

Q1. a) PRICE - IS the monetary value of a product at which the seller is offering it.

b) BUSINESS OPPORTUNITIES: are the situation/chances/occasions or events which can be turned into a real and profitable business.

or  
are prospects of going into successful business brought about by identifying gaps in the market or the market need that are not being satisfied.

## Q2. IMPORTANCE OF SAVINGS

- \* Help to meet future investment plans
- are used as precautions for the future needs
- are used as a form of collateral security
- \* are helpful in meeting legal requirements
- are made in order to provide for old age.
- \* help people to meet their needs
- In financial institutions earn income through interest
- \* Reduce level of inflation
- Forced savings help to reduce wastage of money
- Help to increase lending capacity of financial institutions.

## Q3. BARRIERS TO ENTREPRENEURSHIP DEVELOPMENT

- Poor entrepreneurial skills
- Lack of business and technical skills
- Lack of business ethics
- Career dependences
- poor infrastructures
- Political instabilities
- Economic instabilities
- High interest rates on loans
- Low level of innovation

- Low level of technology
- Corruption by some people
- Low level of people's income
- Lack of enough capital

### SOLUTIONS TO THOSE BARRIERS

- Adequate market research
- Credit assistance to capital
- Capable location advisors should be trained or made available handle issues like project viability
- Technical education and support should be provided
- The government should ensure that the Nation is politically stable to encourage investment
- Improvement of infrastructures should be given priority to ease the flexibility of flow of goods and services.
- Local research company may be set up to research and come up with viable ventures that entrepreneurs can undertake.
- Regulating the interest rate by the central bank in favour of entrepreneurs.
- Promoting Creativity and innovation through trainings
- Importation of improved technology
- Strict punishment against corruption
- Tax reduction
- Liberalization of trade

Q4. A PARTNERSHIP = is a legal form of business owned by 2 up to 20 persons who pool their resources and liberalities in order to carry out a business for profit.

## ADVANTAGES OF PARTNERSHIP

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- Sharing losses and risks
- Large capital can be raised through partners contributions
- The absence of one partner may not lead to discontinuity of the business
- It is easy to obtain loan from financial institutions
- Talents, skills, knowledges are shared
- Large scale production is possible
- It promotes team work
- Easy expansion
- Specialization is easy
- more profit can be earned because of more capital invested

## Q5. INDICATORS OF A VIABLE BUSINESS ARE

- Availability of market
- Availability of resources
- Availability of developed infrastructures
- Availability of required skills
- Accessibility to factor inputs
- The return on investment should be high
- Favorable government policy
- Legality of the business
- Acceptability of the business by the society

Q6. MARKET ASSESSMENT - The process of collecting and analyzing marketing information in order to identify market opportunities and challenges

while  
RISK ASSESSMENT: Determining potential success that will arise out the risk not happening and potential loss that would arise from the risk happening.

Q7. FINANCIAL PLAN = is a plan that covers the financial requirements of proposed business ideas

while

PRODUCTION PLAN = any analysis of projected needs for manufacturing or production of proposed product.

Q8. MISSION STATEMENT = a brief statement that indicates the purpose of business.

while

OBJECTIVES = specific targets that an entrepreneur set which make him/her into the direction of achieving his/her goals.

Q9. IMPORTANCE OF OPERATIONAL BUDGET

- Helps in fixing prices of the products
- Helps to calculate the costs of products
- Assists entrepreneur in monitoring business operations
- Helps to minimize expenses and costs
- promotes financial discipline
- is a planning tool
- Helps in calculation of expected net profit and loss

Q10. METHODS OF PROMOTING SALES

- Door to door advertisement / personal selling: Under this arrangement sales man goes around advertising their products and moving from door to door showing both new and old product.
- Renovation of business premises: This makes business premises look more better and more attractive.

- Window display: This involved displaying of product in the window so as to inform and attract customers to existing products.

- Advertisement: This can be done in news papers, posters or television channels.

- Display of goods outside shop: This involves the placing of goods outside shop neatly arranged so that they can easily attract customers.

