



# EMS

## NOTES AND WORKBOOK

### GRADE 7

### TERM 3 (COVID 19)

LEARNER NAME: \_\_\_\_\_

CLASS: \_\_\_\_\_



**BUSINESSES: FORMAL AND INFORMAL BUSINESSES –  
DEFINITION AND CHARACTERISTICS**

What type of activity takes place in your community where there is congestion of people and many people selling products or to these people?

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What is the nature of businesses taking place in these environments?

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**STUDY NOTES**

**Formal business** – is a business that has followed the necessary procedures and policies that applies to their business. It is registered for tax with South African Revenue Services. It usually opens for regular working hours and pays salaries and wages to its employees.

**Informal business** – is the one that usually does not have a fixed or official recognised business site or premises. It is not registered, and does not keep official records. The wages paid to workers are usually low and are often paid in cash. The business is not registered for tax.

**Characteristics of formal businesses**

- It follows formal procedures and policies where necessary
- Are large or small in size.
- Usually employ a number of people who are registered tax payers.
- Have a permanent and recognised address.
- Keep official records and pays tax
- Often use sophisticated marketing methods
- May use advanced technology in production process or rendering of service.

**Characteristics of informal business**

- Do not follow any formal procedures to set up.
- Are usually small in size and are often involved in small scale business activities.
- Usually do not employ people or employ very less number with less skill.
- Do not have officially recognised business premises.
- Use simple and often less sophisticated technology in their production process or rendering of services.
- Have an uncertain expected income.

## Pictures of formal and informal businesses



**Formal business**



**Informal business**

## WEEK 1 & 2 LESSON PLAN

Date: \_\_\_\_\_

## BUSINESSES: TYPES OF BUSINESSES



Give any example of a product and name the company that produces it?

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What are services?

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### STUDY NOTES

There are three different classes into which economic activities are divided and businesses operate in each of the sectors. Business owners can decide whether they want to sell goods; manufacture products; or to render services to the consumers.

### Three types of businesses

#### 1. Trading business (retail business)

- This is a business that sells products which are made by other businesses or people directly to consumers.
- These businesses buy goods at certain price from their suppliers and sell them at a higher price to their customers to make profit.
- Trading businesses often buy in large quantities and then sell the items in smaller quantities or individually.
- Formal trading businesses usually sell from shop premises, while informal trading businesses could sell from market stalls or even trade from home.

- Examples of retail businesses: clothing shops; supermarkets; wholesalers and car dealerships.

## 2. Manufacturing businesses

- These businesses make products that people or businesses need or want.
- They turn raw materials or semi-finished products into finished products such as food; clothes; cars & furniture.
- Manufacturing businesses could sell to other businesses or directly to the public.
- Formal manufacturing businesses usually operate from well-equipped factories, while informal manufacturers could operate from home.
- Examples of manufacturing businesses: bakeries; clothing manufacturers; abattoir.

## 3. Service businesses

- These businesses sell their skills and time to other businesses or people.
- They provide a service and charge a fee for their services.
- Formal service businesses often operate from business premises but can also operate from home.
- Informal service businesses often operate from home or from a temporary structure on pavements or at market places.
- Examples of service businesses: doctors; motor mechanics; hairdressers; plumbers; shoemakers; dressmakers; electricians; gardeners; painters; dry cleaners.



### Activity :

#### Businesses: Formal and informal businesses

1. Define the following concepts

a) Formal business

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b) Informal business

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2. Mention five characteristics of informal business.

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3. Mention five characteristics of formal business.

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4. Explain the following concepts

a) Trading businesses

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b) Manufacturing businesses

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c) Services businesses

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5. Indicate the type of businesses indicated by making a tick in the correct column

Business activity	Types of business		
	Trading business	Manufacturing business	Service business
Biscuits factory			
Gym			
Restaurant			
Grocery store			
Gautrain			

**BUSINESSES: NATURAL DISASTERS AND HEALTH EPIDEMICS  
(NON-EXAMINABLE)**



Mention any result of extreme weather conditions?

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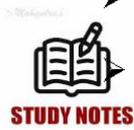
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Mention any disease that can be passed on from one person to the other?

