



International
Labour
Organization

Papua New Guinea Seasonal Workers Business Awareness Reader



FOR TESTING PURPOSES ONLY

BUSINESS AWARENESS READER

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Introduction

Congratulations on being selected as a seasonal worker! You have been selected from a large number of applicants and now have a great opportunity to acquire skills, knowledge and savings that you will be able to use to help yourself and others in your community.

As you might be aware, promoting development in your village and community is one of the key goals of Papua New Guinea's participation in the seasonal worker programs to Australia and New Zealand.

Starting a business in your community is a great way in which you can at the same time fill a need you see in your community; make a profit and do work that you find interesting!

Of course starting a business is not easy. But if you have the right attitude and knowledge, it can be very rewarding.

This Business Awareness Reader is part of a business training package for seasonal workers. The training package includes a half-day training that will introduce you to the basic concept of starting a business during your pre-departure training; and another training on your return to PNG that will provide more detailed information about starting a business.

This booklet provides useful exercises that you can complete in your own time, which will help you decide if you want to start a business, generate some business ideas, and develop a plan of actions that will be useful to prepare you to start a business.

Objectives

The objectives of this Business Awareness Reader are to help you:

- Understand what a business is and the characteristics and challenges of running a business
- Review the steps to developing good business ideas
- Assess your business characteristics and skills
- Identify skills and contacts you can develop during your seasonal work to help you develop your business idea
- Set personal and financial goals to help you start your own business.

1. Thinking of starting a business?

What is a business?

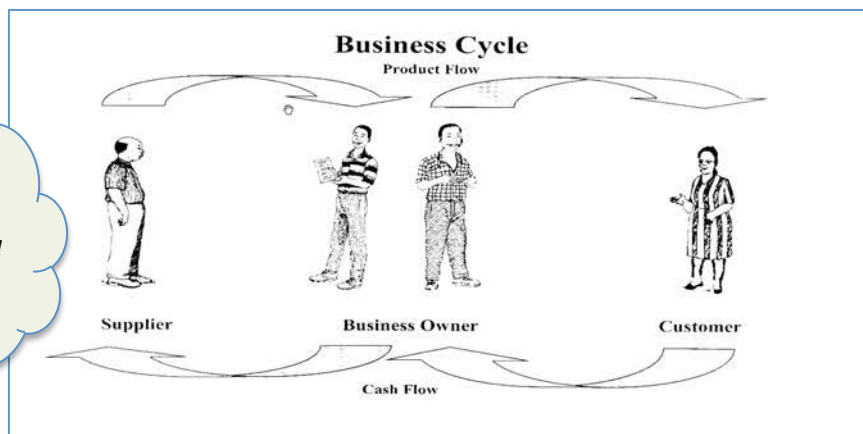
A business is an activity undertaken by an individual or group to **generate** (*make, produce, create*) income with the aim of making a profit. A business sells goods or services to customers. A business can either make or buy the goods that are sold or supply services.

There are two main flows that go through any business:

1. **Product flow**- A flow of products that are produced or bought and made available to the market.
2. **Cash flow**- A flow of cash whereby customers pay for goods or services purchased (this is **income** for the business). This cash can be used to purchase more goods to sell, or pay for raw materials, repairs and rent.

Income is the money you get by selling your products or services!

Profit is the money that is left after paying all your expenses and replacing the stock sold!



As the aim of business is to make **profit**, the flow of money into the business should be greater than money flowing out of the business. A successful business continues producing, selling and buying for many years.

Problems will develop if:

- The expenses of the business are too high or higher than the income.
- The owner takes too much cash out of the business for his own use.
- The products or services are not paid for by the customer or wantoks.
- The prices of the products or services are not high enough to cover the expenses, including the costs for labour and salary for the business owner.

The owner must make sure that there is always enough cash flowing into the business to pay for expenses and to buy new products that can be sold at a profit.

Why start a business?

Perhaps you are thinking of starting a business because:

- You have certain skills that you think you can use to make money for yourself.
- You see an opportunity to make money by working for yourself and not an employer.
- You want to do the kind of work that you enjoy and think your skills will be better used in your own business.
- You want to be your own boss.
- You cannot find employment and think that running a business is a good way to earn an income.
- You have saved up some money and want to invest it to make more money for you and your family.
- You want to provide service to the community and you have some good ideas for business.

Think carefully and write down the reasons why you may want to start a business!

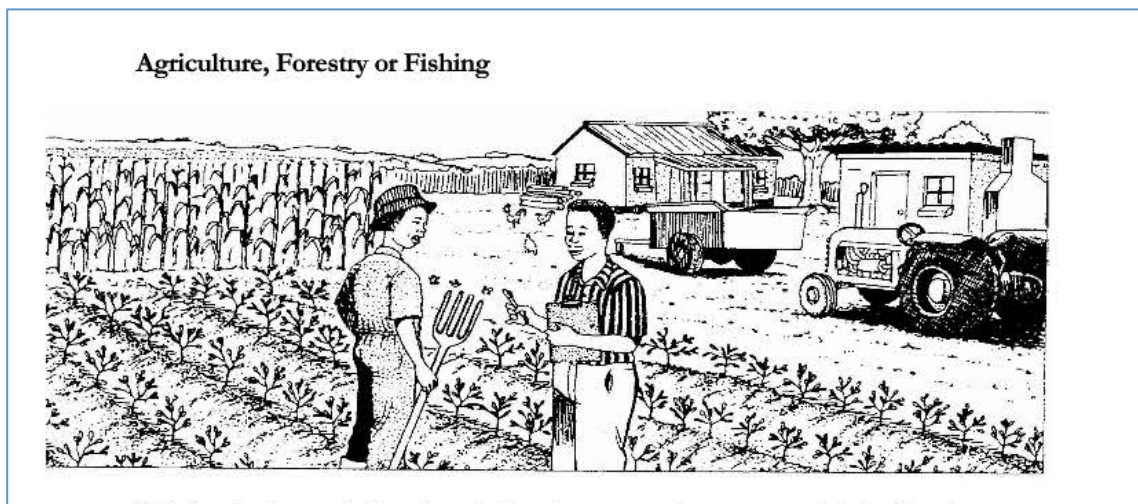
What types of businesses exist?

