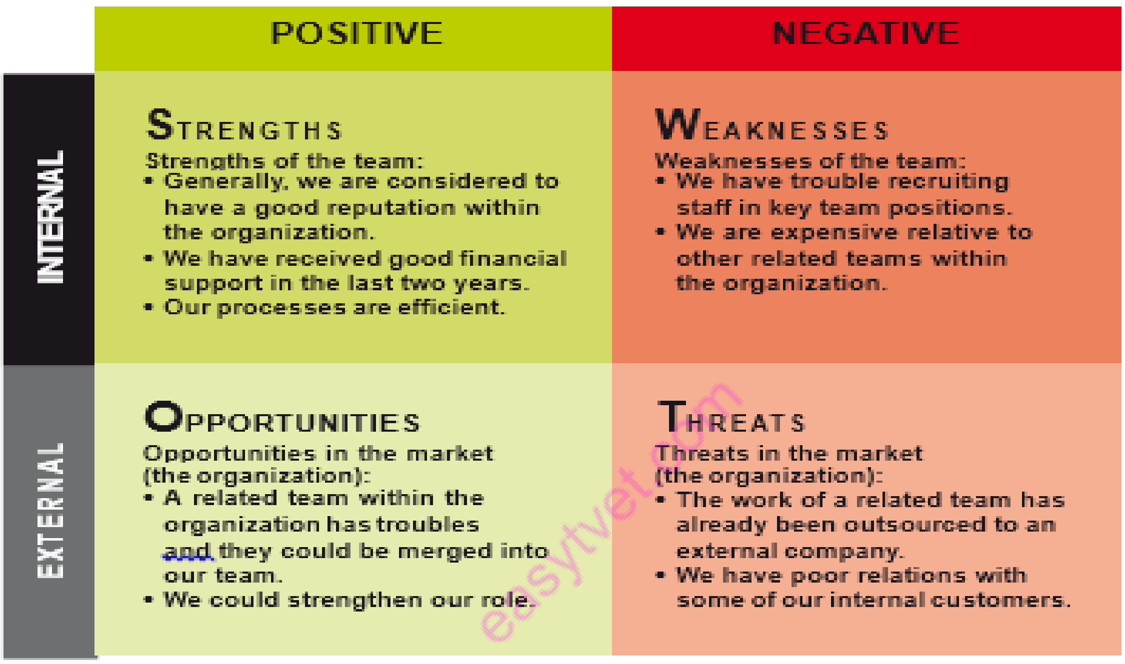
It refers to any external agent that affects the demand for or the price of a good or service.

Content

SWOT Analysis

It helps one understand your organization and its market and environment by contrasting its Strengths and Weaknesses with Opportunities and Threats in the markets.

SWOT Analysis for a team within an organization



Source (Kevan, Williams 2009, Strategic Management, DK publishing, New York)

Importance of SWOT analysis

Reducing Risk
the most important part of a SWOT analysis is to improve the viability of your company. Important threats coupled with a company weakness typically put at risk your company's future, and the SWOT analysis identifies these risks. Your analysis pairs external threats with internal weaknesses to highlight the most serious issues faced by your company.

Improving Performance
the second most important part of the SWOT analysis tells you what actions you should consider to improve the performance of your business. Your analysis pairs the internal strengths with the external opportunities. Taking advantage of an opportunity from a position of strength helps ensure the success of the corresponding venture.

PESTLE Analysis

They assess macroeconomic forces that affect all markets including political and economic factors, social trends and legal factors. PESTLE analysis divides these forces into political factors, economic, social technological, legal and environmental factors. A PESTLE analysis is an early step in creating new strategy since it creates the background in which an organization has to operate and make decisions. It can be performed by an individual but it is best if a team undertake it to allow sharing of ideas and discussion on the same.

1. **Political:** These factors determine the extent to which a government may influence the economy or a certain industry. For example, a government may impose a new tax or duty due to which entire revenue generating structures of organizations might change.
2. **Economic:** These factors are determinants of an economy's performance that directly impacts a company and have resonating long term effects. Economic factors include inflation rate, interest rates, foreign exchange rates and economic growth patterns.
3. **Social:** These factors scrutinize the social environment of the market, and gauge determinants like cultural trends, demographics, population analytics etc.
4. **Technological:** These factors pertain to innovations in technology that may affect the operations of the industry and the market favorably or unfavorably. This refers to automation, research and development and the amount of technological awareness that a market possesses.
5. **Legal:** These factors have both external and internal effects. Some of the laws affect the business environment in a certain country while other policies are maintained by companies themselves. For example, consumer laws, safety standards, labor laws etc.
6. **Environmental:** These factors include all those that influence or are determined by the surrounding environment. Such factors may include: climate, weather, geographical location, global changes in climate, environmental offsets etc.

Identification of business opportunities

To be successful entrepreneurs we need to be continually innovative and working for opportunities to grow our startups. We can identify more business opportunities by:

1. Listening to our potential clients and past leads

2. Listen to our customers

3. Look at our competitors

4. Look at industry trends and insights

5. Analyze business strategies and opportunities as well as weaknesses and threats

Evaluating business opportunities

1. Market Size

One of the most important factors when evaluating a business opportunity is determining the market size.

2. Relationships

determine your relationships with potential investors or customers. When you have more relationships, the opportunity is likely to run smoother.

3. Ability to Manage Cash Flow

Look at the ability to manage cash flow. Ensure there is a start-up funding for the business. Figure out how the cash flow will be managed, and take a look at the business plan. These will ensure that the business is likely to sustain itself after a period of time.

4. Management Skillsets

define the skillsets of those involved. Be honest about what you bring to the table, and what you need to make up for. Determine whether the management have the skills and competence for the business to be successful.

5. Passion and Persistence

Even if there is a bit of a talent deficit, it's possible, in some cases, to make up for that with passion and persistence.

Conclusion

The first step to creating a strategy is to analyze the environment in which you operate. This can be done in accordance to SWOT Analysis and PESTLE factors. The learner should be able to discuss the factors to consider in identifying and tracking new markets and discuss the benefits of evaluating business opportunities. The learner should also be able to explain the SWOT analysis matrix and different PESTLE Factors that affect an organization.

11.3.3.3. Self-Assessment

1. Which of the following SWOT elements are internal factors for a business?
   a) Strengths and Weaknesses
   b) Opportunities and Threats
   c) Strengths and Opportunities
   d) Weaknesses and Threats

2. Which of the following is false regarding why a SWOT Analysis is used?
   a) To build on the strengths of a business
   b) To minimize the weaknesses of a business
   c) To reduce opportunities available to a business
   d) To counteract threats to a business

3. How often should a SWOT Analysis be performed?
    a) Only when specific issues need to be addressed
    b) At least once per year
    c) Only when the business starts
    d) Every 3-5 years

4. Which of the following could be a strength?
    a) Weather
    b) A new international market
    c) A price that is too high
    d) The location of a business

5. Identify various strengths, opportunities, weaknesses or threats that may affect a company.
6. Discuss the factors to consider in identifying and tracking new markets.
7. Explain the SWOT analysis matrix and different PESTLE Factors that affect an organization.
8. Brainstorm in a group of five trainees and explain the SWOT analysis matrix and different PESTLE factors that affects two competitive organizations.