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➤ **Natural disasters** are natural events as opposed to the man-made events that damage the environment or buildings and kill people and animals.

**Health epidemic** Is when diseases such as HIV/Aids affect a population and is widespread.

**Examples of natural disasters**

- Storms and floods
- Hurricanes.
- Tsunamis
- Volcanoes
- Fires
- Landslides
- Droughts

**Pictures of natural disasters**



Volcano



Tsunami



**Floods**



**Hurricane**



**Landslide**



**volcano**



**Storm**



**Hurricane**



**Storm**



**Earthquake**



## Examples of health epidemics

- HIV/Aids
- Malaria
- Ebola
- Tuberculosis
- Cholera
- Chickenpox
- Yellow fever
- Smallpox

## BUSINESSES: THE EFFECT OF NATURAL DISASTERS AND HEALTH EPIDEMICS ON FORMAL AND INFORMAL BUSINESSES



What is a natural disaster?

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Mention any example of a natural disaster

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### STUDY NOTES

If a natural disaster, like flood, fire, earthquake or violent storm, were to hit business area and destroy all or part of a business' stock or buildings, there would be very negative impact on the operations of both formal and informal businesses. Some effects may have corrective actions and others would have long time implications.

### 1. Effect of natural disasters on formal and informal businesses.

- Damage by flooding, wind, earthquakes and other disasters can cause damage to infrastructure such as roads, bridges, and highways.
- Natural disasters such as droughts may cause shortage of certain crops and this will cause a rise in prices.
- Physical structure of the business can be damaged, making it impossible to operate from usual business. The business will lose customers while the premises are repaired or rebuilt.
- Equipment may be destroyed, making it difficult for a business to carry on operating.
- Disasters can cause the business to lose stock, if it is not insured it may be bankrupt by failing to replace stock.
- Insurance companies lose billions of rands and may even go bankrupt with all the insurance claims that they have to pay. Insurance costs for the businesses may also increase.

- If the business owners for informal business do not have money to repair damaged structures and buy new stock, they will no longer be able to trade – this will result in unemployment and their families will suffer.

## 2. Effect of health epidemics on formal and informal businesses

- When employees are ill, they don't come to work and productivity may suffer.
- Most informal businesses are owner-managed and do not employ staff, if the owner is sick, the business will close down.
- Consumers in an area affected by health epidemic will have to spend their money on health care and businesses will experience loss of sales and income.
- If an employee is ill with infectious disease, he/she may infect other employee if it is not detected early. E.g. Ebola virus.
- Businesses spent more on training programmes for replacement staff of workers who might die of the diseases.
- Breadwinners may die of diseases and this may cause poverty and poor standard of living
- **When it is a pandemic like COVID 19, a disaster is announced in the country and a lock down could be eminent.**
- **When a lock down is called it means all economic activities come to a standstill.**
- **Different businesses will apply different models of remuneration for their staff – some might cut on salaries others might have a no work no pay policy.**
- **Some countries might have enough money to assist businesses financially to help them pay their employees. In SA with the Covid 19 Pandemic the government instituted a fund called TERS UIF in order to assist businesses with money to pay their employees.**



### Activity :

#### Businesses: Natural disasters and health epidemics

1. Explain the following concepts

a) Natural disasters

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b) Health epidemics

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2. Give four examples of natural disasters.

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3. Give four examples of health epidemics.

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4. Explain the effect of storms on consumers or households.

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## WEEK 4 LESSON PLAN

Date: \_\_\_\_\_

### DEFINITION OF AN ENTREPRENEUR



Ask the following questions to your learners

**Explain the difference between a formal and informal business**

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## Name the three type of businesses

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STUDY NOTES



### What is an entrepreneur

- A person with a business idea, who then invests in organising and runs a business to sell that idea
- Someone who combines three factors of production such as capital, land, labour
- A person who takes the risk of starting his /her own or borrowed capital.

### What is entrepreneurship?

- Factors of production is the inputs used to produce goods and services. They include labour, capital, land and entrepreneurship.
- Entrepreneurship is the skill needed to combine labour, natural resources and capital in the most effective way and to take the risk of starting a business in order to make a profit
- Remuneration is money you get from something , in this case remuneration of an entrepreneur is profit



Ask the following questions to the learners:

What is profit?