There are five main types of businesses that exist:

- Agriculture, forestry or fishing
- Retailing
- Wholesaling
- Service
- Manufacturing

Agriculture, forestry or fishing

This type of business involves harvesting or taking out and selling raw materials by farming, logging or fishing. For example, a farmer who plants betel nut and bananas for sale is involved in agriculture business.



Retailing

Retailers purchase ready-made goods from wholesalers or suppliers and sell them to customers at a profit. Examples of retail businesses are trade stores, canteens, kai bars, supermarkets, shops and hardware stores.

Wholesaling

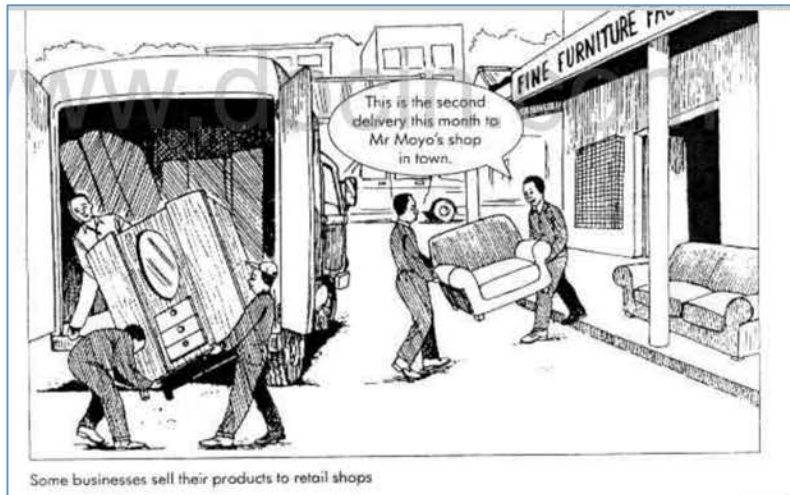
Wholesalers are larger dealers who buy from the people who make the products (producers). They buy very large quantities of the products and repackage and sell these to retailers.

Service

Service providers are people who use their knowledge or skills to provide a service, such as drivers, hairdressers, barbers, shoeshine business, laundries, machine repairs, cleaning services, painters, building contractors and chefs.

Manufacturing

Manufacturers use raw materials such as leather, wood, cloth or metal and make new or different products out of those products. Examples of manufacturing businesses are shoemakers, furniture makers, tailors, and makers of beauty products such as soap and oils.



What type of business?

Are the following examples of retail, manufacturing, wholesale, agriculture or service businesses? Write your answers in the spaces:

1. A person who does motor vehicle repairs has a business.
2. A tailor has a business.
3. A hairdresser has a business.
4. A furniture maker has a business.
5. A person makes and sells handicrafts has a business.
6. A person who owns a kai bar has a business.
7. A pig farmer has a business.
8. A person who has a second hand clothes shop has a business.
9. A taxi driver has a business.
10. A person who has a village canteen has a business.

Some businesses may be of one or more types. For example, a garage business may provide a service by fixing cars but can also sell tyres, oil and spare parts (retail). **List the types of businesses that are found in your community. Which type of business interests you? Write down the reasons for your choice.**



What are the challenges of starting a business?

Starting your business is a big step that will change your life. You will be responsible for its success and this means a lot of hard work. But the effort can be very satisfying and financially rewarding.

Advantages:

When you own your own business:

- **You're the one in control.** You are your own boss. People (customers, suppliers, government workers) will still tell you what to do all the time, but when you own your own business, you have choices and you get to make the decisions about how to operate day by day.
- **You get to use your skills and creativity.** When you own your own business you get to put your skills to work, be creative and shape your dreams to build something.
- **You might make more money.** Most successful small businesses provide their owners with a living, not a fortune. When you own your business, you can make more money than you could possibly make as an employee.
- **You have greater control over your life.** Owning your own business gives you flexibility. You can work from wherever you want, set your own hours or even sit next to your pet while you work.
- **You choose whom to work with.** When you work for someone else, you rarely get to choose whom you work with. When you own your own business, you get to make the decisions about who to hire.
- **You will be satisfied with yourself and enjoy the feelings of ownership.** You will have a sense of pride in building something of your own. Many entrepreneurs say the long hours they invest in growing their business doesn't feel like work because they are having fun!
- **You get to help people and give back to your community.** When you own a business, you can give back to the community in the form of the products and services you offer, by donating to charities or by creating jobs.
- **You earn recognition, prestige and profits for excellent work!**

How can you benefit from running a small business?



Disadvantages:

There are a number of benefits of starting a business, but there are also disadvantages.

When you own your own business:

- You may have to work **long hours** both day and night. Customers may make demands at different times.
- You may be **unable to take holidays** or time off if you are sick.
- You have to **make the business perform**, because if you don't, nobody else can- you are the boss!
- You have to **hire people and fire them** if necessary.
- You may **risk your own savings**. There may be months when cash flow is a lot less than you need.
- You may **worry about wages and debt** and sometimes not get your own wage.
- You may **do work that you do not like** such as filing, cleaning or making purchases.
- You may be **unable to spend time with your family** and friends especially during very busy periods of your business.

Think carefully. What challenges or disadvantages will you face if you run or operate your own business?



Why do businesses fail?

Not all businesses succeed. Some fail, and the owners lose their money for a number of reasons. Some of these are:

- **Neglect by the owners-** failing to manage the business and allowing things to happen without taking positive action.
- **Fraud and theft-** involving staff, customers or wantoks stealing money or goods from the business.
- **Lack of skills and expertise-** not knowing how to manage money, people, machinery, stock and customers.
- **Experience and skills that are not balanced-** for example, having experience in sales but not in buying.
- **High expenses-** having little control over expenses such as travel, entertainment, rent, electricity or the telephone.
- **Too many assets-** having too much stock, equipment and vehicles with not enough cash for daily operational needs.
- **Poor stock control-** having too much stock that cannot be sold.

Many businesses in Papua New Guinea have failed because wantoks have 'robbed' the business from the inside. Find other ways to help wantoks or family:

- If you are sorry for hungry people, invite them to dinner.
- Make them earn what they receive by doing some work for you (cleaning, washing, gardening)
- Instead of giving credit, exchange your products or services for goods or work.

To help you control the situation, keep records of donations given and to whom, record any credit that you allow, and record money or goods that you and your family take from the business. Good planning and management can overcome many problems.

Do you know any businesses in your area that have failed? List the reasons why these businesses failed. What can you do to make sure your business does not fail?



