MINISTRY OF EDUCATION
GHANA ASSOCIATION OF
BUSINESS EDUCATION TEACHERS

BUSINESS MANAGEMENT

for Senior High Schools

Year 3



Writers

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Reviewers

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FOREWORD

Ghana's new Senior High School Curriculum aims to ensure that all learners achieve their potential by equipping them with 21st Century skills, knowledge, character qualities and shared Ghanaian values. This will prepare learners to live a responsible adult life, progress to further studies and enter the world of work. This is the first time that Ghana has developed a Senior High School Curriculum which focuses on national values, attempting to educate a generation of Ghanaian youth who are proud of our country and can contribute effectively to its development.

The Ministry of Education is proud to have overseen the production of these Learner Materials which can be used in class and for self-study and revision. These materials have been developed through a partnership between the Ghana Education Service, teacher unions (Ghana National Association of Teachers- GNAT, National Association of Graduate Teacher -NAGRAT and the Pre-Tertiary Teachers Association of Ghana-PRETAG) and National Subject Associations. These materials are informative and of high quality because they have been written by teachers for teachers with the expert backing of each subject association.

I believe that, if used appropriately, these materials will go a long way to transforming our Senior High Schools and developing Ghana so that we become a proud, prosperous and values-driven nation where our people are our greatest national asset.

Haruna Iddrisu MP
Minister for Education

SECTION

1

PRODUCTION MANAGEMENT



MANAGING BUSINESSES AND LEGAL FRAMEWORK OF BUSINESSES

Functional Areas of Management

INTRODUCTION

Production management is the process of planning, organising, and supervising the production of goods and services to meet customer demands efficiently and effectively. It involves managing resources such as labour, materials and equipment to ensure the production process is smooth, timely and cost-effective.

Effective production management is crucial for organisations to meet customer demands and expectations, reduce costs and increase profitability, improve product quality, enhance competitiveness in the market and optimise resource utilisation.

This section of production management involves various activities, including the following.

1. **Production planning**: This is determining what to produce, how much to produce, and when to produce goods and services.
2. **Production control**: Is about monitoring and controlling the production process to ensure it meets planned objectives.

In a nutshell, production management principles help business organisations to achieve improved productivity, reduce waste, and increase customer satisfaction, ultimately leading to increased competitiveness and profitability.

As you begin this topic, it would be useful to reflect on some of the themes you covered in Year 1 that relate to production management. These include areas such as business, management, planning, etc., and are signposted in the table below.

KEY IDEAS

- **Forms of Production**: Types of production systems (e.g., mass, batch, job, continuous).
- **Input**: Resources used in production (materials, labour, capital, energy).
- **Operation**: A specific activity or step in the production process.
- **Output**: Finished goods or services produced.
- **Process**: The sequence of activities that transform inputs into outputs.
- **Production Management**: This involves managing the processes of manufacturing or creating goods to meet customer demand efficiently.
- **Production Planning**: Scheduling and organising production to meet demand.
- **Production/Operations Management**: The overall management of production processes to ensure efficiency and effectiveness.
- **Types of Production**: Based on output (mass, job, batch, assembly).

INTRODUCTION TO PRODUCTION MANAGEMENT

Definition of Production

Production is the process of combining resources such as land, labour, capital and entrepreneurship to create goods and services that satisfy human wants and needs as well as to meet established organisational objectives. It involves all the activities that convert raw materials into finished products for consumption or further use in production.

Production includes the following activities.

1. **Input:** Raw materials, labour, land, capital equipment and technology used to create goods and services for human consumption.
2. **Process:** A series of steps or activities involved in transforming inputs into outputs.
3. **Output:** The finished goods or services produced by a firm to satisfy human needs are referred to as output.

Differences Between Production and Operations

Production is the process of making or creating goods and services for human use. It is the conversion of raw resources into completed goods, such as manufacturing furniture from wood or bread from flour. Production primarily occurs in manufacturing industries and involves physical objects that can be touched and used.

Operations, on the other hand, is a more general term. It involves not only production but also all of the other tasks required to run a business properly, whether it is product-based or service-based. Operations cover planning, organising, supervising and refining the processes that assist supply goods and services. So, it applies not only to manufacturing, but also to services such as banking, healthcare and education.

In a nutshell, production is about creating items, whereas operations is about managing everything required to make commodities and offer services in the most efficient manner.

Meaning of Production Management

Production management is the organisation, direction and control of the manufacturing process used to create commodities and services. It involves overseeing the conversion of raw materials, labour and other resources into completed goods or services that fulfil consumer demands and expectations. Its primary purpose is to ensure that items are manufactured efficiently, within budget and to quality standards.

Objectives of Production and Operations Management

1. **Efficient Use of Resources**: Optimising the use of resources such as personnel, machines, materials, and money to minimise waste, maximise production, and improve operational efficiency.
2. **Production of Quality Goods**: It ensures high product quality by implementing quality control procedures and consistent output to suit client expectations.

3. **It ensures Customer Satisfaction**: Providing goods or services that meet or exceed customer expectations for quality, timing and cost, resulting in loyalty and repeat business.
4. **Delivery on Time:** To ensure that goods and services are produced and delivered on time as planned, preventing delays and maintaining a reliable reputation in the market.
5. **Reduce Cost**: To control production and operational costs by improving processes and eliminating inefficiencies through effective planning, budgeting, and waste reduction strategies.
6. **Flexibility and Innovation**: To adapt quickly to changes in demand, market conditions, or technology, and to continuously improve products and services to stay competitive and relevant in the industry.
7. **Improved Productivity**: To increase output while minimising input, resulting in better performance and higher profitability by streamlining workflows and motivating employees for maximum efficiency.

Activity 1.1 Revising the Concept of Management and Delving into the Meaning, the Objectives of Production and Operations Management

1.
   a. Review the meaning of **management** and its **basic functions**. Write down your ideas in your own words. (Remember that this is a recap of lessons from year 1.)
   b. Share your ideas with a nearby colleague for feedback.
2. Find a partner to work with. In your pair, challenge yourselves to **produce a new product** using paper, cardboard or any other simple material around you. Examples of items you can consider producing include: paper aeroplane, key holder, phone holder, paper boat, etc.

   Your teacher will give you 5-10 minutes to complete the challenge.
3. Present your product, highlighting the **raw materials** used, **the process** followed, the **final product** developed and its **usefulness**. Use the table below to organise your ideas.

Raw materials used	Process	Final product	Its usefulness

4. Reflect on your experience of creating your own product and how this links to the concept of **production**.
   a. First, write **your own one-sentence definition** of production in your workbooks.
   b. Share this with your partner for discussion and refine it into a working definition of the term '**production'.**

5. Read the case scenario below and answer the questions that follow.

Case Study: FreshBakes Ltd.

- The **production team** mixes flour, yeast and water, bakes the bread and ensures the loaves meet quality standards.
- The **operations team** plans how much bread should be produced each day, manages the supply of flour and other ingredients, schedules workers, and ensures deliveries reach shops on time.
- The **production manager** oversees the entire bread-making process - deciding on the best methods, monitoring efficiency, controlling costs, and ensuring the right number of loaves are produced without waste.

Discussion Questions

a. Which activities fall under **production**?

b. Which activities belong to **operations**?

c. What is the main **difference** between **operations** and **production**?

d. What specific responsibilities does the **production manager** have?

e. What might happen if the operations and production team fails?

6. Find a partner and do the following task.
   a. Draft the meaning of production management
   b. Compare your definition with another pair for similarities and differences in ideas.
   c. Consolidate your ideas into a shared class definition of production management.

7. Arrange yourself into small groups of no more than five. In your groups, identify and discuss the **key objectives of production management.** Use the table below to organise your ideas

	Key objectives of production management
a.	
b.	
c.	
d.	
e.	
f.	
g.	
h	

Be prepared to present your ideas as part of a wider class discussion.

FUNCTIONS OF PRODUCTION MANAGEMENT

1. **Production planning**: This is the cornerstone of production management. It entails making critical decisions regarding which items to make, how much to produce, when production should begin, and the methods or processes to be used. During planning, production managers will establish production goals, develop timetables, and allocate resources such as labour, materials, and machinery. Proper planning ensures that production runs smoothly and meets customer expectations on schedule.
2. **Production Control**: This is a function of production management which guarantees that all production activities adhere to the stated plan. It involves supervising production to detect any variations and making the necessary changes to ensure consistency. Production control entails overseeing quality assurance, managing manufacturing costs, and ensuring that items arrive on schedule. This function keeps the production process on schedule and prevents disturbances, it follows planning.
3. **Routing**: This function of production is the process of discovering the most efficient path or sequence of processes for manufacturing a product. It specifies the steps, departments, or equipment that the product must go through. Proper routing streamlines the workflow, reduces production time, and eliminates waste, resulting in improved efficiency.
4. **Timetabling or Scheduling**: This entails determining the time of each stage in the production process. It specifies when a task should begin and end, ensuring a consistent and seamless flow of labour. Scheduling eliminates bottlenecks, balances workloads, and ensures that resources are used efficiently, all of which are necessary for achieving delivery deadlines.
5. **Dispatching:** This approves manufacturing actions. It entails issuing work orders, instructions, and directing materials and tools to the proper locations at the appropriate times. Dispatching ensures that personnel know what duties to complete and have everything they need, reducing delays and confusion**.**
6. **Equipment Maintenance**: Production management is responsible for keeping all machinery and tools in operating order. Regular maintenance helps to prevent unexpected breakdowns, which can disrupt production and result in losses. It also extends the life of equipment and promotes worker safety.
7. **Control of Inventory**: The management of resources for production. This covers raw materials, work-in-process (partially produced commodities), and final products. Proper inventory control helps to avoid shortages that could cause production delays, as well as overstocking, which ties up cash and storage space.
8. **Quality Control**: This deals with the process of ensuring products fulfil set standards and customer expectations. It includes checking and testing products at various phases of manufacture. Maintaining excellent quality not only boosts client satisfaction but also improves the organisation's reputation.
9. **Controlling Manufacturing Cost**: It involves keeping manufacturing expenses within budget. This includes tracking the use of raw materials, labour, and overhead to detect and remove excessive expenditures. Effective cost control allows a corporation to maximise profits while remaining competitive in business.

10. **Human Resource Management**: This is about organising the human workforce for productivity. It entails assigning the appropriate amount of people with the necessary expertise to certain tasks. Good personnel management increases efficiency, reduces errors, and fosters a positive work atmosphere.

Activity 1.2 Functions of Production Management

1. In pairs, recap the four basic functions of management and their meaning and share with another pair for feedback.
2. Arrange yourselves into small groups of no more than five.

   In your groups, read the scenario about Kofi managing a furniture workshop and discuss the questions that follow.

   In a bustling furniture workshop, craftsmen and women worked tirelessly to meet the deadline for a large order of custom-made office desks. Workshop manager, Kofi, oversaw the entire process, ensuring each piece was crafted with precision and attention to detail. As the team sanded, stained, and assembled the desks, Kofi monitored progress, made adjustments, and communicated with the team to stay on schedule. Despite a few unexpected setbacks, the team's dedication and Kofi's leadership paid off, and the desks were delivered on time, exceeding the client's quality expectations, all while staying within budget.

   Discuss what you think should be done to ensure goods and services are:

   a. made on time.
   b. made of good quality
   c. within budget
   d. manufactured based on the quantity specified.
   e. produced without machines failing during the production process.

3. Based on your discussions from the case scenario in Activity 1.2, link your ideas to the functions of production management. Record the functions in your workbooks using a table such as the one below.

	Functions of production management
a	
b	
c	
d	
e	
f	
g	

4. Working in a group you formed with your classmates

a. Choose at least two of the functions of production management and prepare a presentation in flip chart paper, justifying why they are important in a business organisation.
b. Display your presentation on the board or on a chart for observation and feedback from your classmates.

5. ***Hot Seat Challenge!*** To end the lesson, your teacher will organise a hot seat challenge.

Rules of the **hot seat challenge**

a. Nominate one respondent from your group (the person to take the "hot seat") to take questions on production management from your classmates.
b. They will have **60 seconds** to answer each question.
c. Other team members (the questioners) may ask follow-up questions.
d. The respondent may ask for clarification if needed.
e. Other team members should prepare to ask questions as other groups' nominees take the "hot seat"!

FORMS OF PRODUCTION

Production is divided into three major categories based on the type of activities you are engaged in.



Figure 1.1: People working in a factory to produce equipment for further production

Production can take the form of primary, secondary and tertiary production.

1. **Primary Production**

   This refers to the extraction and harvesting of natural resources directly from the environment. These raw materials form the foundation for secondary production. Examples of Primary production include:

a. **Agriculture:** Involves cultivating crops like cocoa, maize, and rice, as well as raising cattle.
b. **Fishing:** Involves harvesting aquatic resources from rivers, lakes, and seas.
c. **Forestry:** Involves planting and harvesting timber for construction, paper production and furniture manufacturing.
d. **Mining**: Extracting minerals such as gold, bauxite, and crude oil for industrial use.

Importance of the Primary Industry or Production

Primary production is important because it does the following.

a. Provides raw materials for industries.
b. Promotes economic growth through exports.
c. Encourages employment in rural areas.
d. Provides food security for the populace.

Challenges in Primary Production

a. **Resource Depletion**: Excessive fishing, deforestation, and mining cause long-term environmental damage.
b. **Market Price Fluctuations**: Raw material prices fluctuate based on global demand and availability.
c. **Technological Limitations**: Inadequate modern equipment hinders efficiency and productivity in agriculture and mining.
d. **Climate Change and Environmental Factors**: Unpredictable weather patterns, droughts, and soil degradation reduce agricultural productivity.
e. **Labour Shortages**: The preference for urban jobs among young people has led to a drop in rural and mining labour.

2. **Secondary Production**

This involves processing and manufacturing raw materials from primary production to create finished or semi-finished products. This stage adds value to raw resources, preparing them for consumption or further production. Secondary production **examples** include those listed below.

a. **Manufacturing**: Industries such as textiles, automotive assembly, and food processing.
b. **Construction**: Creating infrastructure, roads, homes, and commercial buildings.
c. **Craftsmanship**: This involves creating artisanal goods such as furniture or jewellery from raw materials.

The Importance of Secondary Production

a. Secondary production enhances economic value through refining raw resources.
b. It promotes industrialisation and technical advancement.
c. It provides work opportunities in both urban and industrial locations.
d. It increases international trade by exporting manufactured items.

Challenges of Secondary Production

Secondary production faces challenges such as

a. **Production cost**: High prices for energy, labour, and raw materials, which can impact profitability.
b. **Technological Adaptation**: Many sectors struggle to integrate automation and digital tools to improve productivity.
c. **Issues Concerning Quality Control**: Ensuring consistent product quality involves rigorous monitoring and testing.
d. **Environmental regulation**: Compliance with environmental regulations can increase operational expenses for factories.
e. **Supply Chain Disruptions**: Delays in raw material deliveries affect production schedules.

3. **Tertiary Production**

This refers to providing services rather than producing physical commodities. This method of production ensures that items reach consumers effectively while also providing critical services that enable business operations and human welfare. Examples of Tertiary production include

a. **Education**: This refers to school and university-based teaching and training.
b. **Healthcare**: It includes medical services provided by hospitals, clinics, and pharmacies.
c. **Transportation**: It involves moving goods and people by road, rail, air, or sea.
d. **Retailing**: Selling goods and services to customers through physical stores, supermarkets, and internet channels.
e. **Banking and Finance**: Offers financial services, loans, and investment options.

Importance of Tertiary Production

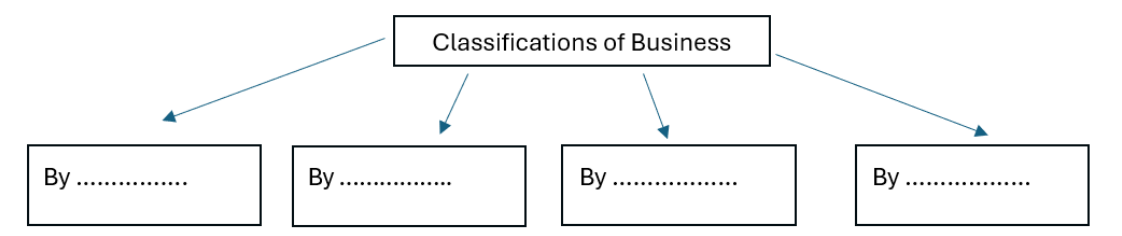
a. Tertiary production promotes economic growth by boosting industry and commerce.
b. It promotes trade and distribution of commodities.
c. It enhances living standards with vital services.
d. It promotes technological breakthroughs in the digital and service industries.

Tertiary production challenges

a. **Service standardisation**: It involves maintaining good service quality and customer satisfaction, which requires ongoing training and investment.
b. **Technological Challenges**: The Digital revolution impacts traditional service businesses, requiring change.
c. **Economic instability**: Inflation and financial crises can affect consumer spending and service demand.
d. **Labour Skill Gaps**: The service industry often faces a shortage of competent workers.
e. **Regulatory Compliance**: Strict legal and ethical standards add complexity to business operations.

Activity 1.3 Forms of Production (Primary, Secondary and Tertiary)

1. Partner up with a classmate, recap on your previous learning and share your ideas.
   a. The meaning of business and its objectives
   b. The classifications of business



2. Form small groups and read the following case carefully, then answer the questions that follow.

Case Study: Cocoa Processing Company (CPC), Tema – Ghana

The Cocoa Processing Company Limited (CPC), located in Tema, is one of Ghana's leading agro-processing companies. It sources raw cocoa beans from the Ghana Cocoa Board (COCOBOD), inspects and grades them, and processes them into both semi-finished and finished products for local consumption and export. At the first stage, the company receives raw cocoa beans, which are carefully checked for quality before use. At the second stage, these beans are roasted, shelled, and ground into cocoa liquor, which is further processed into cocoa butter, cocoa cake, and cocoa powder. The company also manufactures consumer products such as GoldenTree chocolate bars, drinking chocolate, and other confectionery items. At the third stage, CPC focuses on packaging, distribution, and marketing of its products to local supermarkets, schools, and duty-free shops, as well as to international markets in Europe, Asia, and Africa.

Through these activities, CPC adds value to Ghana's cocoa industry by transforming raw beans into market-ready products, creating jobs, supporting the economy, and promoting Ghana's reputation as a global leader in cocoa production.

Questions

a. Identify and classify CPC's activities into the three main forms of production
b. Discuss how these activities link together to create value from raw cocoa beans to finished chocolate products.
c. Discuss the importance and challenges of each form or stage of the production.

3. As a group, simulate the production process by role-playing the three forms of production. Consider roles such as:
   a. Farmers
   b. Manufacturers
   c. Service providers/marketers
4. Discuss the impact of the different forms of production on the Ghanaian economy. Use the table below to organise your ideas.

Form of production	Its Impact to the Ghanaian economy

5. Summarise what you have learnt, share any challenges you faced and the new ideas you discovered, and then present your findings to another group for discussion and feedback.

TYPES OF PRODUCTION AND IMPORTANCE OF PRODUCTION MANAGEMENT

Types of Production

1. **Job Production**

   This manufacturing technique produces customised items according to customer specifications. Each item is unique, and production takes place from beginning to end before moving on to the next product. Job production is used when a product must be customised or created to order. To achieve high-quality craftsmanship, competent workers and specialised equipment are required. Each piece is unique, so manufacturing takes longer than other methods. The procedure is often manual, with little automation. It is widely utilised in industries such as custom furniture, jewellery design, and bespoke tailoring. Ghanaian artists, such as wood carvers in Aburi, use job manufacturing to produce handcrafted furniture and sculptures.

   Characteristics of Job Production

   a. **Customisation**: Each product is unique and developed to meet customer needs. Production is not uniform, allowing for a great degree of customisation.
   b. **Skilled Labour Requirement**: Highly skilled people are needed to create specialised items. Workers must be skilled in managing various materials and processes.
   c. **Time-intensive process**: Individual production takes longer than batch or large production. The procedure requires meticulous planning, design, and implementation.
   d. **High manufacturing costs**: Customisation and manual labour make job manufacturing more expensive. Specialised materials and tools may be required, which raises expenses.
   e. **Limited Automation**: Most processes are done manually rather than automatically. Machines can be utilised; however, they are generally customised for each individual product.
   f. **High-Quality Output**: Each product is hand-made, ensuring rigorous quality control. Ensures attention to detail and high-quality craftsmanship.

2. **Batch Production**

Goods are manufactured in groups or batches rather than continually. Before moving on to another batch of a different product, a predetermined quantity of that product is created. Batch manufacturing is used when several identical products need to be produced but not simultaneously. It enables the production of a variety of items utilising the same setup. Machines need to be changed between batches, resulting in downtime. It is widely used in industries such as bakery production, textile manufacturing, and pharmaceutical manufacturing. For example, Fan Milk Ghana Ltd. produces dairy products such as ice cream and yoghurt in batches.

Characteristics of Batch Production

a. **Production in batches**: It is producing goods in defined numbers or lots. Each batch goes through the entire production process before moving to the next batch.
b. **Quality Control at Every Stage**: After each batch, quality tests are conducted to verify that requirements are met. Helps to spot flaws before going on to the next batch.
c. **Standardisation within Batches**: All items within a batch are identical in design and specifications. Ensures consistency in quality and uniformity.
d. **Flexibility in Production**: Allows manufacturers to produce different products using the same setup. Can switch between different batches based on demand.
e. **Efficient Use of Resources**: Machines and labour can be optimised for different batches. Reduces downtime compared to job production.
f. **Suitable for Medium-Scale output**: Perfect for industries that need variation but not continuous output. Used in food processing, medicines, and garment production.
g. **It Requires Setup Time Between Batches**: Machines and equipment need to be adjusted before starting a new batch. Setup time can lead to production delays.

3. **Mass production**

This involves producing huge amounts of standardised products using assembly lines and automation. Mass production is used when large quantities of identical products must be produced efficiently. It uses automation and assembly lines to streamline production and ensures consistent and uniform product quality. It is common in industries such as automotive manufacturing, electronics, and packaged food production. Nestlé Ghana Ltd., for example, manufactures food and beverage goods such as Milo and Nescafé through mass production in Ghana.

Characteristics of mass production

a. **Increase in Quantity of goods**: Mass production produces enormous amounts of identical products. It assures a steady supply of goods to fulfil strong customer demand.
b. **Standardisation**: Uniform product specifications ensure consistent quality and design. Every item created is identical, which reduces variations and defects.
c. **Automation and Mechanisation**: Using machinery and technology to streamline production. Reduces the need for physical work, which improves efficiency and precision.

d. **Division of labour**: Specialisation allows workers or robots to do certain jobs more quickly and accurately. Each stage of manufacturing is assigned to a separate crew or automated system.
e. **Economies of Scale**: Large-scale production lowers costs per unit, making things more accessible. Bulk purchasing of raw materials reduces expenses.
f. **Continuous Workflow**: Continuous production ensures minimal downtime and maximum output. Assembly lines allow a seamless transition from one stage to the next.
g. **High Production Speed**: Mass production enables organisations to produce things fast and efficiently. Allows enterprises to meet market demand without delay.
h. **Quality Control**: Strict monitoring throughout the process ensures products meet industry requirements. Automated systems can uncover flaws early in the process.

Importance of Production Management

1. **Efficient Resource Management**: Production management optimises materials, labour and time to reduce waste and increase productivity.
2. **To Meet Demand of Customers**: Ensures accurate demand forecasts and timely manufacturing to prevent shortages and overproduction.
3. **Cost Management**: Effective planning and resource management can cut expenses and increase revenues.
4. **Consistent Quality**: This is maintaining product standards to increase client trust and promote repeat purchases.
5. **Flexible and Adaptable**: Enables businesses to quickly respond to market or supplier changes.
6. **Employee Satisfaction**: It ensures employee satisfaction and safety through controlled workflows and safe surroundings, leading to increased morale and productivity.

Activity 1.4 Exploring Types of Production

1. Organise yourselves into **three groups**, and choose a different type of production, namely:

   Group 1: *Job Production*

   Group 2: *Batch Production*

   Group 3: *Mass Production*

2. In your selected group, simulate your chosen production method by making **poster cards**. The objective of this activity is to experience differences in how each method of production works.

   The instructions for each group are outlined below:

   Group 1 (Job Production): Each member of this group should create one unique, handcrafted poster card from start to finish, using their own design and materials.

Group 2 (Batch Production): This group should work together to produce cards in sets of five. Each member of this group should specialise in a specific task (e.g. cutting, colouring or decorating) and the cards are passed along in stages. You must complete your assigned task on the entire batch before passing it on to the next person in the group.

Group 3 (Mass Production): Members of this group should form an assembly line. Each person should perform one specific task repeatedly - such as cutting, folding and gluing then passing each card to the next person after completing their step.

3. Once you have completed the production activity, come together as a group to discuss:
   a. *How their method worked.*
   b. *The level of **efficiency**, **customisation** and **cost-effectiveness** they experienced.*
   c. *What challenges you faced and how you managed it to complete your production.*

   Summarise your answers on a flip chart and present your feedback to the class.
4. Listen to the other groups' presentations and take part in questioning to understand the characteristics of each production method.

Activity 1.5 Importance of Production Management

1. In small groups of no more than five, reflect on the following questions and share your ideas
   a. *Why is planning important in production?*
   b. *What happens when production is not well managed?*
2. Extend your discussion and prepare a presentation to explain, with examples, **three** main reasons why production management is important.

   NOTE: Think about how you can deliver your presentation creatively. For example, through a skit, role-play or short talk show to illustrate what you have learnt or discussed.
3. Reflect on what you have learned during the lesson and answer the following questions in your workbooks:
   a. *"What type of production do you see most in my community?" Briefly explain it.*
   b. *"Which part of production management do you find most important and why?" Explain this briefly.*

INTRODUCTION TO PRODUCTION PLANNING AND CONTROL

Meaning of Production Planning and Control (PPC)

Production planning and control is the process of organising, coordinating, and controlling all operations involved in the production of goods and services. It assists businesses in determining what to produce, how to make it, when to manufacture it, and in what quantities. Its main goal is to guarantee that production operates smoothly, efficiently, and at a reasonable cost.

Differences Between Production Planning and Control

1. **Production planning** is the process of deciding in advance **what to produce, how much to produce, when to produce, and what resources will be needed** (such as raw materials, machines, and workers) so that production runs smoothly, efficiently, and meets customer demand.
2. **Production control** involves **monitoring** and regulating the production process to ensure that **the actual output matches the production plan.** It includes checking the quality of products, ensuring work is on schedule, minimising waste, and making corrections when problems arise.

Production planning considers factors such as which products to manufacture, the raw materials and tools needed, when production should begin and stop, and the number of workers and machines required. Production control, on the other hand, guarantees that planned activities are carried out accurately, that any problems that develop during production are fixed as soon as possible, and that the process remains within the budget and timeframe. **For example,** in a gari processing factory in Hohoe, production planning involves estimating how many bags of cassava to process weekly, scheduling workers and planning delivery timelines. Production control in this context ensures that the gari is properly roasted, packaged on time and that any machine faults are addressed without delay.

Objectives of Production Planning and Control

1. **Efficient Resource Management**: Production planning and control aim to ensure uninterrupted production. This entails ensuring that raw materials, equipment, and labour are readily available as required. For example, a soap-making company in Kumasi arranges for a constant supply of palm oil and scents to ensure that manufacturing does not stop. Internationally, Coca-Cola in South Africa employs comprehensive scheduling methods to avoid production delays due to shortages or technical concerns.
2. I**ncrease efficiency and productivity**: By proper planning of time, labour and machines. This entails creating more with fewer resources. A gari processing facility in Nkwanta, for example, allocates workers specialised tasks like peeling, grating, and roasting at predetermined times to avoid idle time. Similarly, Samsung's factories in South Korea employ efficient work methods to ensure smooth task transitions and great production.

3. **Maintenance of product quality**: Production control monitors each stage of the process to ensure the final product fulfils expectations. For example, a bakery in Takoradi inspects dough and baking temperatures to guarantee that each loaf of bread fits customer specifications. Internationally, BMW includes quality checks at each assembly stage to ensure that only high-quality vehicles reach the market.
4. **Meet delivery deadlines**. Production planning allows for the timely delivery of final products to clients. This is necessary for client happiness. For example, a school uniform manufacturer in Accra meticulously arranges manufacturing ahead of reopening dates to ensure timely delivery. Amazon handles warehouses and logistics around the world to ensure that consumer shipments arrive on time.
5. **Waste reduction**: Effective planning lowers waste and optimises resource usage, resulting in lower production costs. For example, a shea butter cooperative in Washington can save money by timing energy usage during off-peak hours and eliminating material waste. Dell employs a "build-to-order" methodology worldwide, which reduces costs by creating computers only after consumer orders are placed.
6. **Good use of resources**: Production planning optimises resource use by ensuring optimal use of machines, labour, and materials. Work in a Cape Coast tailoring shop is divided into cutting, stitching, and finishing to maximise each worker's abilities. Computerised systems arrange activities and resources in global corporations like Nestlé to reduce waste and maximise output.
7. **To allow for flexibility and adjustments**: Another major goal is to have a system that can adapt to unanticipated changes. If demand rises or equipment fails, manufacturing schedules can be altered. A fruit juice factory in Tema, for example, may adjust its production plan to create more mango juice during the peak season. Nike frequently revises its production targets globally in response to changes in demand or supply chain problems.

Activity 1.6 Production Planning and Control

1. In your previous studies, you learnt about the functions of management. In pairs, reflect on your previous learning to answer the following questions.
   a. What are the four main basic functions of managers?
   b. Complete the table below and identify which basic function of management each example belongs to.

Examples	Function of Management
Setting sales targets	
Dividing tasks among workers	
Encouraging staff to work hard	
Checking the quality of employees' work	
Developing organisational goals and objectives	

   c. Justify your answers.

2. Carefully read the case scenario below and, working with a partner, answer the questions that follow.

Case Scenario: The Sunrise Bakery

Sunrise Bakery is a small local business that produces bread, cakes, and pastries every morning for the community. Recently, customers have started complaining that sometimes bread is not available on time, while on other days, too much bread is left unsold and wasted.

This is what has been happening in the company

- *The bakery does not **plan ahead** how many loaves of bread are needed daily. Some days they bake too much, other days too little.*
- *They sometimes run out of **flour, yeast, or sugar** in the middle of production because no one checks the stock in advance.*
- *Workers often come in late or do not know what their tasks are because **work schedules are not well organised**.*
- *When machines break down, no backup plan exists, leading to delays.*
- *As a result, customer satisfaction* is going down, and the bakery is losing money.

Questions

a. What should the manager have done before starting production each day to avoid this problem?

b. If you were to give a name to this process of deciding *what, how much, and when to produce*, what would you call it?

c. When should production planning take place—**before** or **during** production?

d. When should production control happen—**before** or **during/after** production?

e. How do these two processes (planning and control) support each other in making the bakery successful?

f. How would you define **Production Planning** in your own words?

g. How would you define **Production Control**?

h. What is production planning and control?

i. Tabulate the **differences** between **production planning** and **production control**

Production planning	Production control

j. What are the objectives of production planning and control?

State the objectives of production planning and control
*   *   *   *   *

3. Exchange your answers with another pair for feedback.

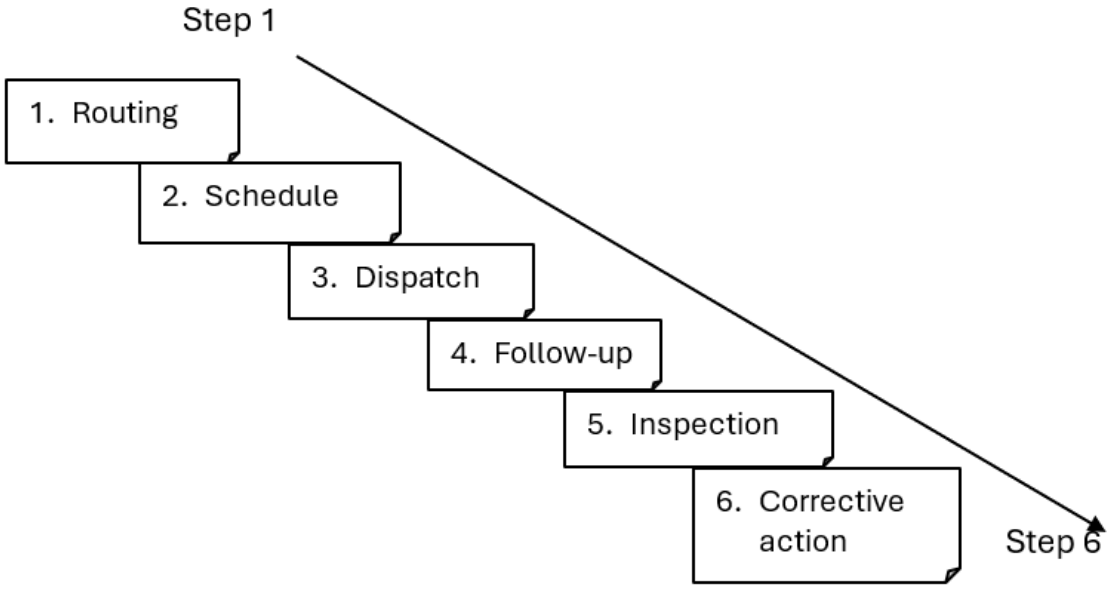
STEPS IN PRODUCTION PLANNING AND CONTROL

This lesson will help you to understand the steps involved in the production planning and control processes.

1. **Routing**: This is the initial step for production planning and control. This includes establishing the exact path or sequence that materials and components should take during the manufacturing process. It entails determining the activities needed, the machines or workstations to be used, and the order in which the tasks will be completed. For example, in a small-scale shea butter production facility in Tamale, routing entails transporting shea nuts through cleaning, boiling, drying, and grinding steps before final packaging.
2. **Scheduling**: It is the process of determining when each task in a production plan should start and stop. It establishes a timetable for production processes to ensure that the finished product is ready on time. This step entails assigning time for each stage of the manufacturing process. To achieve a bulk order deadline, a Koforidua school uniform manufacturer may spread out cutting, sewing, and finishing work over one week. Similarly, Airbus, a worldwide aircraft manufacturer, uses complex scheduling algorithms to arrange part manufacturing and delivery to assembly facilities throughout the world.
3. **Dispatching**: Executing the production plan by providing commands to initiate scheduled tasks. It includes delegating tasks to employees, releasing resources to the shop floor, and ensuring machinery is ready for use. At this stage, the production team is actively engaged in carrying out the work. For example, a bakery in Sunyani may send baking instructions to employees and ensure that ovens are preheated and materials are ready. Amazon uses automated dispatching systems around the world to advise warehouse personnel when to pick, pack, and ship merchandise.
4. **Follow-up (Expediting)**: Monitor manufacturing progress to ensure plan compliance. The goal of follow-up is to identify delays, issues, or deviations early on so that they can be remedied immediately. For example, in a bottled water facility in Kasoa, managers guarantee that bottling and labelling are completed on time and intervene if machines are underperforming. Global automakers such as Ford uses software tools to track the status of vehicle assembly in real time, allowing for quick alterations when necessary.
5. **Inspection**: This is used to check the quality of work and the finished product. It ensures that the goods meet the necessary standards and are defect-free. For example, in Tema, finished cloths are tested for colour uniformity and stitching quality prior to packaging. Internationally, corporations such as Apple undergo rigorous quality inspections at several stages to ensure that their products satisfy high consumer expectations.
6. **Corrective Action**: If problems, product defects, or errors are discovered during inspection or follow-up, corrective action must be taken immediately. This could

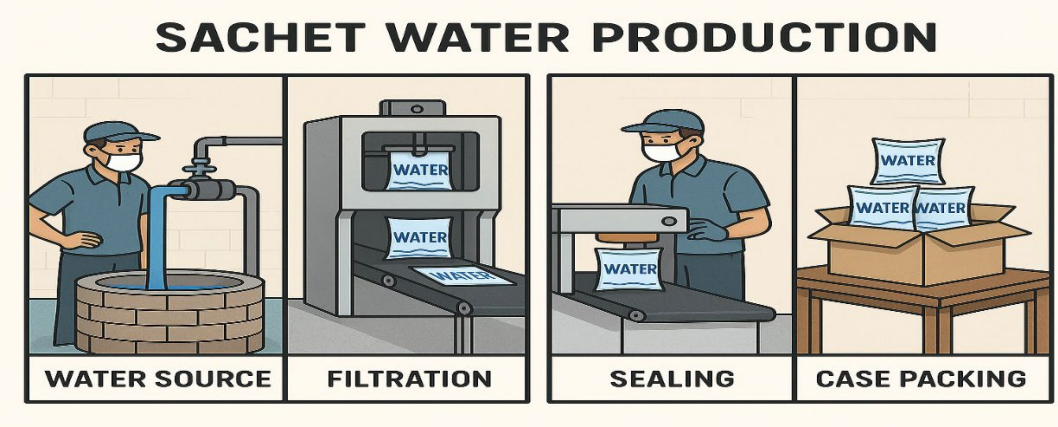
involve fixing defects, adjusting the production process, or retraining staff. For example, automobile companies like Toyota have built-in quality control systems that automatically stop production if a defect is detected, allowing the issue to be resolved before continuing.