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What will happen if you do not make a profit?

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What is a loss?

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## CHARACTERISTICS OF AN ENTREPRENEUR

Explain the following to the learners:

- An entrepreneur is a person who risks their own money to start a business, hoping to make more money if they continue to work for another person or organisation.
- Some characteristics of an entrepreneur (you can add on the list):

Characteristic	Explanation
Risk taking	They are able to take risks and do not rely on others to tell them what to do. They know in order for them to succeed, they have to take risks. However, they do not take unnecessary or unwise risks. They do the necessary research to ensure the risks they take have a reasonable chance of being successful.
Ambition to achieve	Ambition is a strong desire to do or achieve something. Entrepreneurs have a vision and goals that always drive them to achieve success.
Discipline	Entrepreneurs focus on making their business work and are not distracted by anything in order to achieve their goals.
Optimistic, confident and remain calm	Good entrepreneurs will remain positive and calm in any emergency. They believe in themselves and are confident. Keeping calm may not solve the problem immediately, but will make it easier to solve. They need to cope with failure without getting frustrated or angry.
Passion	Entrepreneurs enjoy what they are doing and do not mind spending the hours needed to ensure a successful business.
Persistent	Entrepreneurs never give up, no matter how tough a task is.
Decision-making	Entrepreneurs are able to make quick decisions in order to make the most of opportunities that arise.
Competitive	Entrepreneurs strive on competition and are not afraid of it. They compete against themselves in order to be better and to improve all the time.



## SKILLS OF AN ENTREPRENEUR



Name a few characteristics of an entrepreneur

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Explain the following to the learners:

- Entrepreneurs need to have certain skills in order to be successful in starting a business.
- Define the term skills – it is the activity you can do well. Skills can be learnt through observation, through training and through experience.
- Skills of an entrepreneur:

### Entrepreneur are good organisers

- An important skill in an entrepreneur is the ability to organise things.
- Organise is to do things in such a way to make your life easier.
- Ask the learners the following questions – are you organising your time so that you finish your homework at time? Is your room tidy?
- Here are some guidelines to help you to organise things:
  - Plan – think ahead what needs to be done today, or next week, or next month
  - Prioritise – list the things that is more important than other things and do the important things first
  - Good working habits – work every day
  - Concentrate at only one thing at a time
  - Have a place for everything and put everything in its place
  - Can you add some things to make your life easier?

### Entrepreneurs plan their business

- Before starting a business, an entrepreneur must plan very carefully and make good decisions about:
  - the product
  - who to sell the products to
  - where to locate the business
  - the cost of starting the business
  - how to get money to start the business
- Time spending on planning is never wasted.
- If an entrepreneur does not plan well, there is less change that he or she will be successful.

### Entrepreneurs are risk takers

- It is a risk to start a business
- A risk is a change you taking
- An entrepreneur run the risk of losing money, but also stand the change of making lots of money.
- Good planning will help an entrepreneur to minimize the risk of losing money.



### **Activity :**

#### **The Entrepreneur**

Read through the case study and answer the questions that follow.

#### **Case study: Tuck-shop ideas**

**Simon Letlape was a matric learner in Soweto. Together with his best friend, the entrepreneurial Sam Moila, the boys started a tuck-shop business at their school.**

**One hot day they decided that they could make a good sum of money by selling cold drinks to learners who is doing sports in the afternoon. They each drew R100 from their savings account. Simon borrowed his father's wholesale discount card and bakkie to buy lots of fruit juice and yoghurt. 'This was our first mistake – overstocking! It took ages to sell all our products and the yoghurt went bad'. The boys grinned and looked embarrassed as they remembered their early troubles.**

**Luckily their Accounting teacher helped them and the boys never looked back. They practised tight stock control by buying fruit juice and yoghurt weekly. They tried hard to balance their supplies with the demand, and made a profit of R700 during the year.**

**Sam said: 'We do not get regular pocket money. This encouraged us to start our own business. I think it is a good thing because teenagers should not just take from their parents. Also, we are better prepared for the future than other young people who have not tried to do their own thing'.**

1. Define an entrepreneur

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2. Do you think Simon and Sam are entrepreneurs? Give reasons for your answer.