11.3.3.4. Tools, Equipment, Supplies and Materials

- Stationery
- Internet
- Printers
- Computer
- Phones
- projector

11.3.3.5. References

1. Kevan, Williams 2009, Strategic Management, DK publishing, New York
2. https://www.businessdictionary.com/

11.3.4. Learning Outcome LO3. Develop Company Presence and Brands

11.3.4.1. Learning Activities

Learning Outcome LO3. Develop Company Presence and Brands	
Learning Activities	Special Instructions
• Prepare a business development plan in accordance with the strategy the trainee has chosen • Visit a nearby supermarket and identify the brand logos of different companies and compare them in relation to vision	• The learners should prepare a business development plan in accordance with the strategy the trainee has chosen and • Visit a nearby supermarket and identify the brand logos of different companies

11.3.4.2. Information Sheet No. 11/LO3

Introduction

A business development plan is a plan that is made by companies or start-ups to develop their business. This kind of plan can be really successful for any small, medium and big companies all around the world. Before you start off a business development plan, you first need to know the main elements and components that should be present in it, since it is a plan that will help you with the growth of not only your business but also your company's reputation and sales.

Every minute detail of the business and the areas that it can possibly be developed should be listed out in detail. This makes it easier for those in the organization to understand where the business needs to be developed. The strengths and weaknesses of the company should be carefully assessed so that you will have an idea of where to get better and where to cut down things. There should be a detailed list of how you will overcome any issues that might possibly come your way and how each employee is going to work towards it. Also, making a list of all the skills your company possesses with respect to its equipment, personnel, infrastructure, etc. Once the plan is made, fix a deadline or a time limit in which the plan should be successfully executed and then make the company work towards it. The trainees should use the below link to assess the development plan template

https://images.template.net/wp-content/uploads/2015/04/Development-Plan-Template.jpg

Definition of Key terms

Branding

A brand is a name, term, design, symbol or any other feature that identifies one sellers good or service as distinct from those of other sellers.

Business development Plan

It provides guidance to organizations in purpose, including mission, vision and values as well as products or service target audience and the strategies they will use to achieve success.

Content

Branding

Branding is the process of creating a strong positive perception of a company, its products or services in the customers mind by combining such elements as logo, design, mission statement and a consistent theme throughout all marketing communications.

Effective branding helps companies differentiate themselves from their competitors and build a loyal customer base.

A unique brand can have a huge impact on your business by giving you a competitive advantage over your rivals and helping you acquire and retain customers at a much lower cost e.g. ine-commerce where new businesses are springing up every day, an established brand can be a valuable asset in bringing customers back and generating revenue.

By constructing your brand through stories, relationships, marketing messages and visual assets, you have the opportunity of shaping your customers' expectations for your business and creating a unique bond beyond the buying and selling relationship. Brands that manage to take a step further and establish a long term emotional connection with their customers become love marks, which draw on three key elements: mystery, sensuality and intimacy.

Good branding is strategic while marketing is tactical. When you establish the objectives and clearly define your brand promise, you can craft a marketing plan that is geared towards achieving goals in an organization

A company should utilize the following key strategies so as to create a stronger brand presence:

- Focus on the target audience
- Foster a personal connection between the brand and consumer
- Cultivate a strong story and remain consistent

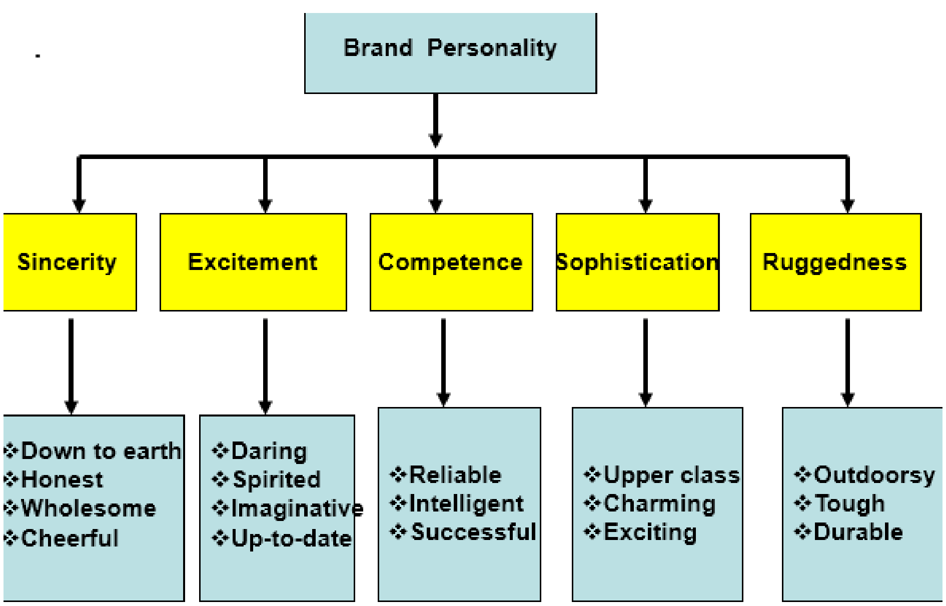


Figure 41: Brand Personality Framework. Source: Kevan, Williams 2009, Strategic Management, DK publishing, New York

The following are attributes of a brand:

1. The brand excels at delivering the benefits customers truly desire.

Customers buy products because of their attributes, brand's image, the service, and many other tangible and intangible factors e.g. Consider Starbucks. It's not just a cup of coffee. In 1983, Starbucks was a small Seattle-area coffee retailer. Then while on vacation in Italy, Howard Schultz, now Starbucks chairman, was inspired by the romance and the sense of community he felt in Italian coffee bars and coffee houses. The culture grabbed him, and he saw an opportunity. "Starbucks sold great coffee beans, but we didn't serve coffee by the cup. We treated coffee as produce, something to be bagged and sent home with the groceries. We stayed one big step away from the heart and soul of what coffee has meant throughout centuries."

And so Starbucks began to focus its efforts on building a coffee bar culture, opening coffee houses like those in Italy. The company maintained control over the coffee from the selection and procurement of the beans to their roasting and blending to their ultimate consumption. The extreme vertical integration has paid off. Starbucks locations this far have successfully delivered superior benefits to customers by appealing to all five senses, through the enticing aroma of the beans, the rich taste of the coffee, the product displays and attractive artwork adorning the walls. The company's sales and profits have each grown more than 50% annually through much of the 1990s.

2. The brand stays relevant.

In strong brands, brand equity is tied both to the actual quality of the product or service and to various intangible factors such as user imagery" (the type of person who uses the brand); "usage imagery" (the type of situations in which the brand is used); the type of personality the brand portrays (sincere, exciting, competent, rugged); the feeling that the brand tries to elicit in customers (purposeful, warm); and the type of relationship it seeks to build with its customers (committed, casual, seasonal) e.g. Gillette pours millions of dollars into Research and Development to ensure that its razor blades are as technologically advanced as possible, calling attention to major advances through sub brands (Atra, Sensor, Mach3) and signaling minor improvements with modifiers (Atra Plus, Sensor Excel). Moreover, Gillette has created a consistent, intangible sense of product superiority with its long-running ads, "The best a man can be," which are tweaked through images of men at work and at play that have evolved over time to reflect contemporary trends.

3. The pricing strategy is based on consumers' perceptions of value.

The right blend of product quality, design, features, costs, and prices is very difficult to achieve but well worth the effort. Many managers are unaware of how price can relate to what customers think of a product, and they therefore charge too little or too much e.g. in implementing its value-pricing strategy for the Cascade automatic-dishwashing detergent brand, Procter & Gamble made a cost-cutting change in its formulation that had an adverse effect on the product's performance under certain water conditions. Lever Brothers quickly countered, attacking Cascade's core equity of producing "virtually spotless" dishes out of the dishwasher. In response, Procter & Gamble immediately returned to the brand's old formulation. The lesson to Procter & Gamble and others is that value pricing should not be adopted at the expense of essential brand-building activities.

4. The brand is properly positioned.

Brands that are well positioned occupy particular niches in consumers' minds. They are similar to and different from competing brands in certain reliably identifiable ways. The most successful brands in this regard keep up with competitors by creating *points of parity* in those areas where competitors are trying to find an advantage while at the same time creating *points of difference* to achieve advantages over competitors in some other areas.

