

ENTREPRENEURSHIP FIELD TRIP TO MAGANJO GRAIN MILLERS LTD AS A GROUP

Objectives of the field trip

- To introduce ourselves to field research.
- To relate the theory studied in class to practical work.
- To see what takes place in business enterprises.
- To expose ourselves to the business world and study realities of business

General description of the business visited

- **The name, address** and contact of the business visited is Maganjo Grain Millers. Ltd, P.O. Box 6738 Kampala (U) on contact +256-772-371438.
- The business visited is **located** at Maganjo village 10km along Kampala- Bombo road, plot number 1073, block number 203 in Kawempe Division, Wakiso district.

Purpose of the business

- **The vision of the business visited is;** "To be a leading food processing firm in East and Central Africa ethically recognized by the authorities",
- **The mission statement is** "to be committed to producing high nutritious, affordable and quality products that are available at all times".
- The-motto is "feeding nations"
- **Goals:**
 - i. To increase production of maize floor by 20 tonnes in 2 years
 - ii. To produce 300,000ltrs of mineral water in 3 years
 - iii. To produce 10 tonnes of soya millet in 14 months
 - iv. To create 10 new outlets in two years
 - v. To employee 100 people in 2 years
 - vi. To introduce 3new brands in two years
 - vii. To increase sales by 60% in two years
 - viii. To increase profits by 50% in 3years
 - ix. To increase the market share by 50% in two years
- **The objectives include among others;**
 - i. To increase production of maize floor by 10 tonnes in one year
 - ii. To produce 100,000ltrs of mineral water in one year
 - iii. To produce 5 tonnes of soya millet in five months
 - iv. To create five new outlets in three months
 - v. To employee 50 people in ten months
 - vi. To introduce 2new brands in twelve months
 - vii. To increase sales by 40% in one year

- viii. to increase profits by 30% in nine months
- ix. to increase the market share by 25% in one year
- **Core values**
 - i. Team work
 - ii. Lord fearing
 - iii. Professionalism
 - iv. Creativity
 - v. Building on strength
 - vi. High quality foods
 - vii. Opportunity orientation
- **Sources of funds for the business** visited include among others, share capital by the proprietors where Mr. Lugya Benon contributed 85% shares, Mr. Kabuye Stephen and Mrs. Tamale Mary contributed 15% of the share capital. Other sources include; bank loans from Equity Bank Centenary Bank, Standard Chattered Bank, Personal Savings and Retained profits.
- **The uniqueness of the business**
 - i. Offering/providing good quality products/ services ie tasty maganjo maize floor, Maganjo soya nkejje and delicious maganjo bread
 - ii. Competitive pricing/cheaper prices ie 500gms of Soya Nkejje at only shs 4000/= compared to other brands like Azam Soya nkejje at shs 5000/=
 - iii. Improved customer care services ie highly skilled personal sellers with smiling faces and appropriate after sales services like giving out packaging materials like maganjo paper bags
 - iv. Persuasive advertising of products ie done on televisions and radios with attractive
 - v. Adequate capital that enabled assembling of modern machines like mixers, boilers and graders
 - vi. Selective credit selling done to regular customers like super markets, whole sellers and institutions like schools and hospitals
 - vii. Maintaining good corporate image
 - viii. Good quality human resource management/Motivation of employees which reduces high labour turn over i.e. they are given 1kg of any of the products every day
 - ix. Extensive sales promotional activities such as use of gifts to regular customers, trade discount of 10% etc
 - x. Added conveniences like opening early (6:00am) and closing late (11:00pm)
 - xi. Providing a variety of products like maganjo maize floor, Maganjo Soya Nkejje, Maganjo brown cakes, Maganjo mineral water, animal and poultry feeds and maganjo super gates.
 - xii. Durable packaging materials that are friendly on the environment ie paper packets and bags