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3. How much money did each boy risk to start this business?

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4. Simon and Sam said that their main mistake was 'overstocking'. What do you think they mean by this?

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5. Identify the steps they took to make sure this mistake did not occur again.

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6. Can you learn anything from Simon and Sam business experience if you started a business at school?

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# CHARACTERISTICS OF AN ENTREPRENEUR



**EAC – Spell the following words.....Listen closely to your teacher**




**Activity :**

## The Entrepreneur

Match Column A with Column B

COLUMN A		COLUMN B	
Description of a characteristic or skill of an entrepreneur		Matching word	
1.1	Is not afraid of failure or challenges	A	Has people skills
1.2	Believes in himself / herself	B	Patient
1.3	Will not be discouraged by problems	C	Knowledgeable
1.4	Is careful not to hurt others ' feelings	D	Has experience
1.5	Is true to himself /herself and to others	E	Punctual
1.6	Can get along with other people	F	Action -oriented
1.7	Can think of new ideas to satisfy needs	G	Confident
1.8	Has a clear plan for his / her future	H	Energetic
1.9	Knows a lot about business	I	Honest
1.10	Wants to do things instead of being passive	J	Tactful
1.11	Is good at organising things	K	Perseveres
1.12	Has plenty of energy	L	Creative
1.13	Stays calm and doesn't get angry	M	Risk taker
1.14	Has done similar work before	O	Organised
1.15	Is always on time	P	A visionary

## Answers:

1.1		1.8	
1.2		1.9	
1.3		1.10	
1.4		1.11	
1.5		1.12	
1.6		1.13	
1.7		1.14	
		1.15	



### Activity :

#### The Entrepreneur

Read through the case study and answer the question that follow.

#### Case Study:

**Herman Mashaba is a man who never gives up. Today Herman Mashaba Herman is the Managing Director of a huge and successful hair – care and cosmetics business, Black Like Me. But he has had to overcome many difficulties on his ways to the top**

**Herman was brought up in the poor rural village of Ramotswe, where life was very harsh. From the age of thirteen, he gamble every weekend so that he would have money to pay his school fees. He studied for two years at the University of Limpopo, but after political unrest, the apartheid government closed the university.**

**Herman then worked as a clerk. As soon as he had saved enough money, he bought a car and became a salesman, He sold a range of products from crockery to insurance. During this time, he had to find ways around the harsh laws that stopped black people from moving about freely in South Africa so that he could sell his products. He became very good at avoiding police**

**In 1985, Herman realised that black South African were becoming more and more interested in hair care. He took a loan of R30 000 , teamed up with a chemist named Johan Kriel and began making hair - care products he was able to stop selling other items and focus on hair – care products at night after work. Soon he was able to stop selling other items and focus on hair care products only. Within seven months, the business had repaid the loan and Black Like Me continued to grow rapidly. By 2001 the business showed a 47% growth, the most rapid growth rate in the industry at that time.**

**Herman had found his niche in the market. But it was not always easy to run his business and stay successful. He suffered a major setback in 1990 when his factory burnt down, but he didn't give up. Within two weeks , he had found new premises. Black Like Me now employs about 150 people, and is partly owned a huge international company, Colgate Palmolive. Herman Mashaba is still the Managing Director of the business. He has also won several awards for his work as an entrepreneur.**

Question:

1. Write down all the entrepreneurial skills you have identified in Herman's story.

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NB other skills of entrepreneurs are:



Management skills – which includes the skills of planning, of planning, organising, leading and control.

**STUDY NOTES**

Entrepreneurs plan ahead and use systems that help them to store things in orderly ways so that they can find things quickly

The entrepreneur must have good knowledge of the product he or she wants to sell or service she/ he wants to render

## VOCUBULARY - EAC



**LOAN** - it is the money you borrow from friends , family, or a bank. You need to pay this money back, sometimes with interest

**MARKET** – target group / group of people with certain characteristics to whom an entrepreneur aims to sell his / her product or service

**SKILLS** – it is an activity you can do well. Skills can be learned through training or through experience.

## WEEK 5 LESSON PLAN

Date: \_\_\_\_\_



## ENTREPRENEURIAL ACTIONS



What is the difference between buying and selling?