The Mercedes-Benz and Sony brands, for example, hold clear advantages in product superiority and match competitors' level of service. Calvin Klein and Harley-Davidson excel at providing compelling user and usage imagery while offering adequate or even strong performance.

5. The brand is consistent.

Maintaining a strong brand means striking the right balance between continuity in marketing activities and the kind of change needed to stay relevant. The brand's image should not be lost with marketing efforts that confuse customers by sending conflicting messages.

In the 1970s, Michelob ran ads featuring successful young professionals that confidently proclaimed, "Where you're going, it's Michelob." The company's next ad campaign trumpeted, "Weekends were made for Michelob." Later, in an attempt to bolster sagging sales, the theme was switched to "Put a little weekend in your week." In the mid-1980s, managers launched a campaign telling consumers that "The night belongs to Michelob." Then in 1994 we were told, "Some days are better than others," which went on to explain that "A special day requires a special beer." That slogan was subsequently changed to "Some days were made for Michelob."After receiving so many different messages, consumers could hardly be blamed if they had no idea when they were supposed to drink the beer. Predictably, sales suffered.

6. The brand portfolio and hierarchy make sense.

Most companies do not have only one brand; they create and maintain different brands for different market segments. Single product lines are often sold under different brand names, and different brands within a company hold different powers. The corporate, or companywide, brand acts as an umbrella. A second brand name under that umbrella might be targeted at the family market. A third brand name might nest one level below the family brand and appeal to boys, for example, or be used for one type of product.

Other brand attributes include:

a. The brand makes use of and coordinates a full report of marketing activities to build equity
b. The brand's managers understand what the brand means to consumers
c. The brand is given proper support

That support is sustained over the long run, the company monitors sources of brand equity etc.

Market survey

Market survey is the survey research and analysis of the market for a particular product/service which includes the investigation into customer inclinations. It studies on various customer capabilities such as investment attributes and buying potential.

Purpose of Market Survey

- **Gain critical customer feedback:** The main purpose of the market survey is to offer marketing and business managers a platform to obtain critical information about their consumers so that existing customers can be retained and new ones can be brought onboard.
- **Understand customer inclination towards purchasing products:** Details such as whether the customers will spend a certain amount of money for their products/services, inclination levels among customers about upcoming features or products, what are their thoughts about the competitor products etc.
- **Enhance existing products and services:** A market survey can also be implemented with the purpose of improving existing products, analyze customer satisfaction levels along with getting data about their perception of the market and build a buyer personalization using information from existing clientele database.
- **Make well-informed business decisions:** Data gathered using market surveys is instrumental in making major changes in the business which reduces the degree of risks involved in taking important business decisions.

Importance of Market Survey

1. Understanding the demand and supply chain of the target market: A product is most likely to be successful if it is developed by keeping in mind the demand and supply of the target market. This way, marketers can obtain insights about market capabilities to absorb new products and concepts to develop customer-centric products and features.

2. Developing well-thought marketing plans: The World is a target market for an organization, especially a well-established one. Getting data from the target market through thorough market research using market surveys and segmentation can be a source of creating concrete and long-term marketing plans.

3. Figure out customer expectations and needs: All marketing activities revolve around customer acquisition. All small and large organizations require market surveys to gather feedback from their target audience regularly, using customer satisfaction tools such as Net Promoter Score, Customer Effort Score, and Customer Satisfaction Score (CSAT) etc. Organizations can analyze customer feedback to measure customer experience, satisfaction, expectations etc.

4. Accurate launch of new products: Market surveys are influential in understanding where to test new products or services. Market surveys provide marketers a platform to analyze the scope of success of upcoming products and make changes in strategizing the product according to the feedback they receive.

5. Obtain information about customer demographics: Customer demographics form the core of any business and market surveys can be used to obtain intricate and sensitive details about customer demographics such as race, ethnicity or family income.

Types of market surveys

1. Market Surveys for segmentation

2. Market Surveys for exploring various aspects of the target market

3. Market Surveys to probe into purchase procedure

4. Market Surveys to establish buyer personality

5. Market Surveys to measure customer loyalty

6. Market Surveys to analyze a new feature or concept

7. Market Surveys for competitor analysis

8. Market Surveys to understand the impact of sales activities

9. Market Surveys to assess prices for new products/services

10. Market Surveys for evaluation of customer service

Company Promotional Activities

The goal of marketing is to stand out and be noticed. Good marketing keeps drawing your customers' attention to your products and services. Your clearly defined, well-packaged, competitively-priced products and services are the foundation of your marketing. The newer you are in your market, the harder you have to work to attract and retain new customers. Many of your marketing activities will focus on communicating to customers the features and benefits of your products (i.e. compared to your competitors). Consider which promotional activities will best meet your marketing needs.

Types of promotional activities

(i)Advertising - you can advertise your product, service or brand in newspapers, radio, television, magazines, outdoor signage and online. Learn more about how to make your advertising a success

(ii)Personal selling or telemarketing - effective personal selling relies on excellent communication and interpersonal skills, good product and service knowledge and the ability to sell product benefits to prospective customers.

(iii)Publicity - created by sending media releases to print and broadcasting media, giving interviews to the media and from word-of-mouth.

(iv)Short-term sales promotions - market your product or service using coupons, competitions and contests.

(v)Direct marketing - involves sending letters, emails, pamphlets and brochures to individual target clients, often followed by personal selling or telemarketing.

Conclusion

A business development plan is a plan that is made by companies or start-ups to develop their business. This kind of plan can be really successful for any small, medium and big companies all around the world. Branding is the process of creating a strong positive perception of a company, its products or services in the customers mind by combining such elements as logo, design, mission statement and a consistent theme throughout all marketing communications. The goal of marketing is to stand out and be noticed. Good marketing keeps drawing your customers' attention to your products and services.

The trainee should be able to highlight the benefits of branding and market survey; identifying various promotional activities used by a company and discuss the attributes for a brand. The trainees should also prepare a business development plan in accordance with the strategy the trainee has chosen and visit a nearby supermarket and identify the brand logos of different companies

11.3.4.3. Self-Assessment

1. _ ______________is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market.
    a. Branding
    b. Imaging
    c. Positioning
    d. Targeting
    e. Segmenting

2. Companies can gain a strong competitive advantage through having better-trained people. This is called _____.
    a. product differentiation
    b. human resources parity
    c. personnel training
    d. reputable personnel
    e. employee differentiation

3. As part of the strategic brand management process, each company and offering must represent the ________ in the mind of the target market.
    a. organizational concept
    b. cell
    c. promotion
    d. right kinds of things
    e. ad

4. All marketing strategy is built on STP segmentation, targeting, and
    a. positioning
    b. promotion
    c. planning
    d. performance
    e. product

5. The result of positioning is the successful creation of ________, a cogent reason why the target market should buy the product.
    a. strategic window of opportunity
    b. a customer-focused value proposition
    c. an award winning promotional campaign
    d. every-day-low-pricing
    e. a demand channel

6. Using the market approach, ________ are companies that satisfy the same customer need.
    a. entrepreneurs
    b. followers
    c. innovators
    d. competitors
    e. partners

7. Which of the following terms is most closely associated with the following statement: "attributes or benefits consumers strongly associate with a brand, positively evaluate, and believe that they could not find to the same extent with a competitive brand"?
   a. points-of-value
   b. brand concept
   c. brand image
   d. points-of-parity
   e. points-of-difference

8. Douglas Holt believes that for companies to build iconic leadership brands, they must assemble
   a. equity building blocks
   b. brand pyramids
   c. brand champions
   d. consumer knowledge
   e. cultural knowledge

9. ________ is a company's ability to perform in one or more ways that competitors cannot or will not match.