Displayed below is a diagram showing steps of production planning and control.



Activity 1.7 The Steps in the Production Planning and Control Process

1. Re-visit the meaning of production planning and control and steps involved in controlling Share your reflections on your previous learning with a colleague by answering the following questions:
   a. What is production planning and control?
   b. What are the steps involved in controlling?
2. Observe the picture below carefully and answer the questions that follow.



a. What do you see happening in the picture?
b. What production process is involved in the sachet water production?
c. Which stages of the production in the picture can be linked to the following: **routing**, **scheduling, dispatching, follow-up**, **inspection**, **corrective action?**

Activity 1.8 Hands-on Production Activity Using the Production Process

1. Choose a simple product of your own e.g. **folded box** or any other product (you can use a card or papers to create).
2. In pairs or small groups of no more than five, produce the folded box by following each step of the production planning and control.
   a. Routing → decide the sequence of steps.
   b. Scheduling → decide who does what and when.
   c. Dispatching → begin production according to the plan.
   d. Follow-up → check whether the group is on track.
   e. Inspection → check the quality of the folded box.
   f. Corrective action → make improvements if there are errors.
3. Each group member should take a turn as the "production manager" (leader) once a step is completed.
4. As you go through the production planning steps, ask yourselves:
   a. Which step made your work easier?
   b. What challenges did you face at different steps?
   c. How did planning and control help improve your final product?
5. Use the table below to summarise the steps you used when producing the folded box

Step	What we did	What we learnt
Step 1: Routing		
Step 2: Scheduling		
Step 3: Dispatching		
Step 4: Follow-up		
Step 5: Inspection		
Step 6: Corrective Action		

6. How do these steps apply in real-world industries such as manufacturing, food production, or construction?

7. Share your group's findings with the class either by delivering a short presentation or recording your findings as a poster or on flip chart paper to be part of a gallery walk in your classroom.

IMPORTANCE OF PRODUCTION PLANNING AND CONTROL

1. **Efficient Resource Utilisation**: Production Planning and Control (PPC) optimises the use of resources such as raw materials, machinery, human labour, and time. This involves allocating just the right number of resources for each task, preventing underuse or overuse. For instance, in a garment factory, PPC ensures that sewing machines are scheduled for use without long idle periods and fabric is cut precisely to reduce offcuts.
2. **It ensures timely delivery**: A well-structured plan and schedule ensures production tasks are completed within a set period, resulting in finished items by the agreed delivery date. For example, a bakery that uses a competent PPC system may bake and package cakes on time for client pickup or delivery, particularly during peak seasons such as Christmas or Easter.
3. **Cost Control**: Production Planning and Control reduces production costs by eliminating delays, maintaining inventory levels, avoiding equipment downtime, and maximising material and labour efficiency. For example, a furniture company with an effective PPC system avoids over-ordering expensive wood or leaving workers idle owing to a lack of supply, both of which can increase production costs.
4. **It brings about quality assurance**: PPC prioritises quality assurance throughout the whole production process. It entails establishing standards, conducting routine inspections, and immediately rectifying problems. For example, in a pharmaceutical business, PPC ensures that every batch of medicine undergoes rigorous testing during and after manufacturing to ensure consistent quality and compliance with safety laws.
5. **Improves Inventory Management**: PPC ensures raw materials are available when needed and finished goods are ready in sufficient amounts. This decreases the cost of overstocking and the risk of running out of vital materials. For example, an electronics factory adopting PPC avoids stockpiling too many components that may become obsolete or run short of critical parts during assembly.
6. **Promotes Activity Coordination**: PPC creates a single timetable for areas like purchasing, production, sales, and logistics. This coordination reduces communication breakdowns and delays. For example, if the production team understands when materials arrive from procurement, they can prepare machines and people, accordingly, resulting in a smooth process.
7. **Improves Productivity**: Clear production plans and schedules enable employees to focus and perform efficiently. Tasks are well defined, and time is managed efficiently. For example, in a shoe manufacturing company, PPC assists in allocating specific jobs such as cutting, sewing, and assembling, to separate teams in a sequential manner, avoiding bottlenecks and increasing total production speed.

8. **Increases flexibility**: PPC systems adapt swiftly to changes in market demand, resource availability, and technology. For example, if there is an unexpected rise in demand for sanitisers, a company with a strong PPC structure may quickly adjust production schedules, acquire more raw materials, and boost output without sacrificing quality or efficiency.

Activity 1.9 Importance of Production Planning and Control

1. 1. Reflect on what you learnt in your previous lesson about:
   a. The meaning and objectives of production planning and control.
   b. Share your reflections with a partner by listing the objectives of production planning and control and briefly explain them.
2. Arrange yourself into small groups of no more than five. In your groups:
   a. Reflect on what might happen in an organisation that is producing items without having any planning or control measures
   b. Write down the importance of production planning and control.
   c. Discuss the importance of production planning and control identified in (b) above.
3. Exchange your work with other groups for peer review and feedback.
4. Each group, with their peer reviewers, should present their work to the whole class.
5. From the peer presentation, make notes of ideas from other groups to aid your understanding of the lesson.
6. Each group should use the checklist below to guide the reviewing groups in giving structured and constructive feedback.

Peer-Editing Checklist: Production Planning and Control

Group Name: _____
Reviewed by: _____
Date: _____
Instructions: Use this checklist to review the other group's work. Tick the boxes and add brief comments where appropriate.

Criteria	✔ Yes	✘ No	Comments/Suggestions
1. The meaning of **production planning** is clearly explained.			
2. The meaning of **production control** is clearly explained.			
3. The **importance** of production planning and control are discussed.			
4. At least **two clear examples** are included.			
5. Ideas are logically organised and easy to follow.			
6. The information is accurate and relevant.			
7. Grammar, spelling, and sentence structure are appropriate.			
8. The work reflects collaboration among group members.			

CHALLENGES IN PRODUCTION/OPERATIONS MANAGEMENT

1. **Challenges Maintaining Quality Standards**: As a business grows, maintaining consistent quality throughout the production process becomes more complex. Variations in raw materials, inadequate supervision, or poor process controls can result in defective products, customer complaints, and reputational harm.
2. **Management of Resource Constraints**: Lack of access to vital resources like raw materials, trained labour, and contemporary equipment can disrupt production schedules and diminish operational efficiency. For example, if a manufacturing company experiences a steel shortage, it may be obliged to reduce or halt production, hurting client orders and profits.
3. **Adapting to Technological Changes**: Companies must frequently upgrade machinery, software, and systems to keep up with rapid technological advancement. Adapting to these changes entails significant costs, retraining of employees, and temporary disruptions in operations, which small and medium-sized businesses may find particularly challenging to manage.

4. **Inventory Management Challenges**: Maintaining a balance between excess and insufficient stock is an ongoing struggle. Overstocking consumes capital and raises storage expenses, whilst stockouts can result in missed sales and customer displeasure. Effective forecasting and inventory control systems are required to handle this problem.
5. **Meeting Customer Expectations**: Customers expect high-quality, inexpensive items supplied fast and tailored to their specific needs. Meeting these expectations necessitates a high level of adaptability, efficiency, and reactivity, putting pressure on production and operations teams to constantly enhance procedures.
6. **Supply Chain Disruptions**: Delays from suppliers, transportation challenges, or geopolitical concerns can block the flow of raw materials. Because these challenges are frequently outside the organisation's control, they can have a significant influence on production continuity and result in financial losses.
7. **Difficulties In Coordinating Across Departments:** A lack of effective communication and collaboration between key departments such as procurement, production, quality control and sales can result in misaligned goals, delays and inefficiencies. For example, if the production team is unaware of changing customer orders, they may produce the wrong quantities or specifications.
8. **Inadequate or Overstretched Production Capacity:** If production capacity is underutilised, it may indicate inefficiency and higher fixed costs per unit. On the other hand, excessive pressure on production facilities and workers due to high demand can lead to machine breakdowns, increased errors and employee burnout, all of which hinder long-term productivity.
9. **Managing Uncertainty**: Unpredictable occurrences like machine failures, strikes, government policy changes, and pandemics can disrupt production. To mitigate the effects of such uncertainties, organisations must have contingency plans, flexible production systems, and risk management techniques in place.

Activity 1.10 Challenges in Production/Operations Management

1. Review of previous learning:
   a. Write down what you learnt in the previous lesson on the functions of production and operations management.
   b. After writing, turn to a colleague and briefly discuss the functions you listed. Together, identify which function you think is most difficult in practice and why.
2. Read the following real-life production management challenges that managers often face. Imagine you are a production manager and quickly write your thoughts on each challenge.
   a. What if customer demand changes overnight, but my factory is not flexible enough to respond?
   b. Am I wasting too much time and resources because my production process is not efficient?
   c. How do I balance keeping inventory low while avoiding stockouts?

d. What if my suppliers fail me - late delivery, poor quality, or price increases?
e. Machines do not last forever; how do I handle breakdowns and downtime?
f. Labour costs are rising, but automation is expensive - how do I decide?
g. Quality mistakes can ruin my reputation - how do I ensure consistency?
h. Sustainability is becoming a big deal - how do I make production eco-friendly without losing profit?

3. Work in groups to analyse the challenges of production and operations management using the table below and discuss how each challenge impacts an organisation.

   The first example has been completed for you as a guide.

Challenges of production/operations management	Analysis / Impact
Resource constraints	It leads to underproduction (lost sales) or overproduction (waste). This requires demand forecasting and flexible production.
Difficulty maintaining quality standards	
Challenges adapting to technological changes	
Challenges in inventory management	
Meeting customer expectation issues	
Supply chain disruptions	
Difficulties coordinating across departments	
Inadequate or overstretched production capacity	
Delay handling uncertainties	

4. Exchange your group's work with another group for peer review and feedback.

Activity 1.11 Extended Activity

Read the scenario below and answer the questions in groups.

A bakery experiences a sudden increase in bread demand, late delivery of flour from suppliers, and a breakdown of one of its mixing machines.

Tasks

1. Identify the production/operations challenges.
2. Analyse their impacts.
3. Propose strategies the bakery can use to overcome them.

REVIEW QUESTIONS 1

1. Explain production and operations.
2. State three key differences between production and operations.
3. Give one real-world example of production and operations.
4. What is production management?
5. Explain the scope of production management.
6. List and explain the core functions of production/operations management.
7. Why is controlling important in production/operations management?
8. Differentiate between primary, secondary and tertiary production.
9. Describe the three main types of production systems with examples.
10. Which type of production system is most suitable for unique customer demands?
11. Define production planning and control.
12. State three main objectives of PPC.
13. List and explain the major steps of PPC.
14. Identify five common challenges in production management.
15. How can a production manager overcome quality challenges?
16. Why is resource management a critical challenge in production?

SECTION

2

PROCUREMENT MANAGEMENT



MANAGING BUSINESSES AND LEGAL FRAMEWORK OF BUSINESSES

Functional Areas of Management

INTRODUCTION

Procurement management is the process of obtaining goods, services, or works needed for an organisation's operations, such as raw materials, equipment, or services like transport and repairs. Effective procurement ensures timely supply, reasonable costs, quality products, and satisfied customers, while preventing delays, waste, and overspending. It also promotes strong buyer-supplier relationships, leading to better prices, reliable supply, and new opportunities. Good procurement supports legal and ethical compliance and helps organisations use resources efficiently. This section covers the importance, methods, strategies, and challenges of procurement, showing how it contributes to the success of businesses, from small shops to large companies.

In this section, you will learn about **procurement management,** which is the process through which organisations acquire goods, services, or works to operate effectively. These may include materials, tools, equipment, or support services like transport and repairs.

Without proper procurement, businesses may face delays, poor quality, or higher costs. Good procurement helps ensure timely supply, effective use of resources, and smooth operations. It also supports strong relationships with suppliers, leading to better pricing, consistent supply, and access to innovation. Effective procurement ensures businesses stay within budget and follow legal and ethical standards.

In this section, you will delve into various aspects of procurement management, beginning with an understanding of what procurement management entails and the key functions it serves within an organisation. You will examine the sequential steps involved in the procurement management process and explore the different methods available for acquiring goods and services. Furthermore, the section discusses strategies that enhance the efficiency of procurement, as well as the legal and ethical principles that guide these activities. Finally, you will consider the challenges commonly encountered in procurement management and the ways in which businesses address and overcome them.

Before continuing, reflect on some areas you studied in **Year 1 and Year 2** that relate to procurement. These include areas such as **planning**, **decision-making**, **contracts**, and the **business environment**. The table below will help you recall these topics and how they connect to procurement.

KEY IDEAS

- **Inspection**: Checking goods when they are delivered to ensure they meet the required standards.
- **Procurement**: The process of acquiring goods and services from external sources.
- **Purchase Order**: A formal request to buy goods from a supplier.
- **Quotation**: A document a supplier gives, showing the price of goods or services.
- **Sourcing**: Finding and evaluating suppliers for goods and services.
- **Supplier**: A person or company that sells goods or provides services.

DEFINITION OF PROCUREMENT MANAGEMENT

Procurement management refers to the systematic process of acquiring goods, services, or works from external sources to meet an organisation's needs. It involves planning, selecting suppliers, negotiating contracts, purchasing and overseeing the timely delivery of items required to support business operations.

It ensures that an organisation gets the right products or services, in the right quantity and quality, at the right time and cost, from reliable suppliers.

Functions of Procurement Management

1. **Needs Identification**: Determining what goods or services are required by the organisation, based on demand or operational needs.
2. **Sourcing/Supplier Selection**: Sourcing involves researching potential suppliers, comparing their capabilities and offers and selecting the most suitable one to meet the organisation's procurement needs. It helps ensure that the organisation builds a reliable and cost-effective supply base.
3. **Purchase Planning**: Developing procurement plans that outline what to buy, when, and from where, ensuring alignment with the organisation's budget and timelines.
4. **Contract Negotiation and Management**: Negotiating favourable terms and conditions with suppliers and managing the resulting contracts to ensure compliance.
5. **Order Processing**: Creating and managing purchase orders, tracking them, and ensuring timely delivery of goods and services.
6. **Quality Assurance**: Ensuring that the procured items meet the required specifications and quality standards before acceptance.
7. **Cost Control**: Managing and monitoring procurement costs to stay within budget, reduce unnecessary spending, optimise resource allocation and ensure financial efficiency across the procurement process.
8. **Inventory Management Support**: Coordinating with inventory systems to maintain optimal stock levels and avoid overstocking or shortages, thereby ensuring smooth operations and cost efficiency.

9. **Supplier Relationship Management**: Maintaining good relationships with suppliers to ensure reliability, resolve issues, foster long-term partnerships and enhance communication, trust and mutual business growth.
10. **Compliance and Documentation**: Ensuring that all procurement activities follow internal policies and external regulations, with proper documentation for transparency and auditing.

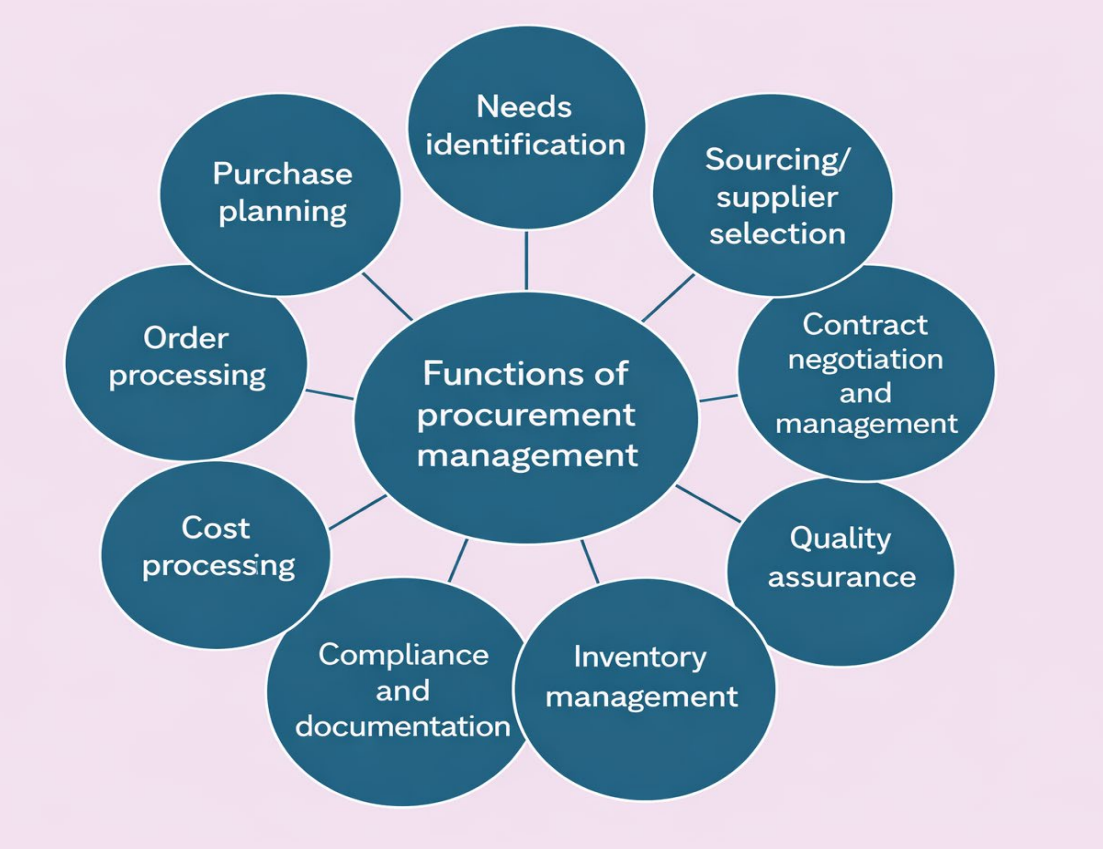


Figure 2.1: Functions of Procurement Management

Activity 2.1 Definition of Procurement Management

1. Recall what you learnt in Year 2 about management and decision-making. Share your reflections with a colleague by answering the following questions:
   a. What is management?
   b. What is decision-making?
   c. Why is decision-making important in your personal life, at school or in business?
2. Write down the things or items students, families, and businesses buy. Use the first example as a guide and fill in at least four other examples under each column.

Items Students Buy	Items Families Buy	Items Businesses Buy
E.g., pens,	E.g. food,	E.g., raw materials,

3. After filling in the table, reflect on the following questions and discuss your answers with the person sitting next to you
   a. Who decides what to buy and when to buy them?
   b. What factors will you consider as a student before deciding to buy the items you need?
   c. What factors will a business consider before buying the items they need?
   d. Why is it important to choose the right items and buy from the right place?
   e. Do you agree or disagree that buying is the same as procuring? Justify your answer.
4. In pairs, complete each of the sentences in the table below with the respective keyword or term from the first row.

Terms/Key words	Contract, procurement, supplier, planning, selection

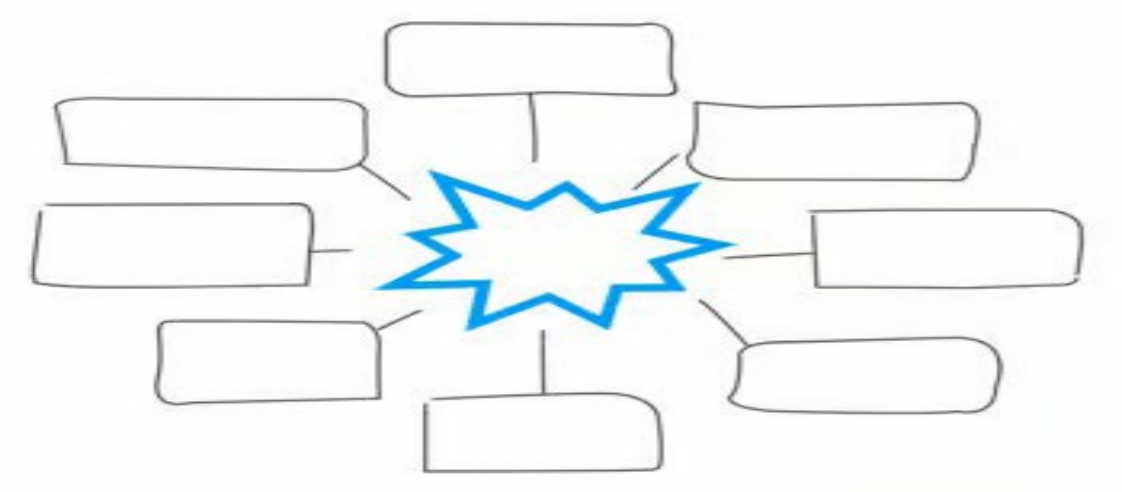
Complete the sentences using the words above.

a. Deciding in advance what, how much and when to buy .....
b. A person or company that provides goods or services .....
c. An agreement between buyer and supplier .....
d. Choosing the right supplier for what is needed .....
e. Purchasing raw materials .....

5. Based on your discussion and ideas from the previous activities, write 2-3 sentences in your own words to explain what procurement management means.
6. Share your answers with other colleagues for feedback.
   a. Listen to each other's ideas.
   b. Give polite feedback or suggestions for improvement.

Activity 2.2 Functions of Procurement Management

1. Reflect on what you learnt from the previous activities about the meaning of procurement management.
2. Working in pairs:
   a. Identify the key words or terms that were used to explain the concept of procurement management *(E.g. supplier selection).*
   b. Use the keywords to create a concept map or mind map showing how they connect to the idea of procurement management. Use the mind or concept map template below as a guide.



3.
   a. Share your mind or concept map and keywords with another pair
   b. Together, discuss and agree on what you argue are the main functions of procurement management, using the key words in your mind or concept map.
   c. List at least four functions based on your discussion.

Extension Activity Case Study

Case Study: FreshBite Catering Services

FreshBite Catering won a contract to supply lunch to 500 students every day for three months. To prepare, the procurement officer, Ms. Abena, met with the kitchen manager to agree on exactly what was needed for the meals. She made sure the items chosen were of the right quality and quantity, then reached out to several suppliers to get price quotations. After comparing their offers, she chose those who could meet the company's needs and discussed delivery schedules, prices, and payment terms with them.

Once agreements were reached, she placed official orders and, when the goods arrived, checked them carefully to ensure they met expectations. Payments were made only after everything was confirmed to be correct. During the contract period, she kept an eye on

how well the suppliers were delivering, and at the end, she stored all related documents for future reference.

Work with a partner to analyse the case study and answer the following questions:

a. What was the first thing Ms. Abena did after FreshBite Catering won the contract?

b. How did she make sure the items to be bought met the company's needs for quality and quantity?

c. What steps did she take to find possible suppliers?

d. What information did she compare before selecting the suppliers?

e. What details did she discuss with the chosen suppliers before placing orders?

f. What document did she use to officially confirm the purchase?

g. How did she check that the goods delivered matched what was agreed upon?

h. When did she make payments to the suppliers, and why do you think she chose that time?

i. How did she track supplier performance during the three-month contract?

j. Why do you think she kept all documents at the end of the contract?

4. Use your answers to these questions to complete the table below. Identify the functions of procurement, explain what each function involves and link it to the case study.

Function	Explanation	Link to the case

5. Join with another pair and compare your completed table. Discuss:
   a. Which functions do you both identify?
   b. Were there any differences in interpretation?
   c. What new ideas did you learn from the other pair?
6. Make notes of useful suggestions or corrections from your peers.

THE STEPS INVOLVED IN THE PROCUREMENT MANAGEMENT PROCESS

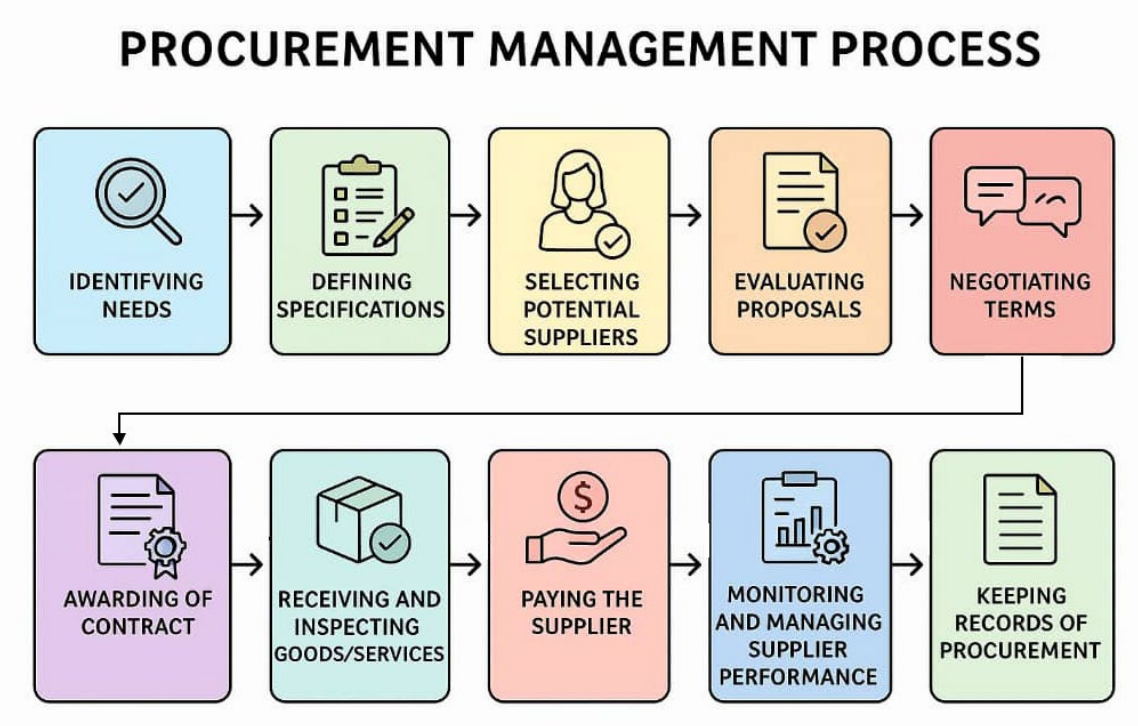


Figure 2.2: Procurement Management Process

For a procurement process to be robust, it must follow a number of steps. These include:

1. **Identifying Needs**: The first step is to recognise the goods, services, or resources required or needed by the organisation. This involves consulting with relevant departments to determine what is necessary for business operations.
2. **Defining Specifications**: Once the need is identified, the next step is to define the exact specifications of the product or service required, including quality, quantity, and any special requirements that may exist.
3. **Selecting Potential Suppliers**: This step involves identifying potential suppliers who can meet the specifications and needs of the business. It may involve issuing requests for proposals (RFPs), requests for quotations (RFQs), or conducting market survey.
4. **Evaluating Proposals**: After receiving proposals or bids from suppliers, they are evaluated based on factors like price, quality, delivery time and reputation. The best option is chosen based on these criteria.
5. **Negotiating Terms**: Once the suppliers are identified, terms such as price, delivery schedules, payment terms and service levels are negotiated to ensure both parties agree to fair and beneficial terms.
6. **Awarding of Contract and Issuing Purchase Orders**: After successful negotiations, a contract is awarded to the selected supplier, and a formal purchase order is issued to confirm the agreed terms, prices, and delivery timelines, thereby initiating the procurement process.

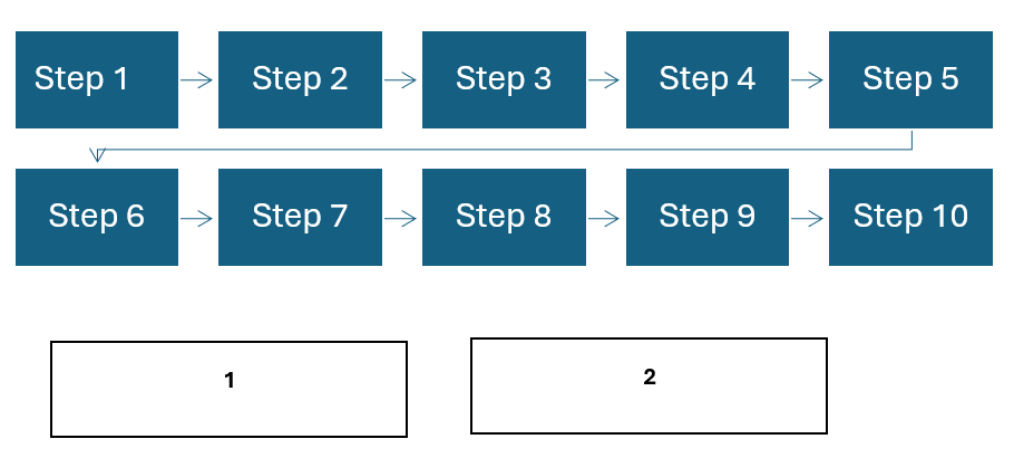
7. **Receiving and inspecting Goods/Services**: The ordered goods or services are received. At this point, an inspection or quality check is often carried out to ensure they meet the specifications agreed upon.
8. **Paying the Supplier**: Once it is confirmed that the goods or services have been received in good condition and meet the required standards, the payment is then processed according to the agreed payment terms and timelines stated in the contract.
9. **Monitoring and Managing Supplier Performance**: Regularly checking how well the supplier performs helps make sure that future orders arrive on time, are of good quality and meet the agreed standards. Giving feedback also helps build a better working relationship.
10. **Keeping Records of Procurement**: Finally, all documentation regarding the procurement process, such as contracts, purchase orders, invoices, and receipts, is kept for future reference, compliance, and audits.

Activity 2.3 The Steps Involved in the Procurement Management Process

1. Recall the steps in the decision-making process and the meaning of a contract that you learnt about in Year 2 and share with a classmate for feedback.
2. List the items you buy for school and share with a partner
   a. How you came up with your list of items to buy
   b. The places you usually buy those items from
   c. The reasons you choose to buy from those places
3. Complete the table below based on your discussion. One example has been done for you.

List of Items	What do you consider before coming up with the list	Places you buy your items	Why did you choose to buy from those places
Notebooks	Price, quality	Bookshop near the school	Affordable price, close to school

4. Working in small groups, do the following tasks.
   a. Select any organisation of your choice (e.g. a hospital, school, hotel, farm, construction company, provision shop, etc.)
   b. Identify the goods and services they would need to function well.
5. Discuss the processes the organisation will take to acquire those goods and services it needs.
6. From your discussion, organise the procurement processes into 10 main steps. Use the flow chart, such as the one below, to write your answer in order.



7. In your small groups;
   a. Assign roles such as procurement officer, department requesting the goods, supplier, quality inspector, etc.
   b. Act out the procurement process you have mapped out, step by step, showing how each of the stages is carried out.
   c. Explain the importance of each step in the procurement process.
8. Perform parts of your role play to other groups. Listen to comments or suggestions from other groups and think about how you can improve your process.

IMPORTANCE OF PROCUREMENT MANAGEMENT

1. **Cost Efficiency and Savings:** Good procurement helps a business buy goods and services at the best possible price. By comparing different suppliers and negotiating well, the business can spend less and still get what it needs. This means more money is saved and can be used for other important areas of the business.
2. **Quality Control and Risk Management:** Procurement ensures that the products or materials bought are of good quality and meet the company's standards. This helps avoid problems like receiving faulty items, delays in delivery, or working with unreliable suppliers. Good quality also means customers are happier with the final products or services.
3. **Improved Productivity and Operational Efficiency:** When procurement is done well, materials and goods arrive on time. This prevents delays in production or service delivery. It also helps the business work faster and more smoothly because everything needed for the job is ready when required.
4. **Compliance with Regulations and Ethical Standards:** Procurement makes sure all buying activities follow the law, industry rules and company policies. It also encourages fair and honest dealing, which means avoiding corruption, fraud, or unfair treatment of suppliers. This protects the business's reputation and keeps it out of legal trouble.

5. **Supplier Management and Strong Business Relationships:** A good procurement process builds trust and long-term relationships with suppliers. When suppliers trust the business, they may offer better prices, give priority service, or share new ideas to improve products. This kind of partnership benefits both the supplier and the business.
6. **Competitive Advantage and Market Growth:** Businesses that manage procurement well can get the right materials at the right time and cost. This helps them work faster, produce better goods, and serve customers well. As a result, they can stay ahead of competitors and grow in the market.

Activity 2.4 Importance of Procurement Management

1. Recall what you learnt about the factors affecting the internal and external environment of a business (SWOT analysis).
2. In your notebook
   a. List internal factors.
   b. List external factors.
   c. Identify which type of factor is responsible for supplying goods and services to the organisation.
3. Share your answers with a partner and check for similarities and differences.
4. In pairs, share experiences about:
   a. Times you planned and budgeted before buying items for yourself.
   b. Times you bought items without planning
5. Compare the two experiences and complete the table below.

Situation	What happened	Results/Effects	Lesson learned
Planned & budgeted			
Random buying			

6. Discuss with your partner how planning relates to business purchasing decisions

Planning before buying helps a business to:

a. .....

b. .....

c. .....

7. Read the scenario below and answer the questions that follow:

Scenario

Adom Enterprise is a small shop in Koforidua that sells stationery and school supplies. At first, the owner, Adom, bought goods from any supplier he came across, often without checking prices or quality. Sometimes the items arrived late, and customers complained when certain products were out of stock.

Last year, Adom decided to change his approach. He made a list of the products he needed each month, compared prices from three suppliers, and chose those who offered the best quality at a reasonable cost. He also signed a supply agreement to ensure deliveries would always arrive on time. Since then, Adom Enterprise has reduced expenses, improved product quality, and gained more loyal customers.

Questions

a. What problems did Adom face before changing his approach?

b. What steps did he take to improve his procurement process?

c. How did these changes benefit his business?

d. Which of these benefits relate to the importance of procurement management?

8. From your answers for the case study, fill in the table below.

Importance of procurement	Explanation

9. In pairs, use the internet (or textbooks, if the internet is not available) to find at least three more points on the importance of procurement management. Write these in your own words and link each to a short example.
10. Join with another pair to form a group of four, where applicable.
11. Combine your findings and prepare to present them to the class using any ONE of these formats.
    a. Slides presentation
    b. Role-playing (act out a situation showing the importance of procurement)
    c. Poster (with diagrams and key words)
    d. Verbal presentation
    e. Written presentation
12. Review your work based on the feedback and make improvements.

METHODS IN PROCUREMENT

Procurement methods are the different ways an organisation gets goods, services, or works from outside suppliers. The method chosen depends on factors like how quickly the items are needed, how much they cost, how complex they are, and the market situation.

1. **Open Tendering (Competitive Bidding)**
   a. The organisation advertises the contract publicly so any qualified supplier can submit a bid.
   b. It is mostly used for high-value purchases and gives all suppliers a fair chance.
   c. It helps get the best value for money through competition.

   Disadvantage: It takes time and may attract bidders who are not qualified.
2. **Restricted (Closed) Tendering**
   a. Only selected, pre-qualified suppliers are invited to submit bids.
   b. Used when special skills or expertise are needed, or when open bidding is not practical.
   c. It saves time and ensures only capable suppliers participate.

   Disadvantage: Less competition and possible fairness concerns if the selection is not open and clear.
3. **Single Sourcing (Sole Sourcing)**
   a. The organisation gives the contract directly to one supplier without asking others to bid.
   b. Used in emergencies, when only one supplier is available, or when goods/services are highly specialised.

   Advantage: It is a very fast method in urgent situations.

   Disadvantage: It's not transparent, may cost more, and can lead to bias or favouritism if not justified.



Figure 2.3: Picture illustrating the methods of procurement

Note

***Procurement methods**: The way you buy goods and services (the process you follow).*

***Procurement strategies**: The plan you use to make sure buying is done well, meets goals, and gives the best results.*

Strategies in Procurement Management

1. **Supplier Relationship Management**: Organisations build strong relationships with reliable suppliers to ensure consistent quality and timely delivery. Long-term contracts help stabilise prices and secure a steady supply. Regular checks on suppliers ensure they meet performance and compliance standards.
2. **Cost Control and Budget Optimisation**: Organisations reduce expenses by using competitive bidding and bulk buying. They also consider long-term costs instead of just the first purchase price to make better financial decisions and use their budgets wisely.
3. **Digital Procurement and Automation**: Organisations use online systems to make purchasing faster and more efficient. Automation helps track orders and manage inventory to avoid shortages or delays. Data analysis supports better decision-making in procurement.
4. **Risk Management and Compliance**: Organisations assess possible risks before signing supplier contracts. They make sure to follow government laws and industry rules. Having backup plans helps prevent disruptions in the supply chain.
5. **Sustainable and Ethical Procurement**: Organisations choose suppliers who use environmentally friendly materials and follow fair labour practices. Reducing waste and using resources wisely helps protect the environment and improves the organisation's reputation.
6. **Strategic Sourcing and Category Management**: Organisations group similar purchases into categories to make procurement more organised and efficient. They adjust purchasing strategies based on market trends and specific needs.
7. **Performance Monitoring and Continuous Improvement**: Organisations regularly review procurement processes to find areas for improvement. They monitor supplier performance to ensure efficiency and cost-effectiveness and learn from past purchases to improve future strategies.
8. **Centralised and Decentralised Procurement**: In centralised procurement, one main department handles all purchasing decisions. In decentralised procurement, individual departments or branches make their own purchasing decisions.