2. Do you have a business idea?

The right business begins with a good business idea. A business idea is a dream you have. Business ideas can come from your **abilities** or **skills, experiences** and **interests**. Your **network** of contacts will also be very useful. Researching the **market** will give you an idea of **customers needs and wants**.

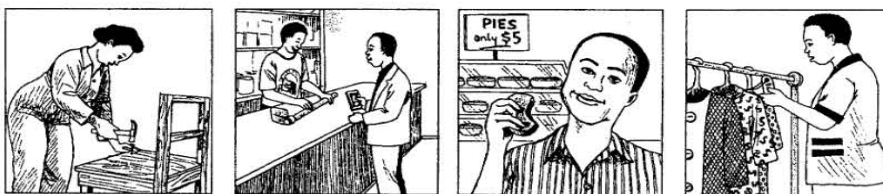
What is a good business idea?

Business ideas are everywhere but they need to match what customers' want and can pay for. A good business idea is based on the needs of customers. A good business idea should tell you:

- What product or service the business can provide?
- Who your business will provide to?
- How your business will provide its product or service?
- Which needs of your customers will your business satisfy?

What type of product or service could your business provide?

Your business idea should be based on goods you know about or services you are good at. They must be products or services that people are willing to pay for. Study various business ideas carefully to help you identify the type of business you will be good at.



A product is an object that people pay for. It may be something you make yourself or it may be something you buy to re-sell. Tools, baked goods, clothes and retail goods are all products.



A service is something you do for people which they pay, for example, polishing, delivery service, repairing items.

Who will your business provide to?

Customers are the people who will pay for the products or services you provide. Customers are a very important part of every business. It is important to be clear about the customers you intend to sell to. Will you sell to one type of customer or to everyone in the area? There must be enough people who are willing and able to pay for your products and services or the business will not make a profit.

How are you going to provide your products or services?

If you plan to open a shop then how your products will be sold is clear. However, a manufacturer or service provider can sell in many different ways. A manufacturer can sell either direct to customers or sell to retailers.



Will your products or services address the needs of customers?

Your business idea should always have the customers and the customers' needs in mind. It is important for you to find out what your future customers want when you work out your business idea.

Starting a business is not easy. It takes a lot of work and planning. The time and money it takes to start a business may be lost if you do not start the right business. A successful business begins with a good business idea!

How can you identify some good business ideas?

Step 1: Learn from successful business owners

Small businesses are all around you! All of them started with an idea or an opportunity, which was developed into a business. Learn from successful business owners, such as in the case studies provided below (Case Study 1 & Case Study 2) and use the business ideas analysis form to analyse each business discussed.

Case Study 1: Mrs. Warupi's experience

Mrs. Warupi wanted to go into business to help support the family income. Her husband, who works for a hardware store agreed that she should run a business and offered to contribute financially to her business. Mrs. Warupi enjoys making baskets and wall hangings which many of her friends admire, so at first she thought about opening a craft shop to sell her products. After talking to local shopkeepers, she found out that there will not be enough customers in her area for her business to make a profit. The man at the local kai bar said there was a big demand for potatoes for chips but Mrs. Warupi did not like that idea as she had never grown potatoes and had a small garden.

One day she decided to go to town and buy a shirt for her son. Every shop she visited in the area had shirts that were expensive or of poor quality. Many of the women she met complained that clothes was expensive and they could not afford them. Mrs. Warupi realized that there was a need for a second-hand clothes shop and decided to start one herself. As she had no experience running a clothes shop she visited some other clothes shops and talked to the people running them. She talked to friends and neighbours to find out what they wanted from a second-hand shop.

With financial assistance from her husband she rented a small shop space and hired a part-time assistant to help her. Although she did not have any training herself, Mrs. Warupi used her strengths and assets. She used her friends to find out more about the demand for second-hand clothes including sizes and types that people from the community wanted. She also used her husband's financial skills and her own experience as a customer. Today her second-hand clothes shop is a successful business in Kimbe and has a long list of orders.

Mrs. Warupi:

- **Found the gap-** by listening to what people wanted she identified a business opportunity.
- **Assessed the market-** she talked to potential customers and competitors.
- **Got information and skills-** she visited other similar businesses and hired someone to help her.
- **Used her experience-** as a mother she knew what was needed and provided a good service for her customers.

See if you can find similar success stories. You can learn a lot from people who have already gone through the process of establishing a business.

- What kind of ideas did these businesses start with?
- Where did the ideas come from?
- How did they develop into a successful business?

Case Study 2: Dreams come true

Richard Jones has always wanted to start his own business. While he was still at school, an idea started taking shape - and now, after four years of working and planning, he has opened a small stationery store called Bookends, in Mt. Hagen.

Bookends is a small store that sells stationery items such as pens, pencils, mathematical sets, rulers, rubbers, files, writing paper, exercise books, school text books, comics and novels.

Richard opened Bookends with friends and business partners, David Toll and John Cash. They share the workload - David is in the store from Monday to Friday while Richard and John work in their full-time jobs. Richard and John take over on the weekends.

Opening a store is not as simple as some would think. Richard, David and John took the preparation seriously, asking people in the area what was needed, listing potential suppliers, and making notes of trends and opportunities. They put together a business plan that included a budget with the income and expenses to start up and run a business.

To raise the money to start their business, they decided to give in their names to work in the fruit picking farms in Australia. They were lucky to be recruited for ten months work in Queensland. At the end of each working week, they deposited some of their salary in an ANZ bank account they had opened in Mt. Hagen for the store. Richard decided to save AU\$100 per week (PGK 200), and John and David decided to save AU\$50 (PGK 100) each per week.

While in Australia, they visited stationery shops and took notes of the items that were sold in the shop and how the shop was organized. They also spoke to the shopkeepers about running a stationery shop and the challenges they faced. They found out from the shopkeepers that their suppliers were mainly Chinese wholesale companies who sold their products at a very cheap price.

At the end of their labour contract, they returned home and started looking for a small space to open the store. They found the perfect site in a new building that was going up, which was part of a six-store shopping centre, with good parking space and in the part of town where many people were always walking past. They approached the bank with their business plan and used their savings and a small loan to start up.

According to Richard, this huge population has played a key role in deciding what stock to put on the shelves. "When we opened, our shelves were only about 40 per cent full of stock. From day one, we asked customers what they'd like to see on the shelves, and starting buying and stocking those products," he said. Now, three months into the venture, the shelves are completely full - and they have had to squeeze in extra shelf space to cope with the great demand.