- offering after sales services

- Extension of credit facilities

- Good customer care

- Giving free sample and gift to customers

- using attractive brand name

- Attractive packaging

- sponsoring social activities

## Q 11. FACTORS CONSIDERED FOR FIXING PRICE OF PRODUCT

- Cost of product: This is where price is set basing on the cost of product.

- Level of demand: This is where price is based on the market demand of the product.

- Competitive pricing: where pricing is based on price of other firms that produce related product.

- Value pricing: where price is based on the value of the product like a golden watch.

- Bargaining: which involves the discussion between buyer and seller later they come to any agreement on the final price.

- Customer purchasing power

- objectives of the business

- seasonal factors

- price of substitute products

- Government policies

- Taste and preference

- Market structure

## Q12. INDICATORS OF GOOD CUSTOMER RELATION:

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- Being honest to customer
- offering prompt services
- clarity in communication
- Being able to handle customer's complaints
- Being available assists customers time to time
- Good reputation of the business
- offering discount
- offering after sales services
- Repeated purchases
- Increasing sales
- Business expansion
- Increased profitability of the business

## Q13. ADVANTAGES OF QUALITY CONTROL

- Facilitates the standardization
- Helps in reducing the cost of production
- Improves the brand image
- Helps in maintaining your customers
- Helps out compete other competitors
- Helps entrepreneur to achieve his objectives and goals concerning quality specification.
- Helps to avoid conflicts with government authority such as RSB.
- Helps to protect customer's health.

## Q14. FACTORS TO CONSIDER WHEN SELECTING A CAREER

- Demand for a job
- Job satisfaction
- Personal interest
- Family bias and preferences
- Expected income or reward
- Indices in decision making
- Job security

- Government policies
- Financial capacity
- Natural ability and talent.
- Academic performance
- Peer pressure
- Availability of natural resources in the locality
- Culture

### Q15. ADVANTAGES OF USING A LOAN

- Takes extra resources available to any entrepreneur
- Encourages borrowers to work hard in order to pay back
- Enables a business to obtain the need business supplies
- Helps to expand the business
- Helps the borrower to finance the current emergencies
- Increases the production
- Increases the profit

### Q16. FACTORS DETERMINING LEVEL OF SAVINGS IN RWANDA

- Culture of the society: Some societies have a culture that encourage savings among the people in society.
- Desire or Commitments to meet future target: Individuals who need to meet their targets are always encouraged to save so as to meet their targets.
- Level of political stability: If the country is politically stable, people feel confident and safe to save their hard earned earnings which result into high level of savings
- Level of people's income: Individuals who earn high income always have chances to save more money than those with low level of income.

- Individual confidence about future: a person's confidence in the future will make him/her to save his/her money since there is hope that the money will be safe and can be put to better use.

- Availability of financial institutions: Financial institutions attract savings from the population

- Government policy: The government is in favour of savings. It influence people to save more.

- Interest rate on savings: The higher the interest rate the more the volume of savings.

- Inflation rate: High inflation rates push people to consume their money now before it loses value, thereby reducing savings.

- Level of Consumption: When the level of consumption is high, this means there is less money available to save.

- Level of education: More educated people have better chances of getting income generating jobs and therefore are the most likely to save.

Q17. GUTs: This stands for a set of basic qualities that an entrepreneur should have in order to achieve his/her goals.

G = GOOD KNOWLEDGE: An entrepreneur should have information about and understand the business environment he/she is supposed to work in.



**U=UNDERSTANDING:** understanding of problems and their solutions this means that entrepreneur should be able to identify the problems that exist in the business environment and provide adequate solutions to them by his/her business

**T=TRAINING:** An entrepreneur should attend workshops, read books written by successful people, find experienced mentors and attend entrepreneurial courses to have good knowledge of the business.

**S=SKILLS ACQUISITION:** A good and professional entrepreneur should have ability, experience and practical skills required in his/her business.