Activity 2.5 Methods in Procurement

1. Think about the last time you bought something for yourself or your family.
   a. Did you have more than one seller to choose from, or did you go straight to one seller?

b. Discuss with a partner how you made your choice.

2. In groups, read the case study below and answer the questions that follow.

Case Study: *New Furniture Procurement*

City Hospital needed to buy new beds. For most furniture items, they announce the purchase publicly, inviting all qualified companies to send bids or offers for consideration. For the beds, they required a special medical design with features like adjustable height and patient safety rails. Since not all suppliers could provide this, they invited only three experienced companies to submit offers.

A few months later, one of the new beds broke unexpectedly. Because the design was unique and a replacement was needed urgently, the hospital ordered a replacement directly from the original supplier to save time and ensure it matched the others.

Questions

a. Which procurement method did they use for most furniture purchases? Why?

b. Which procurement method was used for the medical beds and why?

c. Which method was used for the replacement bed and why?

d. What are the advantages and disadvantages of each method in this case?

3. From the case study, fill in the table below with your responses.

Method of procurement	Explanation of the method	Link to the case and why it was used

4. In your groups, list the advantages and disadvantages of each method from the case. Record them in the table below.

Method of procurement	Advantages	Disadvantages

5. Ideas sharing and feedback

a. Each group shares their completed tables with the class.

b. Listen respectfully to the ideas shared by other groups and provide help, constructive feedback.

c. Use the feedback received to review and improve your group's answers.

Activity 2.6 Strategies for Procurement Management

1. Read the case below in small groups of no more than five, and answer the questions that follow.

Case – Golden Harvest Foods Ltd

Golden Harvest Foods Ltd in Kumasi produces packaged rice and maize flour. They work closely with trusted farmers through long-term contracts to ensure quality. The company controls costs by comparing prices and buying in bulk. They use an online procurement system to track orders, manage stock, and analyse supplier performance. Before signing contracts, they check supplier compliance and keep backups to avoid risks. Golden Harvest uses recyclable packaging, chooses ethical suppliers, and organises purchases into categories for efficiency. They review supplier performance regularly and make most purchasing decisions at the central office, while regional warehouses handle transport needs directly.

Answer the following questions by matching the relevant procurement strategy to the example.

- Centralised procurement
- supplier relationship management
- Cost control and budget optimisation
- Sustainable and ethical procurement
- Risk management and compliance
- Strategic sourcing and category management
- Performance monitoring and continuous improvement
- Decentralised procurement
- Digital procurement and automation

a. Which strategy is shown when Golden Harvest Foods works closely with trusted farmers through long-term contracts to ensure quality?

b. Which strategy is applied when the company compares prices and buys in bulk to reduce expenses?

c. Which strategy is reflected in their use of an online procurement system to track orders, manage stock, and analyse supplier performance?

d. Which strategy is demonstrated when they check supplier compliance before signing contracts and keep backup suppliers to avoid risks?

e. Which strategy is seen in their use of recyclable packaging and selection of ethical suppliers who follow fair labour practices?

f. Which strategy is applied when they organise purchases into categories to improve efficiency?

g. Which strategy is shown when they regularly review supplier performance to identify improvements?

h. Which strategy is reflected when most purchasing decisions are made at the central office?

i. Which strategy is shown when regional warehouses handle their own transport needs directly?

2. Discuss as a group the meaning of the strategies
   a. Explain each strategy in your own words
   b. Give an example from the case or your own experience to show what it means.
3. Share your responses with another group for feedback.

LEGAL GUIDELINES GOVERNING PROCUREMENT PRACTICES

Legal guidelines for procurement are rules that ensure buying goods and services is fair, transparent, and lawful. They prevent corruption, promote competition, protect funds, and require ethical, well-documented purchasing decisions based on merit.

Some of the legal guidelines governing procurement practices include:

1. **Compliance with Procurement Laws**: This means following all the rules and laws about buying goods and services, both in the country and internationally. It helps avoid wasting money and ensures spending is done properly.
2. **Transparency and Fair Competition**: This means making the buying process open for everyone to see, giving all qualified suppliers a fair chance to compete, and choosing based on quality and fairness, not personal preferences.
3. **Procurement Planning and Budget Compliance**: This means planning purchases ahead of time and making sure they fit within the organisation's budget so that there is no overspending or buying things without approval.
4. **Contract Law and Supplier Agreements**: This means having written contracts with legally binding suppliers, clearly stating what both sides must do, and protecting both the buyer and the supplier if problems come up.
5. **Anti-Corruption and Fraud Prevention**: This means avoiding dishonest activities including bribery, cheating in bidding, or using secret inside information, and making sure all buying decisions are honest and responsible.
6. **Ethical and Sustainable Procurement Regulations**: This means buying products that are good for the environment and making sure suppliers treat their workers fairly, helping to protect people and the planet.

Ethical Guidelines of Procurement Practices

Ethical guidelines of procurement practices refer to the principles and standards that ensure fairness, transparency and integrity in purchasing goods and services. These guidelines help organisations make responsible decisions, prevent corruption, and maintain trust among suppliers and stakeholders. Some of the ethical guidelines in procurement practices include:

1. **Honesty and Integrity**: Procurement officers should always tell the truth and not mislead anyone when choosing suppliers. Contracts should go to the best supplier based on performance and quality, not because of friendship or personal connections.

2. **Fair Treatment of Suppliers:** Every qualified supplier should have the same chance to win a contract. Decisions must be based on clear rules and facts, not cheating or secretly favouring one supplier over another.
3. **Transparency and Accountability**: The buying process should be open, with records kept to show how decisions were made. Procurement officers should be ready to explain their choices to prevent fraud or misuse of money.
4. **Confidentiality and Protection of Data**: Important supplier details such as prices and proposals must be kept private. Sharing this information without permission is unfair and breaks ethical rules.
5. **Sustainable and Responsible Sourcing**: Organisations should choose suppliers who protect the environment and treat workers well. This helps the planet and supports long-term benefits for the economy.
6. **Conflict of Interest Disclosure**: Procurement officers must tell their organisations if they have personal or financial ties to a supplier. This prevents unfair decisions and keeps trust in the process.
7. **Compliance with Ethical Codes and Regulations**: Organisations must follow the ethical rules set by law and industry standards to guide how procurement is done. This means obeying government procurement laws, industry codes of conduct, and anti-corruption policies.

Activity 2.7 Legal Guidelines Governing Procurement

1. Think back to what you learnt previously and share with a colleague:
   a. The meaning of a contract
   b. The elements of a contract
2. In pairs, discuss how the law applies in procurement management.
   a. Think of examples from businesses, government or your own buying experiences.
   b. Share your points with another group for feedback.
   c. Use the example in the notepad below as a guide.

The law applies in procurement management in the following ways:

a. I bought gari from the market and paid for it. In procurement, the law requires buyers to pay for goods they receive, and not paying is considered a crime.

b. .....

c. .....

d. .....

3. Study the list of legal guidelines in procurement and the examples in the table below. Match each example to the correct legal guideline by writing the letter (a – f) in the space provided.

Legal guidelines governing procurement	Examples of legal issues in procurement
Compliance with procurement laws Transparency and fair competition Procurement planning and budget compliance Contract law and supplier agreements Anti-corruption and fraud prevention Ethical and sustainable procurement	Avoiding bribery, cheating, or dishonesty ..... Buying within budget and following a plan ..... Following all rules and laws of buying and selling ..... Giving all sellers a fair chance and being open in procurement decisions ..... Choosing environmentally friendly products and from sellers who treat workers fairly ..... Following written or verbal agreements in procurement .....

4. Compare your matched answers with a colleague.
   a. If your answers are different, explain your rational to each other
   b. Agree on the correct answers and justify them.
5. Working in the same small groups, complete the following tasks.
   a. Explain each legal guideline in your own words.
   b. Provide one real-life example from your own experience that matches the guideline.
   c. Visit someone who has experience of procurement, such as a school headmaster, accountant, supply officer, HOD, matron, administrator, or any other relevant person, and gather more information on legal guidelines governing procurement. Prepare questions to ask them ahead of your meeting.
   d. Write a brief report from your findings. Share this with your teacher for feedback.
   e. Search on the internet to read more on The Public Procurement Act, 2003 (Act 663) to enhance your own understanding.

Activity 2.8 Ethical Guidelines Governing Procurement

1. Think back to what you learnt in the previous years and share with a colleague
   a. The meaning of business ethics.
   b. Ethical principles in business.
2. In pairs, share ethical issues you have experienced in your personal lives.
3. Read this case carefully in your pairs and answer the questions that follow.

Case Study – Ethical Dilemma at BrightWave College

BrightWave College is buying 100 computers for its ICT laboratory. The procurement officer, Mr Mensah, recommends TechPro Ltd., his cousin's company, even though their offer is more expensive, has a shorter warranty, and is less beneficial than others. He also shares TechPro's pricing with another supplier, Digital World, giving them an unfair advantage in the bidding process.

A local company, EcoTech, which offered environmentally friendly products and fair labour practices, was ignored without a proper review. Other suppliers complained that the process was unfair, lacked transparency, and broke key procurement ethics such as honesty, fairness, and accountability.

4. Complete this table below after reading the case study and share it with other groups for feedback.

Ethical issue identified in the case	Why is it an ethical issue?	How should this ethical issue be addressed?

5. In small groups of no more than five, role-play one ethical issue in an imagined procurement contract scenario and show how to address it. For example, a conflict of interest situation. Let other groups observe your role play and give feedback.
6. In your groups, draft a procurement code of ethics that a company might use to guide its procurement and share it with colleagues. Use this structure to guide you.
   a. Company name (this can be imagined)
   b. State the purpose of the code
   c. State the key ethical principles
   d. Describe how the principles should guide behaviour or apply in the organisation
   e. Closing statement about the code.

7. What national values can you learn from this lesson? Complete this table with your ideas.

National value	How can this value help you be a responsible Ghanaian?

CHALLENGES IN PROCUREMENT MANAGEMENT

Some of the key challenges in procurement management are summarised below:

1. **Supplier Reliability Issues:** Businesses depend on outside suppliers to deliver goods and services on time. If there are delays, poor-quality materials, or irregular supply, it can slow production and cause problems. Companies need good relationships with suppliers and backup plans to reduce these risks.
2. **Cost Fluctuations:** Prices of raw materials and services can change due to market conditions. Procurement teams must manage budgets well while still getting good quality and enough supply. This means regularly checking market prices and using good negotiation skills.
3. **Compliance and Regulatory Challenges:** Companies must follow legal and ethical rules in procurement. Breaking these rules can cause fines and damage the company's reputation. Businesses should keep up to date with the laws and have systems to check they are following them.
4. **Inefficient Procurement Processes:** Using slow or outdated systems can delay purchasing, cause mistakes, and increase costs. Companies should use modern technology and automation to make the process faster and more accurate.
5. **Risk Management:** Procurement faces risks including fraud, contract problems, and supply chain disruptions. To manage these, companies should have safeguards, do regular checks, and make backup plans for unexpected problems.
6. **Poor Supplier Relationship Management:** Weak communication with suppliers can cause misunderstandings and problems. Strong relationships help with reliability, better prices, and good service. Companies should work on long-term partnerships and check supplier performance regularly.
7. **Lack of Transparency:** When procurement processes are not clear, it is harder to track spending, make deals, and ensure fairness. Clear and open processes help with better decisions and stronger supplier relationships.
8. **Technology Integration Challenges:** Some businesses find it hard to start using digital procurement tools. These tools can save time, reduce mistakes, and make purchasing easier. Companies need to invest in training and equipment to use these tools well.

9. **Inventory and Demand Forecasting Issues:** Poor planning can lead to too much stock or shortages. Procurement teams must balance supply and demand to avoid waste and keep operations running smoothly. Using data and forecasting tools can improve inventory management.

Activity 2.9 Challenges in Procurement Management

1. Sit with a classmate
2. Each person should recap and explain in their own words.
   a. What procurement management means
   b. Why procurement management is important in any business or organisation.
3. Take turns to explain. If your partner forgets a point, kindly remind them.
4. Join with another pair to form a small group that you will work in for the next tasks.
5. Assign roles within your group to help manage the task
   a. **Group leader**: guides the discussion
   b. **Timekeeper**: ensures the group works within time
   c. **Recorder:** writes down your group's ideas
   d. **Presenter**: will present your group's ideas to the class.
6. In your groups, discuss some of the challenges or problems you or your family sometimes face when buying or ordering items such as food, books, clothes, airtime, etc.
7. Then, connect these ideas to the broader picture of the likely challenges or problems organisations may face in managing their procurements of goods and services.
8. Complete this table with your ideas

Challenge in procurement management	Explanation	Examples

9. Group sharing and peer review
   a. Exchange your group work with another group
   b. Use the checklist below to give helpful feedback on each other's work.

Sample Checklist

Group Name (Being Reviewed):
Reviewed By (Your Group Name): _____
Date: _____
Additional Comments (Optional):

Criteria	Checklist Item	Yes	Neutral	No
Content Understanding	Are at least three key challenges in procurement management identified?			
	Are the challenges well-explained in a way that shows understanding?			
	Are examples given to support the points?			
Clarity and Organisation	Is the information presented in a logical and organised manner?			
	Are the points easy to read and follow?			
	Are there clear headings or bullet points to help structure the content?			
Language and Expression	Is business or procurement vocabulary used correctly?			
	Are grammar and spelling mostly correct?			

10. Improve your work based on the feedback and present it to the larger class.

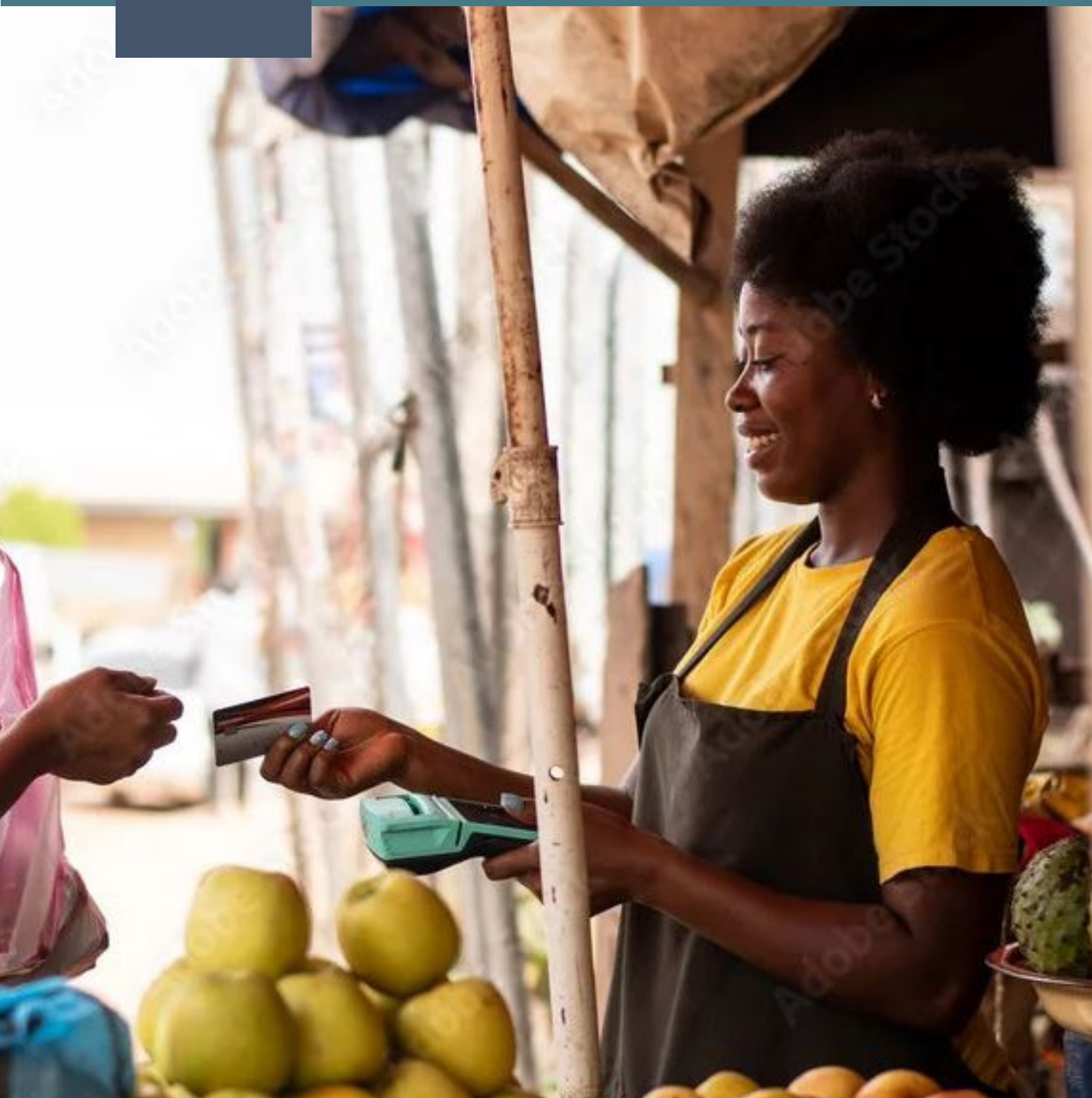
REVIEW QUESTIONS 2

1. Define procurement management and explain why it is important for organisations.
2. Describe any three documents commonly used in the procurement process.
3. Describe the role of a supplier in procurement.
4. Explain the difference between a quotation and a purchase order.
5. Identify three challenges businesses may face when managing procurement.
6. How can poor procurement decisions affect the performance of an organisation?
7. Why is it necessary to inspect goods and services before accepting them?
8. Suggest practical ways organisations can adopt to overcome procurement challenges.
9. Describe a situation where an organisation might prefer to buy from only one supplier.
10. List the steps a school or business might take to purchase new classroom chairs cost-effectively and fairly.
11. Explain how technology can improve procurement management in organisations.

SECTION

3

PRINCIPLES OF MARKETING



GLOCAL BUSINESS

International Business and E-business

INTRODUCTION

This section introduces the main concepts of marketing, showing how businesses create value for customers and grow sustainably. Marketing focuses on identifying and meeting customer needs profitably, with key functions including market research, product distribution, promotion, and customer relationship management. A strong marketing approach involves segmenting the market by factors like demographics and behaviour, then applying the right marketing mix of product, price, place, and promotion.

In this study, learners examine market segmentation and how it guides product positioning. The marketing mix, new product development, and the stages of the product life cycle are also explored, along with reasons why products may fail and strategies to sustain them. Branding and packaging are presented as ways to stand out and attract customers. Pricing strategies, factors affecting pricing, and promotion mix elements are also reviewed.

In Year 3, your lessons connect to what you learned in Years 1 and 2, helping you build on past knowledge and understand new ideas better. The table below is a recap of the weeks for your studies.

KEY IDEAS

- **7P's marketing mix**: strategic use of Product, Price, Place, Promotion, People, Process, Physical Evidence
- **Branding**: How a business creates a unique identity for its product or service so people can easily recognise it and remember it.
- **Market segmentation (STP)**: Dividing markets into groups, targeting segments, and positioning offerings
- **Packaging** is all about designing a **wrapper or container** for a product to keep it safe and make it look appealing.
- **Pricing:** Pricing is deciding how much money customers should pay for a product or service.
- **Promotion:** Promotion is how a business tells people about its products or services and encourages them to buy.

MEANING OF MARKETING

Marketing is the process of identifying customer needs and wants, creating products or services that satisfy those needs, and promoting and delivering them to customers in a way that builds strong customer relationships and drives business growth. In simple terms, marketing is about understanding what people want, creating it, and making sure they know about it and can get it.

Marketing is all the activities a business does to make people know about its products or services, encourage them to buy, and keep them happy so they come back. It is not just about selling - it starts from finding out what people need, creating products they like, setting the right price, letting them know about it, and making it easy for them to get it. In short, **marketing is connecting the right product with the right people, in the right way, at the right time**.

Functions of Marketing

1. **Market research** is the process of finding out what customers want, what they like, and how they behave. It is like a business "asking questions" before making decisions (so it knows what to sell, how to sell it, and who to sell it to). Businesses can collect this information by talking to customers, observing their behaviour, checking competitors, or looking at sales data. In short, **market research helps a business understand its customers and the market, so it can make smart choices and succeed**.

   Example: Imagine a young entrepreneur in Accra who wants to start a fresh fruit juice business. Before starting, she visits markets such as Makola and Kaneshie to:

   a. Ask customers which fruits they prefer in juice (pineapple, mango, watermelon, etc.).

   b. Find out how much people are willing to pay.

   c. Check which days customers buy more juice.

   d. Observe what competitors are selling and how they package it.

   From her research, she learns that most customers like chilled pineapple juice in bottles and prefer buying it on hot afternoons**.** She uses this information to set her price, choose her packaging, and decide the best time to sell.

2. **Product/Service Development:** Product or service development is the process of creating a new product or service or improving an existing one, so it meets customers' needs better. It is turning an idea into something real that people can use and enjoy. This process involves:

   a. **Finding out what customers want** (through market surveys).

   b. **Designing the product/service** (deciding how it will look, work, or be delivered).

   c. **Testing it** (checking if it works well and if customers like it).

   d. **Launching it** (making it available for people to buy or use).

   Example: A bakery in Enchi learns that many customers want healthier bread. They experiment and create a new whole-wheat bread recipe, test it with customers, improve the taste, and then start selling it in stores.

3. **Pricing:** Pricing is deciding how much money customers should pay for a product or service. It is one of the most important business decisions because the price affects how many people buy, how much profit is made, and how the product is seen in the market. When setting a price, businesses think about the points listed below.

a. The cost of making the product
b. How much customers are willing to pay
c. Prices of competitors
d. The value customers see in the product

Example: A kenkey seller in Cape Coast checks the cost of maize, firewood, and fish before deciding how much to charge.

4. **Promotion:** Promotion is how a business tells people about its products or services and encourages them to buy. It is all about creating awareness, attracting attention, and convincing customers that the product is the right choice for them. Promotion can be done through the following.

   a. Advertising (e.g., radio, TV, posters, social media)
   b. Sales promotions (e.g., discounts, free samples)
   c. Public relations (building a good public image)
   d. Personal selling (talking directly to customers)

   Example: A new sachet water company in Tamale gives out free bottles at a community football match and uses a local radio station to announce their product. This helps people know about the water, try it, and hopefully buy it later.

5. **Distribution (Place):** Distribution is how a product moves from the place it is made to the people who will use it. It is about making sure customers can easily find and buy the product at the right place and time. Businesses can distribute products:
   a. Directly (selling straight to customers).
   b. Indirectly (using shops, markets, or distributors in between).

   Example: A shea butter producer in Wa sends her products by bus to Accra, where they are sold in cosmetic shops and supermarkets. This way, customers far away can still buy her products without travelling to Wa.

6. **Selling:** Selling is the process of helping customers decide to buy a product or service and making the exchange happen. It is more than just handing over the item. It is about understanding what the customer needs, showing how the product can meet that need, and convincing them to choose it. Selling can be done:
   a. Face-to-face (in markets, shops, or door-to-door)
   b. Over the phone (talking directly to customers)
   c. Online (through websites or social media)

   Example: At Kejetia Market, a fabric seller greets a customer, shows different cloth patterns, explains the quality, and gives a fair price until the customer agrees to buy.

7. **Customer Relationship Management (CRM)**: Customer Relationship Management (CRM) is how a business builds and keeps good relationships with its customers, so they stay happy and keep buying. It is about understanding customers' needs, treating them well, and staying in touch even after they buy. Businesses use CRM to:

a. Remember customers' preferences
b. Solve their problems quickly
c. Reward loyal customers
d. Communicate regularly through calls, messages, or emails

Example: A mobile money vendor in Takoradi saves regular customers' phone numbers, greets them by name, sends them SMS about new services, and sometimes gives small gifts to loyal ones. This makes customers feel valued and keeps them coming back.

8. **Branding:** Branding is how a business creates a unique identity for its product or service so people can easily recognise and remember it. It includes the name, logo, colours, design, and even the feeling customers get when they think about the product. Good branding helps a product stand out from competitors and makes customers trust it more.

   Example: FanMilk uses its bright blue logo, catchy jingles, and consistent packaging so that anywhere in Ghana, people can quickly recognise its ice cream and yoghurt.

Activity 3.1 Meaning of Marketing

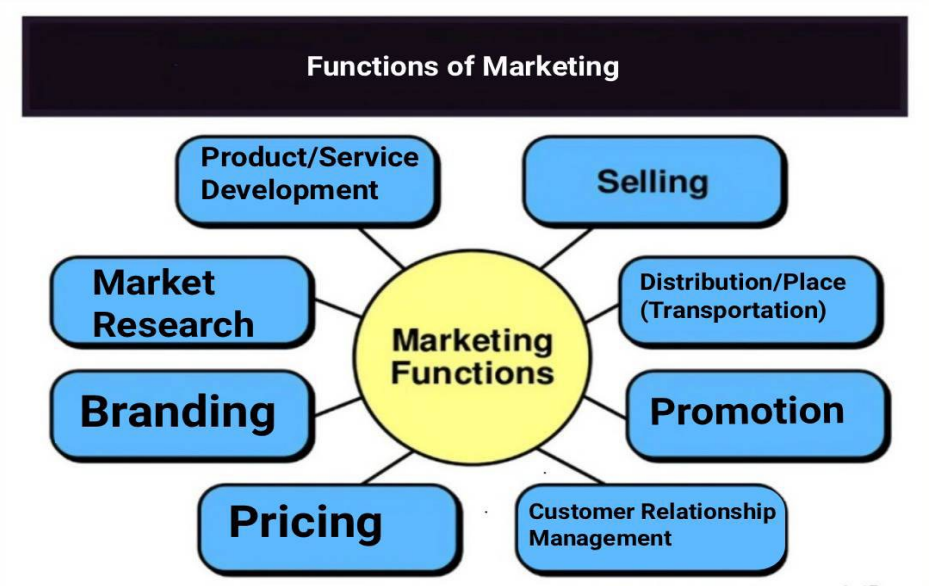
1. You learnt about business communication earlier on in your business management studies. Pair with a colleague and discuss what you remember by answering these questions:
   a. What does ***business communication*** mean?
   b. Why is business communication **important**?
2. Work with a partner and choose one of the items below.

Pen	Ruler	Book	Key holder	Bottle	Spectacles	Phone

   a. On a piece of paper or using any available materials, design or create the product.
   b. Write a short message and a simple strategy to convince another pair to "**buy**" your item.
   c. Prepare a short skit where you role-play or act as **marketers** to sell your item.
3. Think about your experiences in the lesson. Based on what you studied, how would you:
   a. Explain **marketing**
   b. Cite relevant examples of **marketing.**

Activity 3.2 Functions of Marketing

1. In small groups of no more than five, study the diagram showing the functions of Marketing below and complete the tasks that follow.



Tasks

a. In your group, take a ballot to decide on one or more functions of Marketing
b. Discuss your selected function and prepare a short role-play to demonstrate your understanding of the assigned function (s).
c. Perform your role play for another group, or to the whole class.

2. Reflect on other groups' presentations of their selected marking function(s) by answering the following:
   a. Which marketing functions were demonstrated?
   b. How does each function contribute to a product's success in the market?
3. Work in your main groups to fill in the table below. Write down the functions of Marketing and add a short explanation of what each one means.

Function of Marketing	Key ideas of the function

4. Individually, write down how you would apply the Marketing functions to effectively get a product to the final consumer if you were a producer.

Activity 3.3 Extended Activity – Field Market Observations

1. Visit a market in the business centre on any day.
2. Observe and write down the different Marketing functions you notice.
3. Compare your observations with what you have learnt about the functions of marketing.
4. Share and discuss both the similarities and the differences with your teacher and classmates for feedback.

MEANING OF MARKET SEGMENTATION

Market segmentation is the process of dividing the whole market into smaller groups of people who have similar needs, interests, characteristics or behaviours. This helps a business focus on each group more effectively and offer products or services that match what they want. Markets can be segmented by:

1. Age
2. Gender
3. Income level
4. Location
5. Lifestyle or interests

Example: A clothing shop in Accra sells trendy outfits for teenagers, office wear for professionals, and traditional clothes for older customers. Each group is a different market segment.

Bases for Market Segmentation

Bases of market segmentation refer to the criteria or variables used to divide a broad market into smaller, more specific groups of consumers who share common characteristics, needs, or behaviour. The bases of market segmentation include:

1. **Demographic segmentation** is when a business divides the market into groups based on personal facts about people (such as their **age, gender, income, education, family size, or occupation)**. It helps businesses design products and services that fit the needs of each group.

   Example: A mobile phone company may sell simple, affordable phones for low-income customers, and high-end smartphones with advanced features for higher-income professionals. In short, **demographic segmentation helps businesses match the right product to the right group of people**.

2. **Geographic segmentation** is when a business divides the market based on **location** (such as country, region, city, climate, or even neighbourhood). It helps businesses offer products that suit the needs and conditions of people in different places.

   Example: A clothing shop may sell light cotton clothes in Accra and Takoradi (warmer areas) but stock thicker jackets and sweaters in Kumasi or Abetifi (cooler areas).

3. **Psychographic Segmentation** is when a business divides the market based on **people's lifestyles, values, interests, opinions, or personalities**. It helps businesses understand *why* customers buy, not just *who* they are or *where* they live.

   Example: A travel company may target adventure lovers with hiking trips to the Volta Region, while offering relaxing beach packages in Ada for people who prefer a quiet holiday. In short, **psychographic segmentation focuses on customers' way of life and what matters to them**.

4. **Behavioural Segmentation** is when a business divides the market based on **how customers behave toward a product** (such as how often they buy, why they buy, how they use the product, or how loyal they are to the brand). It focuses on customers' actions rather than just who they are.

   Example: A telecom company may offer bonus data bundles to customers who recharge frequently and give special "thank you" rewards to loyal users who have stayed with the network for many years. In short, **behavioural segmentation is about grouping customers by what they do, not just who they are**.

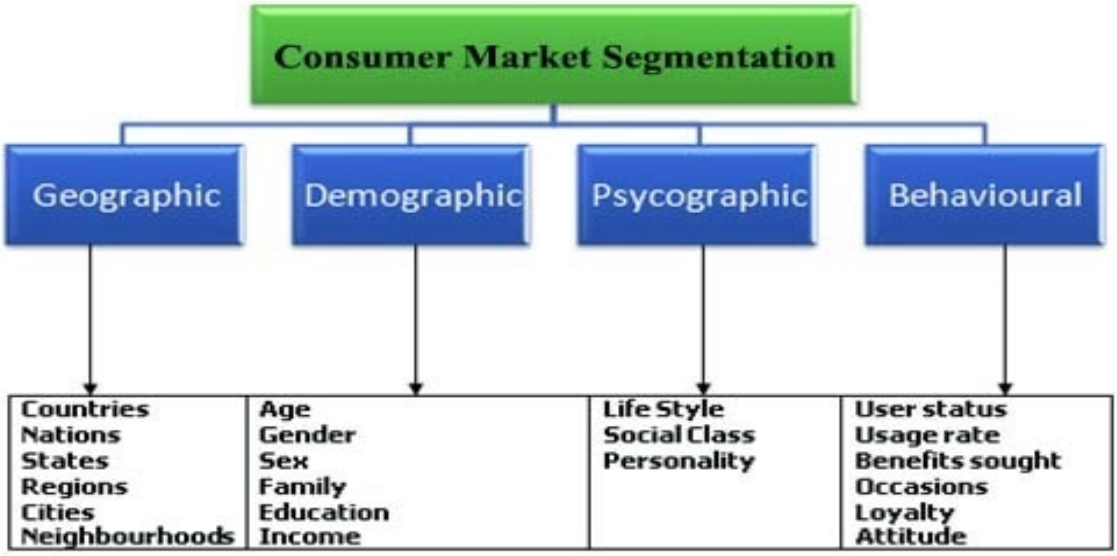


Figure 3.1: Bases for market segmentation

Importance of Market Segmentation

1. **Targeted Messaging:** Businesses can tailor messages to match the specific needs and language of each group, making communication more effective.
2. **Better Product Fit:** Segmentation helps companies design or adjust products and services to suit the preferences of each customer group.
3. **Smart Pricing:** Different pricing strategies can be used for different segments based on their purchasing power and perceived value.
4. **Efficient Resource Use:** Businesses can focus marketing efforts where they will be most effective, improving return on investment (ROI) and avoiding waste.
5. **Stronger Customer Loyalty:** Personalised offerings build trust and long-term relationships, encouraging repeat purchases and brand loyalty.



Figure 3.2: Importance of market segmentation

Activity 3.4 Meaning of Market Segmentation

1. Recap the meaning of marketing and share it with a colleague for feedback.
2. Study the table below carefully and tick (✓) the groups of people who are most likely to buy each product. You may tick more than one group.

Products	Children	Teenagers	Working Adults	Elderly	Tourists
Chocolate Ice Cream					
Smartphone					
Walking Stick					
Kente Cloth					
Beach Hat					
School Backpack					
Blood Pressure Monitor					

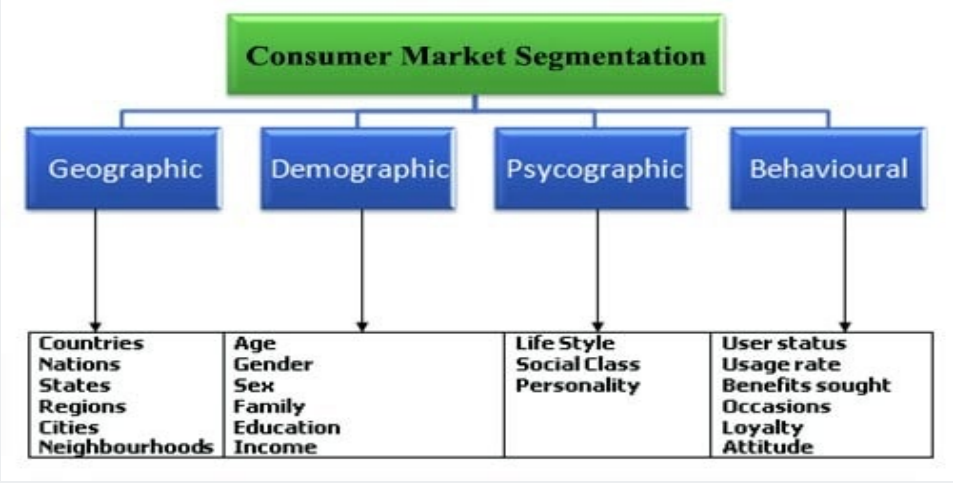
a. Review your completed table and explain why each group might be interested in the product.
b. Is it right for businesses to divide the market and target group of customers with their product? Give reasons to support your answer.
c. The division of the market in this manner is called **Market segmentation.**

3. In your own words, write down the meaning of market segmentation and give examples.

Meaning of market segmentation	Examples

Activity 3.5 Bases for Market Segmentation (Market Match)

1. The diagram below shows the bases for market segmentation. Study it carefully and complete the tasks below.



Tasks

a. How **many** bases of market segmentation are shown in the diagram?
b. Identify the **bases** for market segmentation.
c. Explain each one and give examples.

2. Arrange yourself in small groups of no more than five. In your group:
a. Discuss why market segmentation is **important.**
b. Describe how segmentation helps businesses sell their products more effectively.
c. Be prepared to share your answers as part of a whole-class discussion.

MEANING OF MARKETING MIX

Marketing Mix is a set of tools businesses use to successfully sell their products or services. It is built around the well-known **4 Ps**: **Product**, **Price**, **Place**, and **Promotion**. Many businesses use an expanded model called the **7 Ps**, adding **People**, **Process**, and **Physical Evidence** to guide service-based sectors more effectively

These elements are designed to work together. For instance, a bakery in Takoradi might offer a delicious loaf of bread (**Product**), charge a price people can afford (**Price**), sell in local shops/ roadside (**Place**), and advertise on community radio (**Promotion**). It also hires friendly staff to work with (**People**), follows a consistent baking routine (**Process**), and uses branded packaging and clean storefronts (**Physical Evidence**) to build trust.

Overall, a well-coordinated marketing mix helps meet customer needs and build a strong, competitive business presence.

Meaning of a Product

A **product** is anything a business offers to customers to satisfy a need or want. It can be **tangible** (e.g. a phone or bread) or **intangible**, such as a service or experience. There are two main types.

1. **Consumer Products**: Goods or services purchased directly by individuals for personal use such as clothing, food, or mobile phones.

2. **Industrial Products**: Goods bought by businesses and used to make other products or support operations (such as machinery, raw materials, or equipment).

Understanding product types helps businesses plan the right marketing mix to reach their target audience effectively.

Steps in the New Product Development

A new product refers to a good or service that is introduced to the market for the first time, offering innovative features, benefits or solutions that did not previously exist or significantly improve existing products.