   a. Competitive advantage
   b. Competitive intelligence
   c. Market research
   d. Competitor analysis
   e. Brand positioning

10. There are three main ways to convey a brand's category membership: announcing category benefits, ________, and relying on the product descriptor.

    a. buzz marketing
    b. overt publicity
    c. preference positions
    d. comparing to exemplars
    e. industry trade press

11. To avoid confusing brand loyal customers, Ford presented the X-trainer as a "sports wagon." With respect to ways of conveying a brand's category membership, which of the following did Ford use with its new product?
    a. comparing to exemplars

b. using public relations to secure brand position
c. relying on the product descriptor
d. using brand perception to increase profits
e. announcing category benefits

12. Identifying various promotional activities used by a company
13. Discuss the attributes of a brand
14. By use of a well-known firm, identify how the firm prepare for its presence, how it does promotional activities and how it benefits from these activities.
15. Prepare Business development plans according to the business development strategies given.
16. Conduct a Market survey and identify company promotion activities according to strategic plans.
17. Demonstrate communication of Business development plans to the department according to the business development procedures.
18. Company promotional activities are identified according to market survey
19. Prepare Company presence and brands strategy report to company policy

11.3.4.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Internet connectivity
- Stationery
- Computer
- Phones

11.3.4.5. References

1. Kolter, Phillip (2001) Marketing management, Pearsons Education, Prentice Hall
   Further reading
2. https/ www.businessdictionary.com

11.3.5. Learning Outcome LO4. Maintain Customer Relations Management System

11.3.5.1. Learning Activities

Learning Outcome LO4. Maintain Customer Relations Management System	
Learning Activities	Special Instructions
• Using your institution, obtain evaluate, update and store customers data on cloud based CRM Apps • Demonstrate the procedure used in obtaining customer data, evaluating the data, updating customers' accounts and sorting customer data • Discuss the benefits of using Cloud based CRM Apps in a company	• The trainee should obtain evaluate, update and store customers data on cloud based CRM Apps and • Demonstrate the procedure used in obtaining customer data, evaluating the data, updating customers' accounts and sorting customer data

11.3.5.2. Information Sheet No. 11/LO4

Introduction

Customer relationship management (CRM) is the combination of practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving customer service relationships and assisting in customer retention and driving sales growth. CRM systems compile customer data across different channels, or points of contact between the customer and the company, which could include the company's website, telephone, live chat, direct mail, marketing materials and social media. CRM systems can also give staff detailed information on customers' personal information, purchase history, buying preferences and concerns.

Definition of Key words

CRM- Customer Relationship Management

It is the process of carefully managing detailed information about individual customers and all customer touch points to maximize customer loyalty.

Cloud based CRM Apps/ CRM cloud

It refers to any customer relationships management technology where the CRM software, CRM tools and the organizations customer data resides in the cloud and is delivered to end users via internet.

Content

Components of CRM

At the most basic level, CRM software consolidates customer information and documents into a single CRM database so business users can more easily access and manage it.

Over time, many additional functions have been added to CRM systems to make them more useful. Some of these functions include recording various customer interactions over email, phone, social media or other channels; depending on system capabilities, workflow automation processes, such as tasks, calendars and alerts; and giving managers the ability to track performance and productivity based on information logged within the system.

The components of CRM are:

Marketing automation: CRM tools with marketing automation capabilities can automate repetitive tasks to enhance marketing efforts at different points in the lifecycle. For example, as sales prospects come into the system, it might automatically send the prospects marketing materials, typically via email or social media, with the goal of turning a sales lead into a full-fledged customer.

Sales force automation: these tools track customer interactions and automate certain business functions of the sales cycle that are necessary to follow leads and attract and obtain new customers.

Contact center automation: Designed to reduce tedious aspects of a contact center agent's job, automation might include pre-recorded audio that assists in customer problem-solving and information dissemination. Various software tools that integrate with the agent's desktop tools can handle customer requests in order to cut down on the time of calls and to simplify customer service processes.

Geo location technology, or location-based services: Some CRM systems include technology that can create geographic marketing campaigns based on customers' physical locations, sometimes integrating with popular location-based GPS apps. This technology can also be used as a networking or contact management tool in order to find sales prospects based on a location.

Workflow automation: CRM systems help businesses optimize processes by streamliving workloads, enabling employees to focus on creative and more high-level tasks.

Lead management: Sales leads can be tracked through CRM, enabling sales teams to input, track and analyze data for leads in one place.

Human resource management: CRM systems help track employee information, such as contact information, performance reviews and benefits within a company. This enables the human resource department to more effectively manage the internal workforce.

Analytics: Analytics in CRM help create better customer satisfaction rates by analyzing user data and helping create targeted marketing campaigns.

AI: Artificial intelligence technologies, have been built into CRM platforms to automate repetitive tasks, identify customer buying patterns to predict future customer behaviors and more.

Types of CRM technology

On-premises CRM: This system puts the onus of administration, control, security and maintenance of the database and information on the company using the CRM software. With this approach, the company purchases licenses upfront instead of buying yearly subscriptions from a cloud CRM provider. The software resides on the company's own servers and the user assumes the cost of any upgrades. It also usually requires a prolonged installation process to fully integrate a company's data. Companies with complex CRM needs might benefit from an on-premises deployment.

Cloud-based CRM: With cloud-based CRM, also known as SaaS (software as a service) or on-demand CRM, data is stored on an external, remote network that employees can access anytime, anywhere there is an internet connection, sometimes with a third-party service provider overseeing installation and maintenance. The cloud's quick, relatively easy deployment capabilities appeal to companies with limited technological expertise or resources.

Companies might consider cloud CRM as a more cost-effective option. Vendors such as Salesforce charge by the user on a subscription basis and offer the option of monthly or yearly payments.

Data security is a primary concern for companies using cloud-based systems, as the company doesn't physically control the storage and maintenance of its data. If the cloud provider goes out of business or is acquired by another company, an enterprise's data can be compromised or lost. Compatibility issues can also arise when data is initially migrated from a company's internal system to the cloud.

Finally, cost may be a concern, since paying subscription fees for software can be more costly over time than on-premises models.

Open source CRM: it make source code available to the public, enabling companies to make alterations at no cost to the company employing the system. Open source CRM systems also enable the addition and customization of data links on social media channels, assisting companies looking to improve social CRM practices.

Open Source CRM platforms such as OroCRM, SuiteCRM and SugarCRM offer alternatives to the proprietary platforms from Salesforce, Microsoft and other vendors.

CRM examples

Contact center: Traditionally, data intake practices for CRM systems have been the responsibility of sales and marketing departments, as well as contact center agents. Sales and marketing teams procure leads and update the system with information throughout the customer lifecycle, and contact centers gather data and revise customer history records through service calls and technical support interactions.

Social CRM: Social media in CRM involves businesses engaging customers directly through social media platforms, such as Facebook, Twitter and LinkedIn. Social media presents an open forum for customers to share experiences with a brand, whether they are airing grievances or promoting products.

To add value to customer interactions on social media, businesses use various social CRM tools that monitor social media conversations, from specific mentions of a brand to the frequency of keywords used, to determine their target audience and which platforms they use. Other tools are designed to analyze social media feedback and address customer queries and issues.

Companies are interested in capturing customer sentiments, such as the likelihood they will recommend products and their overall customer satisfaction, to develop marketing and service strategies. Companies try to integrate social CRM data with other customer data obtained from sales or marketing departments to get a single view of the customer.

Another way in which social CRM adds value for companies and customers is through customer communities, where customers post reviews of products and can engage with other customers to troubleshoot issues or research products in real time. Customer communities can provide low-level customer service for certain kinds of problems and reduce the number of contact center calls. Customer communities can also provide new product ideas or feedback that companies can use in lieu of feedback groups.