"It helps that our shop supplies products that are very hard to find in Mt. Hagen. If you take a walk around the whole town, you will not find a shop that sells books, comics and stationery items. We target the school children and their parents and also sell daily newspapers, some snacks and cold drinks for the passerby."

Analyse the business ideas of successful businesses around you

Use the business idea analysis form provided below to analyse Mrs. Warupi's and Richard Jones' businesses. A copy of this form is provided at the back of the Reader for you to use to analyse other businesses in your local community or in Australia and New Zealand.

Business Ideas Analysis Form

1. Name of business:
2. Products or services sold:
3. Main customers:
4. When and why did the owner decide to start this business?
5. Why did the owner think it was a good idea to start that business?
6. How did the owner find out what local people wanted?
7. What strengths or assets did the owner use to start this business?
8. What problems did the owner face in setting up the business?
9. Has the business service or product changed over time?
10. Other Notes:

As a seasonal worker you will get the chance to observe small businesses in Australia or New Zealand. After you have arrived in your new country, take the time to walk around and look at all the small businesses. How do they advertise and market their products?

Step 2: Identify business opportunities that exist in your local community

Many business ideas are developed from the opportunities around you that help people meet their needs and solve their problems. Business opportunities are gaps between what the community wants and what currently exists. Fill out the table below to identify possible opportunities for business in your community.

Identifying business opportunities

Problems you have experienced yourself.

List the problems you have experienced when trying to buy products or services in the area where you live.

1.
2.
3.
4.

Problems at work

List the problems that you have experienced in getting your work done for your employer that was caused by poor service or lack of materials.

1.
2.
3.
4.

Problems experienced by other people

List the problems that you have heard others complain about when trying to get goods or services.

1.
2.
3.
4.

What is missing in your community?

List the goods or services that you have noticed are hard to get in your community.

1.
2.
3.
4.

What opportunities for business exists in your community?

Step 3: Review your own skills, experiences, interests and networks

Business ideas can come from your **abilities** or **skills**, **experiences** and **interests**. Your **network** of contacts can also be very useful in helping you identify and develop your business idea.

What are your skills, interests and experiences? Write down as many things as you can think of in the spaces below, even if they seem strange at first. Good business ideas can come from strange places.

My skills- I am good at doing the following:

1.
2.
3.
4.
5.

My interests- I enjoy doing the following:

1.
2.
3.
4.
5.

My experiences- I have work or educational experience of the following (list jobs, training and other sources of work experience):

1.
2.
3.
4.
5.

My business network- I know the following people, friends and relatives who are in business and who can provide information, advice or assistance:

1.
2.
3.
4.
5.

What ideas for business do you have? What are you interested in doing? List these here!

How can you develop your business ideas?

Follow the steps below to come up with your business idea.

Step 1: Brainstorm your business ideas

Brainstorm a list of business ideas and select the most suitable business ideas by thinking carefully about each idea on the list, using the questions below:

- Who are the customers? Will you have enough customers?
- Can you easily make the product or deliver the service?
- Where will you get the money, materials, supplies and equipment you need to start the business?
- Can you manage the business? If you need help, who do you turn to?

If you are not sure about your answers to any of the questions, write down how you intend to get the answers. You may have to do more research or interview some people.

Step 2: Do some research of your business ideas

Select one of your three business ideas and develop a plan to get as much information as possible about this type of business. Use the table below to make a plan for getting information for each business idea that you have.

Business idea:
What I need to find out:
Who will I talk to:
Questions I will ask:

Collect information for each business idea you have. When all the information is collected, you will begin to see which idea is the best one.

Step 3: Select your best business ideas

After your research is completed, use the table below to write down your two best business ideas.

My Business Idea #1:	
Type of Business: (circle)	Retail Wholesale Agriculture, forestry, fishing Manufacturing Service Combination of
My products or services will be:	
My customers will be:	
Names of people in my business:	Work/ educational background:
Skills, experience and knowledge that I have in this type of business	
I have chosen this business idea because:	
Other information:	

My Business Idea #2:	
Type of Business: (circle)	Retail Wholesale Agriculture, forestry, fishing Manufacturing Service Combination of
My products or services will be:	
My customers will be:	
Names of people in my business:	Work/ educational background:
Skills, experience and knowledge that I have in this type of business	
I have chosen this business idea because:	
Other information:	

Step 4: Analyse your business ideas

One method people often use to decide which is the most suitable business idea is a SWOT (strengths, weaknesses, opportunities, threats) analysis. It helps you identify possible advantages and disadvantages of each idea.

Inside the business

To analyse the strengths and weaknesses of the planned business, look inside the business. What will the business be good at and what will be the weaknesses?

- **Strengths** are the positive aspects of your business such as better quality product or good location that is close to your market.
- **Weaknesses** are the negative aspects of your business. For example, costs of the business may be high because your business is located in a busy town area where rent is high.

Outside the business

To analyse the opportunities and threats of your proposed business, you need to look outside the business. What factors around the business will benefit the business and what factors will negatively affect the business?

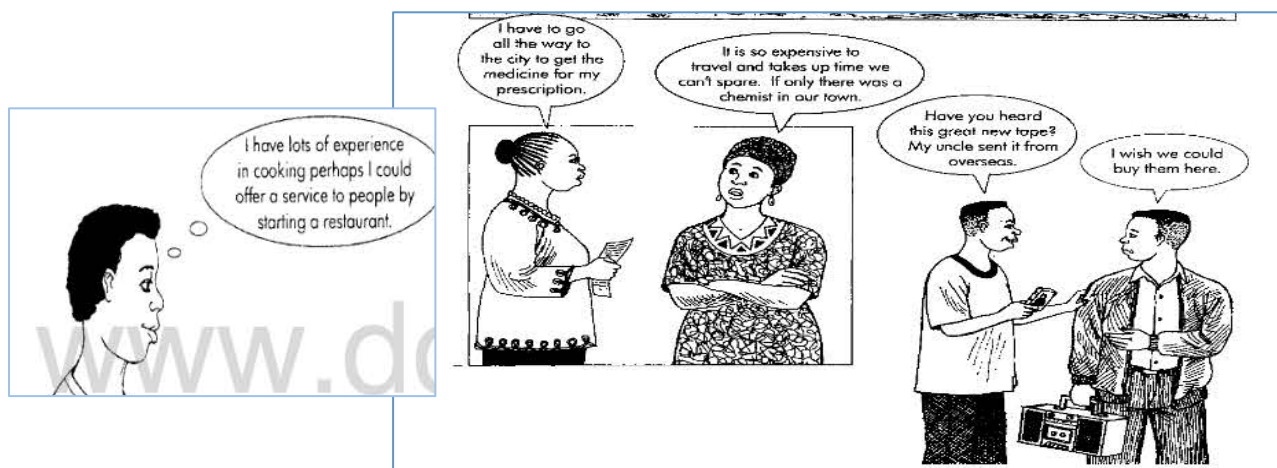
- **Opportunities** are ongoing potential developments around you that will be good for business. For example, the demand for your product may increase if there is an event coming up that will attract people from all over PNG.
- **Threats** are events that may affect your business negatively. For example the business idea may be simple and be copied by others resulting in copy-cat businesses. This will reduce your share of the market and therefore your profit.