The steps involved in new product development are summarised below.

1. **Idea Generation:** This is the first step where businesses look for new product ideas. Ideas may come from many sources such as customers, employees, competitors, market surveys, or even through brainstorming sessions. At this stage, no idea is considered too strange or useless. **Example:** A natural skincare business in Accra may get the idea to create a new body cream using moringa oil after customers request a product that treats dry skin. Globally, companies for example, Google encourage employees to submit new ideas, some of which later become real products.

2. **Idea Screening:** Not all ideas are viable or practical. In this step, businesses review the list of ideas and remove those that are not realistic, affordable, or useful. The goal is to choose the best ideas that are worth developing. **Example:** A sachet water company in Cape Coast may decide not to pursue an idea to add fruit flavouring to water if it will

be too expensive or difficult to produce. Internationally, Coca-Cola screens hundreds of flavour ideas before selecting a few to test.

3. **Concept Development and Testing:** Here, the selected idea is developed into a clear product concept. A product concept is a detailed description of the product, how it works, and how it will benefit customers. The business may test the concept by asking potential customers for feedback. **Example:** A start-up in Kumasi may describe a new herbal energy drink and ask local students or workers what they think about the idea.

4. **Business Analysis:** At this point, the business looks at the costs, selling price, target market, expected sales, and possible profit. The company wants to be sure that the new product will make business sense and will not cause a loss. **For example**, a bakery in Tamale may estimate the cost of producing a new variety of bread and compare it to how much customers would pay and how many loaves they are likely to sell in a week.

5. **Product Development:** Once the idea is approved, the product is actually made. This stage includes designing, creating, and testing the first samples or models, known as prototypes. The business may also prepare packaging and labels during this stage. **For example**, a cosmetics business in Accra may create several samples of a new body lotion with different scents and test them internally. In the technology industry, companies like Apple produce many prototypes before releasing a final iPhone model.

6. **Test Marketing:** Before launching the product across the country or to the full market, the business may test it in a smaller area or with a few selected customers. The aim is to see how the market reacts, collect feedback, and make final changes. **For example**, a local yoghurt producer in Sunyani may sell the new flavour only in local shops to see how customers respond

7. **Commercialisation:** This is the final stage. The product is launched and made available for sale across the full market. At this point, the business puts effort into advertising, distributing, and monitoring sales performance. **For example**, once the herbal energy drink receives good feedback, the company in Kumasi may print labels, produce it in larger quantities, and promote it through social media and community events.

Activity 3.6 Meaning of the Marketing Mix (Understanding the 7Ps)

1. Turn to the person sitting next to you and discuss the following questions.
   a. Have you heard of the 4Ps or 7Ps in marketing?
   b. What do you think they represent?

   Share your answer as part of a whole-class discussion to define each term.

2. In small groups of no more than five, study the diagram below carefully and answer questions **2a – 1b.**



a. Identify and list the **7Ps** in the diagram above.
b. Discuss the meaning of each P with examples.

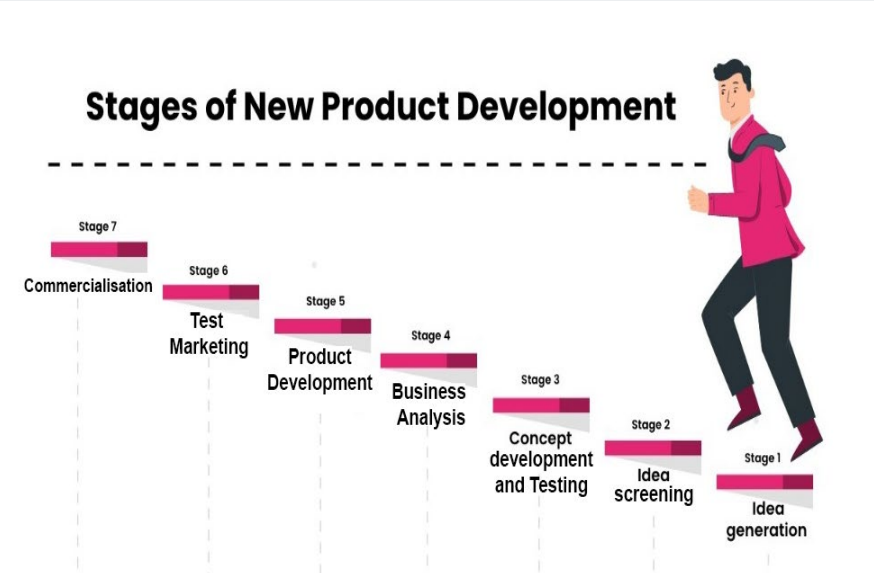
3. Explain the **meaning of the marketing mix** using the 7Ps you identified.
4. Share your work with other groups for review and feedback.

Activity 3.7 New Product Development

1. Recap the meaning of **production management** and share with a colleague for feedback.
2. Reflect on the tools you have learnt about that you could use to analyse the business environment.
   a. How would you use SWOT and PESTEL tools to analyse the business environment?
   b. How does this analysis support new product development?
   c. Write your responses in your workbooks.
3. With a partner do the following tasks.
   a. List both **old** and **new** products you know that are on the market for sale.
   b. Where do these products come from?
   c. What purposes do these products serve?
   d. Draft the **meaning of a product.**

e. There are **two main** types of products, namely **consumer products** and **industrial products.** Discuss and write the meanings of these two types of products with examples.

4. In pairs, create any product of your choice suitable for young people or families, using paper or any available material. You can consider products such as football, aeroplane, toy, key holder, etc.
5. Present your product to the class, highlighting:
   a. The reason for creating the product
   b. Its purpose.
   c. The processes you used to develop the new product.
6. Study the image below and complete the tasks that follow.



Tasks

a. List the stages of the new product development shown in the picture above.
b. Describe each stage with examples
c. Complete the table below with your ideas

S/N	Stages in the new product development	Explanation	Example
1			
2			
3			
4			
5			
6			
7			

d. Exchange your group's work with another pair for review and feedback.

STAGES IN THE PRODUCT LIFE CYCLE

The **Product Life Cycle (PLC)** describes the stages a product goes through from introduction to the market until it is eventually phased out. Understanding these stages enables businesses to make smart decisions about pricing, advertising, redesign, and timing.

According to financial and marketing experts, the four key phases are: introduction, growth, maturity and decline.

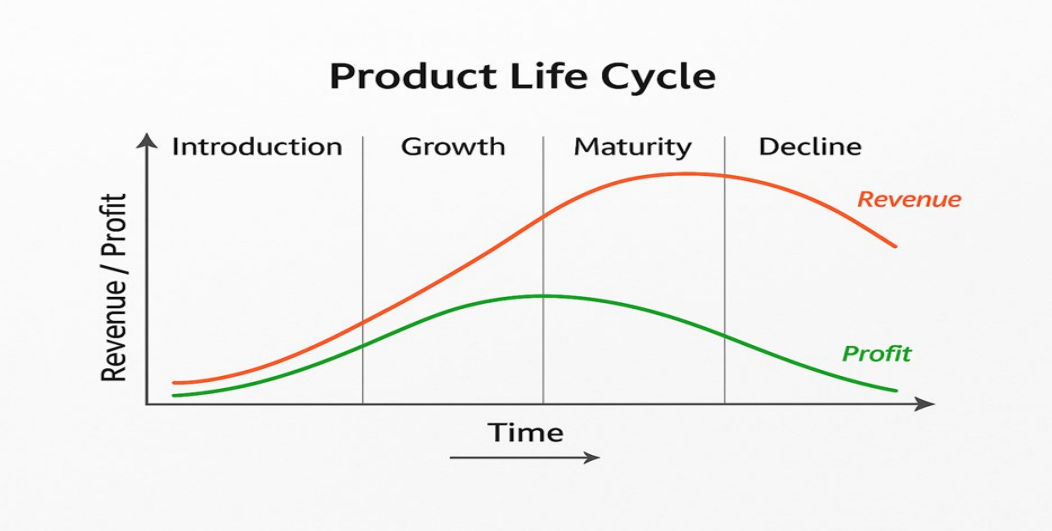


Figure 3.3: Stages in the product life cycle

1. **Introduction Stage**

   This is when the product is launched into the market for the first time. Sales are usually low, and a business spends a lot of money on promotion and advertising to create awareness. At this stage, many customers may not know about the product yet, so the business may even run at a loss. For example, when electric cars were first launched by Tesla, they had limited sales and high promotion costs. Over time, as customers learned about them, sales improved. The same can be said about Blue Skies Beverages.

   Characteristics of the introduction stage

   a. Sales are low and increase slowly

   b. Marketing and promotional costs are high

   c. Profits are usually low or negative.

   d. There are few or no competitors.

   e. Customers are not fully aware of the product.

   f. Businesses may offer free samples or discounts to attract customers

2. **Growth Stage**

   At this stage, customers become more aware of the product, and sales begin to increase rapidly. Profits grow, and competitors may start producing similar products.

The business may expand distribution and add new features to attract more customers. For example, the use of mobile money in Ghana grew quickly after MTN, Vodafone, and AirtelTigo heavily promoted their services. Many Ghanaians started using mobile money for daily transactions. In the international context, smartphones became popular during their growth stage as companies like Samsung, Apple, and Huawei introduced new models with improved features.

Characteristics of the Growth Stage

a. Sales increase rapidly.

b. Profits begin to rise.

c. Competitors enter the market.

d. Businesses improve the product to attract more customers.

e. Promotion continues but focuses on building brand loyalty.

f. Distribution expands to new markets or locations.

3. **Maturity Stage**

At this stage, the product reaches its peak in sales. Most customers who need the product already have it. The market becomes full, and competition is strong. Businesses often reduce prices, offer discounts, or make improvements to maintain customer interest. For example, sachet water has reached maturity in Ghana. There are many brands in the market, and companies compete by reducing prices or improving packaging. Also, soft drinks like Coca-Cola and Pepsi have been in the maturity stage for many years. They continue to compete by launching new flavours and packaging.

Characteristics of the Maturity Stage

a. Sales reach their highest level and begin to slow down.

b. The market becomes very competitive.

c. Prices may drop to attract or keep customers.

d. Businesses focus on customer loyalty and brand strength.

e. Product improvements or variations may be introduced.

f. Promotion is aimed at reminding customers and reinforcing the brand.

4. **Decline Stage**

Sales start to fall because customers lose interest or switch to new products. The product may become outdated or replaced by better technology. At this point, the business may decide to stop producing it, reduce prices, or sell it in fewer markets. For example, the use of DVDs and CD players in Ghana has declined due to streaming services like Boomplay, Netflix and YouTube.

Characteristics of the Decline Stage

a. Sales begin to fall steadily.
b. Profits decrease or become negative.
c. Customers move to new or more advanced products.
d. Businesses reduce production or stop it completely.
e. Promotional activities are reduced or stopped.
f. Businesses may sell off remaining stock at discounted prices.

Activity 3.8 Stages of Product Life Cycle

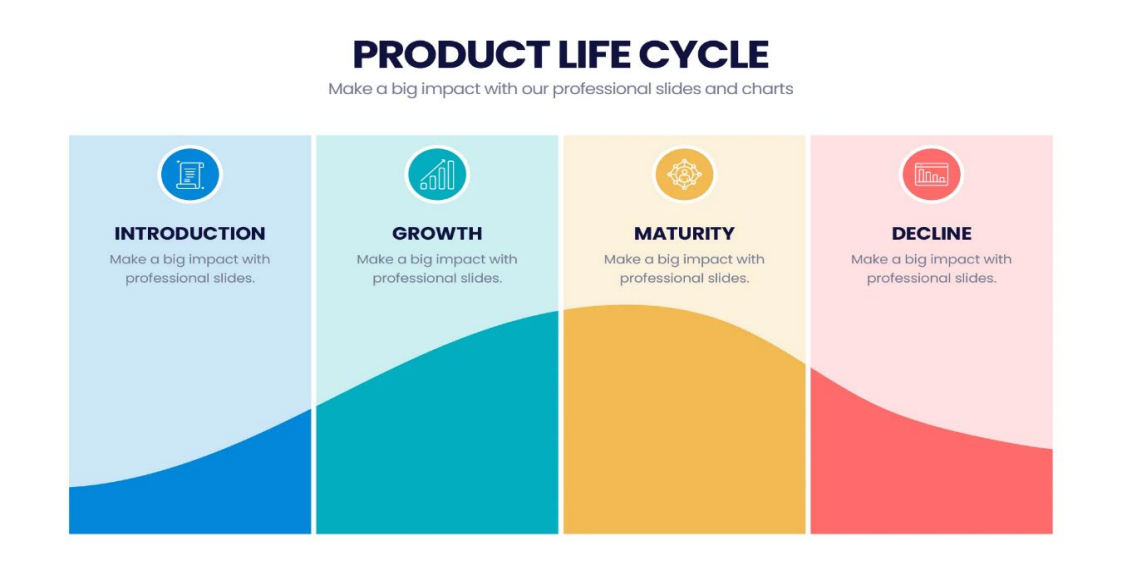
1.

a. Think of a product that was once very popular but is no longer used today. Examples, cassette tapes, etc.
b. Why do you think this product disappeared? Share your ideas as part of a whole-class discussion.

2. Individually do the following tasks.

a. Write down the stages of a human life-cycle starting from birth.
b. Do you think products also go through a **"life-cycle"** like humans? Explain your reasons.
c. Record your work in your workbooks.

3. Study the product life-cycle in the image below carefully. Work with a partner to answer questions **3a - 3d.**



a. What do you notice when you compare the **Introduction Stage (blue)** with the **Growth Stage (green)?**
b. How is the **Growth Stage (green)** different from the **Maturity Stage (yellow)**?

c. What happens when a product moves from the M**aturity Stage (yellow)** to the **Decline Stage (red).** Give reasons to support your answer.
d. What will happen if the **Decline Stage** continues to **descend** or go **downward**?
e. Draw another diagram to show what happens if the Decline Stage continues downward.
f. What **characteristics** are in each stage of the product life-cycle, deducing from the graph?

Stage	Characteristics
Introduction	
Growth	
Maturity	
Decline	

4. Share your completed table and answers with another group. Give each other feedback about what you observed.
5. Arrange yourself in small groups of no more than five.
   a. Create a poster that illustrates and explains the stages of the product lifecycle.
   b. Think about how you will present the information and be creative!
   c. Share your poster with the rest of the class as part of a gallery walk.

REASONS WHY NEW PRODUCTS FAIL IN THE MARKET

Product launches are not always successful. Some of the reasons why products may not break through and maintain space in the market are summarised below.

1. **Poor Market Research:** The business did not take time to understand customer needs, preferences, or behaviour. As a result, the product may not solve a real problem or meet the expectations of the target audience, hence its failure in the market.

   Example: When **PZ Cussons Ghana** launched new products that succeeded abroad but ignored local tastes and preferences, they failed because Ghanaian consumers did not resonate with the product profile.
2. **Wrong Pricing Strategy:** The price may be too high, discouraging potential buyers, or too low, making the product appear cheap and deterring customers or being unprofitable. Pricing must match customer value and market demand.

   Example: PZ Cussons Ghana's products were priced too high for many local consumers, making them uncompetitive compared to local alternatives (leading to poor uptake).

3. **Lack of Promotion:** Even a good product will not succeed if people don't know it exists. Without strong advertising, public relations, or social media campaigns, customer awareness remains low.

   Example: A local brand may produce a quality product but rely only on word-of-mouth. As noted in Ghanaian SME failures, many businesses failed due to underinvestment in awareness campaigns on social media or advertising platforms.

4. **Weak Distribution Channels:** If the product is hard to find or not available in the right places (e.g., shops, online platforms), customers cannot easily access or purchase it, leading to low sales.

   Example: New Fast Moving Consumer Goods (FMCG) brands in Ghana often collapse when they fail to access key distribution points like markets, kiosks, or retail chains. Meaning consumers simply can't buy the product. (General observation from Ghana SME failures).

5. **Bad Timing:** Introducing products at the wrong time (off-season, or when customers are focused on other things e.g., elections or pandemics) can reduce market impact or can kill demand.

   Example: Ghana's **Pwalugu Tomato Factory** failed repeatedly due to timing issues (launching when raw supply was inconsistent and infrastructure was not in place, causing delays and spoilage).

6. **Poor Product Quality or Design:** If the product breaks easily, does not perform as expected, or has an unattractive appearance, customers will likely return it or leave negative reviews, damaging brand trust.

   Example: **Malta Guinness Quench** initially faced rejection because its sugar content exceeded local expectations. Consumers preferred less sweet versions, affecting acceptance.

7. **Overestimated Demand:** The company assumes there is a large market for the product, but in reality, only a small number of people are interested in or willing to buy it. This leads to low sales and wasted investment.

   Example: The **Wenchi Tomato Factory** overestimated demand but couldn't secure sufficient raw tomatoes. Farmers diverted supply to the open market, leaving the factory with unused capacity.

8. **Strong Competition:** When there are already established brands offering similar or better products at lower prices, a new product will struggle to gain market share unless it offers something unique.

   Example: Ghana's **Aluworks**, producing aluminium products, has struggled due to dumping by cheaper Chinese imports. It couldn't compete on price or volume, weakening its market position.

9. **Lack of Unique Selling Point (USP):** The product fails to stand out because it offers nothing new or different from what is already available. Customers see no reason to switch from what they already use.

   Example: Many local boutiques fail when they offer products identical to dozens of others without differentiation, saturating local markets without brand identity.

10. **Internal Business Problems:** Poor leadership, weak planning, limited funding, or an inexperienced team can affect product development, marketing and delivery, leading to failure despite a good idea.

Example: Managerial limitations such as poor planning, weak financial control and lack of industry expertise cause many SMEs in Ghana to fail within a few years. For example, Ghana's banking crisis involved mismanagement and poor corporate governance.



Figure 3.4: Reasons why new products fail

How to Sustain a New Product in the Market

1. **Keep Improving the Product:** Listen to customer feedback and update your product accordingly. For example, **Twins™ Shea Butter** often adds new scents or eco-friendly packaging to stay fresh and meet shopper demands.
2. **Continue Effective Promotion**: Remind customers your product exists through advertising, giveaways, or influencer endorsements. **Tetteh Quarshie Spices** boosts demand with social media ads and cooking demos showing local chefs using their spice blends.
3. **Engage and Support Customers**: Offer excellent service (reward loyal buyers and respond quickly to queries). For example, a local café that uses a simple loyalty card system and actively replies to messages on WhatsApp retains repeat customers.
4. **Observe and Respond to Competitors**: Keep tabs on rival products and improve based on that. If a competitor starts offering new fabric patterns, your Ghanaian clothing business might introduce unique prints or better tailoring to stand out.
5. **Use Smart, Flexible Pricing**: Offer bundle deals, seasonal discounts, or instalment plans. For instance, a soap maker might launch "buy 2, get 1 free" offers during festive holidays to maintain interest without hurting profit margins.

6. **Innovate and Diversify**: Add new features or variations (such as offering smaller or differently scented versions). A Ghanaian beverage company might bring out mango and guava juice variants to appeal to changing tastes.
7. **Ensure Wide Availability**: Make your product easy to buy (sell through supermarkets, local markets, and online stores). Shea butter sold at beachside kiosks in Accra may also be available via Jumia and local delivery services.
8. **Conduct Regular Market Research**: Ask customers what they think, keep survey records, and track trends. A bakery that surveys its customers and learns people want gluten-free options can adjust recipes and stay ahead.
9. **Build a Strong Brand**: Create recognisable packaging, consistent logos, and a clear identity (like **Mango Ghana Soap**, known for its bright orange label and natural ingredients messaging, so customers choose it repeatedly).
10. **Maintain High Quality**: Deliver reliable products and consistent service. Brands like **Nkulenu Shoes** grew strong reputations by using quality leather and proper sizing (building customer trust and repeat purchases).



Figure 3.5: How to sustain a new product in the market

Activity 3.9 Why Products Fail in the Market

1. In pairs, think back to what you learnt about the business environment and answer the following.
   a. The meaning of the business environment
   b. How does the business environment affect the performance of a product in the market?
2. Identify and discuss the reasons why some products fail on the market.
3. Read the case below and, working in small groups, answer the questions that follow:

Case Study – TomatoMax (A Failed Product)

In 2023, a Ghanaian company, ***Kumasi Foods Ltd.****, launched a new drink called* ***TomatoMax****. It was a tomato-flavoured syrup made from locally processed tomato paste. The company believed it would reduce tomato waste and serve as a new alternative to fruit juices.*

- ***Product:*** *Packaged in glass bottles with a tomato-themed label. Many consumers later complained the taste was strange and more like soup than a drink.*
- ***Price:*** *Sold at* ***GH₵15 per bottle****, which was higher than most locally made fruit juices and soft drinks.*
- ***Promotion:*** *Limited to a small radio campaign and flyers in Kumasi. No strong advertising or social media promotion was done.*
- ***Distribution:*** *Available only in a few supermarkets and kiosks in Kumasi, not widely accessible.*

Within six months, ***sales dropped sharply****. Most customers who tried it did not buy again because of the unusual taste. At the same time, it faced strong competition from popular juices and soft drinks that were cheaper and already trusted. Kumasi Foods eventually withdrew TomatoMax from the market, suffering a huge loss.*

Question: Based on the case of *TomatoMax*, list **all the possible reasons why new products fail on the market.** Then, suggest what Kumasi Foods could have done differently to improve the success of TomatoMax.

Record your answers on flip chart paper and present your work to the class for discussion and feedback.

Activity 3.10 Strategy to Sustain New Product

1. In groups, discuss and list 5-7 **strategies** a company can use to keep a new product successful in the market.
2. Read the case below and answer the questions that follow.

Case Analysis: Indomie Noodles in Ghana

Indomie Noodles was introduced in Ghana in the early 2000s by the Tolaram Group. At the time, many Ghanaians were unfamiliar with instant noodles, and the company had to work hard to convince people to try the product. To sustain and grow the brand, Indomie adopted a number of strategies. The company invested heavily in advertising through catchy television and radio jingles, colourful adverts, and sponsorship of youth events. This helped make Indomie a household name, especially among students.

Another strategy was pricing. Indomie was sold at a price that matched the pockets of the average Ghanaian, making it competitive with other quick meal options. Distribution also played an important role. The company made sure Indomie was available everywhere, from supermarkets and open markets to kiosks and corner shops, so customers could easily access the product. Over time, Indomie introduced different flavours and pack sizes, such as chicken, onion chicken, and jumbo packs, in order to appeal to different tastes and budgets.

Indomie also engaged its customers directly. It organised cooking competitions in schools and universities, which helped build loyalty among young people. Throughout the years, the company has maintained consistent quality and taste, ensuring that customers continued to trust the brand. As a result of these strategies, Indomie became the market leader in instant noodles in Ghana. Today, the brand is so dominant that the word "Indomie" is commonly used to describe all instant noodles in the country.

Discussion Questions

a. Which of the general strategies to sustain a new product can you identify in Indomie's story?

b. If you were a competitor, what strategies would you use to challenge Indomie in the Ghanaian market?

3. Record your answers on flip chart paper and share your work with other groups for feedback.

PRODUCT BRANDING AND ITS IMPORTANCE

Branding refers to the process of creating a unique identity for a product, service, or business in the minds of customers. It includes elements such as the name, logo, design, colours, slogan and the overall image that sets a product apart from its competitors.

Some of the reasons why branding is important are summarised below.

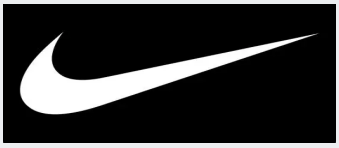
1. **Creates a Strong Product Identity:** A unique name, logo, and design help your product get noticed. *Example*: **SkinGourmet** shea butter uses the tagline **RAW. PURE. WILD.** and vibrant packaging to stand out (making it instantly recognisable).
2. **Builds Customer Trust and Loyalty**: Consistent branding lets customers know what to expect. *Example*: **Verna Natural Mineral Water** rebranded in 2017 with a bold logo and "Changing Lives" Corporate Social Responsibility (CSR) messaging (earning consumer confidence and even "Product of the Year)."
3. **Boosts Marketing Impact**: Recognisable branding makes ads more memorable. *Example*: **Kasapreko's Storm Energy Drink** uses the image of Shatta Wale in promotions. The familiar branding and celebrity connection ensure better recall in market campaigns.
4. **Allow Premium Pricing**: Trusted brands can charge slightly higher without losing customers. *Example*: Eu'Genia Shea sells luxury shea butter in embossed tins with ethical sourcing messaging (allowing them to charge premium prices and build a global retail presence)
5. **Attracts New Customers**: A strong brand draws attention before trial. *Example*: **Hanahana Beauty's** slogan "Stay Smooth, Don't Be Ashy" resonated widely. With packaging clarity and ethical sourcing, the brand gained attention from stores like ULTA Beauty internationally.
6. **Inspires Pride Among Staff**: Employees motivated by a respected brand often perform better. *Example*: At **Asheba Enterprise**, staff work with pride knowing their shea butter supports women in Tamale and is featured in certified global outlets like The Body Shop.

7. **Increases Business Value**: A strong brand attracts partners and investors and can raise business valuation. *Example*: **Eu'Genia Shea** and **Naasakle International** built reputations that made them acclaimed by foreign retailers and investors, boosting their long-term value and social reach.

Activity 3.11 Product Branding and Its Importance

1. Recap activity
   a. With a classmate, discuss the meaning of **market segmentation** and the different ways a market can be divided.
   b. Write down the points from your discussion in your workbooks.
2. Carefully look at the various logos and complete the table below.

Logos, Products and Taglines

SN	Logo	Product name	Brand message
1			
2			
3			
4			
5			
6			

Record your answers to the questions below in your workbook.

a. What thoughts or ideas come to mind when you hear brand names like Toyota or Mercedes-Benz?
b. If you had enough money today, which car would you buy and why?
c. In your community, which food joint do people visit the most, and what makes it popular?
d. Can you connect the idea of product branding to that food joint? Give reasons for your answer.
e. In your own words, explain the meaning of product branding.

3. With a classmate

a. Discuss the importance of branding.
b. Explain three reasons why some brands perform poorly.
c. How does branding influence customer behaviour? Use an example to explain your answer.

MEANING OF PACKAGING

Packaging is all about designing a **wrapper or container** for a product to keep it safe and make it look appealing. Packaging also makes products easier to store, display, use, and stack.

It serves two main purposes.

1. **Protection**: It protects the product from damage during storage, transport, or handling by keeping dust, heat, or moisture out.
2. **Promotion**: Attractive packaging grabs attention on the shelf and communicates the product's identity and value (acting as a "silent salesperson").

Functions of Packaging

1. **Protection:** Good packaging prevents damage and contamination. Packaging serves as the first layer of defence for any product. It prevents physical damage such as breaking, crushing, or spilling. It also shields the contents from external elements including dirt, dust, moisture, and harmful substances. Additionally, good packaging protects against tampering and ensures that the product reaches the consumer in perfect condition. **Example**: **Verna Mineral Water** uses strong plastic bottles, so the water stays clean, fresh, and spill-free (even during long transportation).

2. **Preservation:** Packaging helps keep food or medicine fresh and safe. Certain products, especially perishables such as food and medicine, need to remain fresh and safe for use over time. Packaging helps by providing an airtight or sealed environment that slows down spoilage, preserves nutrients, and prevents exposure to bacteria and oxygen. This extends the product's shelf life and ensures it remains effective or edible until the expiry date. **Example**: **Ekumfi Pure Juice** uses sealed glass bottles that slow down spoilage and keep the juice tasting good longer.

3. **Convenience:** Packaging can make products easier to carry, open, or use. Well-designed packaging enhances the ease with which a product can be used, stored, carried, or disposed of. Features like handles, spouts, tear strips, or resealable closures make it more user-friendly. This adds to customer satisfaction and can influence repeat purchases. **Example**: Well-designed sachet spice packs come with tear notches or easy-pour corners, making them handy for everyday cooking.

4. **Information:** Labels tell you what is inside and how to use it safely. Packaging provides important product details that help customers make informed decisions and use the product correctly. This includes product name, brand, ingredients, usage instructions, warnings, expiry dates, manufacturing dates, barcodes and legal notices. In regulated industries such as food and pharmaceuticals, this function is especially critical. Example: A medicine box includes dosage instructions, possible side effects, and the expiry date to ensure safe usage.

5. **Promotion and Branding:** Attractive packaging helps products stand out and build brand identity. It visually communicates the product's value and the brand's identity through colours, logos, taglines, and design. Attractive and consistent packaging can create strong brand recognition and appeal to customer emotions, influencing their buying decisions. Example: A premium perfume might come in a sleek, gold-trimmed box to reflect luxury and exclusivity. **Example**: **SkinGourmet Shea Butter** uses colourful labels, clear logos, and natural imagery to communicate purity and heritage.

6. **Differentiation:** Unique packaging helps customers recognise your product among many others. Unique packaging design, colours, and branding elements make it easier for customers to recognise and choose a product they trust or are curious about. **Example**: **Trashy Bags Africa** uses bold patterns made from recycled sachet-plastic, which instantly sets their products apart on shelves. Coca-Cola's iconic red and white branding makes it instantly recognisable among other soft drinks.

7. **Safety:** Packaging protects consumers and signals if tampered with. Safety as a function of packaging refers to how the packaging helps prevent harm to consumers and ensures that the product remains secure and uncontaminated until it is used. This includes using tamper-evident seals, child-proof caps, non-toxic materials and clear warnings on hazardous items. Safe packaging reduces the risk of injury, allergic reactions, or misuse. **Example**: Sachet water often comes with sealed caps or printed seals to show if the product has been opened or refilled.

8. **Sustainability:** Eco-friendly packaging helps protect the environment. Sustainable packaging uses materials that are biodegradable, recyclable, or reusable, reducing waste and minimising the product's carbon footprint. This not only benefits the environment but also appeals to eco-conscious consumers. **Example**: Companies such as **Nokware Skincare** use jute, recycled cocoa sacks, or calabash containers instead of plastic (appealing to eco-conscious shoppers).

Activity 3.12 Meaning and Functions of Packaging











1. Study the pictures of products above and answer the following questions.
   a. What do you think is inside each product?
   b. Why do you think so?
   c. How would you describe the cover or package of the product?
2. In your own words, describe what **packaging** means.
3. Form groups of no more than five. Your teacher will assign you one or more of the following functions of packaging to study and explain.
   a. Protection
   b. Preservation
   c. Convenience
   d. Information
   e. Promotion & Branding
   f. Differentiation
   g. Safety
   h. sustainability
4. Each group should do these tasks.
   a. Discuss the assigned function(s)
   b. Prepare to teach other groups about the selected function(s)
5. Use these guiding questions to prepare your presentation on your assigned function(s)

   a. What does this function mean?
   b. Why is it important?
   c. Can you give a real-world example?
6. Take **5–10 minutes** to teach another group about their assigned packaging function.
7. As each group presents, take notes or ask questions to clarify your understanding of other functions of packaging
8. As a group, create a **mini-poster or graphic** showing the following:
   a. The **definition of packaging**
   b. A brief list of the 5 key functions covered
   c. A Ghanaian example for each function

MEANING OF PRICING

Pricing is the process of fixing the right amount of money to charge for a product so that it covers production costs, attracts customers, beats competition, reflects the product's perceived value and brings profit whenever it is bought.

Example: A bakery sets the price of a loaf of bread at GHC5.00 based on the cost of ingredients, competitors' prices and how much customers are willing to pay.

Pricing Strategies

Pricing strategies refer to the different approaches or methods businesses use to set the price of their products or services in order to achieve specific goals such as maximising profits, attracting customers, gaining market share, or beating competitors. These strategies are based on factors like cost of production, market demand, competition and customer perception. Some of these strategies include:

1. **Penetration Pricing:** This strategy involves setting a low initial price for a new product or service to attract a large number of customers quickly and gain market share. The idea is to encourage customers to try the new product. For instance, when Zeepay launched its mobile money service in Ghana, it offered lower transfer fees compared to MTN and Vodafone to attract users and penetrate the market.
2. **Skimming Pricing:** Skimming involves setting a high price at the beginning of a product's life cycle, especially if it's innovative or unique and then gradually lowering the price over time to attract more price-sensitive customers. For example, when Tecno Ghana introduces new smartphone models, they are priced higher at launch, targeting tech enthusiasts. Later, prices are reduced to appeal to a wider customer base.
3. **Competitive Pricing:** This strategy sets prices based on what competitors are charging rather than solely on cost or customer value. It helps a business stay relevant and appealing in a competitive market. For example, retail stores Melcom and Shoprite monitor and match each other's prices for essential goods such as cooking oil and rice to remain attractive to shoppers.

4. **Value-Based Pricing:** In this strategy, prices are based on the perceived value of a product or service to the customer, not just the cost to produce it. It reflects quality, uniqueness, or brand prestige. For example, kente cloth made in Bonwire in the Ashanti Region is priced high because of its cultural significance and craftsmanship, even though machine-made prints are cheaper alternatives.
5. **Psychological Pricing:** This pricing tactic uses emotional responses by setting prices slightly below round numbers (e.g., GHS 9.99 instead of GHS 10), making the price appear cheaper than it really is. For example, many local shopping malls in Ghana use this strategy to create the impression in the minds of customers to make goods appear more affordable.
6. **Discount Pricing:** Discount pricing involves temporarily reducing prices to increase sales volume, clear old stock, or encourage repeat purchases. It is often used during sales events or promotions. For instance, during events such as Christmas or Black Friday, Palace Mall and Game Ghana offer discounts on electronics and appliances to boost sales.
7. **Cost-Plus Pricing:** This method involves calculating the total cost of production and then adding a profit margin to set the final price. It ensures that the business covers costs and earns profit. For example, a chop bar operator may spend GHS 10 making a bowl of fufu with goat soup and then add GHS 5 profit, pricing it at GHS 15.
8. **Bundle Pricing:** Products or services are packaged together and sold at a lower price than if bought individually. It increases value for the customer and boosts sales volume. Example, MTN Ghana and Telecel offers bundle deals such as voice and data packages (e.g., GHS 10 for both calls and internet), giving users more value for less.



Figure 3.6: Pricing strategies

Activity 3.13 The Meaning of Pricing

1. Estimate the prices of the following products as of today and record them in the table below.
2. Justify your estimate for each product.

Guess the Prices of Products

SN	Products	Prices (GHS)	Reasons
1	A ball of kenkey		
2	A bag of cement		
3	A bottle of water		
4	Scientific calculator		
5	Exercise book		

3. Discuss the factors that affect how the price is set for different products
4. In your own words, describe what **pricing** means.
5. Record your answers in your workbooks.

Activity 3.14 Pricing strategies

1. The following are strategies used in pricing products. Study them carefully and discuss with a colleague your understanding of them.
   a. Penetration pricing
   b. Skimming pricing
   c. Competitive pricing
   d. Value-based pricing
   e. Psychological pricing
   f. Discount pricing
   g. Cost-plus pricing
   h. Bundle pricing
2. Read the scenarios below and identify which pricing strategy is applicable.

Scenario	Pricing Strategy (Match)
A new internet service provider enters the market and charges very low fees to quickly attract many customers.	
A company launches the latest iPhone model at a very high price to target customers who want to be the first to own it.	

A local shop sets the price of rice slightly lower than the shop across the street to win over customers.	
A tailor charges higher prices for his clothes because of the quality of fabric and the reputation of his brand.	
A store sells a shirt for GHC 99 instead of GHC 100 to make it look cheaper.	
A supermarket offers a "Back to School" sale where notebooks are sold at 20% less than the normal price.	
A bakery adds up the cost of flour, sugar, and other ingredients, then adds a 30% profit margin to set the price of bread.	
A fast-food joint sells a combo pack of fried rice, chicken, and a drink at a lower price than buying each separately.	

Activity 3.15 Application of Pricing Strategies

1. Copy the table below into your workbooks.
2. For each pricing strategy, identify a product to which it might be applied, describe how the strategy might be used and why.
3. The first one has been done for you as an example

Pricing Strategy	Products	How to use the strategy	Reason
Cost-Plus	Pen (GHS4.00)	Sell at GHS5.00 (ghs4.00+GHS1.00)	Not to sell below the cost price. Cost price must be less than the selling price.
Competitive Pricing			
Penetration Pricing			
Price Skimming			
Value-Based Pricing			
Bundle Pricing			
Skimming (High-Low) Pricing			

FACTORS AFFECTING PRICING DECISIONS

Factors affecting pricing decisions refer to the internal and external elements that influence how a business determines the price to charge for its goods or services. These factors help ensure that the price set is fair, competitive and profitable while meeting customer expectations and business objectives. These factors include:

1. **Cost of Production:** The cost of making a product is one of the main factors that affect how it is priced. This includes the money spent on raw materials, labour, rent, fuel, electricity, and transport. If it costs more to produce the product, the business will likely charge a higher price to make a profit. For example, a bread bakery in Tamale may increase the price of bread if the cost of flour and fuel goes up

2. **Demand for the Product:** When a product is in high demand, businesses may increase the price because more people want to buy it. On the other hand, if demand is low, they may reduce the price to attract more customers. For instance, during the rainy season in Accra, many people buy umbrellas, so sellers raise their prices. Similarly, when COVID-19 spread across the world, the demand for hand sanitisers rose sharply, leading to higher prices in many countries.

