



## **Small, Medium and Micro Enterprises: SMME4**

### **NOTES AND ACTIVITIES US 10007**

#### **Lesson 1**

**Topic:** Identify business ideas U/S 10007

**By the end of this lesson, you should be able to:**

- 1. Define/ explain the concept business idea**
- 2. Identify business ideas**
- 3. Select viable/possible business idea/s**

#### **What is a business idea?**

- It is a decision taken after one has done a market research to start a business, by deciding what on product to produce/ or service to render with the aim of making profit
- It is an idea that an entrepreneur might have about a product /service that is needed in the market.
- It is a concept that can be used for financial gain on a product or service, which that can be offered for money.
- Is a decision that a person take about the type of a business he/she wants to start with the sole aim of making profit

#### **Different Business ideas**

- Car wash
- Dry clean
- Hair salon
- Butchery
- Bicycle repair
- Shoe repair
- Tuck shop
- Welding
- Upholstery
- Penal beat
- Selling fruits etc.

## **HOW TO GENERATE BUSINESS IDEAS.**

### **Three tools for generating business ideas**

- Brainstorming
- Discussion
- Observation

#### **1. Brainstorming**

- Is when a group of people gets together discussing by saying what is in their minds?
- In brainstorming, participants are encouraged to think freely, no are no wrong answers.
- Each contribution is accepted and written down until every point is discussed and accepted.

#### **2. Discussion**

- Is when two or more people talk about something in order to reach an agreement or make a decision .

#### **3. Observation**

- Is when person is closely watching or monitoring something or someone.

## **INDIVIDUAL EXERCISE**

1. Explain the concept business idea

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(2)

2. Mention any Three business ideas that operate in your community.

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(3)

3. In your view, how was the business idea generated? Mention any Two tools used

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(2)

4. In your own words explain what brainstorming is?

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(2)

5. Mention any business idea you will want to start and explain how you will generate your business idea.

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(3)

**12  
marks**



**Small, Medium and Micro Enterprises: SMME4**

**NOTES AND ACTIVITIES: US10007**  
**Lesson 2**

**Topic: Business Ideas are compared U/S 10007**  
**By the end of this lesson, you should be able to:**

1. Able to compare Viable and non-viable business ideas
2. Advantages and disadvantages of business ideas
3. Factors to be considered when screening business ideas

**COMPARISONS (differences) BETWEEN VIABLE AND NON -VIABLE BUSINESS IDEAS**

Viabale business idea(s)	Non- Viable business idea(s)
Is a business that can be operated successfully by realizing its objectives	Not capable of realizing its objectives
Maximizes chances of growth and expansion	Business that does not have chances of growth
Ability to survive during difficult economic times	Inability to survive the rough times of economic changes
Business that makes profit	Not able to make profit

**Advantages of business ideas**

- There is a high demand/ supply of the products
- Large numbers of potential buyers (target market)
- Large of market size ( number of potential buyers )
- Fast generating of income

**Disadvantages of business ideas**

- The business will survive for a short time.
- Inability to compete with other businesses (competitors)
- Target market not buying the products /service
- Business not keeping up with new trends( tastes and preferences of the customers)

## **Factors to be consider when screening business idea**

**We have six factors to consider when screening business ideas namely:**

### **1. Market size**

- Refers to number of the buyers or customers in a particular market.
- Estimation of the potential buyers
- Number of potential buyers of a product/service in a certain market

### **2. Quality of goods**

- Refers to selling goods/ product /services of good quality that will satisfy the customers.

### **3. Cost per job**

- This refers to how much the business will charge for products/services
- How much the business will determine the selling cost

### **4. Potential profits**

- Refers to the profit the business will make

### **5. Empowerment**

- It is a process of developing/ capacitating employees on the skills the business requires.