EXAMPLE: Business idea: Second-hand clothes shop	
Factors inside the business	
Strengths	Weaknesses
I have good marketing skills I once worked in a clothes shop I have a good fashion sense The proposed business location is close to suppliers and customers	Monthly rent for the shop is high
Factors outside the business	
Opportunities	Threats
The price of new clothes is too high for the potential customers Prices are going up so people are looking for ways to save money	There are plans to start a new market where second-hand clothes can be sold.
Are there more strengths than weaknesses? Yes Are there more opportunities than threats? Yes How will I deal with the weaknesses and threats? - I will spend more time to find a shop with lower rent - I can get a stall at the new market and use it to sell my products and advertise my shop	

Conduct a SWOT analysis of your two business ideas to decide which is the most suitable business idea. Use the template provided below.

SWOT Analysis of Business idea #1:	
Strengths	Weaknesses
Opportunities	Threats
Remarks:	

SWOT Analysis of Business idea #2:	
Strengths	Weaknesses
Opportunities	Threats
Remarks:	



Step 5: Review the market for your business ideas

You should not start a business if you do not have **customers**. The customers are your **market** and are the most important people for your business. If you do not provide what they want, at prices they are willing to pay, and treat them with respect, customers will buy from someone else.

To operate your business, you will need to know and understand your customers and competitors. Ask questions and get information from people who may be your future customers and competitors. When you have collected the information, prepare a plan to market your business. Consider the following when preparing your plan:

- **Product-** what will be the quality, packaging, size and other characteristics of the products or services you are going to provide?
- **Price-** what are you going to charge for the products or services you will provide?
- **Place-** where will your business be located and how will your product or service be distributed?
- **Promotion-** how will you inform and attract customers to buy your products or services?

A business is suited to you if you have definite and positive answers to the following:

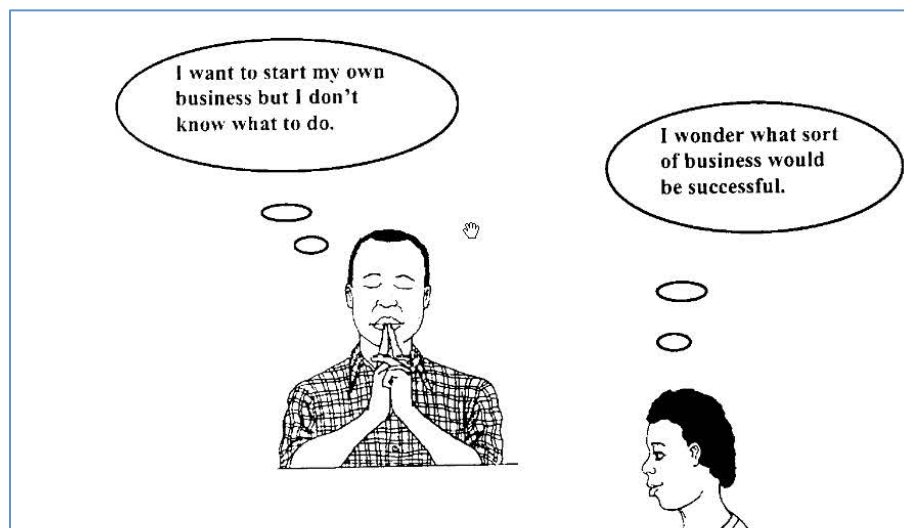
- **Your customers, your market.** *Who are they? Will you have enough customers?*
- **Product knowledge and information.** *Can you easily make the product or deliver the service?*
- **Money and materials.** *Where will you get the money, materials, supplies and equipment you need to start the business?*
- **Management.** *Can you manage the business? If you need help, who do you turn to?*

If you do not have positive answers to the questions above and the business idea has too many weaknesses and threats, then you need to choose another business idea!

3. Are you ready to run your own business?

Starting your own business can have many benefits, but can also be a lot of hard work. Are you ready to put in the time and effort? Can you handle the risks that go with a business' ups and downs? As you consider whether to start a business, you should:

- **Assess yourself as a business owner.** Is self-employment right for you? Do you think you are enough of a risk taker to venture on your own? Do you have the knowledge and skills?
- **Assess your financial situation.** Where will you get money to set-up your business, create your product and do marketing and sales? Can you meet the start up costs on your own or would need to secure a loan or other type of outside financing?
- **Develop a plan of action.** Once you have assessed your business skills and characteristics and your financial situation, prepare a list of priority actions that need to be taken to prepare you for business, and due dates. For example, this may be further training, savings per month or research.



Assess yourself as a business owner

The success of any business depends on the business owners' personal characteristics, skills and financial situation. Before deciding to start a business, think honestly about yourself to be sure that you are the right type of person to run a business.

Do you have the characteristics to be a business owner?

Being an entrepreneur or business owner means that you are responsible for the management, growth, and success of your business. The success of your new business will depend a lot on your personal characteristics. You need to:

- Have a strong commitment to run your business.
- Be able to make decisions.
- Have initiative.
- Be willing and able to take business risks.
- Be able to adapt yourself to your business needs.
- Have the support of your family.
- Be able to keep on going even during hard times.
- Be a leader who leads by example.

What characteristics do you have that can help you run a successful business?



Do you have the necessary skills and knowledge to run a business?

Before you decide whether you would like to own your own business, you should identify your skills. It's hard to talk about your strengths if you don't know what they are in the first place!

