



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

### **NOTES AND ACTIVITIES US 10009 SO1**

#### **LESSON 7**

**Topic: Demonstrate the ability to start and run a business and adapt to a changing business environment.**

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

- 1. List and explain elements on a business implementation plan**
- 2. To design and draw an activity chart**
- 3. To discuss and verify the legal requirements**

#### **The business implementation plan**

- ❖ Is a plan showing how each stage of the business' start-up will be implemented.
- ❖ A checklist indicating things to be done.
- ❖ This checklist must be checked and ticked off on the list as and things are been done

#### **Business implementation plan (things to do before starting the business)**

- 1 Find suitable location**
  - ❖ Is the place where the business will be located
  - ❖ Place where customers can reach/ access your business
  - ❖ A place where enough stock can be stored
- 2. Obtain equipment**
  - ❖ The equipment that will be used /needed
- 3. Recruit staff**
  - ❖ Refers to the process of identifying, attracting, selecting and hiring qualified people to form part in the business.
- 4. Register the business**
  - ❖ Is a process that makes the company to be legally registered
- 5. Open a bank account**
  - ❖ It is convenience for business of having a bank account because your money will be always safe. It is the best way of keeping track of how much you spend.

**6. Secure finances**

- ❖ Is borrowing large amount of money from financial institutions.

**7. Set up contracts with suppliers**

- ❖ Is an agreement between business and its supplier

**Draw up an action/ activity plan/ Gantt chart**

**What is a Gantt chart?**

- ❖ It is a schedule of activities with time frames and responsible people
- ❖ It is a detailed list of the work that each person should do
- ❖ It is a useful tool to keep a plan clear
- ❖ Is a timeline that is used to develop business activities, responsibilities and time frame, illustrate how the business will run and assisting in the planning of the business.

**Purposes of the Gantt chart**

- ❖ To break action plan into more specific activities, responsibilities and time frame.
- ❖ To track the progress of the business activities.

**EXAMPLE OF A GANTT CHART**

RESPONSIBLE PERSON	DUTIES/ ACTIVITIES	WEEKS					
		1	2	3	4	5	6
Clean office	Thulani	■					
Buy hair products	Bongani		■				
Print flyers	Mirriam			■			
Collects appliances	Fana				■	■	
Collects post and parcels	Grace					■	

**NB: Black represents completed tasks  
Green represent tasks that are still progress  
Yellow represents tasks that are still pending**

## Legal requirements to start and manage business

### 1. Unemployment Insurance Fund (UIF) –

- ❖ It gives short-term relief to workers when they become unemployed or are unable to work because of maternity and illness.
- ❖ To save money for the employees to receive income when they lose their jobs.

### 2. Pay as you earn (PAYE/Income tax –

- ❖ Is the tax that employers must deduct from the employment income of the employees and paid over to SARS
- ❖ Refers to a system of tax collection whereby tax is deducted from the salaries of employees, and paid over to the receiver of revenue by the employer.

### 3. Value Added Tax (VAT)

- ❖ A value added tax is a type of tax that is assessed incrementally
- ❖ Is a tax on what we buy at each point where value is added to goods and services
- ❖ To collect taxes from customers by the entrepreneurs on behalf of SARS, VAT is charged at 15%.

### 4. Health and Safety –

- ❖ Refers to the right of every employee to carry out their daily work in a safe and clean environment, it protect the safety, welfare, and health of any person engaged in work or employment.

**NB.A Workplace Safety policy** must be developed for the business. It should include the following:

- ❖ **Safety rules in the workplace-** for example , keep exits clear
- ❖ **Safety rules for each type of job-** for example , protective equipment that must be worn , such as goggles, masks
- ❖ **Safety rules for each type of equipment-** for instance do not wear loose clothing around machinery. It may catch fire
- ❖ **First –aid equipment-** each employee must know where the first – aid equipment is kept
- ❖ **Fire-fighting equipment and fire drill equipment-**Anyone working on the premises must know where the fire -fighting equipment is and how to use it
- ❖ **Electricity board-** Anyone working on the premises must know where the board is and how to operate it
- ❖ **Accident reporting-** Injury at work must be reported immediately
- ❖ **Good housekeeping-** Each person must keep his/her work station clean and orderly

## **5. Employment contract –**

- ❖ Is a legal agreement between employer and an employee to attribute rights and responsibilities between parties involved, to make sure that all parties comply

## INDIVIDUAL EXERCISE

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, she decided to start her own business.

She does not know how to go about starting her own business. Lami asked her previous employers for assistance. Fortunately she got all the help she needed of what needs to happen before starting her new business.

Her main aim is to run the business professionally and to adhere to all the legal requirements. She hired six hair stylists. She provided her employees with personal protective equipment such as hand gloves, protective clothing and eye protection. She also wanted her business to be safe and clean.

**(Own Creation)**

1.

List any **FIVE** things Lami had to do before starting her new business.

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(5)

2.

Explain how the following things can sustain the business

#### 2.1 Suitable location

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(2x4)

#### 2.2 Recruitment of staff

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3. Which tasks have been completed?(refer to the example provided in the notes)

(3)

4. Who will do the printing of flyers ?(refer to the example provided in the notes) (2)
5. Which tasks are to be spread over two weeks? (refer to the example provided in the notes) (2)
6. Imagine that you are the owner of Zulu's motor spare parts. Draw a Gantt Chart for your business with six employees (15)

7. Give **ONE** reason why employees should contribute to the Unemployment Insurance Fund.

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(2)

8. List **THREE** other legal requirements that Lami should adhere to when starting and managing her business except the Health and Safety requirement and Unemployment Insurance Fund

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(3)

9. What do the following stands for? Fill in the table

9.1	SARS	
9.2	VAT	
9.3	UIF	
9.4	PAYE	

(4)

- 10 Explain the difference between VAT and PAYE

(4)

11 Match the columns. Write the correct letter next to the items in Column A

Answer	Column A		Column B
	A government document with the laws for health and safety	A	Activity chart
	The place to which PAYE must be paid	B	Workplace Safety policy
	A checklist for the start-up of the business	C	Receiver of Revenue
	A bar chart showing who is responsible for tasks and when they must be done	D	Occupational Health and Safety Act
	Document containing the rules of the business regarding health and safety	E	Business implementation plan

(5)

<b>Marks 53</b>
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