

THE OPEN UNIVERSITY OF TANZANIA
FACULTY OF BUSINESS MANAGEMENT
COURSE OUTLINE

OBS 404: MANAGEMENT OF SMALL BUSINESS

INTRODUCTION:

Management of Small Business is a course offered by the Open University of Tanzania, Faculty of Business Management to Undergraduate Students. One of the problems of running a small business is that the small business owners gets to do everything themselves at least until they can afford to hire other people. Business management can be a particularly important area for people who don't have any management experience and/or aren't familiar with management basics. Improving small businesses/firms' performance requires many ingredients, such as a policy, business management, marketing, customer service, office and human resources management few to mention are just some of the trades one have to master as a small business owner. As a growth strategy, any small business also needs to know about small business financing and growth strategies.

These business management basics provide an outline of some areas of business management most critical to small businesses. This course outline provides a wealth of information and resources for small business owners and managers that will help you find the information you need to keep a small business running smoothly and further take it to the next level.

COURSE OBJECTIVES:

The main objective for having this course is to enable the students to have a clear understanding of the basic principles required to running a small business/firm in Tanzania.

COURSE ORGANISATION:

The course contents are organized in the form of a series of lectures covering six Lectures with various sub- topics under each lecture.

COURSE ASSESSMENT COVERAGE:

There will be two assignments, two timed tests and one final examination.

- Assignment one and timed test one shall cover lectures 1- 3 while Assignment two and timed test two shall cover lectures 4-6. However, the final exam shall cover the internal syllabus.

COURSE CONTENTS:

LECTURE ONE: THE SMALL BUSINESS CONTEXT

Introduction:

What constitutes a small business differs from country to country and sometimes from one institution to another in the same country. Small Businesses have been seen as a hub in generating income for the majority of urban dwellers with no formal paid employment. In Tanzania, entry into small business is usually not seen as a problem. One can start small business at any time and in any place. However, the development of this informal sector has been profoundly characterized by an increased effort encouraging people to engage in Small and Medium Entrepreneurship (SME). This has led to the proliferation and mushrooming of small businesses most of which are in the form of petty trading, at least everywhere in the urban centers and few in rural areas. The ultimate objective of any intervention in Business Development Services (BDS) is to improve small businesses performance in developing countries, as a means to achieve higher economic growth and employment t, reduce poverty, and meet social objectives. Better small business managerial competencies are one of the means to these ends.

This lecture introduces/explores key terminologies to be understood when learning this course, also explains the

Learning Objectives:

After completing this lecture you should be able to:

- The power of small business in any economy
- Main actors for the small businesses
- Analyze the environment surrounding small businesses
- Understand the global trend and there effect to functioning and performance of small business
- Establish marketing strategies applied to small business

Subtopics:

- Small business in the economy
- The entrepreneur and the owner-manager
- Small business environment analysis{ Approaches to small business environmental analysis such as, PESTLE (Political, Economic, Social, Technological, Legal and Environmental aspects), Porter's five forces model (bargaining power of suppliers and buyers, threat of potential new entrants, threats of substitutes and extent of competitive rivalry) etc. }
- Globalization and small business
- Marketing for small business

LECTURE TWO: THE SMALL BUSINESS FORMS/TYPES

Introduction:

A small business is a business that is independently owned and operated, with a small number of employees and relatively low volume of sales. The legal definition of "small" often varies by country and industry. According to the Tanzanian SMEs Policy of 2003, small businesses are categorized as those engaging between five and forty nine (5-49) workers with capital investment from five million to two hundred million shillings. Firms of lesser size, those engaging up to four (4) people and capital investment of up to five million shillings were considered micro-enterprises. The Small Enterprises were usually formal while the micro-enterprises were informal and based on family members. This lecture introduces various issues regarding small business legal, formal and informal types/forms of businesses.

Learning Objectives:

After completing this lecture you should be able to:

- Describe the different forms which formal and informal enterprises may take
- Identify stages which businesses experience
- Realize importance of businesses' continuity and so sustainability through succession planning
- Realize pros and cons of family business and how they can be perfected to deliver significant outcomes
- Identify the legal framework that exist in small business operations and their contribution towards business success

Subtopics:

- Business start ups and franchises
- Buying an existing business
- Small business legal framework
- Growth of small firms
- Family business
- Succession planning in small business

LECTURE THREE: SMALL BUSINESS IN PRACTICE

Introduction:

Running a small business requires continual vigilance and response to challenges both internal and external. Success results from a variety of factors including careful planning, solid business management techniques and creative problem solving. These factors depend on knowledge and skills that can be learned and developed. In some cases it is better to consult professionals for greater expertise. This lecture introduces to you practical aspects of small businesses and performance strategies. When you run your own business, you get to be your own manager as well as your own boss. This lecturer will provide guidance on how to manage your small business's (management resources) such as money, people and resources more effectively.