To run a successful business, you should have the technical skills needed to produce a product or provide a service (for example, if you want to start a garage you should know how to fix engines). You should also have basic business management skills such as buying, selling, record keeping and planning, and also negotiation skills. Suppliers will want to sell you their goods at the highest price,

workers may want high wages, customers may want to pay as little as possible. You will need to negotiate to get what you want, without your business suffering.

Everything you learn and every skill you have is part of your personal tool kit and can help you run your business. You carry these "tools" with you as you move through school and in the job market. Your skills and experience can be gained in one place and be used (transferred) and strengthened in another place.

Look through the following list, circle each skill that you think you have and add on to the list.

Key skills: I can: • meet deadlines • supervise others • solve problems • teach others and give clear instructions • manage people • organize projects • speak in public • accept responsibility • plan daily work or special events • follow instructions • • •	Creative/artistic skills I can: • be artistic • write short stories or articles • paint • express myself through music, poetry, or art • perform and act • dance, create body movement • make handicrafts • make jewelry • •	Data/information/financial skills I can: • make a budget, manage money • record facts • classify information by date • analyze data • audit and maintain records • check information for accuracy • pay attention to details • gather information • calculate or compute • take inventory • keep financial records • research and write reports • • •	Leadership skills I can: • arrange meetings or social functions • make decisions • direct the work of others • help set goals for my team • explain things to others • solve problems • motivate people • settle disagreements • plan activities • take risks when necessary • organize and chair a meeting • • •
People skills I can: • help and care for others • resolve issues • counsel people • interview people • be kind and understanding • be a good listener • negotiate • be outgoing • show patience • be pleasant and sociable • supervise, teach • •	Hands-on skills I can: • assemble kits • build or repair things • work well with my hands • operate tools or machinery • drive or operate vehicles • •	Verbal/communication skills I can: • clearly express myself • create and talk about new ideas • set up my own network of helpers • speak in public • write clear reports • work well with others • •	Other skills/traditional skills: I can: • • •

What skills do you have that can help you run a successful business?

What additional skills will help you run a successful business? Can you gain some of these skills whilst overseas?



Did you know that in Australia and New Zealand you may be able to participate in training in English language, financial and personal goal setting, budgeting and computer skills? What other training opportunities can you look for?

Can you handle your business and demands from family and wantoks?

Family and wantoks can make demands anytime because you have a business. They may:

- Ask you to help pay bride price
- Ask you to meet compensation payments
- Ask you to allow them credit but take time to pay and sometimes never repay.

Obligations to your family, wantoks or community may be difficult to refuse, but these should not damage or bankrupt your business! The support of the family and wantoks can be good but must be controlled. You need to educate your family and wantoks to see the business as separate from you.

Case Study 3: Employment of Wantoks

Read the case study and write down how you should deal with the situation.

The situation:

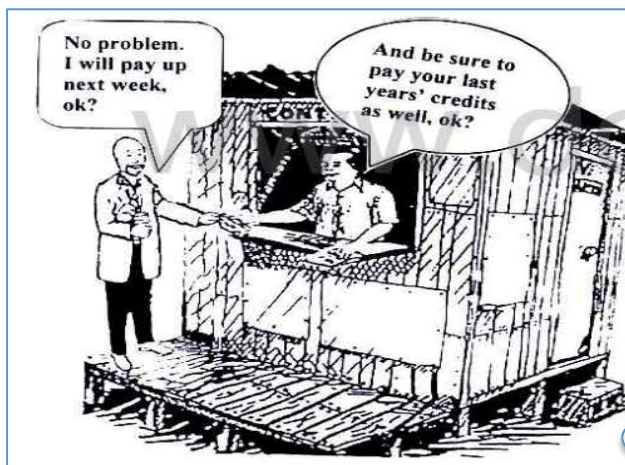
Your shop business started recently and is doing well. You want to employ another shop attendant to meet the increasing orders you are receiving daily. One of your wantoks heard about the plan from your wife and pressures you to give him the job.

You know that your wantok has been fired a few times for lack of discipline at work. You already have someone in mind from the job who you picked from the interviews you had. You really do not want to employ your wantok but do not know how to tell him this.

The wantok:

He is in a difficult situation and needs money to send his children to school. He needs the job but also knows that his cousin will be a tough boss. He knows that he will have to work hard and show that he is a good employee.

As the owner of the business, write down the steps you will take to handle the situation. What are the reasons for the decisions you have made?



As a business owner,
what can you do to avoid
being in this situation?

Complete your personal assessment exercise!

Complete the personal assessment exercise to find out if you have the skills, experience and personal characteristics to successfully run your own business.

Read the statements below and put a tick either in Column A or Column B next to each statement that is true for you. If neither of the statements apply to you put a '0' in both boxes. Be honest in your assessment.

A	1. Motivation for starting a business		B
	I enjoy my job with my employer who knows my ambition to go into business.	I do not enjoy my job and will try going into business.	
	I had a good job before I decided to start my business.	I did not have a good job before I decided to start a business.	
	I learn something from every job I have. I find work interesting.	I only work to earn money. There is not much enjoyment or interest in work.	
	I want to make my business my career.	I want to be in business because I do not have any options.	
	I want to own a business so that I can provide a better lifestyle for my family.	I want to be in business because I want to be successful. Rich people own their business.	
	I am convinced that my success or failure depends mostly on my own efforts.	A person needs lots of favours from others to succeed in whatever they do.	
	TOTAL COUNT	TOTAL COUNT	
A	2. Risk-taking abilities		B
	I am convinced that to advance further in life, I must take risks.	I do not like taking risks, even when there is a chance of big rewards.	
	I think there are opportunities in taking risks.	If I have a choice, I prefer to do things the safest way.	
	I take risks only after evaluating the advantages and disadvantages.	If I like an idea, I take risks without thinking of the advantages and disadvantages.	
	I am willing to accept that I may lose the money I invest in my business.	I find it difficult to accept that I may lose the money I invest in my business.	
	I do not always look for complete control over a situation as long as I have enough control over it.	I like to be in total control of whatever I do.	
	TOTAL COUNT	TOTAL COUNT	
A	3. Perseverance and ability to deal with crises		B
	I do not give up easily even if I am faced with difficulties.	If there are many difficulties, it is not really worth fighting for something.	
	Setbacks and failures do not discourage me for long.	Setbacks and failures affect me badly.	
	I believe in my ability to turn the tide of events.	There is only so much a person can do and fate and luck play a big part.	
	If people say no to me I take it lightly. I try my best to change their minds.	If people say no to me, I usually feel bad and drop the issue.	
	I keep calm in a crises situation and work out the best response.	I get confused and nervous when a crises situation develops.	
	TOTAL COUNT	TOTAL COUNT	
A	4. Family support		B
	I will involve my family in business decisions which will affect them.	I will not involve my family in business decisions which will affect them.	
	My family understands and will not be	My family will be upset if I am not able to	