3. **Competition:** The level of competition in the market also influences pricing decisions. If many businesses sell the same product, each one may lower their prices to attract more customers. For example, sachet water sellers in Kumasi often reduce their prices when new sellers enter the market. Internationally, phone brands like Samsung and Xiaomi keep an eye on each other's pricing and adjust their own prices to stay competitive.

4. **Business Objectives:** The aims or goals of a business also determine how prices are set. If a business wants to attract more customers quickly, it may set lower prices. If it wants to earn higher profits, it may charge more. For example, a new barber in a community may charge low prices to build a customer base. On the global stage, luxury brands like Gucci charge high prices because their goal is to make a large profit and maintain an exclusive image.

5. **Government Regulations and Taxes:** Government rules, taxes, and import duties can affect how much a business charges for its products. These can increase the cost of doing business, and this is often passed on to the customer. For example, the price of fuel in Ghana is affected by government taxes and pricing policies. Internationally, in countries like Nigeria, imported goods may be expensive due to high import duties imposed by the government.

6. **Target Market:** Businesses consider the income levels and buying habits of their customers when setting prices. A product aimed at wealthy customers will usually cost more than one meant for lower-income buyers. For instance, a boutique in more affluent areas such as East Legon, may sell clothes at a higher price than a shop in a small town like Nandom.

7. **Seasonality:** Prices of goods and services often change depending on the time of year or special occasions. During certain seasons, businesses raise prices because of higher demand. In Ghana, the price of school uniforms usually goes up in August and September as students prepare to return to school. Globally, airline companies often increase ticket prices during the Christmas holidays and summer vacation because many people are travelling.
8. **Location of the Business:** The place where a business is located has a big impact on its costs, which affects the prices it charges. Businesses in cities or popular areas may charge more due to higher rent and operating costs. For example, a meal in a restaurant in Osu, Accra, may cost more than the same meal in Berekum. Internationally, a cup of coffee in a New York City café is often more expensive than in a small town in the U.S.
9. **Brand Image or Perception:** A strong brand name or positive image allows a business to charge higher prices because customers believe they are getting better value or quality. In Ghana, MTN charges more for internet bundles than some smaller providers because many people trust their service. Internationally, Nike shoes are more expensive than unknown brands because the brand is well-known and associated with quality and style.

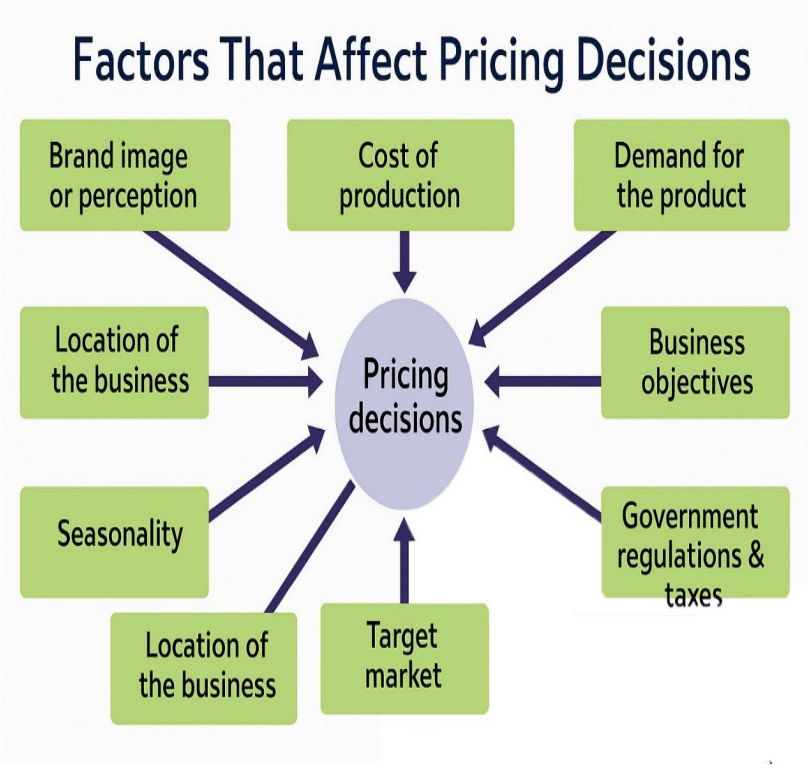


Figure 3.7: Factors affecting pricing decisions

Activity 3.16 Factors Affecting Pricing Decisions

1. Observe the pictures below.

   Prices of Coca-Cola



2. Take note of the prices of Coca-Cola in the picture above
3. Write down the possible reasons why the price of Coca-Cola in a roadside kiosk is different from that at the restaurant and that at the Kotoka International Airport.
4. What are the possible factors accounting for the differences in prices?
5. Discuss the factors that affect how products are priced.
6. Explain how each of the following factors influences product price.
   a. Cost of Production
   b. Demand for the Product
   c. Competition
   d. Business Objectives
   e. Government Regulations
   f. Target Market
   g. Seasonality
   h. Location
   i. Brand Image

Turn to the person sitting next to you and discuss your responses.

7. Arrange yourself in small groups of no more than five.
   a. Choose a product (E.g., school sandals, snack food) and work together to draft a pricing strategy for it.
   b. Think about the factors that would influence the price of your chosen product (try to come up with at least four).
   c. As a group, prepare a brief presentation explaining your pricing strategy and the decisions you have taken to agree on it.
   d. Deliver your presentation to another group or the wider class. Be prepared to answer questions and justify your work.

8. Reflect on what you have learnt in this chapter and answer the following question in your workbooks: "If you were starting a business, what would influence the price of goods/services you intend to offer the most, and why?"

MEANING OF PROMOTION

Promotion in marketing refers to all the activities a business undertakes to inform, persuade, and remind customers about its products or services. These activities are meant to attract attention, stimulate interest, and influence buying decisions. Promotion is a key element of the Marketing Mix and plays a vital role in connecting businesses with their target audience. It goes beyond advertising and includes various tools such as personal selling, sales promotion, public relations, and direct marketing. Each of these promotional methods serves a specific purpose and can be tailored to suit the needs of different markets, whether local or global.

Meaning of Promotion Mix

The promotion mix refers to the combination of different promotional tools or methods that a business uses to communicate with its target market, attract attention, and persuade customers to buy its products or services. It is one of the key elements of the marketing mix and plays a vital role in helping businesses inform, remind, and influence consumer behaviour.

A well-planned promotion mix ensures that the right message reaches the right audience using the most effective channels. The main elements of the promotion mix typically include advertising, personal selling, sales promotion, public relations, and direct marketing. Each element plays a unique role in helping the business achieve its promotional objectives.

Elements of the Promotion Mix

1. **Advertising:** Advertising is any paid form of non-personal communication used to inform, persuade, or remind customers about a product or service. It is usually directed at a large audience through mass media such as television, radio, newspapers, billboards, and social media.

   Examples: MTN Ghana uses radio and television adverts to promote its data bundles across the country. Coca-Cola runs global advertising campaigns across multiple media to increase brand visibility and drive sales.

2. **Personal Selling:** Personal selling involves direct, face-to-face communication between a sales representative and a customer to convince the customer to buy a product or service. It is often used for high-value or technical products that may require explanation or negotiation. Personal selling allows for immediate feedback and helps to build customer relationships.

   Examples: A sales executive at an electronics shop in Accra explaining the features of a television to a customer. A mobile phone seller in a market engages directly with customers to persuade them to choose a particular brand.

3. **Sales Promotion:** Sales promotion refers to short-term incentives or activities designed to encourage customers to buy a product or try a service. These include discounts, coupons, free samples, contests, loyalty cards, and "Buy One, Get One Free" offers.

   Examples: A supermarket in Takoradi offering a 10% discount on groceries during the Easter season. Indomie gave away free samples in schools when it first entered the Ghanaian market. Sales promotion is effective in attracting new customers and boosting sales in the short term.

4. **Public Relations (PR):** Public relations involves creating and maintaining a positive image of a business in the eyes of the public. This is done through unpaid or earned media such as press releases, community sponsorships, charity donations, media interviews, and managing crises.

   Examples: A local beverage company sponsoring a clean-up campaign in the community to improve its brand image. Vodafone Ghana is supporting ICT training for young people and promoting it in the news.

5. **Direct Marketing:** Direct marketing is a type of promotion where the business communicates directly with individual customers to encourage a response or purchase. It includes emails, text messages, leaflets, catalogue distribution, telemarketing, and personalised online messages. Direct marketing is useful for targeting specific customers and tracking results.

   Examples: A clothing shop sending SMS messages to regular customers about a weekend sale. Jumia Ghana is sending promotional emails to customers showcasing new products and discount offers.



Figure 3.8: Elements of the promotion mix

Activity 3.17 Understanding the Promotion Mix

1. Carefully observe the three adverts shown (on posters, TV, or social media) below and answer **1a – 1d.**







a. What do all three adverts have in common?
b. What products or services are being **advertised** in each of the adverts?
c. What **message** are the adverts sending, and what do you think the companies want you to do after seeing them?
d. Advertising is one way of promoting product sales. In your own words, explain what **promotion** means.

2. Below is a diagram showing the elements of **promotion mix**. Study it carefully and answer questions **2a – 2c.**



a. Identify and list the elements of the promotion mix in the diagram above.
b. In your own words, explain what the term **promotion** mix means.

c. In groups, discuss each element of the promotion mix and give real examples. Use the table below to organise your ideas.

S/N	Elements of the promotion mix	Meaning (In your own words)	Example
1			
2			
3			
4			
5			

3. Each group selects representatives to present their table to the class or other groups for feedback.
4. After presentations, the class or all the groups discuss which companies in Ghana use the promotion mix most effectively and why.

Activity 3.18 Extended Activity – Practical Activities on Promotion Mix

1. In your group, choose a product (e.g., a new pencil case, local soap, natural fruit juice, or any other product of your choice).
2. Select three tools from the promotion mix (advertising, personal selling, sales promotion, public relations, or direct marketing).
3. Write down how you would use each tool to promote your product and explain why you chose it.
4. Create a simple promotional material for your product:
   a. You may design a poster, write a slogan, prepare a short skit/jingle, or do a spoken pitch.
   b. Use a checklist: Who is your audience? What is the message? Which channel will you use?
5. After creating your promotion, ask yourself the following questions.
   a. Is my poster or advert appealing to customers?
   b. Why would people be interested in it?
   c. Write your reasons in a few sentences.
6. Think about your own life.
   a. Has any product promotion ever caught your attention and made you buy something?
   b. Write a short note about what it was and why it influenced you.

IMPORTANCE OF PROMOTION IN MARKETING

The roles of promotion in the Marketing Mix are summarised below.

1. **It Creates Awareness:** Promotion helps people know that a product or service exists. Without promotion, potential customers may not even be aware of a business or product. For instance, a local entrepreneur selling handmade beads in Bolgatanga may use community announcements or market flyers to inform people about her products. In the absence of such efforts, even quality products might remain unnoticed by the public. Awareness is the first step towards customer interest and eventual purchase
2. **Persuading Customers:** Promotion uses attractive messages and visuals to convince customers to buy a product or choose a particular brand. It highlights the advantages of a product over its competitors. This is especially important in markets where many businesses offer similar goods or services. For example, multiple sachet water brands operate in Ghana, but each one tries to stand out through promotional campaigns that emphasise freshness, packaging, or pricing. Promotion influences customer choices and builds preference.
3. **Increasing Sales:** When more people become aware of a product and are persuaded to buy it, sales often increase. This results in higher demand, more revenue, and improved business performance. During festive periods such as Christmas and Easter, many supermarkets in Accra and Takoradi use promotional sales such as, "Buy Two, Get One Free" to attract customers. Similarly, Samsung and other mobile phone brands use promotional offers during product launches to drive up early sales.
4. **Building Brand Loyalty:** Consistent promotion helps keep a product or service in the minds of consumers. Over time, this builds trust and emotional connection, which results in customer loyalty. Loyal customers are more likely to stick with a brand and recommend it to others. Coca-Cola, for example, maintains strong brand loyalty through continuous advertising, sponsorships, and local community activities, including events in schools and markets.
5. **Educating the Market:** Promotion also serves to educate customers about product features, benefits, and proper usage. This helps customers make informed decisions and builds confidence in the product. For instance, the Ghana Health Service promotes the use of insecticide-treated nets by teaching people how and when to use them. Similarly, companies launching new smartphones often include tutorials and demonstrations in their adverts to help buyers understand how the product works.
6. **Encouraging Product Trial:** Promotion encourages customers to try new or unfamiliar products. This is often done through methods such as free samples, trial packs, or discounts. These help reduce the risk for customers and make it easier for them to explore something new. A good example is Indomie noodles, which became popular in Ghana after free samples were distributed in schools, allowing people to taste and enjoy the product before committing to buying it regularly.



Figure 3.9: Importance of Promotion in Marketing

Activity 3.19 Importance of Promotion in Marketing

1. You learnt about forms of business communication earlier on in your business management course. Recall and share with a colleague:
   a. The meaning of communication
   b. The forms of business communication
2. Carefully study the adverts provided below.
   a. Write down the **product** being advertised in each image.
   b. Identify the **key message** in each advert that could persuade you to buy the product.
   c. Out of the adverts, which one attracts you the most? Give reasons for your choice.
   d. Pick any of the adverts, and improve on it to make it more appealing to the public by either
      i. Adding a new slogan
      ii. Rephrasing the message, or
      iii. Redesigning the poster to make it more appealing to the public.









Collection of products' adverts

3. In small groups, brainstorm the **importance of promotion.** Share your ideas with other groups for feedback.
4. The image below summarises the importance of promotion. In your groups:
   a. Assign each reason (e.g., creating awareness, boosting sales, brand building, educating customers, competing with rivals) to a different group member.
   b. Each member should think creatively about how to promote a product in a way that demonstrates their assigned reason for importance. For example, if you have been allocated "educating customers," show how you would teach customers about your product through promotion.
   c. Design a poster with a catchy message that illustrates your point.
   d. Present your poster to the class or display it as part of a gallery walk in your classroom for others to review.
   e. Reflect on the lesson and, in your own words, briefly explain in your workbooks how promotion has influenced your buying decisions in the past and how it still influences the things you buy today.

PLACE IN MARKETING AND CHANNELS OF DISTRIBUTION

What "Place" Means in Marketing

In marketing, "place" refers to how a product or service travels from the producer to the final customer. It involves all the strategic decisions and actions (such as selecting where products are sold, how they are stored, and how they are delivered) so that they reach customers at the right time, in the right location, and in the appropriate quantities. This ensures that the product is both accessible and appealing.

This concept, also known as distribution, forms a key part of the marketing mix -commonly known as the Four Ps (Product, Price, Place, Promotion)

Why it matters: Even with excellent quality and well-considered pricing, a product that isn't conveniently available will likely not sell.

Example: Consider a shea butter co-operative in Ghana's Northern Region. Local customers may buy from town markets or small shops. However, to reach consumers in Accra or overseas, the co-operative must plan how to store, transport, and deliver its products (perhaps by partnering with online retailers or export agents to streamline distribution).

Understanding Distribution Channels

A distribution channel is the route that a product follows to go from the producer to the end consumer. This can include intermediaries such as wholesalers, retailers, agents, or online platforms.

Types of Distribution Channels

1. **Direct Distribution Channel (Zero-Level Channel)***:* The producer sells directly to customers. For instance, Kasapreko company sells its bottled water directly to consumers, removing intermediaries
2. **Indirect Distribution Channel:** The product moves through intermediaries like wholesalers and retailers before reaching customers. This is typical in many retail sectors.
3. **Hybrid Distribution Channel:** Combines both direct and indirect methods. A producer might sell directly online while also offering products through retail partners

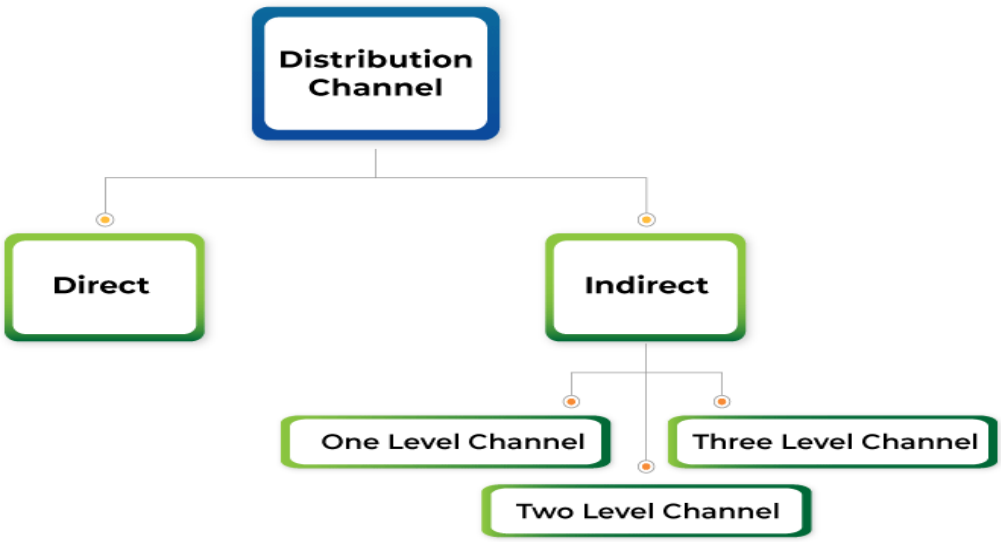


Figure 3.10: Types of Distribution Channels

1. **Direct Channel (Zero-Level Channel):** A **direct channel** occurs when the producer sells directly to the final consumer without the involvement of any intermediaries such as wholesalers, agents, or retailers. This is often referred to as a *zero-level channel*. It is typically used by small producers or businesses operating in local markets, or by firms that want to maintain full control over their customer experience, pricing, and brand communication.

   Direct channels are generally **simple, quick, and cost-effective**, especially when a business wants to build strong customer relationships and receive direct feedback. However, direct channels may not be practical when the customer base is geographically spread out or when handling logistics is complex.

   Examples of Direct Channels

   a. A **farmer** in Techiman sells tomatoes directly to consumers at the local market, avoiding middlemen.

   b. A **dressmaker** in Takoradi promotes and sells her clothes directly through her **WhatsApp status**, Instagram, or from her home shop.

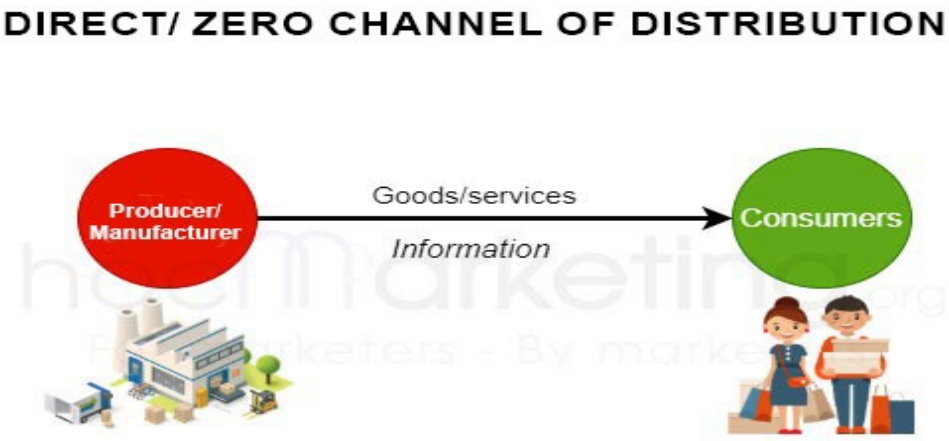


Figure 3.11: Direct/Zero Distribution Channel

2. **Indirect Channels:** An indirect channel involves the use of one or more intermediaries to move goods from the producer to the final consumer. This is common when the producer wants to reach a wider market, manage bulk sales, or does not have the infrastructure to handle distribution on its own. Intermediaries—such as agents, wholesalers, and retailers—perform specific roles such as transporting, storing, promoting, and selling the products on behalf of the producer.

   There are different types of indirect distribution channels, depending on the number of intermediaries involved.

   a. **One-Level Channel**

      Structure: *Producer/Manufacturer → Retailer → Consumer*

      In a one-level channel, the producer sells the product to a retailer, who then sells it directly to the consumer. This is common in industries where the goods are of

moderate value, and the producer wants to reach customers through known retail outlets.



Figure 3.12: Indirect/Level 1 Channel of Distribution

Example: A shoe manufacturing company in Accra sells its products to boutique shops in Osu and East Legon. These shops then sell the shoes to final customers who visit the stores or shop online.

This method allows the producer to reach customers in different locations without setting up its own retail outlets, while the retailer benefits by offering a variety of products to its customers.

b. **Two-Level Channel**

Structure: *Producer/Manufacturer → Wholesaler → Retailer → Consumer*

This channel involves two intermediaries: a wholesaler and a retailer. The wholesaler buys large quantities from the producer and then resells smaller quantities to retailers, who then sell to final consumers.



Figure 3.13: *2-Level Channel of Distribution*

Example: A beverage company in Kumasi produces soft drinks and sells them in bulk to a wholesaler in Sunyani. The wholesaler then distributes the drinks to various retail shops, cold stores, and canteens in the Bono Region, where they are sold to the final consumers.

This channel is effective for mass distribution and is often used for fast-moving consumer goods (FMCGs) such as drinks, canned foods, and household items.

c. **Three-Level Channel**

Structure: *Producer → Agent → Wholesaler → Retailer → Consumer*

In this channel, the producer uses an agent to represent the business and coordinate sales with wholesalers. The agent does not take ownership of the goods but works on behalf of the producer to connect with wholesalers, who then sell to retailers.



Figure 3.14: 3-Level Distribution Channel

Example: An international food processing company based in the Netherlands wants to sell its products in Ghana. It appoints a local sales agent who promotes the product and links up with wholesalers in Tema. These wholesalers then supply various supermarkets and retail outlets across the country.

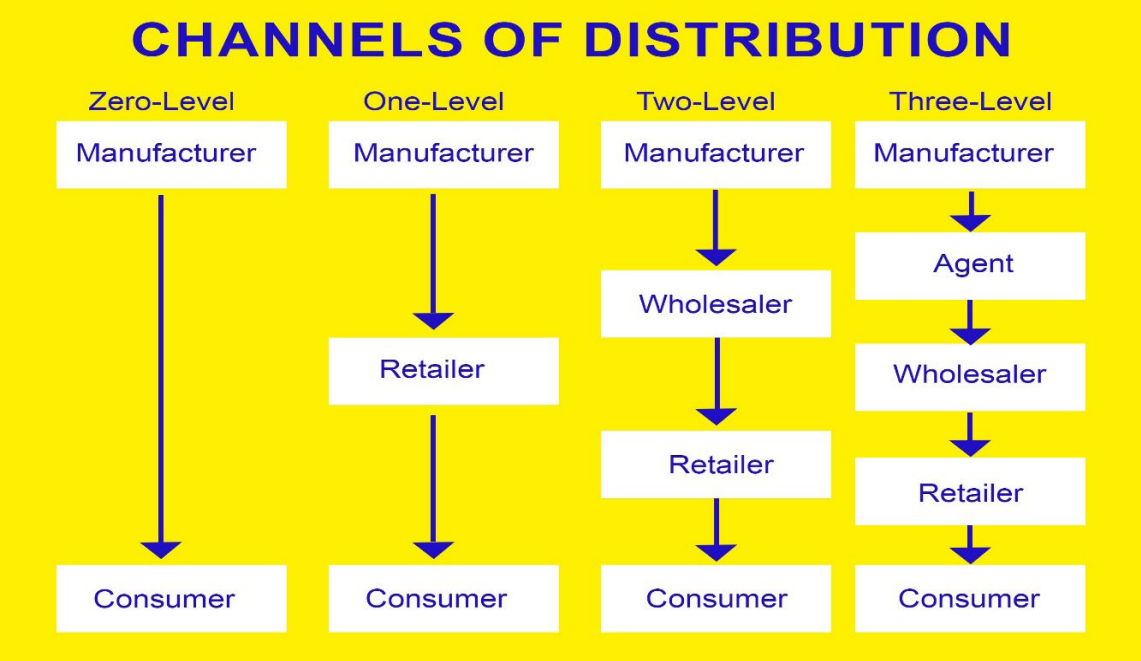
This structure is useful for large-scale distribution across international markets or when the producer does not have a physical presence in the target country. The use of agents helps bridge language, legal, or cultural gaps.

Activity 3.20 Distribution Channels

1. Pair up with a colleague to recall the channels of communication in business that you learnt about earlier in the course.
2. Pair up with a friend, reflect and discuss how each of the products listed below is moved or distributed from the producer to the final consumer

a. A loaf of bread
b. A mobile phone
c. Books
d. Computers
e. Cars

3. In your own words, describe the place or distribution.
4. Identify the parties involved in the distribution channel of the products listed in part 2 to the final consumer.
5. Study the chart below showing the channels of distribution and answer questions **5a– 5b.**



a. Identify and list the key players in each distribution channel
b. How many channels of distribution can you identify in the chart? State them.
c. Observing the chart, which channel of distribution seems shortest? Which is the longest?
d. Which channel do you think is most cost-effective for producers? Why?
e. How does the number of intermediaries affect the final price of a product?
f. Which channel would you recommend for perishable goods like bread? Why?
g. Which channel would you recommend for expensive goods like cars? Why?
h. What is the difference between direct and indirect distribution channels?

6. Fill in the table below, using the points below as a guide.
   a. Identify an example product that best fits the given channel level of distribution.

b. For each example, briefly describe how the product moves from the producer to the final consumer.

SN	Products	Level of Channel of Distribution	Describe the Path/Process of Distribution
1		Zero Level Channel	
2		Level 1 Channel	
3		Level 2 Channel	
4		Level 3 Channel	

7. Create a visual diagram of the channels of distribution by
   a. Drawing or designing a simple diagram for each channel level shown in the table.
   b. Use arrows, boxes, or sketches to show how the product flows from the producer to the consumer.
   c. Add labels for intermediaries (agent, wholesaler, retailer, etc.).
   d. Present your diagram to the class for discussion and feedback.
8. Your teacher will split you into two groups to prepare to debate the following motion:

   "Social media is the most effective promotional tool for reaching customers in rural Ghana."

   You will either be assigned to argue for or against the motion.

   In your groups, prepare your arguments and agree on roles (for example, who will present, who will take rebuttal questions, etc.)

   Remember to listen respectfully during the debate, challenge constructively and make sure everyone in your groups has the opportunity to contribute.

FACTORS TO CONSIDER WHEN CHOOSING A DISTRIBUTION CHANNEL

When a business plans how to get its products to customers, it must carefully choose the most appropriate distribution channel. Several important factors influence this decision. Each factor affects how efficiently, affordably, and reliably the product reaches the market. The factors to consider when choosing a particular distribution channel are detailed as follows.

1. **Nature of the Product:** The nature or type of product plays a major role in determining the appropriate distribution channel. Perishable goods such as bread, fresh vegetables, fruits, and dairy products require short and quick distribution routes to prevent

spoilage. These products are best distributed directly to retailers or consumers. For example, a bakery in Kumasi that produces fresh bread may deliver directly to retail shops each morning to maintain freshness. On the other hand, durable goods such as mobile phones, clothing, and furniture can go through longer channels, as they are not easily damaged and can be stored for longer periods.

2. **Target Market:** The location and characteristics of the target market are also important considerations. If customers are spread across several regions or towns, the business may need to use intermediaries such as wholesalers or retailers who have access to those areas. For instance, a bottled water company based in Accra that wants to reach customers in the Upper East Region might work with a wholesaler in Bolgatanga, who then supplies retail shops in the surrounding communities. However, for a business serving a small local market, it might be more effective and economical to sell directly to consumers.

3. **Cost and Profitability:** The cost of using different channels also matters. Every intermediary involved in the distribution process takes a share of the profit and adds to the overall cost. Therefore, the more people involved in the channel, such as agents, wholesalers and retailers the lower the producer's profit margin. Businesses must weigh the cost of managing their own distribution against the expense of using intermediaries. For many small businesses, selling directly to customers may be more profitable, especially when they have close relationships with their buyers and can set their own prices.

4. **Control and Customer Contact:** Some businesses prefer to maintain direct contact with their customers to receive feedback, monitor customer satisfaction, and protect their brand image. Direct distribution gives the business more control over how the product is presented, priced, and delivered. For example, many tailors, food vendors, and local artisans sell directly to customers so they can understand their preferences and improve their services. In contrast, when products are sold through intermediaries, the producer may lose some control over the customer experience and brand presentation.

5. **Business Resources and Capacity:** The availability of resources such as money, vehicles, storage facilities, and staff affects a business's ability to manage distribution on its own. Running a direct distribution system requires significant resources, which many small or newly established businesses may not possess. These businesses often rely on wholesalers or agents to handle storage, transportation, and delivery. In contrast, larger businesses with stronger logistical capacity, such as Nestlé or Kasapreko, often use their own vehicles and staff to distribute goods directly to various markets across the country.



Figure 3.15: Summary of factors affecting choice of distribution channels

Activity 3.21 Factors Affecting Choice of Distribution Channels

1. In pairs, recall and discuss the following.
   a. The factors affecting the internal and external environment of business
   b. The meaning of market segmentation and its bases.
   c. The different channels of distribution you have learnt.
2. Work in groups to look at each product in the table. For each product:
   a. Think about its **nature** (is it perishable, durable, bulky, expensive?).
   b. Identify its **target market** (local, international, youth, adults, etc.).
   c. Consider **cost and profit** (is it cheap to distribute? is it highly profitable?).
   d. Check the **resources** of the business (is it a small shop or a big company?).
   e. Decide the best **channel level** (direct, 1, 2, or 3).
3. Work in small groups to complete the table below and explain your choices in class or to other groups for feedback. Use the first example as a guide.

Products	Product's nature	Target market	Best channel to sell/distribute	Why is this way better
Tomatoes	Gets spoiled quickly- perishable	Families, food vendors, etc.	Direct- Zero-level channel (Farmer → Consumer)	To avoid spoilage
Pens				
Beef				
MTN Data				
Laptops				

4. In your groups, discuss the factors affecting the choice of distribution channels
5. Share your responses with colleague groups for feedback.
6. Reflect on your learning on this topic and answer the following question in your workbooks: If you started a small business, what factors would you consider before choosing how to distribute your product? Justify your response.

MEANING OF WHOLESALER

A wholesaler is a middleman who buys goods in large quantities from manufacturers and sells them in smaller quantities to retailers or other businesses. Wholesalers do not usually sell directly to the final consumer.

Functions of Wholesalers

Wholesalers play a key role in the distribution of goods by acting as middlemen between producers and retailers. Below are some of the main functions of wholesalers:

1. **Bulk Buying and Breaking Bulk:** Wholesalers purchase goods in large quantities from producers at lower prices. They then break the bulk into smaller units and sell them in manageable quantities to retailers. This enables small shops and market traders to buy only what they can afford or sell quickly. For example, a wholesaler in Kumasi may buy thousands of cartons of soft drinks from a beverage factory and sell them in crates to small retailers across the Ashanti Region.
2. **Storage of Goods:** Wholesalers provide storage facilities for goods until they are needed by retailers. This reduces the burden on producers and ensures that products are available when required. Storage also helps stabilise prices and prevents shortages in the market. For instance, a rice wholesaler in Tamale may store large bags of imported rice in warehouses and release them gradually to retailers to maintain supply and avoid price hikes.
3. **Financing Producers and Retailers:** Wholesalers sometimes pay cash to producers, providing them with working capital to continue production. They may also offer credit facilities to retailers who cannot pay immediately. This financial support keeps the supply chain moving. For example, a wholesaler of cement may pay Dangote Cement Company upfront and then allow local retailers to pay in instalments after reselling to builders.
4. **Price Stabilisation:** By buying and storing goods in bulk, wholesalers help reduce price fluctuations. They release products into the market gradually, especially during periods of high demand or shortages. This helps maintain relatively stable prices for both retailers and consumers. For example, during festive seasons, wholesalers of cooking oil may release stored stock to prevent prices from rising too quickly.
5. **Risk Bearing:** Wholesalers bear many of the risks associated with buying and storing goods. These include the risk of price changes, damage, theft, spoilage, or lack of demand. By assuming these risks, wholesalers protect both producers and retailers.

For example, if a wholesaler stores soap and a portion of it gets damaged, the retailer or manufacturer is not directly affected.

6. **Marketing and Promotion:** Some wholesalers help to promote goods by introducing new products to retailers, organising product demonstrations, or offering special discounts. This helps producers reach a wider market without spending heavily on marketing themselves. For example, a pharmaceutical wholesaler may hold training for pharmacy retailers on how to sell a new health supplement.
7. **Provision of Market Information:** Wholesalers serve as a link between producers and retailers. They gather and pass on important market information such as customer preferences, sales trends, and competitor activity. This helps manufacturers adjust their products and marketing strategies accordingly. For instance, a wholesaler in Accra may inform a tomato paste producer that demand is shifting towards smaller, more affordable sachets.

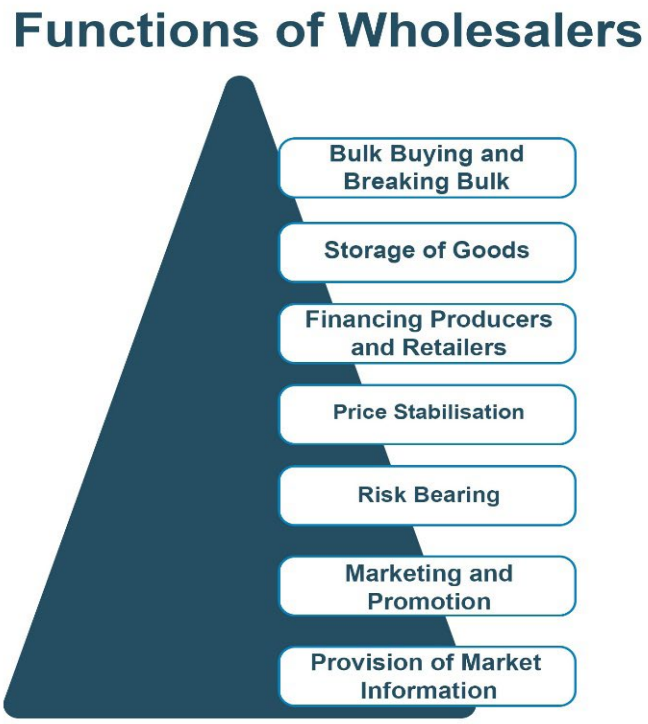


Figure 3.16: Functions of Wholesalers

MEANING OF A RETAILER

A retailer is the final link in the distribution chain. Retailers buy goods from wholesalers or directly from producers and sell them in small quantities to the final consumers for personal or household use. They make goods accessible and convenient to buy, especially in local communities. Example: A provision shop in Sunyani sells milk, bread, soap, and other daily essentials to individuals and families in the area.

Functions of Retailers

Retailers perform many essential functions that make goods and services accessible, convenient, and responsive to consumer needs. Below are the main functions of retailers.

1. **Selling Goods to Final Consumers:** The primary function of the retailer is to sell goods and services to the final consumer for personal or household use. They make products available in the right quantity, quality, and at convenient locations. For example, a provision shop in Ho sells items like bread, soap, and drinks to local residents who may not be able to visit large stores or wholesalers.
2. **Providing a Variety of Goods:** Retailers stock a wide range of goods from different manufacturers and wholesalers, offering customers several options to choose from. This helps to satisfy diverse tastes and preferences. For instance, a supermarket in Accra may offer several brands of rice, toothpaste, and beverages under one roof, making it easy for customers to compare and select.
3. **Providing Information to Consumers:** Retailers give advice and information to customers about product features, prices, warranties, and usage. They help customers make informed choices, especially for unfamiliar or new products. For example, a mobile phone retailer may explain the features of different phone models to a customer to help them choose the best one based on their budget and needs.
4. **Providing Feedback to Wholesalers and Producers:** Retailers communicate consumer preferences, complaints, and buying habits back to wholesalers and manufacturers. This helps producers adjust their product design, quality, pricing, or packaging to better meet market needs. A shopkeeper in Wa, for instance, may report that a new brand of soap is not selling well because customers do not like its scent.
5. **Offering After-Sales Services:** Some retailers offer support after the sale, including installation, repairs, return services, or advice on product use. These services increase customer satisfaction and trust. For example, an electronics retailer in Kumasi may offer a free installation for a new television or allow customers to return faulty products within a specific time.
6. **Breaking Bulk for Convenience:** Retailers buy goods in bulk from wholesalers and sell them in smaller, more affordable units to consumers. This allows customers to purchase only what they need or can afford at a time. A shopkeeper may buy a carton of bottled water from a wholesaler but sell the bottles individually to buyers.
7. **Creating Employment:** Retailers help reduce unemployment by creating jobs directly in shops and indirectly through supporting activities like delivery, stocking, and cleaning. For example, large retail outlets like Melcom employ cashiers, shelf attendants, security personnel, and logistics workers.
8. **Promoting Products:** Retailers sometimes display and advertise products to attract customer attention and boost sales. They may use signs, posters, discounts, or in-store promotions to support manufacturers' marketing efforts. For instance, a clothing shop in Cape Coast might organise an end-of-season sale to clear old stock and introduce new items.