Q18. a) **EXECUTIVE SUMMARY:** A brief statement that hits the key highlights of the whole business plan. It provides a quick overview of the problems, solutions to the problems, the business target market, key financial highlights and a summary of who does what on the management team.

ii) **COMPANY OVERVIEW:** A brief summary of the company's legal structure, ownership, history and location

iii) **PRODUCT AND SERVICE:** This is a section of a business plan where the entrepreneur highlights the products to be offered to the market, technology to be used in production process, the factors to be utilised and the competitive advantage the business has in the market

iv) TARGET MARKET: A subsection of a business plan where the entrepreneur shows the different groups of customers that are to be served and why the entrepreneur believes they would be his/her customers.

v) MARKETING AND SALES PLAN: A detail of the strategies that will be used to reach target market. It provides how is the position of your company in the market, how you would price your goods and services, how you will promote your offerings and any sales processes you need to have in place.

vi) MILESTONES AND METRICS: A section of a business plan where the entrepreneur shows different steps and tasks through which the business plan will be implemented, dates on which the tasks should be completed, the persons responsible for each task and key measures to show that each task has been accomplished.

vii) MANAGEMENT TEAM: A description of the leadership team that will be involved in the running of business activities.

viii) FINANCIAL PLAN: A section of a business plan that shows the sources of funds, allocation of funds and the projected profitability of the business.

b) ELEMENTS OF TYPICAL FINANCIAL PLAN:

- Sales forecasts
- Profit and loss statement
- Cash flow statement
- Balance sheet
- Source of business fund
- Cost of establishing the business
- Break even point
- Pay back period



Q19. CRITIZING KALISA'S DECISION (Benefits)

PAID EMPLOYMENT (challenges)

- Certain and specific responsibilities undertaken.
- Fixed and possible favourable hours of work.
- Minimum risks
- Regular saving is possible and hence, further investment.
- Fringe benefits can be given
- Debts of the firm do not affect employees.
- Enjoy leisure time
- Specialisation

- Follow strict order and instrument
- work under control
- No freedom
- Limited decision making for employees.
- Harrassment from the employer
- Low level of innovation
- Low level job security
- Do not enjoy the increase of profit of a business

CRITIZING BETTY'S DECISION (benefits)

SELF EMPLOYMENT (challenges)

- Autonomy
- Feeling good at work that benefits you not another one else.
- High degree of job security
- Encourage innovation and creativity
- High respect in the society
- Creation of employment for others
- develop self confidence
- Improve standard of living
- provide goods and service to public
- Efficient use of business resources
- Easy decision making

- Pay more taxes
- Pay for your own insurance
- Competing with bigger and more established business
- on going and unexpected expenses
- Financially responsible of any mistake made
- No-paying clients
- Need of a lot of self discipline
- Low life style due to hard work
- Miss of fringe benefits
- Miss out on pay days off
- Failure to control drawings
- less leisure and friendship
- myths on negative labels
- Difficult in raising enough capital

Q 20. Cfr Q 16.

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Q 21. a) MOTIVATION FOR PEOPLE WHO WANT TO  
BECOME ENTREPRENEUR

- High degree of independence / freedom
- Need for total control of business (decision making)
- Opportunity to determine your own income
- Opportunity to prepare a bright future for him/her self and his/her family
- Government policy
- Availability of market
- Proper basic infrastructures
- Easy registration of the business
- Availability of raw material and labor
- Level of competition
- Favourable tax system
- Family background
- Employment history factors
- Availability of role model
- Advanced Technology.

b) ADVICE TO ENTREPRENEUR BEFORE STARTING BUSINESS

- Go through the check-list of question to help him/her determine whether it would be advisable to start his/her business or not.
- Analyze him/her on term of ability, talent and financial means to check if he/she has what it takes to run such as business.
- He/she should scan the environment to know it better and prepare him/her self to overcome pressure and uncertainty.

- Identifying business opportunities
- Market Research
- select a legal form of the business
- Register his/her business
- use skilled and experienced labor
- Install machinery / equipment and other requirements
- use skilled and experienced labor