### **6. Number of jobs created**

- Number of employees to be employed
- Refers to the number of jobs created

## INDIVIDUAL EXERCISE

1. In a tabular form compare 3 viable and non-viable business ideas (6)

2. Match the screening factor that should be used with the description of the business idea. Fill in the table below

1	Market size	A	Sipho makes pap & wors to sell , but keeps burning the pap
2	Quality of the goods	B	In order to get a good lawyer she must pay high costs
3	Cost per job	C	He managed to employ six employees although he is a sole trader
4	Potential Profit	D	Mosidi has lots of raincoats to sell. She is living in a desert
5	Empowerment	E	Uncle Joe's business has lots of customers
6	Number of jobs created	F	Lami is selling fake goods

1	2	3	4	5	6

(6)

4. Discuss Three disadvantages of a non-viable business idea

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(3)

**15 marks**



## **Small, Medium and Micro Enterprises: SMME4 Lesson 3**

**Topic: Analyze and select viable business opportunities U/S 10007:  
By the end of this lesson, you should be able to:**

- 1. Define what a market is**
- 2. Define the term target market**
- 3. Able to define the term market research**
- 4. List and discuss methods of market research**

### **What is a market?**

- Is a place where people purchase products.
- A place where buyers and sellers meet to do a transaction
- Is a place where buying and selling is taking place

### **What is a market research?**

- Refers to the gathering of information about customers' needs and preferences and how much they are prepared to spend
- Is a process of gathering information about what people want or need to buy.

### **What is a target market?**

- Are people who might be interested in buying the products/services
- Potential buyers of a particular product/service with the aim of satisfying their needs/wants

### **Methods of market research**

- Door to door
- Telephone survey
- Interviews
- Personal needs
- Questionnaires
- Personal needs

### **Door- to - door survey**

- Is the most inexpensive/ cheap method of collecting data
- It is a method that is time consuming/ wasting time in data collection
- More information can be gathered
- The person gathering data is able to ask more question and to give more clarity.
- Much as it is cheap most people do not allow strangers in their homes

### **Telephone survey**

- Saves time
- It is the most expensive method of gathering data
- People are reluctant to give information to strangers
- Phoning people and questioning them

### **Interviews**

- Talking to people in a survey group

### **Personal needs**

- Helps to build trust to customers
- It helps to convey more information to customers
- It is time consuming
- More time is needed to convince customers

### **Questionnaires**

- It is asset of printed or written questions with a choice of answers, devised for the purposes of a survey.
- Is an instrument consisting of a series of questions for the purpose of gathering information from respondents
- Can be regarded as a written interview



## ACTIVITY 1

Read the scenario and answer the questions below.

### LAMI HAIR SALON BUSINESS

Lami worked for the hair salon for five years. She acquired a lot of experience and skills. With the experience she got from her previous employer, decided to start her own business.

She manage to have a shop next to the shopping complex and not far from Tlhabologo high school. Her target market are people coming to the complex, learners and teachers.

Lami advertised her business through the internet and handing out pamphlets to people passing by. She hired two experienced hair stylists. Her salon is one of the busiest around the area.

*(Own creation)*

1. What type of business is Lami's business idea? (1)
2. Define the concept business idea. (2)
3. Identify Two methods used by Lami to advertise her business. (2)
4. Evaluate how Lami's business location favoured the business. (2)
5. Use the following factors to screen Lami's business idea:
  - 5.1 Number of job created (2)
  - 5.2 Market size (2)
6. In a tabular form complete the following methods of market research:

Research methods	Advantages	Disadvantages
Telephone		
Door-to-Door		

(4)

**15MARKS**

## ACTIVITY 2

1. Give TWO business ideas that you know (2)
2. Explain how the following can be used to generate business ideas:
  - 2.1 Discussion (2)
  - 2.2 Observation (2)
3. Define the term Market research (2)
4. Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question number (4.1 – 4.2)
  - 4.1 Which of the following market research methods is the most expensive
    - A Telephone
    - B Internet (1)
    - C Door-to-Door
    - D Personal needs
  - 4.2 ... can be used to generate a business ideas
    - A Market size
    - B Competition (1)
    - C Discussion
    - D Customers
5. A place where buyers and sellers meet together is a ... (1)
6. Indicate whether the following statement is TRUE or FALSE.

Market size is a number of individuals in a certain market where are potential buyers or sellers (1)

7. Choose a word from COLUMN B that matches a description in COLUMN A. Write only the letter (A – C ) next to the question number (7.1 – 7.3)

<b>COLUMN A</b>	<b>COLUMN B</b>
7.1 Business idea	A Talk to people
7.2 Generate ideas	B Brainstorming
7.3 Write all ideas on a board	C Car wash

(3× 1) (3)

**15  
marks**

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