	upset because I will not be able to spend so much time with them because of business commitments.	spend as much time with them because of my business commitments.	
	If my business is not very successful at first, my family will be willing to put up with financial hardships it may cause them.	If my business is not very successful at first, my family will be very angry about the financial hardships it may cause them.	
	My family will be willing to help in my business difficulties.	My family will probably not be willing or able to help in my business difficulties.	
	My family thinks it is a good idea for me to start a business.	My family is worried about me starting a business.	
	TOTAL COUNT	TOTAL COUNT	
A	5. Initiative		B
	I am not afraid of problems. I accept problems as a part of life. I try to find a solution for every problem.	I find it difficult to deal with problems. I worry about them or avoid thinking about them hoping they will disappear.	
	When I have difficulties I tackle them with all my energy. Difficulties are challenges to me and I almost enjoy them.	If I have difficulties, I try to forget about them or wait until they go away. I always look for someone else to help me through difficulties.	
	I do not wait for things to happen. I try to make them happen.	I like to go with the flow and wait for good things to happen.	
	I always try to find something different to do.	I like to do only those things which I know I am good at.	
	I think all ideas can be helpful. I pursue as many ideas as I can.	People get many ideas but you can't do everything.	
	TOTAL COUNT	TOTAL COUNT	
A	6. Ability to reconcile family, culture and business		B
	I will take from my business only as much money as my business can afford to pay me and my family.	I will take from my business whatever money my family needs.	
	If my friend or family is in financial difficulty I will only help to the amount I have set aside for my personal expenses. I cannot take money away from my business.	If my friend or family is in financial difficulty I will help them even though it may hurt my business.	
	I cannot neglect my business by using a lot of business time for family and social obligations.	My family and social obligations have a high priority. They have to come before the business.	
	My family and friends will have to pay for my products and services just like any other customer.	My family and friends will get special benefits and services from my business.	
	I will not give people credit just because they are my friends or family members.	I will usually give credit to my friends and family members.	
	TOTAL COUNT	TOTAL COUNT	
A	7. Decision making abilities		B
	I can make decisions easily. I enjoy making decisions.	I find it hard to make decisions on my own.	
	I am confident to make difficult decisions on my own.	I get advice from many other people before I make difficult decisions.	
	I usually decide what to do as soon as a decision is needed.	I put off making decisions for as long as I can.	
	I think carefully before I make a decision and consider all the options.	My decisions are based on my feelings. I just know what to do immediately.	
	I am not afraid of making mistakes because I can learn from them.	I often worry about making mistakes and the wrong decision.	

	TOTAL COUNT	TOTAL COUNT	
A	8. Ability to adapt to business needs		B
	I will produce only those goods and services which customers want.	I will produce only those goods and services which I enjoy producing.	
	If my customers want a cheaper product or service I will examine how I can meet their requirements.	If my customers want a cheaper product or service	
	If my customers want credit I must examine the ways to provide them with credit at minimum risk to my business.	I will not sell my products or services on credit to anyone.	
	If by re-locating my business elsewhere I can get more business I am prepared to do it.	I am not prepared to re-locate my business. Customers and suppliers must come to me wherever I am.	
	By studying trends in the market I will try to change my attitudes and ways of working to keep up with the times.	It is best to work the way I already know. It is difficult to keep up with how the world changes.	
	TOTAL COUNT	TOTAL COUNT	
A	9. Commitment to business activities		B
	I work well under pressure. I enjoy challenges.	I do not work well under pressure.	
	I like to put in many hours of work each day and don't mind using my spare time to work.	I think it is important to have time away from work. One should not spend too much time at work.	
	I am willing to spend less time with my family and friends because of my business.	I am not willing to spend less time with my family and friends even if there is extra work to be done.	
	I can put off my social commitments, leisure and hobbies if necessary.	I think it is important to have lots of time for socializing and plenty of time to relax.	
	I am willing to work very hard.	I am willing to work and do what is necessary.	
	TOTAL COUNT	TOTAL COUNT	
A	10. Negotiation skills		B
	I enjoy negotiating and often get my way without offending anyone.	I do not like to negotiate. It is easier to do what other people suggest.	
	I communicate well with others.	I have difficulty in communicating with others.	
	I like to listen to other peoples' views and opinions.	I am not very interested in other peoples' views.	
	When I negotiate, I think about what is in my favour and what is in the other person's favour.	If I negotiate I prefer to play it my ear and see what it happens.	
	I believe the best way to get what I want in a negotiation is to try to find a way for both parties to get what they want.	It will be my business so my opinion is the most important. Someone always loses out.	
	TOTAL COUNT	TOTAL COUNT	
<u>SCORING INSTRUCTIONS</u> - This is an evaluation of your strengths and weaknesses according to 10 key characteristics and skills required for running your own business. When you have chosen and marked the statements that are true for you, add up your ticks in column A and column B and write the totals in the row, TOTAL COUNT, for each characteristic or skill. Each tick is worth 2 points. - Transfer the points for each characteristic or skill to the scoring table below in the Columns A and B for TOTAL COUNT. - If your score in Column A is between 6-10 points, put a tick under 'strong'. This			

	means you have strengths in that character or skill. 4. If your score in Column A is between 0-4 points, put a tick under 'not so strong'. This means you are not so strong in that character or skill. 5. If your score in Column B is between 0-4 points, put a cross (X) under 'a bit weak'. This means you have some weaknesses in that character or skill. 6. If your score in Column B is between 6-10 points, put a cross (X) under 'very weak'. This means you have a lot of weaknesses in that character or skill. 7. Total the scores for Column A and Column B. High scores in Column A shows that you may be successful at organizing and running a business. - If your total score for Column A is 50 points or greater, you have many of the personal characteristics to run a business. - If your total score for Column B is 50 points or greater, you will need to work on the weak areas to turn them to strengths.	
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SCORING TABLE

Characteristic/ Skill	TOTAL COUNT		Column A Scoring		Column B Scoring	
	A	B	6-10 points STRONG	0-4 points NOT SO STRONG	0-4 points A BIT WEAK	6-10 points VERY WEAK
1. My motivation for starting a business						
2. My risk-taking abilities						
3. My perseverance and ability to deal with a crisis						
4. My family support						
5. My initiative						
6. My ability to reconcile family, culture and business						
7. My decision making abilities						
8. My ability to adapt myself to business needs						
9. My commitment to business activities						
10. My negotiation skills						
TOTAL SCORE						

List the skills and characteristics that need to be strengthened. What can you do to strengthen these? Set **2-3 personal development goals** to improve your business skills and characteristics.