Mobile CRM: CRM applications built for smartphones and tablets have become a must-have for sales representatives and marketing professionals who want to access customer information and perform tasks when they are not physically in their offices. Mobile CRM apps take advantage of features that are unique to mobile devices, such as GPS and voice recognition capabilities, to give sales and marketing employees access to customer information from anywhere.

Business-to-business (B2B) practices: A CRM system in a B2B environment helps monitor sales as they move through the sales funnel, enabling a business to address any issues that might come up during the process. CRM systems in the B2B market help create more visibility into leads and, therefore, increase efficiency throughout the sales process.

CRM challenges

For all of the advancements in CRM technology, without the proper management, a CRM system can become little more than a glorified database in which customer information is stored. Data sets need to be connected, distributed and organized so that users can easily access the information they need.

Conclusion

Customer relationship management is the combination of practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving customer service relationships and assisting in customer retention and driving sales growth. CRM systems compile customer data across different channels, or points of contact between the customer and the company, which could include the company's website, telephone, live chat, direct mail, marketing materials and social media.

The trainee should be able to highlight the benefit of CRM system, discuss the importance of using cloud based CRM Apps, discuss the types of CRM technology and discuss the components of CRM

11.3.5.3. Self-Assessment

1. Customer Relationship Management is about
   a) Acquiring the right customer
   b) Instituting the best processes
   c) Motivating employees
   d) All of the above

2. CRM technology can help in
   a) Designing direct marketing efforts
   b) Developing new pricing models
   c) Processing transactions faster
   d) All of the above

3. A _________ is an organized collection of detailed information about individual customers or prospects that is accessible, actionable and current for marketing purposes such as lead generation and others.
   a) Customer database
   b) Customer mailing list
   c) Business database
   d) None of the above

4. _______uses sophisticated mathematical and statistical techniques such as neutral networking and cluster analysis.
   a) Data mining
   b) Data survey
   c) CRM
   d) None of the above

5. The main drawback of CRM is
   a) Implementing CRM before creating a customer strategy
   b) Rolling out CRM before changing the organization to match
   c) Stalking, not wooing, customers
   d) All of the above

6. The marketing messages committed to customers wishes is a part of
   a) Permission marketing
   b) Activity marketing
   c) Supplier marketing
   d) None of the above

7. The method used to assess real cost of providing services to an individual customer is
   a) Cost based accounting
   b) Activity based accounting
   c) Turnover based accounting
   d) Price based accounting

8. _______is any occasion on which the brand or product is used by end customers.
   a) Customer touch point
   b) Retailers touch point
   c) Company touch point
   d) None of the above

9. _________ is the study of how individuals, groups and organizations select, buy, use and dispose off goods, services, ideas or experiences to satisfy their needs and wants.

   a) Consumer behavior
   b) Product cycle
   c) Purchase behavior
   d) None of the above

10. Using your institution, obtain, evaluate, update and store customers data on cloud based CRM Apps
11. Discuss various components of CRM
12. Discuss various types of CRM technology
13. By use of your institute find how data is obtained from customers account in the accounting system and how data is stored in accordance with the ICT/CRM policies.
14. Collect data of an organization and evaluate Customer Relations Management (CRM) in accordance to CRM procedures.
15. Demonstrate storage of customer data in accordance with the ICT and CRM Policies
16. Identify Cloud based CRM Apps and their benefits in accordance with ICT and CRM policies

11.3.5.4. Tools, Equipment, Supplies and Materials for the specific learning outcome

- Internet
- Stationery
- Computer
- Phones

11.3.5.5. References

1. https/www.salesforce.com
2. https/ businessdictionary.com
3. Kolter, Phillip (2001) Marketing management, Pearsons Education, Prentice Hall

11.3.6. Learning Outcome LO5. Monitor Sales Turnover

11.3.6.1 Learning Activities

Learning Outcome LO5. Monitor Sales Turnover	
Learning Activities	Special Instructions
• Using your institutions financial statements identify, compute and interpret the turnover ratios.	The trainee should identify, compute and interpret the turnover ratios using the institution financial statements

11.3.6.2. Information Sheet No. 11/LO5

Introduction

The turnover ratios are used to check the efficiency of the company e.g. how it uses its assets to earn revenue. Therefore the sales figure is compared with the assets of the company. In a business there are requirements for different types of assets and they are used to generate the business revenue so that the business can run.

Turnover ratios are classified under efficiency ratios since these ratios measure how a company is utilizing its different assets to achieve its revenue. Turnover ratios are used by both internal and external partners.

A higher turnover ratio indicates that the company is optimally using the resources to earn revenue and this implies a higher Return on Investment (ROI) and funds invested are used the least.

Definition of Key terms

Turnover Ratio

It is a ratio used to calculate the quantity of any asset which is used by a business to generate revenue through its sales.

Sales Turnover

It refers to the total revenue generated by a business during the calculation period usually one year. The concept is useful for tracking sales levels on a trend line in order to spot meaningful charges in activity levels.

Content

Types of turnover ratios

1. **Capital employed turnover ratio**: It indicates the relation between Capital employed in a business and revenue/sales the business generates out of it-
   Capital employed turnover ratio = sales/capital employed

2. **Total asset turnover Ratio**: It determines the connection between the sales and total assets of a company. It checks for efficiency
   Total Asset turnover ratio = sales (net sales)/total assets of the company

3. **Debtors/receivables turnover ratio**: It calculates the quickness of conversion of the debtors or credit sales amount to cash.
   Debtors turnover Ratio = Net credit sales/Average debtors (Account Receivable)(formula needs formatting)

4. **Fixed asset turnover Ratio**: It measures how much is generated from optimizing the fixed assets of the company and how much efficiency it is done.
   Fixed asset turnover ratio = sales (Net sales)/fixed assets

5. **Inventory/stock turnover ratio**: It is used to measure the number of sales generated from its inventory and how efficiently inventories in a company is used.
   Inventory Turnover Ratio = cost of goods sold/Average stock or
   Inventory Turnover ratio = Sales/closing stock

6. **Average collection period**: It shows amount of time required to convert credit sales into cash. It states the average time period given to debtors to make the payments
   Debt (Average) collection period = Days in a year/Debtors turnover ratio or
   =365/Debtors turnover ratio

Areas of business improvement

Organizations will identify a problem and then work to identify the root cause of the problem to come up with a solution for implementation. One of the best ways an organization can identify areas for improvement is to use a Lean assessment methodology.

The Lean assessment helps an organization to identify potential opportunities for improvement at a high level and provides an understanding of the process before change occurs. It is a methodical evaluation that documents the current state of the business and what can be expected in the future state. Typical areas that are evaluated through a Lean assessment include the company's current culture, market expectations, customer satisfaction, employee skills requirements, readiness to change etc

Steps of performing a Lean assessment in an organization;

Meetings. Meet with key and controlling stakeholders to determine expectations and timeline for the Lean assessment.

Determine the project scope. Write information contained in the project.

Conduct interviews with staff to gather answers to specific questions e.g. what are the perceived levels of empowerment in the business? There is value in speaking to as many staff as possible to identify the strengths, weaknesses, opportunities and threats to the business.

Develop benchmarking for several areas in your organization. For example, include strategic and operational planning in your review, workplace organization, IT systems, human resources development, current accounting practices, operational performance, sales and marketing, and other areas that you feel could or should be included in the assessment.

Prepare summary and detailed reports of your findings and include specific areas for initial improvement, reasons, and possible solutions. Estimate amount of internal and external resources and provide high level recommendations resulting from your findings.

Meet with the key and controlling stakeholders to present your findings and recommendations and determine steps forward.