Figure 3:17: Functions of retailers

Activity 3.22 Functions of Wholesalers

1. In pairs, recall and discuss:
   a. The elements of a contract – can you remember the meaning of the terms: offer, acceptance, capacity, legality?
   b. The channels of distribution
2. Think about the following question and share your thoughts as part of a class-wide discussion: *"Yesterday, you bought a bottle of drink from a shop. Who made sure it got there? What roles did others play before it reached the shop?"*
3. Read the case study below and answer the questions that follow.

Case Study: Kwame's Wholesale Depot – Tamale

Kwame owns a wholesale depot in Tamale that supplies goods such as sugar, rice, bottled water, drinks, soap, and cooking oil to retailers across the Northern Region.

Every month, Kwame buys goods in very large quantities directly from producers in Accra and Tema. Since retailers cannot afford to buy in such bulk, Kwame breaks the goods down into smaller units and sells them to shopkeepers, provision stores, and market women in Tamale and surrounding towns.

Kwame keeps a big warehouse where he stores extra stock, ensuring that retailers always get goods when they need them, even during shortages. He also offers credit facilities to trusted retailers who may not have ready cash but promise to pay later.

To make his business competitive, Kwame stocks different brands of the same product like three types of cooking oil and five brands of soap so that retailers can choose based

on what their customers prefer. He also provides retailers with posters and flyers given to him by producers, helping to advertise the goods in their shops.

Kwame keeps a close relationship with producers and regularly sends them feedback. For example, when retailers reported that a new bottled water brand had weak seals, Kwame quickly passed the complaint on to the manufacturer. His business also supports employment. He hires loaders, drivers and clerks, and often trains apprentices in record-keeping and stock management.

Questions

a. How does Kwame help retailers buy goods in the right quantities?
b. Which part of the case shows that Kwame stores goods for future use?
c. What examples show that Kwame provides variety for retailers?
d. How does Kwame help producers advertise and promote their products?
e. Which example shows Kwame giving feedback to producers?
f. How does Kwame's wholesale depot support financing for retailers?
g. In what ways does Kwame's business contribute to employment in his community?

4. From the lessons learnt in the case, in pairs, discuss:
   a. The **meaning** of a wholesaler
   b. The **functions** of a wholesaler
   c. Why wholesalers are **important** in the distribution process.

Activity 3.23 Functions of Retailers

1. Read the case study below and answer the questions that follow.

Case Study: Yayra the Retailer – Sunyani

Yayra runs a small retail shop called "Yayra's Super Shop" in Sunyani. She buys goods such as rice, soap, milk, and soft drinks from wholesalers and sells them directly to final consumers. Since most of her customers cannot afford to buy in bulk, Yayra breaks down the goods into smaller quantities. For example, she sells rice in cups instead of full bags and single bars of soap instead of whole cartons.

To meet customer needs, Yayra stocks different brands of the same products, like three kinds of rice, different cooking oils, and several brands of milk. This gives customers a chance to compare and choose according to their taste and budget.

She also guides customers when they are confused. For instance, when a customer is unsure about which milk to buy, Yayra explains the differences between brands, including which lasts longer after opening. After-sales service is another important part of her business. For electronics such as irons or kettles, she allows customers to return faulty items within three days.

Yayra also pays attention to feedback. When her customers complained about a new soap brand with a strong smell, she stopped stocking it and informed the wholesaler. To attract

more buyers, Yayra arranges her shop neatly and runs discounts during festive seasons, such as lowering the price of cooking oil at Christmas. In addition, she employs two shop assistants and a delivery boy, helping to create jobs in her community.
Through these activities, Yayra makes shopping easy, convenient, and reliable for her customers.

Questions

a. How does Yayra make goods available in smaller quantities to her customers?
b. What examples from the case show that Yayra provides a variety of goods for customers to choose from?
c. How does Yayra help customers make better buying decisions?
d. Which part of the case shows that Yayra offers after-sales service?
e. How does Yayra respond to customer complaints or feedback?
f. What activities does Yayra do to attract and retain her customers?
g. In what way does Yayra's shop create jobs in the community?
h. From Yayra's story, work in pairs to
    i. Define a retailer, citing relevant examples
    ii. What functions of a retailer can you identify? Discuss

2. Join with another pair and prepare a short role play that shows the role of either a retailer or a wholesaler. Choose which type of organisation you will be and the functions you will showcase (for example, customer service). Practice your skit and perform it for the rest of the class.

PEOPLE IN MARKETING

In marketing, "People" refers to everyone involved in a business who directly or indirectly affects customer satisfaction. This mainly includes employees (such as sales assistants, customer service staff, delivery workers, and managers) whose skills, attitude, and behaviour shape how customers view the business. Even customers, suppliers, and other stakeholders can also influence this perception through their interactions and feedback.

Importance of People in the Marketing Mix

1. **Customer Experience and Trust:** Employees interact with customers daily, and the way they serve determines whether customers trust and return to the business. *Example:* At a bank in Accra, a friendly customer service officer who explains loan terms clearly builds confidence and encourages customers to return.
2. **Brand and Reputation:** Staff are often seen as the "face" of the business. Their behaviour shapes how people talk about the business in the community. *Example:* In a small food joint in Cape Coast, the owner's respectful service attracts loyal customers who recommend the place to friends.

3. **Competitive Advantage:** While competitors can copy products or prices, they cannot easily copy a motivated and skilled workforce. A good team gives the business a unique edge. *Example:* A hotel in Kumasi stands out because its staff greet guests warmly in both English and Twi, creating a lasting impression that competitors struggle to match.
4. **Sales and Service Recovery:** Well-trained employees not only boost sales by explaining products but can also turn negative situations into positive ones. *Example:* At a phone shop in Takoradi, when a customer complains about a faulty charger, the shop assistant quickly replaces it and apologises, making the customer more loyal to the shop.
5. **Provides Local Insight and Fosters Innovation:** Employees from the community understand local culture, language, and needs, helping the business adapt better. *Example:* A clothing store in Tamale employs local staff who suggest adding traditional smock designs, which attracts more customers.
6. **Ensures Consistency and Quality:** Trained staff make sure customers enjoy the same quality of service, whether in a big city or small town branch. *Example:* MTN Ghana trains its agents so that whether a customer buys airtime in Accra or Wa, they receive the same reliable service.
7. **Strengthens Community Connection:** Hiring local workers builds trust and shows commitment to the community, making people more likely to support the business. *Example:* A cocoa processing company in the Eastern Region employs local youth, creating goodwill and stronger customer support within the community.



Figure 3:18: People in the marketing mix

Activity 3.24 The Meaning and Importance of People in the Marketing Mix

1. Think about a business or organisation you know. Write down the different types of workers you usually see there.
2. Describe these workers in your own words. For example, what kind of work do they do? How do they behave towards customers?

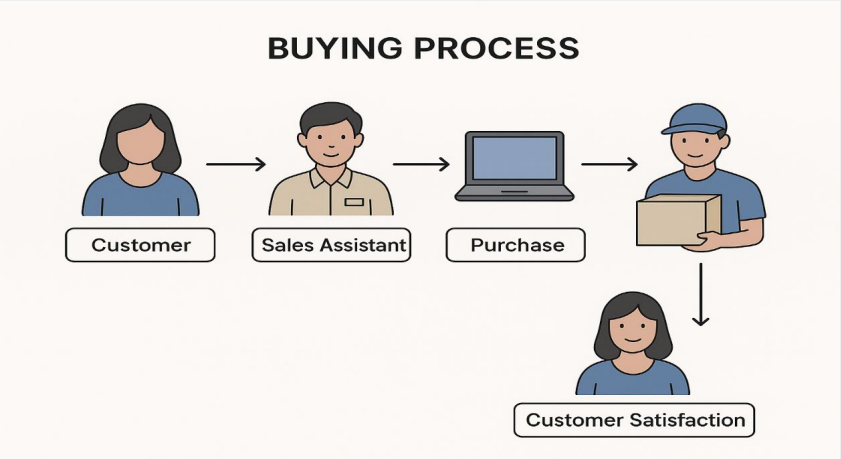
3. Now think outside the organisation. Who are the people who are not working in the organisation but are affected by what it does? Write them down.
4. In your own words, explain what you understand by "People" in the marketing mix.

Activity 3.25 Real-life Experience with "People" in Organisations

1. Form groups of five and assign roles to each member. For example:
   a. Customer
   b. Sales assistant
   c. Delivery person
   d. Security
   e. Manager, etc.
2. Act out or role-play a buying process (e.g., purchasing a book, food, clothes or a laptop, etc.).
3. After the role-play, discuss your experiences. How did the behaviour of each person in the organisation affect the buying process or make you feel?
4. Share real-life experiences where staff or employees influenced your decision to buy a product.
5. Share real-life experiences where staff or employees influenced your decision not to buy a product.

Activity 3.26 Importance of "People"

1. Observe the diagram below. Briefly describe the role of each person in the buying process



2. In pairs, discuss the points below.
   a. Why is each of these people important in making the buying process smooth and successful?
   b. How can the attitude of each person (friendly, rude, helpful, careless, professional) affect a customer's decision to buy?
   c. List at least five ways people (staff/employees) help to improve customer satisfaction.
   d. List at least three ways people can cause customers to stop buying from a business.

   Be prepared to share your answers in a class-wide discussion.
3. Imagine you visit two different shops to buy the same item.
   a. In Shop A, the staff are welcoming and helpful.
   b. In Shop B, the staff are rude and ignore you.
      → Discuss in your group: Which shop will you return to and why?

PROCESS IN THE MARKETING MIX

In marketing, *process* refers to the organised steps businesses use to design, deliver, and improve their products or services for customers. It covers activities such as researching the market, planning strategies, putting campaigns into action, and reviewing results to ensure customers are satisfied while the business grows.

The Processes Involved in Marketing

1. **Understanding Consumer Needs:** Identifying the target audience and knowing what they want.
   Example: A Ghanaian fashion brand studies customer preferences for colours and styles before launching a new clothing line.
2. **Developing a Marketing Strategy:** Creating a plan that matches the company's goals.
   Example: A start-up food delivery app in Accra designs a strategy that focuses on affordability and fast delivery.
3. **Executing the Strategy:** Implementing the plan through various channels.
   Example: A bank advertises its mobile app on the radio, social media, and billboards to reach different audiences.
4. **Monitoring and Adjusting:** Tracking progress and making improvements.
   Example: An online shop checks customer feedback and changes its delivery process to make it faster.

Importance of Process in the Marketing Mix

1. **Enhances Customer Experience (CX):** A clear and smooth process gives customers a better experience at every stage (from first contact to after-sales support).
   Example: MTN Ghana's mobile money system is designed to be fast and simple, which keeps customers loyal.

2. **Ensures Consistency and Quality:** Standard processes guarantee that the same level of quality is delivered every time, regardless of who serves the customer. *Example: KFC in Ghana serves food with the same taste and quality at every branch, building customer trust.*
3. **Drives Efficiency and Saves Costs:** Streamlined processes cut down waste, errors, and delays, saving money and time.
   Example: Jumia Ghana's efficient online ordering and delivery system reduces mistakes and lowers operating costs.
4. **Boosts Employee Productivity and Morale:** When employees clearly understand their roles through defined processes, they work more confidently and effectively. *Example: A hotel with a clear check-in and check-out process allows staff to serve guests quickly, improving both staff satisfaction and customer service.*
5. **Facilitates Growth and Expansion:** Well-structured processes make it easier for businesses to expand without confusion. *Example: A local restaurant with a strong delivery process can scale into a food chain across multiple cities.*
6. **Enables Data Collection and Insights:** Every stage of a digital process generates useful information about customer behaviour. *Example: A Ghanaian e-commerce site tracks which products customers search for most and uses the data to stock more of those items.*
7. **Reduces Risk and Improves Compliance:** Defined processes help businesses follow laws and reduce mistakes that may damage their reputation. *Example: A bank ensures its loan approval process follows Bank of Ghana regulations, reducing legal risks.*
8. **Creates Competitive Advantage:** A company with better processes can stand out even if products are similar. *Example: Vodafone Ghana's fast and reliable customer service call centre gives it an edge over other telecom providers.*

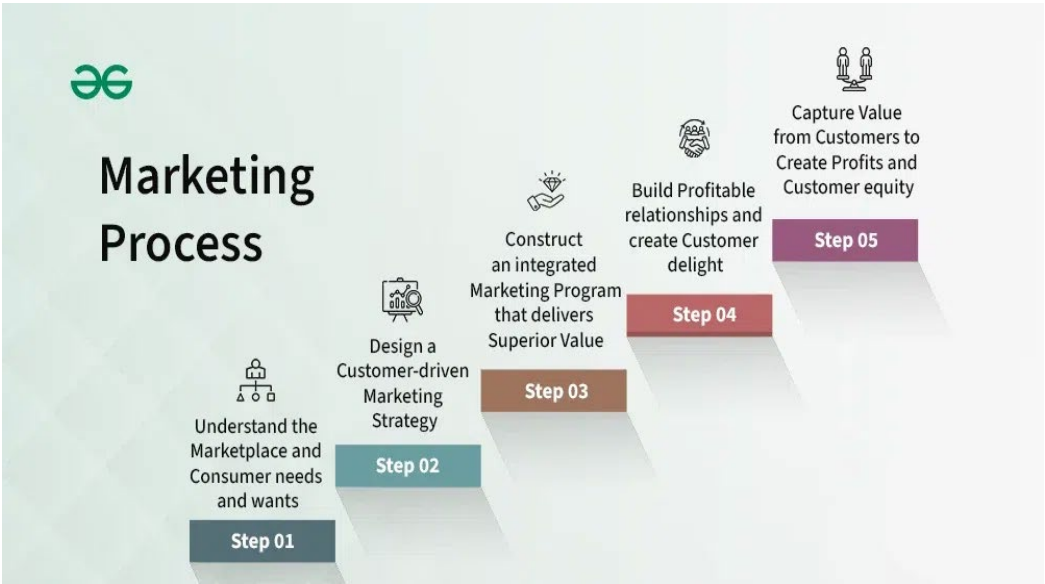


Figure 3:19: Marketing Process

Activity 3.27 Process in Marketing

1. Brainstorm a response to the following question
   a. *When you buy something online or from a shop, what steps happen before, during, and after the purchase?*
   b. Write down your responses in chronological order.
   c. Link your answers to the idea of *process in marketing*.
   d. Write down your own definition of the marketing process. Share your ideas as part of a whole-class discussion and refine your definition as needed.

Activity 3.28 Debate - Process versus Product (Extended Learning)

Topic: *"A strong process is more important than a strong product in business success."*

1. Your teacher will arrange you into two groups, with one group speaking for and the other speaking against the motion.
2. In your group, prepare your arguments for or against the motion and agree on the roles you will take (for example, principal and supporting speakers, note taker, question taker, etc).
3. The principal speaker will have 10 minutes, while the supporting speakers will have 5 minutes each to present their arguments.
4. Listen respectfully and frame rebuttal questions constructively.

PHYSICAL EVIDENCE IN MARKETING

Physical evidence in marketing refers to the visible or tangible things that help customers judge a product or service. Since services cannot be touched or tested before use, physical evidence provides signs that influence trust and perception. Examples include shop layout, packaging, staff uniforms, logos, and even customer reviews.

Importance of Physical Evidence in the Marketing Mix

1. **Reduces Perceived Risk and Builds Trust:** Customers are unsure when buying a service because they cannot "see" it beforehand. Physical evidence gives them proof of quality and professionalism. *Example: A hospital with clean wards, modern machines, and staff in neat uniforms reassures patients about safety and quality care.*

2. **Shapes First Impressions and Perceptions of Quality:** The look and feel of a business often create the first image in the customer's mind, even before they try the service. *Example: A well-decorated restaurant with clean tables and good lighting creates the impression of high-quality food.*

3. **Communicates Brand Identity and Positioning:** Physical evidence reflects what the brand stands for. It shows whether the business is luxurious, affordable, modern, or traditional. *Example: A five-star hotel with gold-plated décor and luxury furniture*

communicates wealth and exclusivity.

4. **Differentiates from Competitors:** A business can stand out by offering unique or attractive physical evidence compared to others. *Example: An airline offering stylish in-flight magazines and branded amenities differentiates itself from budget airlines.*
5. **Facilitates Service Delivery and Customer Experience:** A good physical environment makes the service process smoother and more enjoyable for customers. *Example: A bank with clear signs, well-arranged counters, and comfortable waiting chairs makes customers' visits stress-free.*
6. **Provides Tangible Cues for Intangible Services:** Physical evidence makes services feel more "real" by giving customers something they can hold or see. *Example: A spa handing out brochures, receipts, and branded towels provides tangible proof of the service.*
7. **Enhances Employee Morale and Productivity:** A clean and pleasant working environment motivates staff and improves their performance. *Example: A call centre with bright lighting, air conditioning, and organised desks boosts workers' morale and efficiency.*
8. **Facilitates Social Interaction and Atmosphere:** The design of the space can encourage communication or create a desired mood for the service. *Example: A coffee shop with open seating and background music creates a lively, social environment, while a library maintains quiet and calmness.*

Activity 3.29 Physical Evidence in Business

Picture Analysis

1. Look at the picture of the two different businesses below (neat food joint vs. dirty food joint)
2. Which of the food joints will you buy from? Why?.
3. Write three reasons why you may not like to buy from a dirty food joint.
4. State three reasons why you will buy from a neat food joint.
5. Explain how the physical environment influences customers' choice to buy or not.



Activity 3.30 Design of Physical Evidence of a Business

Design Challenge

1. Form a group with some classmates and design a simple layout for a business of your choice (hospital, shop, café, bank).
2. Properly label your business layout to include branding, staff appearance, and customer space. Think about the key physical evidence important to your chosen business (e.g., tidy reception area, noticeboard, changing rooms or waiting areas)
3. *Presentation*: As a group, present your design and explain how its physical evidence builds trust and attracts customers. You could choose to role-play part of your presentation to demonstrate how the physical evidence and environment are important to your business's success.

E-BUSINESS

E-business (electronic business) refers to all business activities that are carried out using the internet or other digital networks. It goes beyond just buying and selling online (e-commerce) to include every part of a business that can be done digitally. This may include communication with customers, managing employees, handling payments, storing information, and even providing services.

Example: A bank offering online account opening, mobile apps for transactions, and digital customer service is practising e-business.

Key Features of E-Business

1. **Covers All Business Functions, Not Just Selling**

   E-business includes customer service, human resource management, supply chain, and finance.

   Example: Amazon not only sells products but also manages warehouses, deliveries, and customer support online.

2. **Depends on Information and Communication Technology (ICTs)**

   E-business relies on computers, the internet, and mobile apps to run smoothly.

   Example: MTN Ghana uses mobile applications and online payment systems to support its services.

3. **Improves Efficiency and Speed**

   Tasks are completed faster and with fewer errors when done digitally.

   Example: Airlines allow customers to book tickets and check in online, saving time at the airport.

4. **Expands Business Reach**

   Companies can serve customers beyond their physical location, even globally.

   Example: Jumia sells goods to customers across several African countries without opening physical shops in all locations.

Comparison Between E-Business and Digital Marketing

Aspect	E-Business	Digital Marketing
Definition	Conducting business processes online	Promoting products or services online
Scope	Covers sales, operations, and customer service	Focuses on advertising, customer engagement, and conversions
Key Activities	Online transactions, supply chain management, CRM	SEO, social media marketing, email campaigns, PPC ads
Business Model vs. Strategy	A business model integrating digital tools	A marketing strategy to attract customers
Customer Interaction	Involves order fulfilment, service delivery, and support	Focuses on brand awareness, engagement, and lead generation
Revenue Generation	Earns money through online sales, subscriptions, and digital services	Supports sales by attracting and converting leads
Examples	Amazon's online retail and mobile banking services	Facebook ads, Google search advertising, influencer promotions

Tools in E-Business

1. **E-Commerce Platforms (Online Shops):** These are software solutions that allow businesses to sell products and services online. They provide features like product display, order management, and secure payments.

   Example: A clothing brand can use Shopify or WooCommerce to create an online shop where customers can browse, order, and pay online.

2. **Customer Relationship Management (CRM) Systems:** CRM tools help businesses store and manage customer information such as contacts, purchase history, and communication. They also automate tasks like sending follow-up emails and improving customer service.

   Example: A hotel using **Zoho CRM** can track guest bookings, send promotional offers, and manage feedback all in one system.

3. **Enterprise Resource Planning (ERP) Systems**

   ERP systems are software suites that bring all major business operations together into one platform. They handle finance, inventory, supply chain, HR, and more, giving the business one central source of information.

Example: A manufacturing company using SAP can monitor raw materials, track production, and manage sales in one system.

Digital Marketing Tools

These tools are used to promote businesses online, attract customers, and measure marketing performance.

1. **SEO Tools – Help websites rank higher on Google.**

   Example: A travel agency uses Semrush to improve its website visibility on search engines.

2. **Social Media Management Tools – Help businesses plan, post and monitor social media activities.**
   Example: A bakery uses Hootsuite to schedule Facebook and Instagram posts in advance.

3. **Email Marketing Platforms – Help businesses send newsletters, promotions and automated emails.**
   Example: A bookstore uses Mailchimp to send discount offers to its subscribers.

4. **Advertising Platforms – Allow businesses to run paid adverts online.**
   Example: A small business runs ads on Google Ads to attract more visitors to its website.

5. **Content Creation Tools – Used to design visuals, graphics, and videos.**
   Example: A school uses Canva to design flyers and social media posts.



Figure 3:20: Examples of Digital Tools

Payment Gateways and Digital Payment Systems

These make it possible for businesses to collect money online safely. They accept payments through credit cards, mobile money, and bank transfers.

Example: An online electronics shop in Ghana uses Paystack to receive payments via MTN Mobile Money and Visa cards.

Communication and Collaboration Tools

These tools make teamwork easier, especially for businesses with remote workers. They support messaging, video meetings, and document sharing.

Example: A company uses Zoom for virtual meetings and Google Workspace for document collaboration.

Analytics and Reporting Tools

These track and analyse customer behaviour, website traffic, and sales data to help businesses make better decisions.

Example: An online shop uses Google Analytics to see which products customers view most and where visitors come from.

Customer Service and Support Tools

These tools help businesses respond to customer questions, complaints, and feedback quickly. They improve customer satisfaction and loyalty.

Example: A telecom company uses Zendesk to manage customer complaints and track their resolution.



Figure 3:21: Examples of E-Commerce / online shopping Platforms

Activity 3.31 Ghanaian Businesses on E-Commerce Platforms

Write in the table below, five businesses in Ghana that are featured on e-commerce platforms.

SN	Name of Companies	E-commerce Platforms featured
1	E.g.: GCB Bank/ Verna Water	GCB Mobile App/ jiji ghana
2		
3		
4		
5		

Activity 3.32 Digital Tools

Examine the image below critically.

a. Identify each digital tool by symbol and by name.
b. Sketch the symbol of the digital tool, and write its corresponding name in the table below.



SN	Symbol of Digital Tools	Name of Digital Tools
1		
2		
3		

Activity 3.33 E-Commerce

1. Select two products of your choice
   a. State three digital tools you would use to promote the products online.
   b. What e-commerce platform would you use to sell the products?
   c. Write down three differences between digital tools and e-commerce.

   Note that you could use digital tools to research your answers.
2. Arrange yourself into small groups of no more than five. Choose a Ghanaian business that operates online using digital tools, such as a local garment maker selling directly on Instagram. Alternatively, your teacher may allocate you a business to study.

   In your groups, consider the following questions
   a. How does your chosen business reach customers online?
   b. What digital activities do they engage in besides selling?
   c. What kinds of digital tools do they use to promote or sell the products?

   Present your work on flip chart paper for discussion and feedback.

E-BUSINESS MODEL

An e-business model describes the way a business uses the internet and digital platforms to operate, deliver value and generate income. With the rise of technology, many businesses now carry out buying, selling, customer service and marketing online. Different types of e-business models have emerged, depending on who the business serves and how it delivers its goods or services.

Common Types of E-Business Models

1. **Business-to-Consumer (B2C):** This is the most common type of e-business model, where businesses sell products or services directly to individual customers through the internet. Customers can browse, order and pay for goods online, and the products are delivered to them. Local Example: Jumia Ghana allows people to buy items like electronics, clothes, and food directly through its website or app.
2. **Business-to-Business (B2B):** In this model, one business sells products or services to another business using an online platform. This often involves larger quantities and long-term partnerships. Example: Alibaba is a B2B platform where companies from different countries buy goods in bulk directly from manufacturers and suppliers.
3. **Consumer-to-Consumer (C2C):** This model allows individuals to sell goods or services to other individuals, usually through a third-party platform that connects them. These platforms often provide payment systems and customer protection. Tonaton.com allows people in Ghana to sell items like phones, cars, and furniture to other individuals.

4. **Consumer-to-Business (C2B):** In this model, individuals offer products or services to businesses. It is the opposite of B2C. People can sell their skills, content, or ideas directly to a company online. Example: A Ghanaian graphic designer may use Fiverr to offer design services to international businesses.

5. **Business-to-Government (B2G):** This model involves businesses providing goods or services to government agencies or departments through digital platforms. Example: A Ghanaian IT firm may bid online to provide computer services to a government ministry.

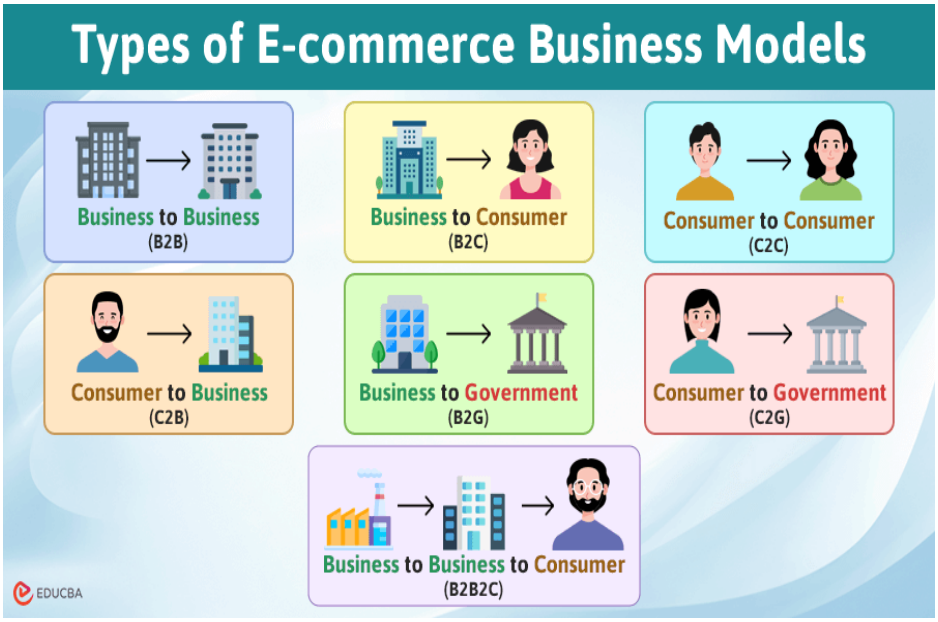


Figure 3:22: Types of E-Business Models

Benefits of E-Business

E-business provides several important advantages to modern businesses. It enables companies to operate efficiently, serve customers conveniently, and access new markets using digital platforms. Below are some of the most common benefits, supported by local and international examples.

1. **Wider Market Reach:** E-business enables companies to reach customers across regions and even around the world without the need for physical shops. This allows businesses to grow faster and expand their customer base with minimal infrastructure. Example: A Ghanaian clothing brand in Kumasi can sell its designs to customers in Accra, Takoradi, or even abroad using social media platforms or an online store.

2. **Lower Operating Costs:** Running an online business often costs less than operating a traditional brick-and-mortar shop. Businesses save on rent, electricity, and staffing expenses, allowing them to operate more efficiently and at lower risk. Example: Amazon began as an online bookstore, saving high costs by not opening physical stores across the United States.

3. **Convenience for Customers:** Online businesses offer customers the flexibility to shop at any time and from any location using a mobile phone or computer. This saves time, reduces stress, and meets the expectations of modern, tech-savvy consumers. Example:

A student in Cape Coast can order a phone case from Jumia at midnight and have it delivered in a few days.

4. **Easier Marketing and Customer Interaction:** Digital tools such as websites, emails, and social media platforms make it easier for businesses to advertise, promote products, and interact directly with customers. Businesses can respond to enquiries, share updates, and build stronger customer relationships with ease. Example: A shoe seller in Tamale can promote new arrivals on Facebook and engage with customers through comments or messages.
5. **Access to Business Data and Feedback:** Online businesses can track customer behaviour such as product views, purchase history, and search trends. This information helps businesses make informed decisions to improve products, services, and marketing strategies. Example: An online store in Accra can monitor which products are most viewed and promote those items more frequently to increase sales



Figure 3:23: Benefits of E-Business

Activity 3.34 E-Business Models

Copy the table into your notebooks. Write the full meaning of the abbreviated e-business model, and give an example to support it.

SN	E-Business Model	Full Meaning	Example
1	B2B		
2	B2C		
3	C2C		
4	C2B		
5	B2G		

Activity 3.35 Scenario on E-Business Models

Arrange yourself in a small group of no more than five. Study the case below and answer the questions that follow.

Short Business Scenario

Ama is a young entrepreneur in Ghana who sells handmade African print bags. At first, she sold them only at a small shop in Kumasi. Later, she decided to take her business online.

She created a Facebook page to display her products and respond to customer questions. She listed her bags on Jumia Ghana, where customers across the country could order and pay online. Sometimes, she buys materials in bulk from Alibaba, an international B2B platform.

A freelance photographer also offered his services to Ama through Fiverr to help her take professional product pictures. Recently, Ama noticed that online sales reduced her shop rent costs and helped her reach customers in Accra, Tamale, and even abroad.

Questions

a. Identify and explain two different e-business models that Ama is using in the scenario.

b. How has e-business helped Ama to reduce her operating costs?

c. Give two examples of the benefits Ama enjoys from moving her business online.

d. If Ama decides to sell her bags directly to a government ministry through an online platform, which e-business model will that be? Explain briefly.

e. Present your analysis of the case study to the class. You may choose how you want to do this, for example, as a poster, on flip chart paper, or as a monologue from Ama's perspective.

Activity 3.36 Project Work: Create Your Own Online Business Idea

1. In your groups, design a simple e-business idea.
   a. Decide what product/service you want to sell.
   b. Identify the e-business model (B2C, B2B, C2C, etc.) that would apply to your business and the online tools you would use.
   c. List the benefits you expect from using an online platform.
   d. Present your business idea to the class for discussion and feedback.
2. Reflect on what you have learned about e-business and digital marketing and answer the following question in your workbook: What benefits does an online model bring to a new start-up business?

CHALLENGES OF E-BUSINESS

While e-business offers many benefits, it also comes with several challenges that can affect both businesses and consumers. These challenges are especially common in developing economies like Ghana, where access to digital infrastructure and trust in online systems can be limited. Below are some of the major challenges of e-business, supported by relevant local and international examples.

1. **Poor Internet Access:** In many areas, particularly rural or underserved communities, internet access may be slow, unreliable, or expensive. This makes it difficult for businesses to operate consistently online or for customers to browse and complete purchases. Example: A small business in the Upper West Region may find it difficult to update its online store regularly or respond to customer enquiries due to unstable internet connectivity.
2. **Online Payment Issues:** Many customers hesitate to use digital payment methods such as mobile money, debit cards, or online banking due to concerns about fraud, lack of digital literacy, or poor access to banking services. This limits the effectiveness of online transactions. In some parts of Ghana, customers avoid online payments due to the fear of scams or unfamiliarity with how digital payment systems work.
3. **High Competition:** Because the internet removes geographical barriers, businesses face intense competition from local and international brands. Small or newly established businesses may find it difficult to attract attention or maintain a customer base. Examples: A small cosmetics business on Instagram in Ghana may struggle to compete with established beauty brands that have larger marketing budgets and loyal followers. New online clothing stores find it challenging to gain market share when competing with global platforms like ASOS and Shein.
4. **Delivery and Logistics Problems:** Challenges in transportation and logistics, such as poor road networks, delays by courier services, or high delivery costs, can negatively affect the customer experience and the reliability of e-business operations. Examples: A customer ordering an item from Accra to Bolgatanga may experience several days of delay or receive a damaged product due to long travel times and poor packaging.
5. **Cybersecurity Risks:** E-business platforms are vulnerable to cyber threats, including hacking, phishing scams, and data breaches. These risks can damage a company's reputation, compromise customer information, and lead to loss of trust. Examples: A Ghanaian online seller may lose customers if their website or social media account is hacked and used to post misleading information or steal payment details. Large corporations such as Facebook have experienced data breaches affecting millions of users, raising serious concerns about digital privacy and security.



Figure 3:24: Challenges of E-Business

Future Trends in E-Business

E-business continues to evolve rapidly due to advances in technology and changes in customer behaviour. Businesses must adapt to these emerging trends to remain competitive and meet modern expectations. Below are some key future trends shaping the world of e-business, along with relevant local and international examples.

1. **Mobile Commerce (M-Commerce):** More customers now shop using their mobile phones. E-businesses are focusing on mobile-friendly websites, apps, and mobile money platforms to make online shopping easier and more accessible. Examples: In Ghana, many people use MTN Mobile Money or Vodafone Cash to pay for items ordered on platforms like Jumia, without needing a bank account. In China, mobile commerce is widespread through platforms like WeChat and Alipay, allowing users to browse, pay, and communicate all from their smartphones.
2. **Social Media Shopping:** Social media platforms are becoming powerful online marketplaces. Businesses use tools on Facebook, Instagram, and TikTok to sell products directly through their pages or via live streaming. **Examples:** A fashion seller in Kumasi can post clothes on Instagram or run a Facebook Live session where customers place orders in real time through comments. In the United States, TikTok Shop allows small businesses to display and sell products during livestreams, merging entertainment and commerce.
3. **Artificial Intelligence (AI) and Chatbots:** AI is being used to improve customer experience through personalised recommendations, automated customer service, and data analysis. Chatbots can answer customer enquiries 24/7 without human staff. **Examples:** Some banks in Ghana now use chatbots on their websites or WhatsApp to assist customers with account information and service requests. Amazon uses AI to suggest products based on a customer's browsing history and preferences, increasing the chance of repeat sales.

4. **Faster and More Flexible Delivery Options:** Customers now expect quicker, more reliable delivery. E-businesses are investing in logistics systems, including drone delivery and real-time tracking, to meet this demand. **Examples:** Some courier services in Accra provide same-day delivery within the city for food and fashion items ordered online. Companies like DHL and Amazon are experimenting with drone delivery in countries like the USA and Germany to speed up shipping.
5. **Use of Data Analytics:** Businesses are increasingly using customer data to study buying behaviour, predict trends, and make decisions. Data helps them improve marketing strategies and stock management. **Examples:** An online grocery shop in Accra may use sales data to learn which products are most popular during weekends and promote them more. Netflix tracks viewer preferences to suggest new shows and plan what content to produce in future.
6. **Growth of Voice Commerce:** Customers are beginning to shop by speaking to smart devices like smartphones and home assistants (e.g. Alexa or Google Assistant), making transactions even easier. **Example:** Though still emerging in Ghana, voice searches like "order airtime" through smartphone apps are becoming more common. In the United States and Europe, customers can order groceries or products by simply saying, "Alexa, buy washing powder," and it's added to their online cart.

Activity 3.37 Challenges of E-Business

1. List problems you or your relatives or friends have faced when shopping online.

SN	Problems Faced When Shopping Online
1	
2	
3	
4	
5	

2. Work in small groups to analyse the case study below and answer the questions that follow.

Case Study

A shop owner in Enchi in the Western North Region tries to sell shoes online but cannot update her page because of poor internet. Customers also refuse to pay with mobile money because they fear fraud. Her competitor in Accra sells faster because he has better access to delivery services.

a. Identify at least three challenges of e-business in the case.

b. Suggest solutions to each of the identified challenges of e-business above.

c. Present your answers as part of a class-wide discussion on the challenges of e-business. Refine or add to your answers as a result of the discussions.

Activity 3.38 Future Trend of E-Business



1. Carefully study the diagram above. Working in pairs or small groups:
   a. Describe what you see in each of the four sections.
   b. Research how each of the trends (what you see in the diagram) is being applied both in Ghana and globally.
   c. Presents your findings as a brief presentation to the class.

2. Scenario

Ama orders clothes using her phone, pays through MTN Mobile Money, receives her order by drone delivery, and the seller uses sales data to recommend new products.