Learning Objectives:

After completing this lecture you should be able to:

- Understand how small business is practiced in Tanzania
- Identify problems and challenges facing small businesses
- Understand better way towards managing small businesses
- Managerial activities performed by small business managers towards business operations

Subtopics:

- Successful small business strategies
- Management of resources
Management of resources for small business owners include accounting, time management, record management, human resources management and project management, retail management and articles about business management issues.
- Small business Marketing and promotional services
- Financing Small businesses
- Feasibility study

LECTURE FOUR: SMALL BUSINESS ENVIRONMENT IN TANZANIA**Introduction:**

Tanzania enjoys an abundance of natural wealth that offers tremendous Investment opportunities for investors. Small Business Entrepreneurship has been seen as a hub in generating income for the majority of urban dwellers with no formal paid employment. In Tanzania, entry into small business entrepreneurship is usually not seen as a problem. One can start small business at any time and in any place. This has led to mushrooming of small businesses across the country. However, their success depends much on the managerial activities they perform in regard to the business environment that surrounds the whole business practices. This course will expose various factors that affect small businesses which are internal to the businesses and external to the businesses.

Learning Objectives:

After completing this lecture you should be able to:

- Identify internal and external factors to small business environments
- Understand the three levels of business environments (Macro, Meso and Micro levels)
- Identify effects of business environment to business performance
- Find out how to make best use of the business environment for the betterment of the small businesses

Subtopics:

- Macro-environment (eg. Government legal framework, Donors, Infrastructure, etc.)
- Meso-environment (eg. Private owned companies, Government agents, Boards, NGO's, Associations, etc.)

- Micro-environment (Small business firms)
- Critical constraints for small business performance
- E-business challenges facing small businesses in Tanzania

LECTURE FIVE: BUSINESS DEVELOPMENT SERVICES

Introduction:

Now that your business is established, you can relax--right? Surprise! Small business owners never rest. Running a small business requires continual vigilance and response to challenges, both internal and external. Success results from a variety of factors including careful planning, solid business management techniques, creative problem solving, and a large measure of luck. With the exception of luck, the rest depend on knowledge and skills that can be learned and developed. In some cases it is better to consult professionals for greater expertise. Free and low-cost assistance is available from a number of organizations and agencies.

The ultimate objective of any intervention in Business Development Services (BDS) is to improve small enterprise (SE) performance in developing countries, as a means to achieve higher economic growth and employment, reduce poverty, and meet social objectives. Better BDS is one of the means to these ends.

Business Development Services include training, consultancy and advisory services, marketing assistance, information, technology development and transfer, and business linkage promotion. A distinction is sometimes made between “operational” and “strategic” business services. Operational services are those needed for day-to-day operations, such as information and communications, management of accounts and tax records, and compliance with labor laws and other regulations. Strategic services, on the other hand, are used by the enterprise to address medium- and long-term issues in order to improve the performance of the enterprise, its access to markets, and its ability to compete. For example, strategic services can help the enterprise to identify and service markets, design products, set up facilities, and seek financing.

This lecture introduces to you various business development services that are expected to support small businesses to perform better in their respective industry.

Learning Objectives:

After completing this lecture you should be able to:

- Understand the meaning and rationale of having Business development services for small businesses
- Identify various stakeholders (such as; providers and beneficiaries) of the business development services
- Realize the role played by business development services providers and beneficiaries (such as; Small Businesses) in ensuring development, survival and growth of small businesses

- Identify problems and constraints faced toward meeting several obligations and requirements for small business success
- Assess specific contributions which BDS can make to small enterprise development

Subtopics:

- Definition and categories of BDSs
- Various stakeholders with regard to business development services
- The role of stakeholders (such as; Small businesses/firms and BDS providers) on small business development
- Challenges faced by small businesses towards accessing business development services
- Obligations of organizations and their accountabilities
- Social responsibility and business ethics in small business development

LECTURE SIX: BUSINESS PLANNING

Introduction:

A business plan is a formal statement of a set of business goals, the reasons why they are believed attainable, and the plan for reaching those goals. Business plans are decision-making tools. There is no fixed content for a business plan. Rather the content and format of the business plan is determined by the goals and audience. A business plan should contain whatever information is needed to decide whether or not to pursue a goal. This lecture aims at introducing to you various stages and components of a business plan as a key instrument to any small business organization/firm.

Learning Objectives:

After completing this lecture you should be able to:

- How to differently define a business plan
- Importance of a business plan to any small business
- Various components of a business plan
- How to prepare/develop a business plan for a small firm/organization

Subtopics:

- Introduction of business plan
- Defining vision, mission and objectives
- Marketing planning
- Operational plan
- Financial plan
- Risk analysis plan
- Decision making criteria

REFERENCES:

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Ward, S. (2001) **Manage & Grow Your Small Business**, By, About.com Guide to Small Business: Canada, [www.http://sbinfocanada.about.com](http://sbinfocanada.about.com)

Williams, S. (2006), **The Financial Times Guide to Business Start-Up**, Pearson Education, Great Britain

Zimmerer, T.W and Scarborough, N.M (2005), **Essentials of Entrepreneurship and Small Business Management**, Fourth Edition, Pearson Education, Upper Saddle River, New Jersey

POINT TO NOTE: There are many Books, Articles, News Papers, Journals with materials on this Course, you are advised to use them though are not written on this Course Outline. Also visit the internet you will get a lot of materials on this course. Please read as many materials as you can.

COURSE ASSESSMENT:	Two assignments	@ 07.5 Marks.
	Two timed tests	@ 12.5 Marks.
	One annual Exam	60.0 Marks
	<u>TOTAL MARKS</u>	<u>100.0</u>