Conclusion

The turnover ratios are used to check the efficiency of the company e.g. how it uses its assets to earn revenue. The turnover ratios include: capital employed turnover ratio, total assets turnover ratio, debtor's turnover ratio, fixed asset turnover ratio, inventory turnover ratio and average collection period.

One of the best ways an organization can identify areas for improvement is to use a Lean assessment methodology

The Learner should be able to identify, compute and interpret turnover ratios using financial statements provided by their respective institutions and also highlight the uses of turnover ratios.

11.3.6.3. Self-Assessment

1. Assuming no returns outwards or carriage inwards, the cost of goods sold will be equal to:
    a) Opening stock plus purchases plus closing stock
    b) Closing stock less purchases plus opening stock
    c) Purchases plus closing stock less opening stock
    d) Sales less gross profit

2. Given the following data: Gross profit £6700, Carriage inwards £400; Carriage outwards £250, Rent received £575 and Other expenses £3600, the net profit for the firm would be:
    a) £3,025
    b) £3,425
    c) £2,450
    d) £3,275

3. The characteristics of a current asset would not include:
    a) Use as part of the firm's trading operations
    b) Likely to change before the next accounting period is over
    c) Not bought for resale
    d) Liquidity

4. Valuing closing stock at cost is an application of which concept?
    a) Money measurement
    b) Prudence
    c) Dual aspect

d) Consistency

5. Carry out assessment of sales turnover of a business within your reach, hence,
    - ***Identify Business turnover indicators*** in accordance to the nature of business
    - Identify Areas of improvement based on assessment results
    - Develop Effective and targeted solutions based on assessment results
6. Highlight the uses of turnover ratios
7. Discuss the steps followed in performing a Lean assessment in an organization

11.3.6.4. Tools, Equipment, Supplies and Materials

- Computer
- Printer
- Projector
- Stationary
- Digital devices
- Internet
- Case studies

11.3.6.5. References

1. Michelle .S and William. A (2019).How to Determine Sales Turnover From Financial Statements.*U.S. Securities and Exchange Commission: Beginners' Guide to Financial Statements*

Further reading

2. https://www.accountingtools.com/
3. https://www.accountingcoach.com/
4. https://www.accountinglearning.blogspot.in/

11.3.7. Learning Outcome LO6. Manage new strategic partnerships

11.3.7.1. Learning Activities

Learning Outcome LO6. Manage new strategic partnerships	
Learning Activities	Special Instructions
• Identify strategic partners of your institution • Visit a nearby company and identify the reasons behind formation of strategic partnership including benefits. Also find out the reasons why they form technical committee to develop organization strategic plans. Find out the problems or goals that have brought together the multiple organizations. Find out why creating a partnership is needed to accomplish an organizations	• The trainee should Identify strategic partners of their respective institutions and • Visit a nearby company and identify the reasons behind formation of strategic partnership including benefits. Also find out the reasons why they form technical committee to develop organization's strategic plans

11.3.7.2. Information Sheet No. 11/LO6

Introduction

A Strategic partnership is an agreed-upon collaboration between businesses with common missions. Although partnerships can take on a number of objectives and levels of formality depending upon the nature of the agreement, the overall goal of strategic partnerships is to share resources in a way that promotes growth for all partners.

Definition of Key terms

Business Partner

Refers to an individual or company who has some degree of involvement with another entity's business dealings e.g. computer manufacturer who works exclusively with another company who supplies them with computer parts

Technical committee

It refers to a set of people from different organizations who combine their expertise to solve problem facing an industry e.g. in wireless industry, a team of technical committee has been formed to allow service providers and equipment procedures to coordinate innovation for cellular products and services.

Content

Types of Strategic Partnerships

Horizontal Strategic Partnerships: This is where by Businesses in the same area (i.e. competitors) agree to collaborate in a way that will improve their market position.

Vertical Strategic Partnerships: In this case a business collaborates with companies in its supply chain (its suppliers and/or distributors). Vertical partnerships often allow businesses to minimize risk in the supply chain and obtain lower prices in exchange for long-term commitment. Also known as channel partnerships or supply chain partnerships.

Intersectional Strategic Partnerships: Businesses from different areas agree to share their special knowledge for the advancement of all partners.

Joint venture Strategic Partnerships: Two or more businesses form a new company. The new company is its own legal entity, and its profits are split according to terms spelled out in a formal contract.

Equity Strategic Partnerships: A company acquires a minor equity stake in another business in exchange for a monetary investment. Such exchanges can accompany other types of collaboration and, to a certain extent, agreed-upon access to decision making.

Classification of strategic partnerships

Classification according to purpose: Whether initiated between businesses in the same industry segment or businesses in completely different industries, partnerships can be classified according to their purpose e.g.

(a) Development Partnership

Conducting research toward new or improved products and services requires monetary investment, time, and worker capacity and, in some cases, specialized equipment. By nature, Research and Development is a risky but potentially advantageous undertaking with unpredictable results. To conserve resources and therefore mitigate the risks associated with research and development investments, some businesses choose to partner around shared research objectives. Development partnerships can take the following forms:

- Joint research & development departments
- Co-application to government research grants
- A financially secure company offering funding to an organization with specialized research capabilities in exchange for intellectual property rights.

(b) Strategic integration and referral partnerships

They generate passive channels of customer acquisition. Through such arrangements, businesses agree to refer customers to their preferred partners. In many cases, especially today in the digital age, these partnerships are accompanied by integrations that allow customers to transfer their information between the business's offerings. Such partnerships include:

- Computers shipping with pre-installed third party software
- Discounted airport transfers offered by airlines
- A customer relationship management software offering integrated access to a conference calling service
- A movie theater offering popcorn and refreshments branded by their integration partner

1. Co-branding

Through cobranding, two or more manufacturers or sponsors produce an original product or service that is then offered under all of the partners' names. Co-branding allows businesses to expand their brand recognition to new customers while offering existing customers a new way to experience their products or services, hopefully deepening their dedication to the brand.

Examples of cobranding:

- Dual-branded Betty Crocker-Hershey's cake mixes
- Corporate event sponsors
- The Chase/United Mileage Plus Explorer credit card

2. Strategic Sales Partnerships

They exist between manufacturers and businesses with the capacity to resell goods and services. What differentiates strategic sales partnerships from referral partnerships is that a resell partner receives payment in exchange for their referrals, typically as a percent of the revenues generated or on a flat, per item sold basis.

3. Supply Chain and Channel Partnerships

They occur between buyers and sellers at every level of the supply chain. Participants in supply chain partnerships include manufacturers, distributors, retailers, raw goods suppliers and more.

Through channel partnerships, businesses move their relationships beyond one-off buying and selling transactions and develop methods of collaboration to create more stable and efficient supply chains that lead to increased sales. Channel partnership agreements allow for the open sharing of sales information, pricing data and best sales strategies. For example, just in time inventory allows retailers to communicate in real-time with their suppliers to maintain inventory.

Companies regularly seek partners with complementary capabilities to gain access to new markets and channels, share intellectual property or infrastructure and reduce risk. These relationships make sense because of complex business environment e.g. emergence of new technologies, faster innovation cycles etc.

When companies get better at managing individual relationships they are more likely to become partners of choice and are able to build entire portfolios of practical and value creating partnerships. However there are various risks involved with managing business partnerships namely:

- Disagreements on objectives for the relationship
- Poor communication among partners
- Poor governance processes
- Partner's inability to identify and quickly make changes needed for successful relationship.

Strategic partnership can only be successful if partners nurture their relationship, connect socially, Keep everyone in the loop, recognize each other's capabilities and motivations, invest in tools, processes and personnel, advocate accountability etc.