With a partner, do the tasks below.

a. Identify each trend in the story.

b. Explain how each trend benefits both Ama and the seller.

c. Which trends will shape the future of business most? Justify your answer.

3. Share your responses as part of a wider class discussion on the predicted changes in how businesses will operate online over the next 5–10 years.
4. Work with your classmates to draft a timeline of your predicted changes.
5. Copy your agreed timeline into your workbooks.

REVIEW QUESTIONS 3

1. Define the four main stages of the Product Life Cycle.
2. Define “market segmentation” and its purpose.
3. Describe how packaging contributes to product branding and protection.
4. Explain how a company's Promotion Mix might change through the stages of the Product Life Cycle (introduction → decline).
5. Analyse the importance of aligning packaging, pricing, Promotion Mix, and segmentation for an international product launch.

SECTION

4

ENTREPRENEURSHIP AND DEVELOPING BUSINESS PLANS



GLOCAL BUSINESSES

Business Development

INTRODUCTION

Every successful business begins with a good idea and a clear plan. Entrepreneurs do not just start businesses by chance; they carefully consider where their ideas come from, how the business will be organised, and the steps needed to succeed. A business plan is therefore, an important tool that guides entrepreneurs in turning their ideas into reality. In this section, you will learn about entrepreneurs, their characteristics, and the roles they play in society. You will also study the documents they use, small businesses and how they are set up, sources of business ideas, the types of business plans, and the key features that make a plan useful. In addition, you will practise how to identify problems in your community and turn them into business opportunities. By the end of the section, you should be able to explain the different sources of business ideas, describe and distinguish among the various types of business plans, and demonstrate how a business plan helps entrepreneurs achieve their goals.

This section builds on your earlier learning, and the recap areas in the table below highlight the background knowledge that links directly to the concepts in this section, supporting your understanding of entrepreneurship and business planning.

KEY IDEAS

- **Business Plan:** A written guide that shows the goals of a business, how to achieve them, and the resources needed.
- **Entrepreneurship:** Identifying business opportunities, organising resources, taking risks, and creating businesses to make a profit.
- **Key Features of a Business Plan:** Executive summary, business description, products/services, target market, marketing strategies, financial plan, and management structure.
- **Sources of Business Ideas:** Personal interests, market needs, gaps in the market, work experience/skills, franchising, research and technology, social media trends, and problems in society.
- **Types of Business Plans**
  - **Start-up Plan:** For new businesses – focuses on products, customers, marketing, and funding.
  - **Operational Plan:** For daily running of the business – staff duties, logistics, and schedules.
  - **Strategic Plan:** For long-term goals (3–5 years) – growth, competition, and expansion.
  - **Growth/Expansion Plan:** For scaling up – adding new products, opening branches, or reaching new markets.

MEANING OF ENTREPRENEURSHIP

Entrepreneurship is the process of identifying a business opportunity and taking the initiative to organise, manage and assume the risks of starting a new business venture to make a profit. It often involves innovation, creativity, and the willingness to take calculated risks to develop new products, services, or markets. At its core, entrepreneurship is about **solving problems** and **creating value**, whether through a new business, a new approach to an existing market, or a fresh solution to a persistent issue.

Entrepreneur

An entrepreneur is someone who develops and runs a business, taking financial risks to profit. Entrepreneurs frequently discover market challenges or opportunities and develop creative ideas, goods or services to address them.

Characteristics of Entrepreneurs

1. **Innovation**: Entrepreneurs develop new concepts or enhance existing products and services.
   a. Local example: Alloysius Attah co-founded Farmerline (Ghana), an agritech firm that employs mobile technology to assist farmers with weather forecasts, market prices and financial services.
   b. Elon Musk's firms, Tesla and SpaceX, have revolutionised electric transportation and space travel.
2. **Risk-taking**: Entrepreneurs commit time, money and energy in enterprises with unknown results. For instance, Kwabena Danso, creator of Boomers International, took a chance by founding a bamboo bicycle business that now exports globally.
3. **Proactiveness**: Entrepreneurs pursue or create opportunities, rather than waiting for them to arise. Example: Edward Amartey-Tagoe, co-founder of Nandimobile, developed a platform for businesses to communicate with clients by SMS when internet connectivity was limited.
4. **Visionary**: Entrepreneurs set clear goals and work towards achieving them. For example, Bright Simons, the founder of Pedigree, aimed to tackle counterfeit medications in Africa through mobile verification.
5. **Quality Decision-Making**: Entrepreneurs typically need to make quick and informed decisions despite little information. For instance, Reed Hastings, CEO of Netflix, made daring decisions to migrate from DVD rentals to Internet streaming, which led to transforming the entertainment business.
6. **Effective Leadership**: Entrepreneurs motivate and manage teams towards a common goal. For example, Patricia Poku-Diaby, CEO of Plot Enterprise Ghana, oversees one of the major cocoa processing enterprises in West Africa.
7. **Passion and Motivation**: For people who are entrepreneurs, their love for their work drives them forward despite hurdles. For instance, Mark Zuckerberg's love for computing and social interaction led to the creation of Facebook, a globally influential tech platform.

8. **Adaptability and Flexibility**: Entrepreneurs must respond to market or environmental changes. For instance, Sesi Technologies, a Ghanaian startup, focused on manufacturing low-cost grain moisture meters for farmers after analysing market need.
9. **Persistence**: Entrepreneurs remain committed in the face of failure or rejection. An example is Apostle Dr Ing. Kwadwo Safo Kantanka founded Kantanka Automobile in 1994. He is a Ghanaian innovator and entrepreneur who has made significant contributions to the country's automotive industry.
10. **Goal-oriented**: Entrepreneurs establish defined targets and work consistently to achieve them. An example of this is Bill Gates' objective of putting "a computer on every desk and in every home" was mainly achieved through Microsoft.

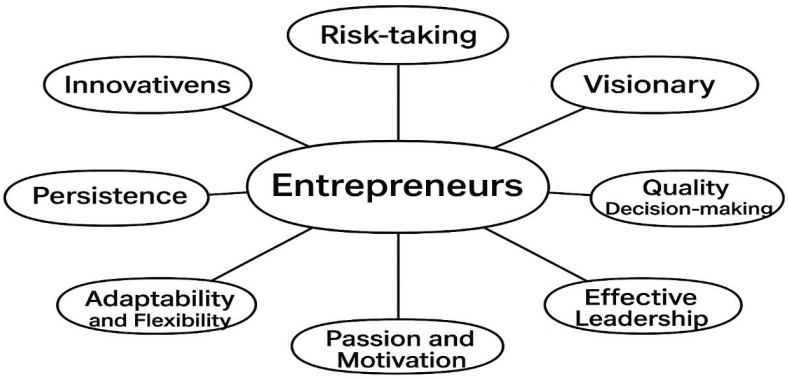


Figure 4.1: Characteristics of Entrepreneurs

Activity 4.1 Entrepreneurship and Its characteristics

1. Reflect on learning from year 1 by;
   a. Defining business.
   b. Briefly writing notes on the forms of business organisations. Use the table below as a template.

Business is defined as ……	
Forms of business organisations	
i.	
ii.	
iii.	
iv.	

2.
   a. Group yourselves in teams of five members and discuss the meaning of business and the forms of business organisations.

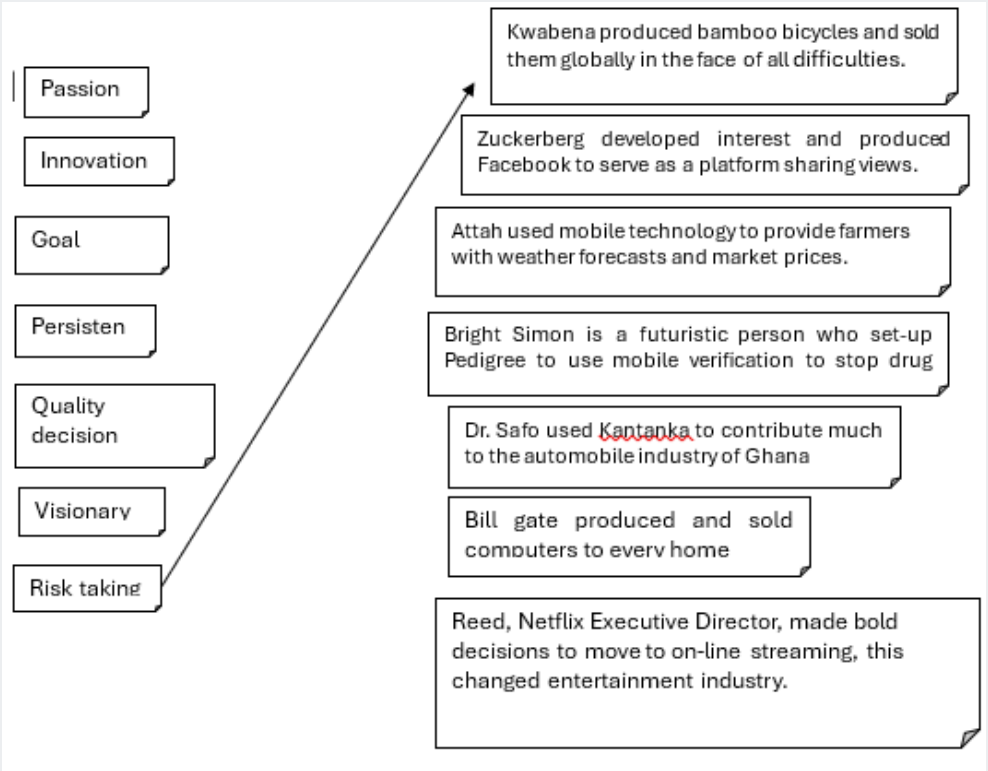
b. Use the understanding you derived above to define and discuss the meaning of the following terms.

   i. Entrepreneurship
   ii. Entrepreneur.

This table can be copied and completed in your notebooks as a form of presenting your response to question **2 b.** above.

Entrepreneurship is ……. Entrepreneur…….

3. In pairs, match the characteristics below with the corresponding example on the right-hand side and give reasons for your match.
4. Each pair should make a presentation to the class on two of the characteristics and examples of the notes prepared above within 5 minutes.



5. Individually create a concept map showing the characteristics of entrepreneurs and display it for a gallery walk.

THE ROLES OF ENTREPRENEURS

Entrepreneurs' roles allude to their significant contributions and obligations in the economy and society. The following are some essential roles that entrepreneurs play.

1. **Innovation and growth**: Entrepreneurs drive innovation and industrial growth by introducing novel ideas and methods. In Ghana, some people use mobile technology to help farmers sell their crops or to provide digital financial services. These inventions boost industry productivity and help address common problems more effectively.
2. **Creation of jobs**: Entrepreneurs create new enterprises and expand current ones. As a result, they create job possibilities for residents in local areas. For example, a young entrepreneur opening a small bakery in Wa will require personnel to bake, sell, and deliver bread. This reduces unemployment and brings optimism to many Ghanaians, particularly the youth.
3. **Contribution to Gross Domestic Product (GDP)**: GDP is a country's total worth of produced goods and services. Entrepreneurs contribute to this by manufacturing clothing, food, and software, as well as providing services such as transportation, education and health care. Their operations increase the national income.
4. **Boosting Local Economies**: Establishing enterprises in towns and villages brings money, jobs and services closer to communities. This minimises the burden on major cities while allowing less developed places to expand. A shea butter production business in the Northern Region, for example, might benefit the local economy by purchasing from local women and selling completed products in Ghana and beyond.
5. **Taxes**: Entrepreneurs are responsible for paying income, VAT and corporation taxes. These taxes fund the government's construction of schools, hospitals and roads, as well as the provision of important services. Without these levies, the government would struggle to meet national requirements.
6. **Import Substitution and Export Promotion**: Ghanaian entrepreneurs manufacture things that were previously imported. This minimises the amount of foreign goods we buy while also saving money. Others create exportable goods, such as cocoa or handmade crafts, which bring foreign currency into the country.
7. **Social Impact**: Some entrepreneurs want to alleviate community problems in addition to generating revenue. These are referred to as "social entrepreneurs." Some people may develop enterprises to provide clean drinking water, low-cost education, or economical health care. They improve people's lives while operating successful enterprises.
8. **Promotes Self-Reliance**: Entrepreneurship encourages individuals to rely on their own ideas and efforts. Instead of waiting for government jobs or foreign help, people are urged to create their own chances and improve their lives and those of others.
9. **Developing Human Capital**: Entrepreneurs often teach their employees to obtain new skills. For example, a fashion designer may teach young apprentices sewing and business skills. This training increases people's capabilities and strengthens Ghana's workforce.

Activity 4.2 The Roles of Entrepreneurs in the Economy

1. Reflect on your previous knowledge on the topics below.
   a. The meaning and characteristics of entrepreneurs,
   b. The role of business in society, domestic and international trade.
2. Form small study groups of no more than five and complete the following tasks:
   a. Discuss the different roles of entrepreneurs.
   b. Discuss the impact of entrepreneurship on both the local and global economies.
   c. Each group summarise their work in a brief presentation either on flip charts or any other chosen media of communication. ***See the table below as a template on how to note down your points during your discussion.***
   d. Each member of the group should actively take part in the group discussion.

2a.	
b.	
c.	

3. Each group will be allocated 10-12 minutes as time to present their group work for feedback. If a group could not complete their presentation within the time allotted, it can be done during any of the free periods for further clarification, if necessary.

WAYS OF ENTERING A BUSINESS

1. **Starting a New Business (Entrepreneurship):** This involves creating a business from scratch, developing unique products or services, and establishing a brand identity. It requires planning, funding, and execution, including market research, legal registration, and operational setup.
2. **Buying an Existing Business:** Instead of starting from zero, purchasing an already established business provides access to an existing customer base, infrastructure, and operational processes. This approach involves financial negotiation, legal due diligence, and potential restructuring to align with new objectives.
3. **Franchising:** Franchising allows individuals to operate under an established brand, using its proven business model. Franchise agreements typically include guidelines on operations, marketing, and product offerings, ensuring consistency across different locations while benefiting from brand recognition.
4. **Joint Ventures and Partnerships:** This method involves two or more businesses collaborating to combine resources, expertise, and market reach. Partnerships can focus on product development, expansion into new markets, or enhancing operational efficiency. Joint ventures often require shared decision-making and formal agreements outlining roles and responsibilities.

5. **Licensing:** A business can enter the market by acquiring the rights to use intellectual property, such as technology, trademarks, or brand names. Licensing agreements enable businesses to leverage existing successful products or innovations without direct ownership, making it an effective method for expansion.
6. **Exporting and International Expansion:** Businesses seeking broader markets may enter through exporting goods or services to foreign countries. This requires understanding international trade regulations, adapting products to cultural preferences, and developing distribution networks to facilitate smooth operations.

Activity 4.3 Ways of Entering into Business

1. Refresh your mind back to what you learnt on approaches to international business and explain the following:
   a. Franchising
   b. Licensing,
   c. Wholly-owned subsidiary
   d. Joint ventures
2. In pairs, read the scenario below and answer the questions that follow:

Scenario

A young entrepreneur is interested in establishing a fast-food restaurant in Ghana and eventually expanding abroad. The individual has some savings, access to potential investors, and a strong passion for the food service industry. However, this young entrepreneur is uncertain about the best way to enter the business and is considering different options but has not yet made a final decision.

Questions

a. Identify the possible ways this entrepreneur could enter into the fast-food business.
b. Discuss the advantages and disadvantages of each option.
c. Recommend the most suitable entry method with reasons.

3. Present your group work for feedback from other groups.

DOCUMENTS AND RECORDS NEEDED BY ENTREPRENEURS

1. **Business Plan**: This is a written document that explains the business idea, goals, and how the business will operate. It also includes plans for marketing, sales, and expected income and expenses.
2. **Certificate of Registration**: An official document from the government that shows the business is legally recognised and allowed to operate.

3. **Tax Identification Number (TIN) Certificate** – A number given by the tax office to identify the business for tax purposes. It is needed to pay taxes and to do official financial transactions.
4. **Operating License or Permit**: Permission from local authorities to run a specific type of business in a particular location. For example, a restaurant needs a food service permit.
5. **Bank Statement**: A record from the bank showing the business's deposits, withdrawals, and balance. It helps track money flow and is often used when applying for loans or attracting investors.
6. **Receipts and Invoices**: Receipts show proof of payment, while invoices show requests for payment. These documents are used to record sales and purchases for proper financial management.
7. **Contracts and Agreements**: Written documents that clearly state the terms of business relationships, such as agreements with suppliers, employees, or business partners.
8. **Employee Records**: Files that contain important details about workers, such as their contracts, salaries, and personal information. They help in managing staff and ensuring compliance with labour laws.

Importance of Keeping Records by Entrepreneurs

1. **Legal Compliance:** Proper documentation ensures businesses adhere to tax laws, employment regulations, and industry-specific requirements. Licenses, contracts, and agreements protect entrepreneurs from legal disputes and penalties.
2. **Financial Management & Tax Reporting:** Keeping financial records like invoices, receipts, and tax filings helps track income, expenses, and profitability. Accurate records simplify tax reporting, ensuring timely payments and avoiding penalties.
3. **Business Decision-Making:** Financial statements and operational records provide insights into business performance, helping entrepreneurs make informed decisions. Data-driven strategies improve growth planning and resource allocation.
4. **Investor & Lender Confidence:** Investors and banks require detailed financial records to assess business viability before providing funding. Well-maintained records enhance credibility and increase the chances of securing investments.
5. **Audit Preparedness & Risk Management:** Organised records facilitate smooth audits, ensuring transparency and accountability. Documentation helps entrepreneurs identify risks and implement corrective measures.
6. **Historical Reference & Business Growth:** Records serve as a historical reference, allowing businesses to track progress and refine strategies. Entrepreneurs can analyse past trends to forecast future opportunities.

Activity 4.4 Documents Needed by Entrepreneurs

1. In your previous studies, you learnt about the documents used in domestic and international trade. Reflect and do the following:
   a. Individually, list the documents you can remember.
   b. Share with a colleague how these documents are used and explain their importance
2. In pairs, identify documents that are used by entrepreneurs to run their businesses. Use the table below to organise your ideas.

Name of document	Purpose-What entrepreneurs use the document for

3. Observe the following images of sample documents and answer the questions that follow.

Document 1



CONTRACT

THIS AGREEMENT is made this [DAY] day of [MONTH], [YEAR], by and between:

FIRST PARTY _____
a [describe type of entity], with a prinicpipal place of business located at: _____

SECOND PARTY _____
a [describe business] hocarne to cr bmisiness located at:

RECITALS
WHEREAS, the FIRST PARTY is engaged in [describe business]; and _____

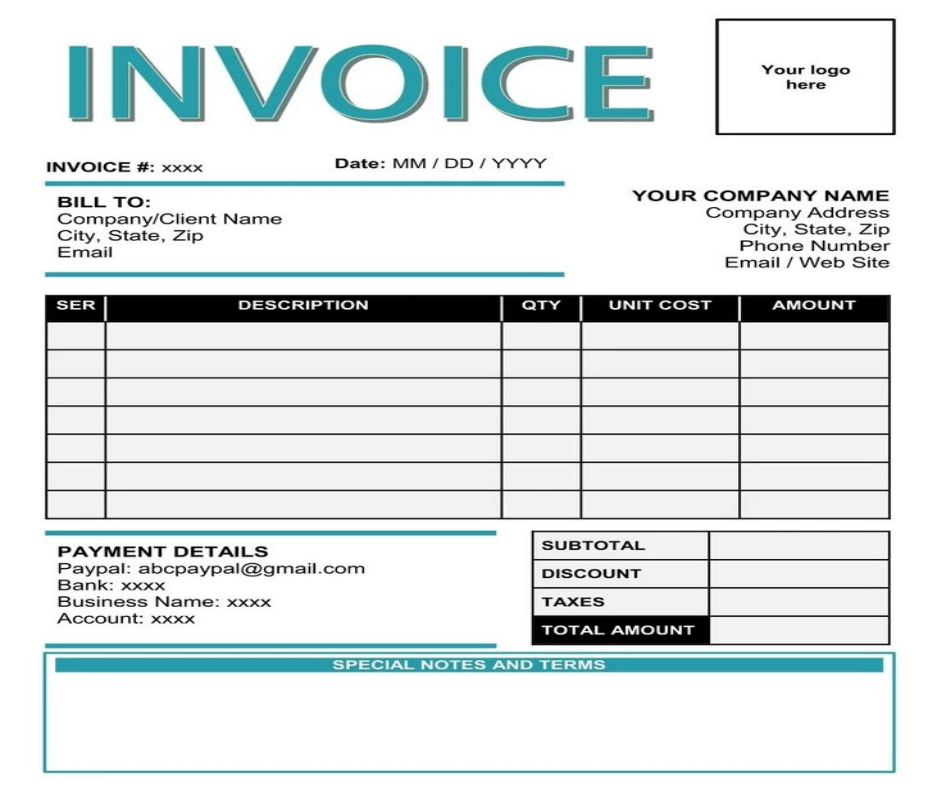
TERMS AND CONDITIONS
1. The FIRST PARTY agrees to [provide describe in detail the services, goods, or work to be performed].
2. The SECOND PARTY agrees to pay the FIRST PARTY [describe compensation].

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

_____ FIRST PARTY

_____ SECOND PARTY

Document 2



INVOICE

Your logo here

INVOICE #: xxxx Date: MM / DD / YYYY

BILL TO:
Company/Client Name
City, State, Zip
Email

YOUR COMPANY NAME
Company Address
City, State, Zip
Phone Number
Email / Web Site

SER	DESCRIPTION	QTY	UNIT COST	AMOUNT

PAYMENT DETAILS
Paypal: abcpaypal@gmail.com
Bank: xxxx
Business Name: xxxx
Account: xxxx

SUBTOTAL	
DISCOUNT	
TAXES	
TOTAL AMOUNT	

SPECIAL NOTES AND TERMS

Document 3



Reg No. BN443372019 TIN: P0008964496

REPUBLIC OF GHANA

The Registration of Business Names Act, 1962(No.151)

Certificate of Registration

I hereby certify that the following Business Name has been registered under the above-mentioned Act as No. BN444362020, viz,

FRANKYS CUSMETICS

Dated this 19th day of June 2019

For Registrar of Companies

Document 4



OPERATING
LICENSE OR PERMIT

This is to certify that

NAME _____

is authorized to operate

BUSINESS _____

in the _____

JURISDICTION _____

Issued on _____

SIGNATURE _____

Document 5

FIRST BANK OF WIKI
1425 JAMES ST, PO BOX 4000
VICTORIA BC V8X 3X4 1-800-555-5555

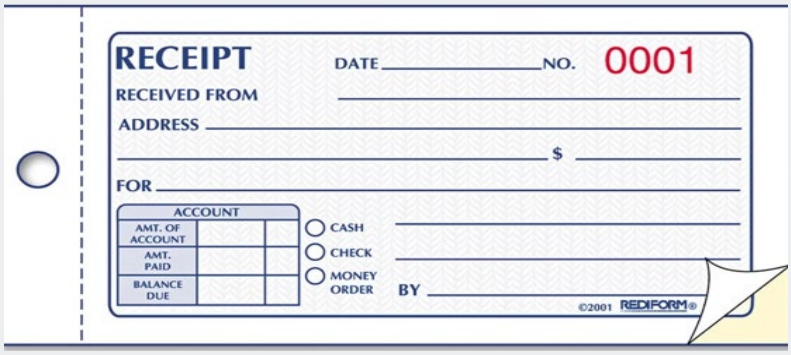
CHEQUING ACCOUNT STATEMENT

JOHN JONES
1643 DUNDAS ST W APT 27
TORONTO ON M6K 1V2

Statement period	Account No.
2003-10-09 to 2003-11-08	

Date	Description	Ref.	Withdrawals	Deposits	Balance
2003-10-08	Previous balance				0.55
2003-10-14	Payroll Deposit - HOTEL			694.81	695.36
2003-10-14	Web Bill Payment - MASTERCARD	9685	200.00		495.36
2003-10-16	ATM Withdrawal - INTERAC	3990	21.25		474.11
2003-10-16	Fees - Interac		1.50		472.61
2003-10-18	Interac Purchase - ELECTRONICS	1175	2.50		272.61
2003-10-11	Web Bill Payment - AMEX	3031	250.00		132.63
2003-10-22	ATM Withdrawal - FIRST BANK	6924	198.08		-69.53
2003-10-28	Interac Purchase - ELECTRONIKET	1636	23.55		40.54
2003-10-29	Interac Boerac - ELECTRONICS	1875		2.99	49.53
2003-10-20	Web Bill Payment - AMES	1975	6.77		34.55
2003-11-01	Payroll Deposit - HOTEL			695.81	731.67
2003-11-02	Web Funds Transfer - From SAVINGS	2620		50.00	782.63
2003-11-04	Plaasepnn Peicued - INSURANCE		33.33		738.68
2003-11-06	Cheque Overdraft		100.00		783.68
2003-11-06	Fees - Overdraft		246.60		-67.47
2003-11-06	Fees - Monpity		5.00		-67.47
2003-11-08	Fees - Montity		3.03		-72.47
	*** Totals ***		1.513.63	1.442.61	

Document 6



RECEIPT DATE _____ NO. 0001

RECEIVED FROM _____

ADDRESS _____

_____ $ _____

FOR _____

ACCOUNT		
AMT. OF ACCOUNT		
AMT. PAID		
BALANCE DUE		

CASH
CHECK
MONEY ORDER

BY _____

©2001 REDIFORM®

Document 7



EMPLOYEE RECORD

Name _____

Address _____

Phone _____ Email _____

EMPLOYMENT DETAILS

Date of Birth _____ Date of Hire _____

Job Title _____

DEPARTMENT

_____

EMERGENCY CONTACT

Name _____ Relationship _____

Phone _____

NOTES

_____

_____

_____

_____

_____

Document 8



TIN NUMBER
(TAXPAYER IDENTIFICATION NUMBER)

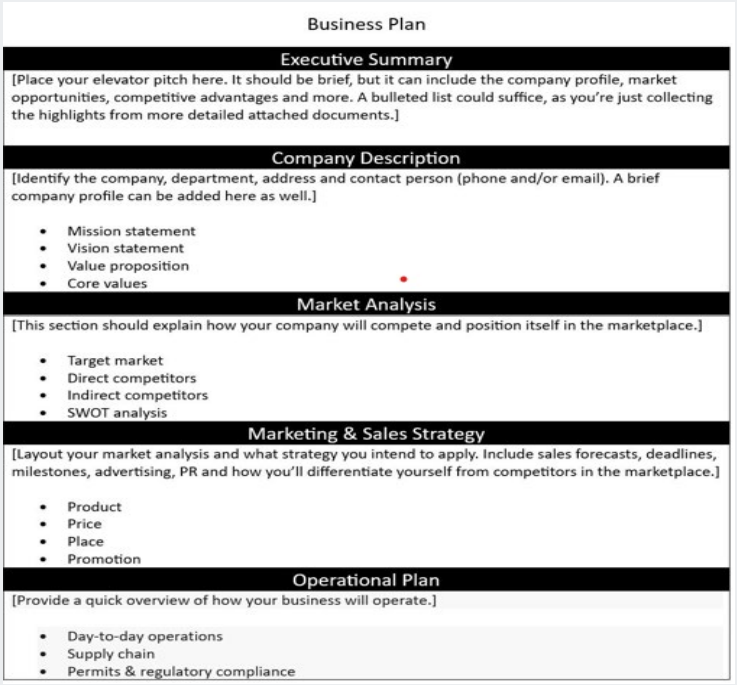
CERTIFICATE

TIN:
123456789

SAMPLE

FOR EDUCATIONAL PURPOSES ONLY

Document 9



Business Plan

Executive Summary

[Place your elevator pitch here. It should be brief, but it can include the company profile, market opportunities, competitive advantages and more. A bulleted list could suffice, as you're just collecting the highlights from more detailed attached documents.]

Company Description

[Identify the company, department, address and contact person (phone and/or email). A brief company profile can be added here as well.]

- Mission statement
- Vision statement
- Value proposition
- Core values

Market Analysis

[This section should explain how your company will compete and position itself in the marketplace.]

- Target market
- Direct competitors
- Indirect competitors
- SWOT analysis

Marketing & Sales Strategy

[Layout your market analysis and what strategy you intend to apply. Include sales forecasts, deadlines, milestones, advertising, PR and how you'll differentiate yourself from competitors in the marketplace.]

- Product
- Price
- Place
- Promotion

Operational Plan

[Provide a quick overview of how your business will operate.]

- Day-to-day operations
- Supply chain
- Permits & regulatory compliance

With a partner, do the following task after observing the images above.

a. Identify each document (Document 1 – Document 9) by its name.
b. Describe how each document is used and explain its importance.
c. Present your work using the table below.

Document Number	Document Name	How It Is Used	Importance
Document 1			
Document 2			
Document 3			
Document 4			
Document 5			
Document 6			
Document 7			
Document 8			
Document 9			

4. Share your work with another pair for feedback.

SMALL BUSINESS

A **small business** is an independently owned and operated enterprise that has a relatively small scale of operations, a limited number of employees, and lower revenue compared to larger firms.

Typically, privately owned by individuals or small groups with fewer employees (1 – 50 employees) and lower revenue. Small businesses often serve a local market and have limited capital. Small businesses can take different legal structures, such as sole proprietorships, partnerships, or companies. Examples include retail shops, local restaurants, microfinance institutions, etc.

In most cases, the classification of a business as "small" depends on factors such as:

a. Number of employees

b. Annual turnover or revenue,

c. Capital investment,

d. Ownership structure (usually sole proprietorship or partnership).

Process of Setting up a Business

1. **Identify a Business Idea**: Begin by identifying a product or service that addresses a problem or fills a gap in the market. A good business idea should be realistic, marketable, and aligned with your interests or expertise.
2. **Conduct Market Research**: Research your target audience, competitors and industry trends. This helps you understand customer needs, pricing expectations and how to position your product or service for success**.**
3. **Develop a Business Plan**: Create a structured business plan that includes your mission, goals, marketing strategy, operational plan, financial projections and funding needs. A strong plan serves as a roadmap and is often required when seeking investors or loans.
4. **Choose a Business Name and Legal**: Select a unique and memorable business name. Decide whether to operate as a sole proprietorship, partnership, limited liability company (LLC), or corporation, each has different legal and tax implications.
5. **Register the Business**: Register your business with the appropriate government body (e.g., Registrar General's Department in Ghana). This step may include obtaining business licenses, tax identification numbers and relevant permits.
6. **Secure Capital or Funding**: Determine how much money you need to start and sustain your business. Explore funding options such as personal savings, bank loans, grants, or investors. Having adequate funding ensures smooth operations.
7. **Set up Your Business Location**: Choose a location based on your business type, whether it's a storefront, home office, or online platform. Ensure it complies with zoning laws and is accessible to your target customers.

8. **Hire Employees (if necessary)**: If your business requires staff, begin the recruitment process. Comply with employment laws, offer proper contracts, and establish roles and responsibilities.
9. **Launch and Manage Operations**: Promote your business using marketing tools such as flyers, social media and word of mouth. Begin selling your product or service, monitor performance, manage finances, and adjust strategies based on feedback and market changes. Stay consistent and open to improvement.

Activity 4.5 The Meaning of a Small Business

1. Using a mind map or concept map, recap your prior learning on:
   a. The meaning of business
   b. The forms of business organisations
   c. The classifications of business
2. Individually, list examples of businesses that you consider to be **small businesses** and **large businesses.**

Examples of Small Businesses	Examples of Large Businesses
*	*
*	*
*	*
*	*
*	*
*	*

3. Share your list with a colleague and explain why you think those businesses fall under **small** and **large** businesses.
4. In pairs, brainstorm and come up with the definition of a **small business,** citing relevant examples.
5. Discuss the **key features** or **factors** that classify a business as **small.**

Activity 4.6 The Process of Setting up a Small Business

1. In small groups:
   a. Think about starting a business and come up with your own ideas for the process you would take to set up the business.
   b. Share your ideas with other groups for feedback.

2. Read the case scenario below and answer the questions that follow.

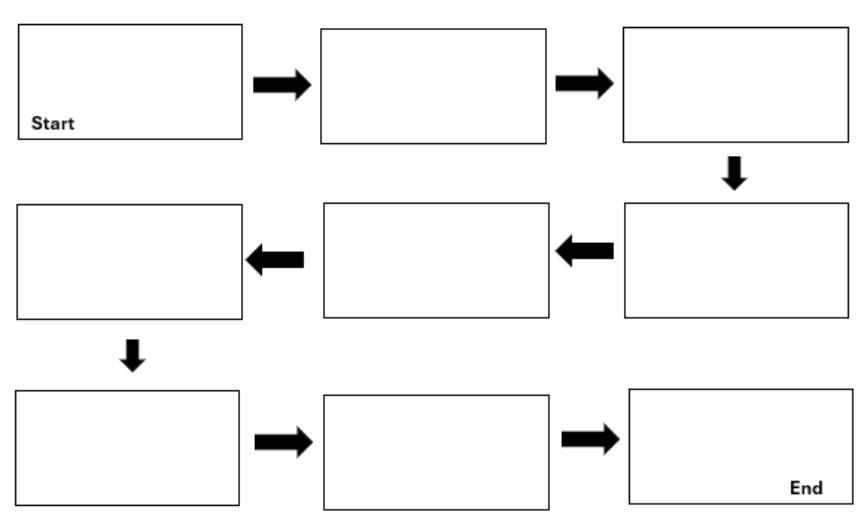
Two SHS friends decided to start a shea butter business because raw materials were available locally and demand was high. They carried out market research by talking to shop owners and customers, learning that people preferred quality and well-packaged products. They prepared a business plan with their goals, production methods, costs, and marketing strategies. They chose a unique name and agreed to operate as a partnership.

Next, they registered the business at the Registrar General's Department, obtained Certificate of Registration, TIN, and health permit. To raise money, they combined savings and took a small loan. They rented a small workshop that met health standards and hired two workers from their community under simple contracts.

Finally, they launched the business by producing their first batch of shea butter, marketed it through flyers, social media, and word of mouth, and kept records of sales and expenses.

a. From the case, identify the **steps the two friends followed** to set up their shea butter business.

b. Present your answers in the flow chart below.



REASONS FOR BUSINESSES SUCCESS

1. **Clear Vision and Planning**: A successful business begins with a well-defined vision and mission that guide all operations. A solid business plan outlines goals, target market, budget, marketing strategies, and expected outcomes. Planning helps anticipate challenges and align efforts across departments.
2. **Good Financial Management**: Effective financial management ensures that a business lives within its means. This includes budgeting, tracking income and expenses, managing cash flow, securing funding when necessary, and planning for long-term financial goals. A business that monitors and controls its finances is more likely to stay stable and grow.

3. **Customer Focus**: Businesses that put customers at the heart of their operations tend to thrive. This means listening to customer feedback, providing excellent service, offering quality products, and creating value. Satisfied customers return and recommend the business to others, building brand loyalty and reputation.
4. **Strong Leadership**: Good leaders inspire their teams, communicate clearly, and make decisions that align with the business's goals. They are proactive in solving problems and encourage innovation. Strong leadership helps employees feel supported and motivated, which increases productivity.
5. **Innovation and Adaptability**: Markets and customer needs change constantly. Successful businesses innovate by improving products, services, or processes. They adapt quickly to industry trends, new technologies, and competitive threats, ensuring long-term relevance and customer satisfaction.
6. **Efficient Operations**: Streamlined internal processes such as inventory management, production, and supply chain logistics help a business operate smoothly and at lower cost. Efficiency reduces waste, improves turnaround time, and increases the company's capacity to meet customer demand.
7. **Skilled and Motivated Workforce**: Employees are an asset. Hiring the right people, offering continuous training, and maintaining a supportive work environment lead to higher performance. A skilled workforce brings fresh ideas and ensures consistent delivery of products or services.

Reasons for Business Failures

1. **Lack of Planning**: Without a clear plan, a business may drift without direction. Poor planning can result in overspending, targeting the wrong market, or missing key opportunities. It also increases the risk of being unprepared for obstacles such as competition, regulation changes, or economic downturns.
2. **Poor Financial Control**: Many businesses fail because they run out of cash, not necessarily because they aren't profitable. This often happens due to overspending, inadequate pricing strategies, or failing to keep track of financial performance. Without a budget and financial monitoring, even small mistakes can lead to closure.
3. **Ignoring Market Needs**: A common cause of failure is offering products or services that don't solve a real problem or don't appeal to the target market. Failing to conduct proper market research or adapt to customer feedback can lead to declining sales and eventual collapse.
4. **Weak Marketing and Promotion**: Even the best product won't sell if no one knows about it. Businesses that don't invest in effective marketing struggle to attract and retain customers. Weak branding, poor social media presence, or inconsistent messaging can result in low awareness and reduced revenue.
5. **Inadequate Leadership**: Leadership directly impacts a business's culture and performance. A lack of vision, indecisiveness, or poor management can lead to low employee morale, high turnover, and missed opportunities. Without a strong leader, a business may struggle to grow or even survive.