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### Explain the following to the learners:

- Entrepreneurs take certain actions in order to create a successful business.
- It does not matter what kind of business it is.
- A business can only be successful if it brings in more money that it spends, in other words, it must make a profit.
- What do entrepreneurs do to achieve this?
- Today we are going to look at buying and selling
- Tomorrow we are going to look at producing and making a profit.

#### Buying

- The first basic function that an entrepreneur has to perform is buying or purchasing equipment, raw materials and stock.
- Different businesses need different kinds of equipment to run the business .
- For example, a business might need furniture, computer equipment, machinery or vehicles .This equipment is also known as capital items. The entrepreneur needs to decide what equipment is needed and where it will purchased. When buying the equipment the entrepreneur negotiates the price with the supplier .
- Raw materials are things that are used to make other goods. They are the inputs in the production process. Examples of raw materials used by a business that makes furniture include wood, nails, glue, fabric and leather. All these raw materials need to be purchased. The entrepreneur will decide what raw materials will be needed and how much of the raw materials will be purchased. Finding a reliable supplier who can provide good quality raw materials is a very important part of running a successful business.
- For buying finished goods, let us take an example of a tuck shop. A business that acts as a middleman between the producer of goods and the consumers that want to buy that things is called a retail business a tuck shop is a retail business.
- The retail business will get its products from a bulk wholesaler like Makro where the price is lower than a local supermarket

#### Selling

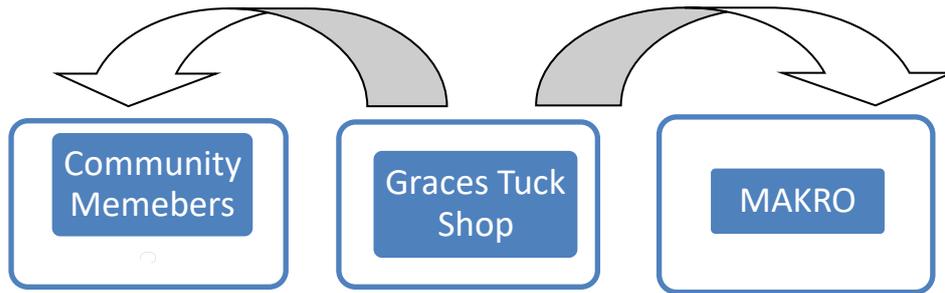
- Entrepreneurs start businesses to supply unmet needs.
- Selling is the action of persuading customers to buy a product or service.
- Selling involves talking to customers and explaining to them how a product works or telling a customer about the benefits of a product or service.

#### Producing

- Some people are creative and like to make things.
- Entrepreneurs with these characteristics may prefer to produce goods.
- For example, somebody can make muffins and sell it to children at school. Another person wants to make traditional dresses and sell it to the local community.
- Ask learners to give some examples of people in their community who produces something.

#### Profit

- An entrepreneur cannot start a business and do not have the aim to make money (a profit)
- A profit is when your income is more than your expenses.
- When an entrepreneur is still in the business planning stages, it is important to remember that there are other expenses (called overheads) in running a business.
- Overheads are running expenses like rent, electricity, water, and transport costs.
- These are the expenses that are involved to get the product or service to the customer.
- A lot of entrepreneurs are failing or do not make a big profit because they do not plan for these overheads



### Entrepreneurial Actions:

Example: Grace started her own tuck shop “Graces Tuck Shop” in her community to meet their demands for goods that they would otherwise have to buy from businesses situated far from Thembisa. She buys most of her stock from Makro in Johannesburg.

### Buying:

When an entrepreneur starts a business he/she must buy the goods from somewhere to sell it in their communities. In the above example we notice that Grace the business owner buys her goods from Makro. She will bring the goods to her premises which is close to her community to sell. Example of goods that she will buy include food like sugar, mealie meal, flour, canned food, cold drinks, household items like washing powder, bleach; snacks like sweets, chips, etc.