Forming technical committee

Joint participation by firms in technical committees helps them identify potential alliance partners and particular opportunities for technical collaboration. This effect is magnified by sustained participation by individuals on behalf of their firms, demonstrating that inter-firm relationships are enhanced by the interpersonal bonds that are forged in technical committees.

Technical committees provide a more critical avenue for exchange of knowledge when firms do not have the luxury of exchanging information through contractual linkages and also facilitate the entry of less-established firms into alliance networks.

Conclusion

A Strategic partnership is an agreed-upon collaboration between businesses with common missions. Although partnerships can take on a number of objectives and levels of formality depending upon the nature of the agreement, the overall goal of strategic partnerships is to share resources in a way that promotes growth for all partners. We have different types of partnerships and different classes of partnerships.

The learner should be able to discuss the benefits of identifying business partners, discuss risk associated with business strategic partnerships and discuss various types of strategic partnerships.

11.3.7.3. Self-Assessment

1. Which of the following is NOT a strategic alliance?
   a) Joint marketing campaign
   b) Cooperative product development
   c) Joint venture

    d) Merger
2. What is the most frequent internal motive for a strategic alliance?
    a) Resource need
    b) Risk limitation
    c) Cost minimization
    d) Current poor performance
3. A partnership between companies in different lines of business, is called:
    a) Vertical integration alliance
    b) Diversification alliance
    c) Shared supply alliance
    d) International expansion alliance

4. Discuss benefits of identifying business partners
5. Discuss risks associated with strategic partnerships
6. Discuss various types of strategic partnerships.
7. Through observation, identify a giant organization formed business partnership and identify risks taken as well as benefits gained.

11.3.7.4. Tools, Equipment, Supplies and Materials

- Stationery
- computer
- phones
- internet
- projector
- printer
- Case studies

11.3.7.5. References (APA)

1. Mowery, David C.; Oxley, Joanne E.; Silverman, Brian S. (December 1996). "Strategic alliances and interfirm knowledge transfer". Strategic Management Journal. **17** (S2): 77–91..
2. Vitasek, Kate; et al. (2012). Vested: How P&G, McDonald's, and Microsoft are Redefining Winning in Business Relationships (1st ed.). New York: Palgrave Macmillan.
3. Keith, Bonnie; et al. (2016). Strategic Sourcing in the New Economy: Harnessing the Potential of Sourcing Business Models for Modern Procurement (1st ed.). New York: ^ Grant, Robert M. (2010). Contemporary Strategy Analysis (8th ed.). Chichester, UK: John Wiley&Sons
4. https://www.mckinsey.com
5. https://www.businessdictionary.com

11.3.8. Learning Outcome LO7. Benchmark Industry Players

11.3.8.1. Learning Activities

Learning Outcome LO7. Benchmark Industry Players	
Learning Activities	Special Instructions
• Identify benchmarking parameters within your institution and visit a nearby technical institution to find out their performance vis-à-vis your selected parameters.	The trainee should identify benchmarking parameters within their respective institutions and visit a nearby technical institution to find out their performance vis-à-vis their selected parameters.

11.3.8.2. Information Sheet No. 11/LO7

Introduction

Companies use benchmarking as a way to compare themselves to ones in the industry. This allows companies to see how well they are performing and identify ways they can become more competitive in the industry.

Companies can also use benchmarking as a way to help them become more competitive e.g. they can identify areas where they are underperforming. Companies can choose any type of benchmarking to use e.g. best practices, peer benchmarking, SWOT and collaborative benchmarking.

Benchmarking can be used in discovering what is the best performance being achieved by a competitor or by an entirely different industry. This information can then be used to identify gaps in an organization's processes in order to achieve a competitive advantage. Thus it is important for practitioners to:

- Understand fully the purpose and use of benchmarking.
- Understand the difference between benchmarking and competitor research.
- Gain insight to ensure that benchmarking is in alignment with the company's management objectives.

Definition of Key terms

Benchmarking

It is a technique that makes use of external comparisons to better evaluate ones current performance and identify possible actions for the future. It is also a measurement of the quality of an organization's policies, products, programs, strategies, etc., and their comparison with standard measurements, or similar measurements of its peers.

Financial Performance

It refers to the act of performing financial activity or the degree to which financial objectives has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation

Content

Benchmarking as a Tool

Benchmarking is a process for obtaining a measure i.e. a benchmark. Benchmarks are the “what,” and benchmarking is the “how.” But benchmarking is not a quick or simple process tool. Before undertaking a benchmarking opportunity, it is important to have a thorough understanding of the company’s guidelines. Some companies have strict guidelines as to what information can be gathered, and whom practitioners can contact to get that information. Depending on the size of the company, practitioners may be surprised at what is readily available in-house.

Benchmarking is not just a matter of making inquiries to other companies or touring and documenting another company’s facilities or processes. When making use of benchmarking, a company should not limit the scope to its own industry, nor should benchmarking be a one-time event.

Objectives of benchmarking

1. To determine what and where improvements are called for,
2. To analyze how other organizations achieve their high performance levels, and
3. To use this information to improve performance.

Classifications of Benchmarking

Internal benchmarking: it is used when a company already has established and proven best practices and they simply need to share them. Again, depending on the size of the company, it may be large enough to represent a broad range of performance (i.e., cycle time for opening new accounts in branches coast to coast). Internal benchmarking also may be necessary if comparable industries are not readily available.

Competitive benchmarking: it is used when a company wants to evaluate its position within its industry. In addition, competitive benchmarking is used when a company needs to identify industry leadership performance targets.

Strategic benchmarking: it is used when identifying and analyzing world-class performance. This form of benchmarking is used mostly when a company needs to go outside of its own industry. Six Sigma often uses Hoshin to ensure that all employees are knowledgeable about the strategic direction for the company. Within a company’s Hoshin plan, goals are established relative to benchmarks set by world-class organizations. Often, these benchmarks are obtained from outside industries.

Steps Involved in Benchmarking

1. Understand the company's current process performance gaps. This will help decide what needs benchmarking.
2. Obtain support and approval from the executive leadership team. That approval and support will assist with eliminating roadblocks, providing adequate resources and expediting the benchmark-gathering process.
3. Document benchmarking objectives and scope. This is a necessity for any project.
8. Document the current process.

Without up-to-date knowledge of the current process:

a. Time and resources can be wasted collecting process documentation and data that already exists.
b. The project may lack focus, purpose and/or depth.
c. Benchmarking visits may appear to be random exercises in information-gathering.
d. The team could select a partner whose performance is actually worse than that of its own organization.
e. Collected benchmarking data will be difficult to compare "apples to apples" in terms of process requirements.

9. Agree on the primary metrics.

Benchmarking measurements are used as the basis of many comparisons:

a. To determine the gap between current performance and that of partner organizations.
b. To track progress from the present (with the current process) into the future.
c. To track partners' progress toward their goals.
d. To determine superior performance with process improvements.
e. To use a measurement systems analysis (MSA):

i. These comparisons will be valid only if everyone participating in the study measures performance in exactly the same way – every time.
ii. It is important to make sure metrics are being established that potential benchmarking partners are probably already tracking or that can be easily derived from existing measurements.

6. The metrics should be put in writing e.g.

a. What is being measured?
b. How the units of measure will be classified.
c. What should be included in the measurement?
d. What should not be included?
e. How to make any necessary calculations.
f. Examples of typical measurements.

7. Agree on what to benchmark.

Everyone must be in agreement on what to benchmark prior to any benchmark gathering initiative in order to:

a. Understand gaps of low performers.
b. Understand impact to customers, associates and shareholders.
c. Prioritize and select one to three metrics to benchmark.