6. **High Competition and Market Saturation**: In industries with many similar businesses, those that fail to differentiate themselves can get pushed out. If a business can't compete on price, quality, or unique value, it may lose customers to competitors.
7. **Legal or Compliance Failures**: Not complying with industry regulations, tax laws, or safety standards can result in fines, lawsuits, or forced shutdowns. Responsible businesses regularly update their knowledge of legal requirements and ensure they are operating within the law.

Activity 4.7 The Reasons for Businesses' Successes and Failures

1. Recap with a colleague on the topics below.
   a. The challenges of running any of the forms of business organisations (sole proprietorship, partnership, companies, state-owned enterprises) that could lead to their failure.
   b. The managerial skills required to overcome such challenges.
2. Form two study groups and complete the following activities:
   a. **Group A:** Discuss the reasons why some businesses fail
   b. **Group B:** Discuss the reasons why some businesses succeed.

Reasons why businesses fail	Reasons why businesses succeed

   c. Each group should take turns presenting their work to the class, while the other group listens and provides feedback.
3. In groups, read the case below carefully and answer the questions that follow.

Case Study: The Rise and Fall of a Clothing Shop

A clothing shop opened in a busy market but soon failed. The owners had no clear business plan, managed money poorly, and ignored customer needs by selling expensive clothes in a price-sensitive area. They also did little marketing, faced strong competition, and showed weak leadership, which resulted in unmotivated staff, poor customer service, and complaints being ignored. Eventually, the shop could not pay its rent and was forced to shut down.

Later, the business was relaunched with better strategies. This time, the owners created a clear vision and plan, improved financial management, and became more customer-focused by stocking affordable, trendy clothes that matched demand. With strong leadership, motivated staff, and effective marketing and innovation (such as online sales, discounts, and mobile money payments), the shop became efficient, competitive, and reliable.

The result was a successful business that gained loyal customers, rebuilt its reputation, and eventually opened a new branch in a nearby town.

Questions

a. What were the main reasons for the failure of the clothing shop?

b. How did poor financial management affect the first business attempt?

c. What steps did the owners take to make the business successful when they relaunched?

d. Which of the success factors do you think was the most important? Why?

e. What lessons can other entrepreneurs learn from this case?

BUSINESS PLAN

A business plan is a written document that outlines a business's goals, the strategies to achieve them and the resources needed. It explains how a business will operate, how it will attract customers, how it will make a profit and how it will deal with challenges. It acts as a roadmap to guide the entrepreneur in starting, running and growing the business. A business plan is usually prepared before the business begins, but it can be updated as the business grows or changes.

Example: Kwame wants to start a small cocoa-processing business in Kumasi. He writes a business plan that explains what he will produce, who his customers are, how much capital he needs, and how he will sell and deliver his products. This document helps him secure a loan from a bank and guides him in running the business successfully.

Key Features of a Business Plan

1. **Clearly Defines the Business Idea and Objectives**: A business plan clearly explains what the business is about, what it wants to do and why. It outlines the business goals, both short-term and long-term.
2. **Describes the Product or Service**: The business plan must explain what the business will offer to customers. It should describe the features, benefits, and uniqueness of the product or service.
3. **Identifies the Target Customers and Competitors**: The business plan must state who the business aims to serve (target market) and who else is already serving those customers (competitors). This helps the business to analyse the market and plan how to position itself.
4. **Outlines Marketing and Sales Strategies**: The document should explain how the business plans to promote its product or service and how it will convince customers to buy. This includes pricing, advertising, distribution, and promotions.
5. **Includes Financial Forecasts and Funding Needs**: A good business plan estimates how much money the business needs to start and how much profit it expects to make. It also shows how the money will be used and where it will come from.
6. **Shows How the Business Will Be Managed and Operated**: The plan describes how the day-to-day activities of the business will be handled, who will be responsible for what, and how work will be organised.

7. **Explains the Legal Structure and Ownership**: States whether the business is a sole proprietorship, partnership, or company.
8. **Provides a Risk Analysis and Contingency Plan**: Identifies possible challenges and how the business will overcome them.
9. **Shows Business Timelines and Milestones**: Includes a schedule of key activities like launch dates, product releases, or expansion plans.
10. **Demonstrates Business Viability and Sustainability**: Proves that the business can survive, grow, and remain competitive over time.

Importance of Business Plan

A business plan is not just a document; it is a valuable tool for both new and existing businesses.

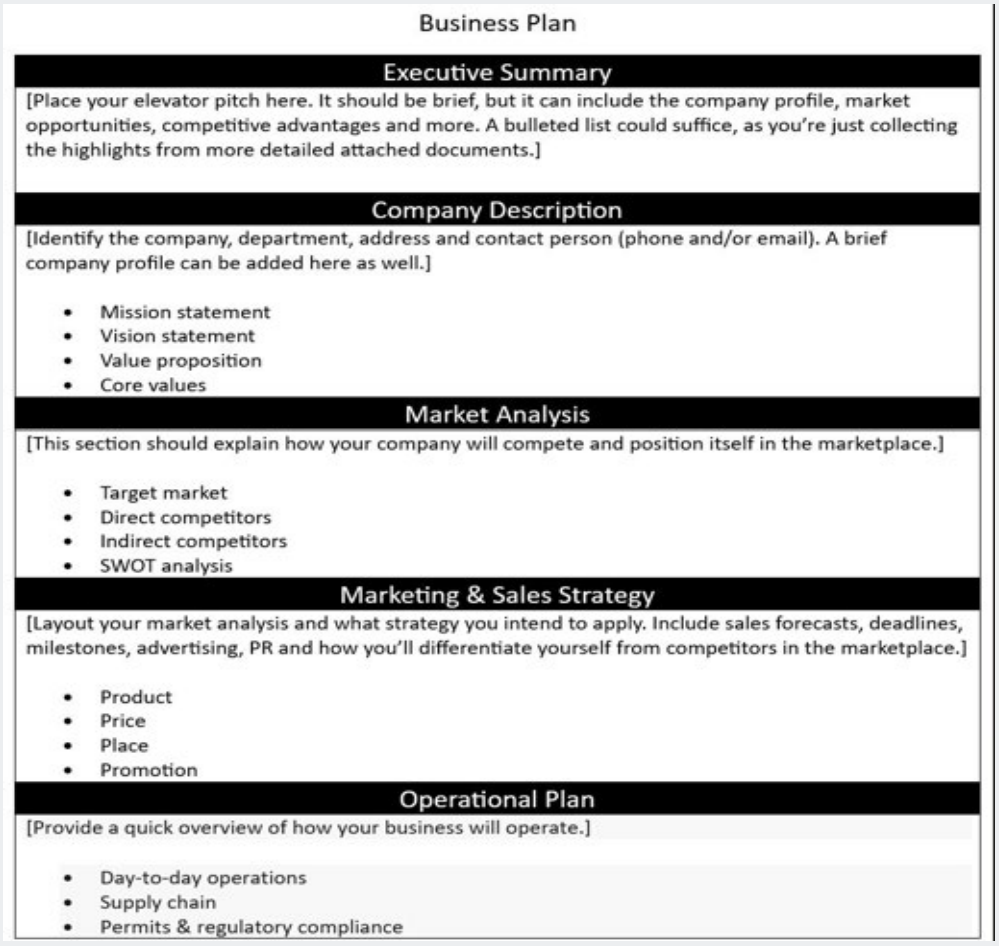
1. **Guides Business Operations:** A business plan acts like a roadmap. It gives clear direction on how the business should be managed daily, weekly, monthly, and in the long term.
2. **Helps to Secure Funding:** Banks, investors, and support organisations will not give money to a business without understanding what it intends to do. A well-prepared business plan convinces them that the idea is viable and worth supporting.
3. **Assists in Decision-Making:** A business plan helps entrepreneurs make smart and informed decisions about pricing, staffing, marketing, and budgeting. Instead of guessing, they rely on planned strategies.
4. **Helps to Identify Strengths and Weaknesses:** Writing a business plan forces the entrepreneur to look closely at what they do well and where they need improvement. It also highlights possible risks and how to manage them.
5. **Monitors Business Performance:** The business plan provides goals and targets that can be reviewed regularly. By comparing actual performance with what was planned, the owner can check if the business is growing or facing problems.
6. **Boosts Confidence and Focus:** Having a written plan gives the entrepreneur clarity and motivation. It reduces confusion and helps the business owner stay focused, especially during difficult times.
7. **Supports Team Coordination and Communication:** For businesses with more than one person, the plan ensures that everyone is working towards the same goals. It avoids misunderstandings and keeps the team united.
8. **Attracts Partners and Collaborators:** A clear business plan shows potential partners what the business is about and how they can benefit from working together.

Activity 4.8 Business Plan and Its Key Features

1. In your previous studies, you learnt about the functions of management and **planning** is one of them.

a. Individually recap the meaning of planning
b. Compare your responses with a colleague for similarities and differences and provide feedback.

2. Now, in your own view, how would you describe a **business plan**?
3. Compare your description of a business plan with a colleague for similarities and differences. Give feedback to each other to improve your definitions.
4. In pairs, observe a sample picture of a business plan below complete the tasks.



Business Plan

Executive Summary

[Place your elevator pitch here. It should be brief, but it can include the company profile, market opportunities, competitive advantages and more. A bulleted list could suffice, as you're just collecting the highlights from more detailed attached documents.]

Company Description

[Identify the company, department, address and contact person (phone and/or email). A brief company profile can be added here as well.]

- Mission statement
- Vision statement
- Value proposition
- Core values

Market Analysis

[This section should explain how your company will compete and position itself in the marketplace.]

- Target market
- Direct competitors
- Indirect competitors
- SWOT analysis

Marketing & Sales Strategy

[Layout your market analysis and what strategy you intend to apply. Include sales forecasts, deadlines, milestones, advertising, PR and how you'll differentiate yourself from competitors in the marketplace.]

- Product
- Price
- Place
- Promotion

Operational Plan

[Provide a quick overview of how your business will operate.]

- Day-to-day operations
- Supply chain
- Permits & regulatory compliance

a. What **key features of a business plan** can you identify in the picture?
b. Discuss the key features of a business plan with relevant examples.
c. Complete the table below with your ideas.

Features of a business plan	Explanation of the feature	Relevant example

5. Share your ideas with another pair for feedback.

Activity 4.9 Importance of a Business Plan

1. In pairs, review your prior knowledge on the **importance of planning.**
2. The importance of planning is **directly linked** to the importance of a business plan. With a partner, do the tasks below.
   a. Link your ideas from **Activity 1** to the importance of a business plan for an entrepreneur.
   b. Discuss the **importance of a business plan** to entrepreneurs or businesses.
   c. Complete the table below with your ideas.

Importance of a business plan	Explanation of the importance

   d. Share your ideas with another pair for feedback.
3. Individually, choose any type of business of your choice and explain why it will be important for you to have a business plan. Present your response in any of the following forms:
   a. Written response
   b. Voice recording or oral explanation
   c. Visual, poster or drawing

   Consider these guiding questions to aid you in presenting your answers.

   - *How will a business plan help you manage your resources effectively?*
   - *In what ways will it guide your daily operations?*
   - *How can it help you attract investors or funding?*
   - *How will it assist you in setting long-term goals and tracking progress?*
   - *What risks can a business plan help you prepare for in your business?*

TYPES OF BUSINESS PLANS

Business plans are not one-size-fits-all. They vary depending on the purpose, type of business and the stage the business is in. Common types of business plans are:

1. **Start-up Business Plan:** A start-up business plan is prepared when launching a new business. It explains what the business will sell, the target customers, how it will operate, and the financial needs. For example, Akua in Wa wants to start a shea butter business and her plan shows how she will get shea nuts, process them, brand

the products, and sell them in Accra and Kumasi while applying for a grant from the Ghana Enterprise Agency.

2. **Operational Business Plan:** An operational business plan guides the daily running of a business. It includes staff duties, logistics, schedules, and inventory management. For instance, a poultry farmer in Tamale uses it to plan feeding, egg collection, and vaccinations, while companies like Toyota use operational plans to manage production and logistics worldwide.
3. **Strategic Business Plan:** A strategic business plan sets out the long-term vision and goals of a business, usually over three to five years. It explains how the business will grow, compete, or expand. For example, a bottled water company in Kumasi prepares a strategic plan to sell in new regions of Ghana and later export to Togo and Côte d'Ivoire.
4. **Growth or Expansion Business Plan:** Finally, a growth or expansion business plan is written when an existing business wants to grow by adding new products, opening new branches, or reaching more customers. Starbucks, for example, has used this type of plan to open shops in new countries like China, adjusting menus and store designs to suit local preferences.

Sources of Business Ideas

1. **Personal Interests and Experience:** Many successful business ideas come from personal passions or hobbies. When individuals turn something, they enjoy doing, such as baking, fashion design, photography, or crafts into a business, they are more motivated and committed. For example, someone who enjoys cooking may start a catering business or sell homemade snacks. Again, a university student in Legon finds it hard to get affordable lunch on campus, so she starts a food delivery service for other students.
2. **Market Needs:** Observing the needs of a community or target market is a practical way to identify business opportunities. If people struggle to access certain goods or services in an area, that gap can be filled by a new business. For instance, opening a stationery shop near a school where such services are lacking is a smart move.
3. **Gaps in the Market:** Sometimes a product or service exists in a general sense, but there is room to offer something better, cheaper, or more convenient. This is called identifying a market gap. Entrepreneurs can capitalise on these gaps by offering unique value or targeting an overlooked group of customers.
4. **Experience and Skills:** Work experience and professional training are also valuable sources of business ideas. Someone trained as a tailor, electrician, or hairdresser can use their skills to start a service-based business. Experience gives confidence and reduces the risk of failure.
5. **Franchising:** A business idea does not always have to be original. Franchising allows individuals to buy the rights to operate under a successful existing brand. This model provides built-in support, training, and brand recognition. For example, opening a franchise of a well-known food chain or telecom service in Ghana can be a good opportunity.

6. **Research and Technology:** New inventions, technological advancements, and trends often inspire innovative business ideas. Entrepreneurs who follow global and local developments can find opportunities in areas like mobile apps, digital marketing, agritech, or renewable energy.
7. **Social Media and Online Trends:** In today's digital age, social media platforms are a rich source of inspiration. By observing what is popular or trending on platforms like TikTok, Instagram, or Facebook, entrepreneurs can discover new ideas, especially in fashion, beauty, entertainment, and e-commerce.
8. **Problems in Society:** Identifying challenges people face (e.g., poor sanitation, unreliable transport) and creating business ideas to solve them.

Activity 4.10 Types of Business Plans

1. In pairs, review your previous knowledge on the features and importance of a business plan. Share your ideas with a colleague for feedback.
2. Observe the diagram below and answer the questions that follow.



Compare each type of business plan shown in the diagram and outline their similarities and differences.

3. Read the following four scenarios carefully and perform the task below.

Scenario 1: *Ama wants to start a small bakery in Bolgatanga. She plans how to buy an oven, get flour, employ two workers, and sell bread in her community. She prepares a business plan to apply for a loan from the bank.*

Scenario 2: *A poultry farmer in Tamale has 200 layers. He creates a plan showing daily feeding times, when to collect eggs, how to manage workers, and when to vaccinate the birds.*

Scenario 3: *A bottled water company in Kumasi wants to sell in other regions and later export to Togo and Côte d'Ivoire. The business prepares a plan showing its 5-year goals, branding strategies, and how to expand distribution.*

Scenario 4: *A mobile money operator in Wa already runs two shops. She now wants to open five new shops in Tamale and Sunyani. She prepares a plan showing how much capital she will need, new staff to employ, and how to reach more customers.*

Task

a. With a classmate, match each scenario to the correct type of business plan and justify your match, using the table below.

Scenario	Type of business plan	Justification for choice
Scenario 1		
Scenario 2		
Scenario 3		
Scenario 4		

b. Exchange your work with another pair for review and feedback.

Activity 4.11 Sources of Business Ideas

1. Form small groups of no more than five
   a. Think of **three problems or gaps** you have seen in your community (e.g., lack of clean water vendor, long queues at mobile money shops, no toilet facilities, etc.).
   b. From your list of problems, identify the type of businesses you could start to address the community problem or gap.
   c. Draw a concept map showing the source of the business idea and how the business you propose will solve the community problem.
   d. Discuss any other sources of business ideas that entrepreneurs can draw from to start a business.
2. Below are charts displaying the **sources of business ideas**. Study them and complete the task below.

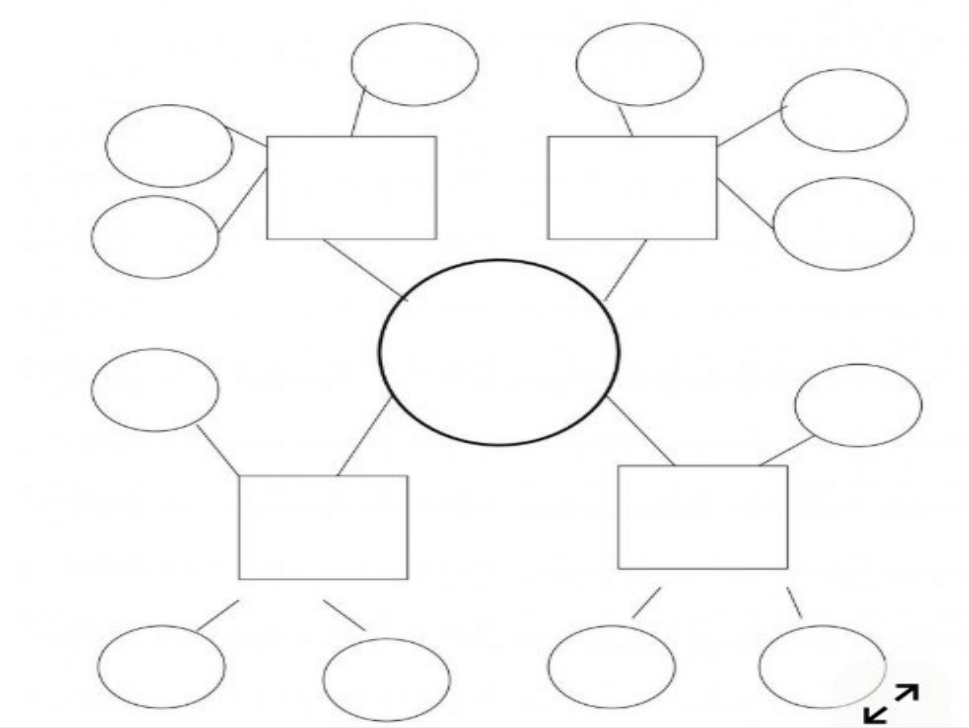


a. List the sources of businesses in the charts
b. Discuss the sources of businesses
c. Write one business idea under each source of business ideas

3. Create a mind map that shows different sources of business ideas, including examples of businesses that could be developed from each source.

   Hint: How to draw a mind map in your notebook.

   a. Draw a circle
   b. In the middle, write **"Sources of business ideas"**
   c. Around it, add branches showing different sources (e.g. hobbies, community needs, problems, skills, trends)
   d. For each branch, write an example of a business you could create from the source. See sample blank template below.



4. Exchange your work with another group for review and feedback.
5. In a lesson exit task: *"Think of a simple business idea. Tell where it came from and what type of plan you would need."* Respond in any of the following forms:

   a. 1 – paragraph explanation
   b. Voice note or oral response
   c. Illustrated concept sketch.

Note

In the next few lessons, you will be divided into groups to begin learning how to develop a business plan. Each group will choose a business idea to focus on. Starting early will give you enough time to research, plan, and prepare a simple but practical business plan. By the end of your course, your plan should be ready for presentation for the award of marks.

COMMON MISTAKES IN BUSINESS PLANNING

Writing a business plan is a key step in launching and managing a successful enterprise. However, many entrepreneurs make mistakes during the planning process, which can weaken the business or lead to failure. Understanding these common mistakes helps learners avoid them and create more realistic, professional, and effective business plans. Below are the major mistakes often seen in business planning, with practical examples from Ghana and beyond.

1. **Unclear Business Objectives:** One of the most common mistakes is failing to clearly define the business's goals. When a plan does not state what the business wants to achieve, the entrepreneur may lack focus and direction. Without specific objectives, it becomes difficult to measure progress or attract support. For example, an SHS graduate in Sunyani writes a business plan to start a catering service but fails to state whether she intends to focus on school lunch deliveries, party catering, or opening a restaurant.
2. **Incomplete or Missing Market Research:** Another major error is writing a business plan without proper market research. Entrepreneurs often make assumptions about customer needs or ignore the presence of competitors. This leads to unrealistic expectations. For instance, Ama starts producing handmade soaps in Tamale without finding out if people actually prefer her product over others available in local shops.
3. **Overestimating Sales or Profits:** Some entrepreneurs project very high profits or sales in their plans without evidence or justification. This is usually done to impress investors or lenders. However, when the expected income is not achieved, the business may struggle with cash flow or debt. For example, a young entrepreneur in Accra predicts GH₵10,000 in monthly profits from sneaker sales without including delivery costs, marketing expenses, or slow sales periods.
4. **Ignoring Competition:** Ignoring or underestimating competition is a serious weakness in many business plans. Entrepreneurs sometimes assume their idea is new or that no one else is offering a similar service. This can lead to poor planning. For example, Kofi opens a printing shop near a university in Kumasi without researching the fact that three other shops already serve the same campus with lower prices.
5. **Poor Financial Planning:** A business plan must include a clear financial plan showing how much money is needed, expected income, and how the funds will be used and repaid. Without this, lenders and investors cannot trust the plan. Some entrepreneurs avoid the numbers because they are difficult or uncomfortable. For example, Esi writes a business plan for a bakery but leaves out her start-up costs, equipment needs, and how she will repay the loan.
6. **No Marketing and Sales Strategy:** Another common mistake is failing to include a strong marketing and sales strategy. Some business plans describe the product well but do not explain how customers will learn about it or be convinced to buy it. A shoemaker in Hohoe, for example, creates beautiful sandals but uses no advertising or social media to promote them.
7. **Too Much Focus on the Product, Not the Customer:** Entrepreneurs sometimes focus so much on the product's features that they forget to show how it benefits the customer. Business plans must clearly explain what problem the product solves. Yaw, for example, describes the ingredients in his herbal drink but does not explain why someone would choose it over a common soft drink. The Segway transporter is another example; although it was well designed, it failed in the market because it did not address a real customer need.

8. **Not Reviewing or Updating the Business Plan:** Finally, a business plan should be treated as a living document. Failing to update it as the business environment changes is a serious mistake. Some entrepreneurs write a plan once and never revisit it. A transport business in Cape Coast used the same pricing and budgeting for three years and ran into losses when fuel prices increased. Kodak, the camera company, failed to revise its strategy when digital photography emerged, eventually losing its dominant market position.

Activity 4.12 Common Mistakes in Business Planning

1. Recap and reflection (individual work)
   a. In your own words, explain what a business plan is.
   b. Write down at least three objectives of a business plan.
2. Arrange yourself in groups of no more than five. Try to work with at least one person you have not worked with before. Read the case of **Blessington's Groundnut Snack Business** below and answer the questions that follow.

Blessington, a young entrepreneur from Ho, started a business selling organic groundnut snacks made from a cherished family recipe. Excited about her idea and eager to succeed, she quickly wrote a brief business plan and secured a GH₵5,000 loan from a youth support fund. She used the money to purchase ingredients, packaging materials, and some equipment. However, she ran into problems shortly after launching. Her plan lacked clear goals about who her target customers were, and she had done little research to understand the local market or existing competitors. She also overestimated her daily sales, expecting high profits without a solid marketing strategy.

Her prices were higher than others, and she failed to include important costs such as packaging, transportation, and distribution. As challenges grew, Blessington stuck to her original plan without reviewing or updating it, which worsened her situation. Eventually, her business stalled. With guidance from a mentor, she later revised her plan, corrected her earlier mistakes, improved her strategies, and gradually rebuilt her business on a stronger, more realistic, and informed foundation.

a. What type of business is Blessington starting?
b. What were the key weaknesses in her original business plan?
c. Why is it important to review and update a business plan regularly?
d. What other mistakes could she have made when preparing her business plan?
e. From Blessington's experience, what lessons should other young entrepreneurs learn before starting a business?

3. **Group presentations**
   a. Each group will share their answers with the class
   b. Other groups should listen carefully and give feedback (e.g. add new points, agree/disagree politely, or suggest improvements)
4. All groups will come together to list and discuss **common mistakes entrepreneurs make when writing business plans.**

Note the outcomes of this discussion in your workbooks.

Common mistakes entrepreneurs make when preparing business plans
* * * * * * *

5. Go back to your small groups and create a **Business Plan Mistakes Chart.** On one side, list the common mistakes entrepreneurs make when preparing planning, and on the other side, write the correct approach to avoid each mistake.

Common mistakes in business planning	Correct approach
E.g. Ignoring important costs (e.g., packaging, transport)	E.g. List and calculate all possible expenses in the plan

COMPONENTS OF A BUSINESS PLAN

A well-structured business plan acts as a blueprint for the business. It outlines how the business will operate, reach customers, generate income, and achieve its objectives. Below are the key components of a business plan, each explained in detail with relevant examples.

1. **Executive Summary** The executive summary is a brief but powerful overview of the entire business plan. It comes at the beginning of the plan but is usually written last. It captures the essence of the business idea, the mission, target market, what makes the business unique, and highlights of the financial outlook. The goal of this section is to quickly inform the reader about the business and encourage further reading. For example, Kwame plans to start a food delivery business in Kumasi. His executive summary outlines how his business will deliver healthy meals to office workers in under 30 minutes, addressing the lack of quick, nutritious lunch options.
2. **Business Description:** This section describes the nature and background of the business. It outlines what the business does, the problem it seeks to solve, its structure (such as sole proprietorship or partnership), its location, and its long-term objectives.

This helps readers understand the purpose and direction of the business. For instance, Ama operates a tailoring business in Accra that creates modern African wear for corporate workers. Her business description explains how she combines traditional prints with modern designs to meet the growing demand for cultural fashion in formal settings.

3. **Market Analysis:** Market analysis demonstrates the entrepreneur's understanding of the industry, target market, and competitors. It includes research on customer preferences, market size, trends, and competitive analysis. This section helps prove that there is demand for the product or service and shows how the business will compete effectively. In Ghana, a yoghurt shop in Tamale discovers through research that students and workers prefer flavoured yoghurt after lectures, and only two competitors are in the area.
4. **Organisation and Management:** This section outlines the legal structure of the business and introduces the management team. It details the roles, qualifications, and responsibilities of the owners and staff. Including an organisational chart is often helpful in showing the structure clearly. For example, Efua runs a shea butter production business in Bolgatanga. She serves as CEO, her sister manages sales, and three staff handle production. Her plan includes an organisational chart to show reporting lines and responsibilities.
5. **Products or Services Offered:** This component describes the business's products or services, including their benefits and what makes them unique. It may also explain product development, pricing, packaging, and any planned improvements. In Sunyani, a small business produces organic, chemical-free soap packaged in recyclable materials for people with sensitive skin.
6. **Marketing and Sales Strategy:** This section explains how the business intends to attract and retain customers. It covers pricing, promotion, distribution (place), and sales methods also known as the 4Ps of marketing and in some cases 7Ps. A fruit juice company in Hohoe, for example, promotes its drinks using Instagram, WhatsApp broadcasts, and local posters. It also offers free samples and bulk purchase discounts. These strategies help increase visibility and attract loyal customers.
7. **Financial Plan:** The financial plan provides detailed financial projections and funding needs. It includes start-up capital, expected income and expenses, cash flow, break-even analysis, and repayment strategies if a loan is needed. For example, a local printing press estimates monthly operating costs at GH₵3,000 and projects revenue of GH₵5,000. The business plan includes a request for a loan from a rural bank, along with a clear repayment plan.
8. **Operational Plan:** The operational plan outlines the day-to-day operations of the business. It covers suppliers, inventory, logistics, working hours, staffing, and the processes needed to deliver products or services efficiently. In Takoradi, a mobile food vendor explains how ingredients will be bought early in the morning, meals prepared by 10am, and deliveries made during office lunch breaks. This section helps show that the business can function smoothly and meet customer needs.

9. **Appendices:** The appendices section includes additional documents that support the information provided in the main business plan. These may be licences, product photos, certificates, contracts, CVs, or customer surveys. A tech start-up, for instance, might include screenshots of its software, a business registration certificate, and a signed agreement with a supplier. These documents provide credibility and detailed backup for the plan's claims.

Activity 4.13 Understanding the Structure of a Business Plan

1. Think back to what you learnt about a business plan and identify the key features of a business plan.
2. In pairs, study the table below. Each part or structure/component of a business plan is listed with its main ideas. Read and complete the **"Learner Activity"** to help you understand each component or structure of the business plan.

S/N	Structure/Component of a business plan	Main Ideas	Learner Activity
1	Executive Summary	Short overview of the business idea, goals, and funding needs.	Write 3–4 sentences summarising a simple business idea (e.g., a snack shop or laundry service). Share with your partner.
2	Business Description	What the business does, problem it solves, structure, long-term goals.	Think of a problem in your community. Describe how your business idea would solve it.
3	Market Analysis	Customers, competitors, and why the business will succeed.	Interview classmates or neighbours to find out their buying habits. Write down who your customers will be and one competitor you may face.
4	Organisation and Management	Who runs the business, roles of staff.	Draw an organisation chart showing who owns the business and at least 2 roles (e.g., cashier, marketer).
5	Products/Services	What is being sold, benefits are, and uniqueness.	List your product/service and write one sentence explaining why customers will choose it over others.

6	Marketing and Sales Strategy	How the product/ service will be promoted, priced, and sold.	Design a simple flyer or social media post to advertise your product.
7	Financial Plan	Start-up money needed, costs, and expected income.	Estimate how much money you will need to start. Write 3 costs (e.g., rent, materials, transport) and guess how much you can earn in a week.
8	Operational Plan	Daily running – working hours, suppliers, delivery, customer service.	Write a short timetable showing how your business will operate each day.
9	Appendices	Extra documents (e.g., menu, flyer, sample, CV, supplier quotes).	Collect or design one example of a document (menu, price list, flyer) to support your plan.

3. Swap your work with another pair. Go through each other's ideas, ask questions, and give helpful feedback to make the work even better.

Activity 4.14 Conduct Research, Preparation and Presentation of a Real Business Plan.

1. **Form groups** of no more than five. Make sure across your groups you have a mix of perspectives and experience.
2. Together, **choose a business idea** that interests your group (e.g., food processing, fashion, farming, or services) that could form the basis of a business plan. You will be working as a group to produce and present this document for your idea.
3. Your teacher will outline the timescale for this work and set a deadline.
4. Plan your time and allocate tasks among group members. If you are unsure, then seek clarification from your teacher.
5. **Complete research** about the business idea. Find out information such as:
   a. Who your customers would be
   b. Who your competitors are
   c. What resources you will need (money, equipment, staff, location)
   d. The possible challenges and how to overcome them
6. **Collate all of your research and write a business plan** (3–5 pages) using the template below. This will be the basis of your presentation.

Blank Business Plan Template

Business Name: _____

Business Type (e.g. sole proprietorship): _____

Owner(s): _____

Location: _____

1. Executive Summary

Briefly describe your business idea, goals, what makes it unique, and how much money you may need to start.

_____

_____

_____

2. Business Description

Explain what your business does, what problem it solves, the structure (e.g. partnership or sole trader), and its long-term goals.

_____

_____

_____

_____

3. Market Analysis

Describe your customers, competitors, and why your business will succeed in this market.

_____

_____

_____

_____

4. Organisation and Management

List who will run the business and what their roles will be. You can also describe staff needed.

_____

_____

_____

_____

5. Products or Services Offered

Describe what you are selling, how it benefits customers, and why it is different.

_____

_____

_____

6. Marketing and Sales Strategy
How will you promote and sell your product or service? Include pricing and advertising ideas.

_____
_____
_____
_____

7. Financial Plan
State how much money you need, what your costs will be, and how much you expect to earn.

_____
_____
_____
_____

8. Operational Plan
Describe how the business will run daily – working hours, suppliers, delivery, and customer service.

_____
_____
_____
_____

9. Appendices (Optional)
List any extra documents you will attach – e.g. product samples, a CV, supplier quotes, menu, flyer.

_____
_____
_____
_____

7. **Prepare and present** your business plan to the class. Think about the media you will use for your presentation, for example, a flip chart, PowerPoint, and handouts relating to your business proposal.
8. During presentations, the class will act as **"investors"** or **"judges"** to ask questions and give feedback. Presentation format includes:
   a. **Time Limit**: 15–20 minutes per group presentation.
   b. **Format**: Use visual aids—charts, posters, PowerPoint, or models.

c. **Roles**: Each group member should speak or contribute during the presentation

Marks will be awarded based on the following criteria

- *Clarity of the business idea*
- *How well the plan is structured*
- *Creativity and originality*
- *Quality of the presentation*

REVIEW QUESTIONS 4

1. What is entrepreneurship, and why is it important in business development?
2. List and explain four characteristics of an entrepreneur.
3. Identify and explain three roles entrepreneurs play in the economy.
4. What are the main documents entrepreneurs need to start and run a business?
5. Why is it important for entrepreneurs to keep proper business records?
6. Explain the meaning of a small business and give two examples.
7. Describe the main steps involved in setting up a small business.
8. State three reasons why some businesses succeed and three reasons why others fail.
9. What is a business plan, and why is it important?
10. Identify and explain four key features of a business plan.
11. Match the following scenarios to the correct type of business plan (Start-up, Operational, Strategic, Growth/Expansion).
12. List five sources of business ideas and give one example of a business idea from each.
13. Explain three common mistakes entrepreneurs make when preparing business plans.
14. State the main components of a business plan.
15. Why should a business plan be regularly reviewed and updated?

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GLOSSARY

Bid	Supplier's offer to provide goods/services at a stated price under conditions
Branding	Creating a unique identity for a product/service
Budget	Money set aside for purchasing goods/services
Business Idea	Product/service that can become a business opportunity
Business Plan	Written document explaining goals and strategies
Competitive Pricing	Setting prices based on competitors
Compliance	Following legal/regulatory requirements in procurement
Contract	Legal agreement between buyer and supplier
Cost Efficiency	Achieving best outcome with least resources
CRM (Customer Relationship Management)	Building and maintaining strong customer relationships
Delivery	Transporting and handing over goods/services
Demographic Segmentation	Dividing market by age, gender, income, etc.
Digital & Social Media Marketing	Using digital tools/platforms to engage audiences
Distribution (Place)	Making products available through channels
Entrepreneur	Person who starts and manages a business
Entrepreneurship	Act of creating/managing a business
Executive Summary	Short introduction summarising business plan
Financial Plan	Section showing capital, income, expenses
Forms of Production	Primary (raw materials), Secondary (manufacturing), Tertiary (services)
Franchise	Business model operating under a known brand
Funding	Money from savings, loans, investors
Growth Plan	Plan for expanding business
Innovation	Introducing new ideas/products/methods
Input	Resources used in production
Inventory	Goods/materials kept in stock
Invoice	Bill showing goods/services delivered and payment due
Market Analysis	Study of customers, size, competitors
Market Gap	Opportunity when needs aren't fully met
Market Research	Gathering info about customer preferences
Market Segmentation	Dividing market into smaller groups
Marketing Mix (7Ps)	Product, Price, Place, Promotion, People, Process, Physical Evidence
Negotiation	Buyer-supplier discussion to agree terms
Open Tendering	Competitive method where any supplier can bid
Operation	Performance of tasks converting inputs to outputs

Operational Plan	Plan for daily business activities
Output	Final goods/services produced
Packaging	Designing product container/wrapper
Penetration Pricing	Low introductory price to gain market share
Persistence	Continuing effort despite challenges
Pricing	Deciding how much customers pay
Process	Steps transforming inputs into outputs
Product Life Cycle (PLC)	Stages: Introduction, Growth, Maturity, Decline
Production Management	Planning/controlling resources to produce efficiently
Production or Operations Management	Managing all activities in producing/delivering goods/services
Production Planning & Control	Planning and ensuring production follows plan
Promotion	Informing/persuading customers about products
Promotion Mix	Combination of promotional tools
Psychographic Segmentation	Dividing market by lifestyle, values, interests
Purchase Order	Formal document requesting goods/services
Record Keeping	Organising/storing business information
Registration	Legal process of recognising a business
Restricted Tendering	Only selected suppliers invited to bid
Risk-taking	Willingness to face uncertainty in business
Single Sourcing	Awarding contract to one supplier
Start-up Plan	Plan guiding new business launch
Strategic Plan	Long-term plan (3–5 years) for growth
Supplier Relationship Management	Maintaining positive supplier relationships
Tendering	Procurement method inviting supplier bids
Visionary	Person who sets clear future goals

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This book is intended to be used for the Year Three Business Management Senior High School (SHS) Curriculum. It contains information and activities to support teachers to deliver the curriculum in the classroom as well as additional exercises to support learners' self-study and revision. Learners can use the review questions to assess their understanding and explore concepts and additional content in their own time using the extended reading list provided.

All materials can be accessed electronically from the Ministry of Education's Curriculum Microsite.

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