### Selling:

Grace will sell the goods to the people in her community to satisfy their needs.

Other entrepreneurs may start a business to provide a service to the community examples are dry cleaning, internet cafe, transport and photographic services.

### Producing:

The changing of raw materials into goods or services so that they can satisfy needs and wants. It is a series of steps that starts with inputs (raw material and labour) and goes through a process of manufacture yielding the end product and outputs.

If Grace’s neighbour buys material from a supplier to make clothes. She uses the material (input) using sewing machines (production process) to make dresses (output / end product)

### Making a Profit

If Grace buys goods from Makro then she need to sell it at a higher price to be able to make a profit. The amount of money left in a business after all expenses have been paid from sales generated

**Profit = Selling price – Cost price**

**Example:** Grace buys a bag of mealie meal from Makro at R40 and she sells it at R55 in her community to enable her to make a profit.

**Selling price - Cost price = Profit**  
 R55 - R40 = R15



**Activity :**

**The Entrepreneur: Buying and selling**

**Question:**

1. Define a retail business.

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You want to sell lolly pops at school. You can buy the lolly pops at R1 from a wholesaler.

1.1 What is a wholesaler?

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1.2 For how much will you sell the lolly pops to the learners at school?

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1.3 Why do you have to sell it for more than R1?

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**Activity :**

**The Entrepreneur: Producing and profit**

**Question:**

1. Define a manufacturing business.

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***You want to sell something at school that you make yourself (for example, muffins, popcorn, and so on).***

- 2.1 What ingredients do you need to make the product?

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- 2.2 Why do you want to sell your product to the learners?

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**Activity :**

**The Entrepreneur  
Questions:**

1. Define the term entrepreneur.

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2. Why do you think people become entrepreneurs?

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3. List five characteristics of successful entrepreneurs.

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4. Use the word bank to find the answers to the questions below:

<b>Innovation</b>	<b>Competitors</b>
<b>Risk taker</b>	<b>Retail business</b>
<b>Overheads</b>	<b>Bulk wholesaler</b>

4.1 A skill of an entrepreneur. \_\_\_\_\_

4.2 A business that acts as a middleman between producers and consumers of goods.  
\_\_\_\_\_

- 4.3 A business that buys and sells goods in large quantities. \_\_\_\_\_
- 4.4 Additional expenses in running a business. \_\_\_\_\_
- 4.5 A new way or idea of doing something. \_\_\_\_\_
- 4.6 Businesses that offer the same good or service and ensure that his or her own business makes a profit. \_\_\_\_\_

## WEEK 6 LESSON PLAN

Date: \_\_\_\_\_

### NEEDS AND WANTS OF CONSUMERS



Give examples of your needs

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Is there something that you want but can live without?

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#### Explain the following to the learners:

- Needs are things that one cannot survive without, examples of needs are food, clothing, housing (shelter), water
- Wants are those things that we can survive without examples are furniture, jewellery, brand name products.
- Consumers refers to customers or people who have a need to satisfy and are willing to buy in order to satisfy those needs
- Learners will be told that they need to make choices in order to satisfy their needs .
- Since the means to satisfy the needs are limited it is important to choose wisely which needs they are to satisfy.



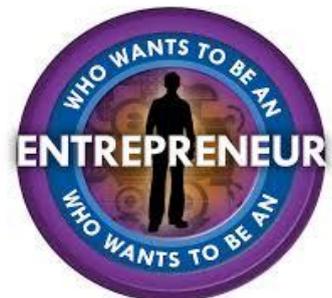
STUDY NOTES

## ENTREPRENEURSHIP EDUCATION



### Factors to consider running a successful business

- Identify viable business ideas (from community needs analysis)
- Develop business plan, business profile and business proposal
- SWOT Analysis
- Know where and how to register a business
- Registration documents, tax clearance and BEE certificates. Cost to obtain registration documents
- Business contracts, trademark, logo, intellectual property protection
- Funding (security to secure funding & organisations that offer funding)
- Marketing – promotion and branding
- Internet marketing
- The impact of market conditions and competition on businesses
- Suitability of property and location to run the business
- Cash flow management – costing and accounting procedures
- Setting of business goals and reaching those
- Attending business seminars, exhibitions and expo's
- Business coaching and mentoring
- Managing of staff
- Business Ethics



