

S.2 ENTREPREURSHIP EDUCATION

TOPIC: MANAGING A SMALL BUSINESS ENTERPRISE

BY: ONGURA PATRICK OKISE

MANAGING A SMALL BUSINESS ENTERPRISE

Introduction

This topic focusses on areas that enable activities in a small enterprise to be carried out effectively through people and other resources.

To understand how small businesses can better be managed, we shall look at; the meaning, the role, the importance and functions of management.

Meaning of Management

Management is the art of getting tasks done by people and proper utilization of resources such as Money, raw materials, Assets and time.

In a small enterprise, Management is basically constituted by the entrepreneur and a few employees or family members.

Roles of an Entrepreneur in the Management of an Enterprise

1. Identifying business opportunities from the environment
2. Transforming identified opportunities into transactions that produce goods /services.
3. Ensuring availability of resources required in business.
4. Holding meetings with employees
5. Solving conflicts amongst employees
6. Negotiating for contracts with suppliers in terms of prices, quality, quantities, delivery schedules, payments, time e.tc
7. Ensuring proper allocation of resources e.g funds, labour, equipment's, time e.t.c.
8. Guiding and directing employees with respect so that they do their work with commitment.
9. Net working with outsiders through regular communication.
10. Representing the enterprise at various functions, signing documents, attending to visitors e.t.c.

Importance of Management in an Enterprise

1. Ensures that there is maximum use of available resources
2. Facilitates effective communication in an Enterprise regarding business policies, procedures, objectives and strategies to be used to achieve the objectives.
3. Ensures that the working conditions of employees are conducive in terms of cleanness, ventilation, safety e.t.c.
4. Ensures provision of acceptable customer-care in an Enterprise
5. Ensures that the business operates within acceptable laws of the state e.g respecting Environmental laws, labour laws e.tc.
6. Enables motivation of employees through promotions, and other incentives.
7. Ensures that the business realizes and sustains a good public image
8. Provides psychological support in terms of counselling so as to reduce stress and tension of employees at work.

Functions of Management

Management of any organization carries out duties such as;

Planning- This is a function that involves defining goals and objectives and establishing strategies for achieving them.

Staffing- This involves identifying and making available the right people to do specific tasks in the organization.

Organizing- This involves arranging Organizational resources in such a way that they are co-ordinated well for achievement of success

Leading- This involves guiding employees about procedures and methods of doing work through open communication and appreciation of what has been done well.

Controlling- This deals with monitoring goods bought and sold, money received and spent, the stock and other property of the business.

It refers to actions or measures undertaken to ensure that the activities done do not differ from the pre-set plans.

Communication- This function involves sharing ideas, facts and information with suppliers and information with suppliers, employees and customers, for successful business performance.

Motivation- This is a process of encouraging employees to do their best towards the achievement of a desired goal.

Motivation is therefore concerned with finding out what can make employees increase labour productivity and going a head to provide such motivators to them for better performance.

Budgeting- This is the process of preparing a budget as a means of translating the overall objectives of the organization into detailed feasible plans of action.

Ways of motivating employees

1. Recognition;
Praising an employee for the work well done.
2. Training;
Offering employees the training they need in order to excel at their jobs.
3. Creating the right working environment for employees by avoiding killing employees' interest in doing their best with pointless rules and regulations.
4. Encouraging employees, to work in teams. People like will often work harder to ensure their team wins.
5. Giving employees feedback as soon as possible over important issues.
6. Increasing employees' responsibilities through delegation to tap their talents.
7. Encouraging open communication by telling employees what is going on and making sure that they communicate with each other.
8. Setting up achievable goals. It is easier to work towards a known goal.
9. Involving employees in decision- making process so that they realize their opinions mater.
10. Criticizing bad behaviour and not people, because nobody likes being, told he/she is wrong
11. Listening and dealing effectively with employee's complaints and showing them that their contributions to the organization are valued.
12. Establishing a climate of trust by making sure that employees feel able to come forward with their problems.
13. Organizing both internal and external seminars and parties.

Reasons for Budgeting in an Enterprise

1. To price products fairly in order to make desired profits.
2. To calculate the cost of products in advance.
3. To priorities expenditure of business funds.

4. To encourage workers to work harder to achieve the set targets.
5. To compare the actual performance of the business to the budgeted one.
6. To facilitate proper use of resources.
7. To facilitate future planning of the organization
8. To exercise adherence to international Accounting standards.
9. To set up a ground for reporting business performance in future.

Benefits of Budgeting

1. Provides managers with an opportunity to cost their plans and there after realise the financial implications of their plans.
2. Budgets are driven by specific goals and objectives that serve as a yardstick/ measure for evaluating performance.
3. Budgets received potential problems before they occur.
4. Budgets co-ordinate the activities of the entire organisation.
5. Budgets help Management to ensure that plans of the organization are consistent with the broad goal of the organization.
6. Budgets facilitates supervision of activities.
7. Budgets ensure accountability for resources from those responsible as a management tool.
8. Budgets minimize recklessness with use of resources since they are scarce.

An example of a budget for a Horticulture project

Estimated income;	Shs
Personal savings	600,000
Family and friends contribution	800,000
Trade credit	200,000
Loans	400,000
Total Estimated income	2,000,000

Estimated Expenditure;

Fixed capital Requirements

Land	500,000
Shelter/shade	200,000

Fence	200,000
-------	---------

Working Capital Requirements

Labour	200,000
--------	---------

Packaging materials	100,000
---------------------	---------

Seedlings	300,000
-----------	---------

Pesticides	100,000
------------	---------

Security	80,000
----------	--------

Others	20,000
--------	--------

Total Estimated Expenditure	2,000,000
------------------------------------	------------------

-END-