Assess your financial situation

In addition to skills, it is important that you have the necessary finance to start a business. Many businesses can be started with a very small amount of start-up capital but most businesses do need a small amount of money. The money you put into your business is called your **capital** or **investment**. The amount of money you need to invest to start your business is called your **start-up capital**.

It is important to remember that it will take some time for your business to generate enough income to provide you with a salary. That means you must be able to support you and your family until the business can pay you a salary.

Develop a personal cash flow plan

Follow the steps below to prepare a personal cash flow plan. Your personal cash flow plan will show how much you need for your family and how much money may be available for you to start operating your business. Think about how much money you may want to put away from your remittances to start a business and stick to a goal!

Step 1: Estimate your personal cash flow every month

Make an estimate of how much money you will get through salary or wages during your time overseas and deduct any expenses including:

- Your monthly expenses overseas (food and accommodation)
- The expenses to support your family

Step 2: Estimate your savings and cash value of any assets you may have

Make an estimate of:

- Your personal savings
- Any assets that can be converted to cash such as a car, farm animals etc.

Step 3: Calculate the amount of money you may have for your business

Calculate the money you can invest in your business. Deduct the total amount of money you will need to spend (B- total money going out) from the total money coming in (A- total money coming in). The amount that is left is what you can use to invest into your business.

Now review how much money you will need to develop your business and think about how you might be able to generate this start-up capital. If you do not have enough money to invest in your new business, postpone your starting date until the time when you do have enough money.

Use the table below to fill out your personal cash flow/ savings plan

MY PERSONAL CASH FLOW PLAN FOR MONTHS (Insert dates- to.....2014)		
(A) Money coming in		
• Money from wages		
• Money from savings		
•		
•		
•		
•		
•		
•		
•		
(A) TOTAL MONEY IN		
(B) Money going out		
• Electricity		
• Food		
• Rent		
• Transport		
• School fees		
•		
•		
•		
•		
•		
(B) TOTAL MONEY OUT		
TOTAL MONEY AVAILABLE TO INVEST IN BUSINESS (TOTAL A – TOTAL B)		
My Financial Goal to save during my time abroad is I will be saving per month.		

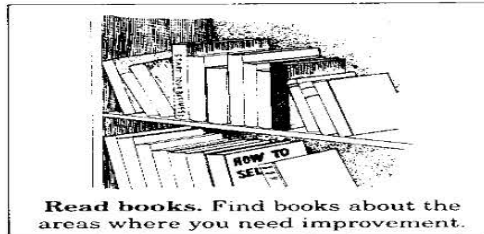
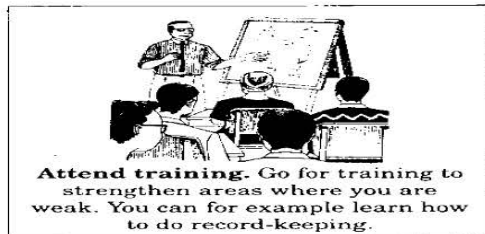
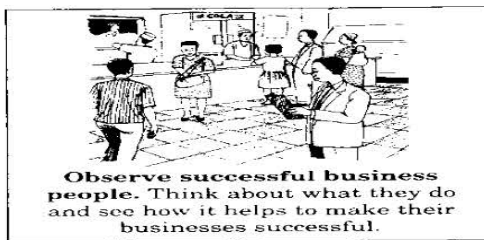


When Henry Kaupa was at school the teacher often asked him to do drawings on the blackboard because he was good at illustrating the lessons or stories. He has painted some shop signs for friends and made posters advertising events in his small town.

Develop an action plan

Develop a personal action plan to strengthen yourself as a business owner and prepare you to start a business. Think about which of your characteristics and skills appear to be weak and what you can do to strengthen them. For example, in Australia and New Zealand, you can:

- Talk to small business owners so that you can learn from them.
- Get further practical training through online training that is offered (speak to your supervisor about this)
- Think about getting a business partner who has the required knowledge, skills or experience in your area of business.
- Consider, on your return, getting work as an apprentice or assistant to a successful business person.
- Read books that will help you develop your business skills.
- Read articles about business people in the newspaper and use the form on analyzing businesses to find out the lessons learnt from the business.
- Talk to your family about the difficulties of running a business and ask them to support you. Discuss important issues concerned with starting a business with your family before making decisions.
- Think about how to deal better with crisis situations and analyse why things go wrong.
- Identify a member of your family who is trained or willing to be trained who can assist you in the business.
- Observe successful business people conducting their business.
- Find an experienced business owner to mentor or advise you.
- Practice discussing the advantages and disadvantages of any situation or idea.



My personal action plan!

Now that you have come to the end, go through the Business Awareness Reader again and review what you have learnt. Think carefully of the next steps that you can take if you are interested in starting a business.

Remember that some of these steps can be taken while you are working and away from home. Also remember that it is important that you discuss your ideas with your partner and immediate family members as they will play a major role in supporting the set up and operation of your business.

Use the lessons learned while attempting the exercises in this Reader to help you set your goals for starting a business. For each goal, identify the actions you need to complete and purpose for each action, and also set the timeline for completing each action! Check your progress regularly!

My Goals	Actions I need to take?	How will this help me?	When will I complete this task?

Extra Copy: Business Ideas Analysis Form

Business Ideas Analysis Form

1. Name of business:
2. Products or services sold:
3. Main customers:
4. When and why did the owner decide to start this business?
5. Why did the owner think it was a good idea to start that business?
6. How did the owner find out what local people wanted?
7. What strengths or assets did the owner use to start this business?
8. What problems did the owner face in setting up the business?
9. Has the business service or product changed over time?
10. Other Notes:

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