### Organisations Promoting Entrepreneurship:

Department of Trade and industry (DTI), National Youth Development Fund (NYDA), Companies Intellectual Properties Commission (CIPC), Gauteng Enterprise Propeller (GEP), Department of Small Enterprises (DSE), Department of Economic Development (DED), Small Enterprise Development Agency (SEDA), Gauteng Growth and Development Agency (GGDA), Commercial Banks – Small Business Development, Transnet Small Business Hub (Carlton Centre), ESKOM Small Business Hub (Business Investment Corporation - BIC), etc.

## ANALYSIS OF STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)



Do you have any strength and give examples?

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Do you have any weaknesses and give examples?

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**STUDY NOTES**

**Explain the following to the learners:**

- A SWOT analysis (acronym for Strengths, Weaknesses, Opportunities and Threats) of your business ideas involves finding out the strengths and weaknesses of each of your business ideas and what opportunities and threats may exist in the environment.
- This analysis looks at both the internal and the external factors that may influence the business's ability to compete in the market.
- The strong and weak points are internal aspects that the entrepreneur can control, whereas the opportunities and treats are external factors over which he or she has no or limited control.
- To do a SWOT analysis of your business ideas, you must have a good understanding of what each business idea involves.
- Consult local business persons if you need to.
- For strengths and weaknesses, you have to look **inside** your intended business for things that you can control. Examples of each are as follows:
  - **Strengths** – all the things that you or your business are good at (for example, a unique product, ideal location of the business, previous experience in the line of business, good managerial or accounting skills, high level of productivity and low costs).

- **Weaknesses** – all the things that you or your business is not good at (for example, no previous experience in line of business, lack of sufficient funds, lack of managerial skills, higher costs than the competition).
- For opportunities and threats, you have to look **outside** your intended business for things that you cannot control. Examples of each are as follows:
- **Opportunities** - those incidents, events or circumstances outside the business that can be used for profit or which will be good for your business (for example, few competitors, consumers not happy with existing products of competitors, good supply of skilled labour in the community, a good supply of raw materials).
  - **Threats** - the things outside the business that will be bad for your business or which may affect the functioning of the business negatively (for example, new competitors move into the area, competitors use new technology, a shortage of skilled labour in the area, increased personal taxes by government).

### **Support Material**

**Analysis** is the process of breaking a complex topic or substance into smaller parts in order to gain a better understanding of it.

**SWOT Analysis** is a tool to help you structure the way you want your business idea to work - an analysis of the strengths, weaknesses, opportunities and threats of a business as part of changing and growing the business.

**STRENGTHS:** Positive internal attributes that we can control.  
All the positive characteristics you have.

**WEAKNESSES:** Negative internal attributes that we can control.  
All the things you are not so good at but can improve.

**OPPORTUNITIES:** Things or circumstances in the external environment that can help us realize our goals.

**THREATS:** Things in the external environment over which we do not have much control. They cannot be minimized or avoided.

# S

## trengths

Advantages  
Capabilities  
Resources, Assets, People  
Marketing - reach, distribution, awareness



# W

## eaknesses

Lack of competitive strength  
Financials  
Our vulnerabilities  
Timescales, deadlines and pressures  
Continuity, supply chain robustness



# O

## pportunities

Market developments  
Business and product development



# T

## hreats

Environmental effects  
Market demand  
Obstacles





**Activity :**

**Starting a business: SWOT analysis**

You want to start a sandwich business and sell it to people in office buildings. Use the SWOT analysis form, identifying the strengths and weaknesses of the business and owner as well as the opportunities and threats from outside the business.

<b>SWOT ANALYSIS OF A SANDWICHS BUSINESS IDEA</b>	
<b>Inside the business</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<b>Outside the business</b>	
<b>Opportunities</b>	<b>Threats</b>