8. Develop a data collection plan.

9. Identify research sources and initiate data gathering.

10. Design a screening survey to assist with partner selection

11. Determine how to contact and screen companies.

12. Design a detailed survey to gather information.

13. Decide if gathered information meets original objectives.

14. Conduct a site visit.

15. Apply the learnings to performance gaps.

16. Communicate to the executive leadership to ensure continued support.

17. Develop a recommended implementation plan with process owner.

18. Know when to update and recaliberate.

Benefits of benchmarking

- Helping companies become more efficient and profitable,
- Improving employee understanding of cost structures and internal processes,
- Encouraging team-building and cooperation in the interests of becoming more competitive
- Enhancing familiarity with key performance metrics and opportunities for improvement company-wide and;
- Helps employees understand how one small piece of a company’s processes or products can be the key to major success, just as one employee’s contributions can lead to a big win.

Illustration/case study

Benchmarking can be compared to a dashboard on a car, where you can check your speed, gas level and temperature. A benchmarking report can therefore be used to examine things like revenues, expenses, production amounts, employee production etc.

Conclusion

Benchmarking is a process of measuring the performance of a company's products, services, or processes against those of another business considered to be the best in the industry. The point of benchmarking is to identify internal opportunities for improvement. By studying companies with superior performance, breaking down what makes such superior performance possible, and then comparing those processes to how your business operates, you can implement changes that will yield significant improvements.

The learner should be able to highlight classes of benchmarking, lists parameters that a company can benchmark on and discuss steps followed in benchmarking

11.3.8.3. Self-Assessment

1. What approach is used to compare organization operations with those of other companies?
    a) Benching marking
    b) Compare and contrast
2. The origins of benchmarking as it is used today go back to which company?
    a) Toyota
    b) Honda
    c) Japan
3. A comparison between operations or parts of operations that are within the same total organization is called:
4. Highlight different types of benchmarking
5. List the performance parameters used in benchmarking
6. Discuss benchmarking process
7. In a group of five trainees; list the performance parameters used in benchmarking an organization of your own choice.

11.3.8.4. Tools, Equipment, Supplies and Materials

- Stationery
- Internet connectivity
- Computer
- Case studies
- Digital devices

11.3.8.5. References (APA)

https://www.academia.edu
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https://study.com/academy

11.3.9. Learning Outcome LO8. Document and Computerize Business Strategy

11.3.9.1. Learning Activities

Learning Outcome LO8. Document and computerize business strategy	
Learning Activities	Special Instructions
• Document and computerize your strategy as per the ICT policy of your identified company. • Prepare a strategy report as per the standard operating procedures of the company	• The trainees should document and computerize the strategy as per the ICT policy of your identified company and • Prepare a strategy report as per the standard operating procedures of the company

11.3.9.2. Information Sheet No. 11/LO8

Introduction

Business organizations are today facing a period of rapid computerization of almost all functions. Moreover, the environment of organization is changing because of new strategic possibilities of information technology.

A well optimized business strategy documentation will keep a company ahead of trends in the market and make the company to respond promptly to the response from the market and target customers.

Documentation and computerization of business strategies also boosts productivity and strategy implementation rate. Moreover, documentation enables a company to understand what is working for the business growth and focus on scaling strategies that are bringing good results.

A company should create a documentation strategy based on a thorough review of the organization's strategic objectives and an understanding of how the documentation must support the objectives. This service will ensure that documentation is aligned with the needs of the organization, and that the organization is truly driving value out of the documentation processes, not just going through the motions.

Documentation and computerization of business strategy is perfect for organizations with little documentation and that are looking to start from scratch; for those who are growing and need to build up their documentation, or for those that are looking to change their existing documentation dramatically.

Definition of Keywords

Business Strategic Document

It is an internal document that outlines an organizations overall direction, philosophy and purpose, examine its current status in terms of strengths Weakness, Opportunities and Threats, sets long-term objectives and formulate short-term tactics to achieve them.

Content

Strategy documentation process

1. **Define the Documentation Objectives**
   Documentation has a purpose and its purpose is to drive more value for your organization. The first step in defining an effective Documentation Strategy is to align with the strategic objectives of your organization or department.
2. **Look for Quick Wins**
   Look for quick wins for gaining your stakeholders' buy-in e.g. simple process diagrams that improve clarity for operational teams or effective meeting minute practices that drive more momentum for projects.
3. **Look for the 80/20**
   You do not have the resources or the budget to ensure that your documentation meets all of your organization's objectives. You cannot aim for perfection, especially when you are building your documentation from the ground up or making major changes.
4. **Develop the Strategy**
   We then develop a comprehensive Documentation Strategy based on our analysis from interviews and facilitated sessions with management, in addition to through looking through existing company materials.
5. **Vet the Strategy**
   Vet the strategy with your management through a formal meeting and presentation.
6. **Plan the Next Round**
   Developing a strong Documentation Strategy is the beginning of good changes for any organization.
7. **Preparing business strategy report**
   Leaders in almost every profession focus on improving results. Businesses examine marketing strategy to boost profits in different markets, governments analyze military strategy when faced with challenges to national security, and educators re-think teaching strategy when student performance starts to dip. Professionals in these and other fields catalogue the results from these studies in strategy reports.

Steps followed in preparation of a business strategy report

1. **Start with an executive summary**.
   Identify the subject. Then introduce the current strategy and explain the report's angle. For example, an executive summary for a strategy report on improving student test scores might read, "Standardized test scores of students at XYZ institution are near the state average."

2. **Discuss the current strategy and explain why it needs another look**.
   Then state the report's purpose. For example, "District supervisors say they would like to see test results improve. The lecturers usually start in January to prepare students for the end-of-

year tests. This report considers whether a change in teaching strategy might better ready students for the new standardized assessments."

3. **Write an overview.**
   Provide historical background of the subject. Identify key players. Divide the subject into sub-topics with separate headings.
4. **Describe performance indicators used to measure results**.
   For example, in a report measuring the performance of a computer's file server, the Edison Group identified "Net Bench" as a common measurement of file server capability. The report then described the specific tests that were performed and the results of each.
5. **Analyze the methodology used to make conclusions**.
   Explain why the metrics used are appropriate for the subject matter. In the example about improving student test scores, you might identify the different methods used to evaluate preparation for standardized tests and explain how these methods produced reliable results in other school districts.
6. **Rate the accuracy of strategy findings**.
   Explain why your results are dependable. Discuss inconsistencies, if any, and explain why they don't contradict the report's conclusions.
7. **Present findings in a format most appropriate for the subject matter**.
   For example, use a numbered list of concise text summaries if reporting on strategies to modify student behavior. Use a graph or table for results that report numbers and amounts.
8. **Finish the strategy report with conclusions that support or reject the current strategy**
   Restate the purpose of the report in the form of a question. For example, "If students prepare for standardized tests in September, will their scores improve?" Then answer the question in one sentence. Continue with a discussion of the key facts supporting the conclusion.

Conclusion

A good business strategy documentation will keep a company ahead of trends in the market and make the company to respond promptly to the response from the market and target customers. Documentation and computerization of business strategies also boosts productivity and strategy implementation rate.

The learners should be able to discuss the steps followed in the documentation of a strategy and also explain the benefits of documentation of business strategy.

11.3.9.3. Self-Assessment

1. Identify Business strategic documents according to standard operating procedures
2. Identify the Computer hardware and software that are in use in a business of your choice according to standard operating procedures.
3. Discuss the steps followed in the documentation of a strategy
4. Discuss the benefits of documenting and computerizing business strategies.

https://images.template.net/wp-content/uploads/2015/04/Development-Plan-Template.jpg

11.3.9.4. Tools, Equipment, Supplies and Materials

- Computer
- Stationery
- Phones
- Printers
- Projector
- Internet

11.3.9.5. References

1. https://www.businessdictionary.com
2. https://www.jstor.org/stable
3. Taylor and Francis Ltd, 1987, International Studies of management and organization
4. https://hirehq.com