- **The target market** of business visited is internal customers that include schools such as Kawanda S.S, supermarkets such as Uchumi, Nakumat and external markets that include Rwanda, Kenya, Burundi, Southern Sudan and UK plus the community members.
- **The products offered** by the business visited include, Maganjo wheat flour, Maganjo millet flour, Maganjo maize flour, Maganjo animal and poultry feeds, Maganjo mineral water, Maganjo Brown cakes, Maganjo super gates, energy booster among others.
- **Maganjo grain millers was started in 1980** by 3 shareholders who include Mr. Lugya Benon, Mr. Kabuye Stephen and Mrs. Tamale Mary.
- **SWOT-Analysis of the business**
- **Main strengths of Maganjo Grain Millers (U) Ltd**
 - i) Produce high quality tasty products like wheat flour, Maganjo maize flour, Baby Soya Nkejje, Soya energy boosters, maganjo mineral water etc
 - ii) Good location of the business –i.e. near the main road along Kampala-Bombo road. this eases marketability of its products
 - iii) Has large land for business Located on 5acres in Kawempe Division, Maganjo village. This favoured assembling of plants
 - iv) Have highly skilled labour (both locals and foreigners like Indians) graduates of various fields like mechanical engineers, electrical engineers, accountants etc.
 - v) Use advanced technologies in various sections eg modern raw material storage tanks like for cereals, fillers, refineries etc in the production sections
 - vi) Large capital base. Eg the company received a development loan from Barclays bank
 - vii) Producing a variety of products such as Maganjo delicious cakes, Baby soya Nkejje
 - viii) strong entrepreneurial characteristics of the owner like realistic goal setting, profit orientation and risk taking.
- **Main weaknesses of the economy**
 - i) Not having workers' residential houses inside Maganjo Grain Millers (U) Ltd premises leads to time wastage , high transport cots on transporting workers.
 - ii) Have few distribution trucks. Makes the company products not to reach all customers in and outside Uganda.
 - iii) Have small production capacity for the main raw materials like palm.
 - iv) Have few varieties of products e.g. Maize, millet and soya flour, cakes, animal and poultry feeds, breads and mineral water only yet the market demands many products
 - v) Have few permanent workers who are mainly skilled like mechanical engineers, electrical engineers.

- vi) Inadequate storage facilities for mainly some raw materials like cereals and final products such as breads, cakes, mineral waters etc
- vii) Inadequate supervision of some of the workers especially in the production section involved in sorting raw materials like maize, soya and millet grains.

- **Main opportunities available to the business**

Maganjo Grain Millers (U) Ltd has the following opportunities;

- i) Large market size for its products both within and outside Uganda. 80% of all company products like breads, maize, millet and soya flour are consumed in Uganda.
- ii) Demand is still increasing both in Uganda and other east African countries like South Sudan.
- iii) Readily available cheap labour from the local people in Maganjo, Kawempe area i.e. casual labour
- iv) Well developed infrastructure such as roads, it is using stable three phase electricity etc
- v) Having a strategic location of the business. Maganjo Grain Millers (U) Ltd is located near the main road of Bombo-Gulu road enabling it to use cheap transport and market thus reducing costs.
- vi) Favourable government policy of tax incentives such as tax reductions and holidays
- vii) A high degree of political stability in the area enables smooth running of the business activities.
- viii) Adequate raw materials such as maize, millet and soya grains, wheat flour from Ukraine etc
- ix) Ensuring effective advertising than the key rivals eg Maganjo Grain Millers (U) Ltd owns a football club through which it promotes its products wherever they play.
- x) Communicating regularly with the potential customers like through the internet, radios, television and other media in Jinja and East Africa at large.
- xi) Ensuring good presentation and appearances of a variety of aspects related to the business that attract customers eg using attractive packaging of cooking oil and soap.

- **Main threats facing (faced) by Maganjo Grain Millers (U) Ltd**

- i) Unstable power/load shedding /power cuts from Owen Hydro Power Station. Disrupts production of breads, maize, millet and soya flour, mineral waters etc,
- ii) Inadequate supply of raw materials/far supply of key raw materials. Maganjo Grain Millers (U) Ltd doesn't produce enough cereals, forcing it to import some of them like wheat flour from Ukraine.
- iii) Increasing or high taxes e.g. on imported goods like wheat flour from Ukraine. Other taxes or dues paid by the company include; VAT, local service tax to Kawempe Division, trading license, fees and corporate tax.

- iv) Fire outbreaks e.g. in the cereal department caused by bad people leads to loss of (raw materials)
- v) Stiff competition from rival businesses like Ssessako kyengera, Mama Soya producers, Pembe Millers, Engano Grain Millers(U) Ltd and imported tinned foods
- vi) High labour turnover of casual workers. this disrupts production activities leading to low output.
- vii) Theft of raw materials and final products by employees
- viii) Duplication or counterfeit products. Some dishonest people both in Uganda and outside sometimes duplicate Maganjo Grain Millers (U) Ltd like soya millet, maize breads due to high demand.
- ix) Bad weather especially prolonged droughts that lead to huge losses from plantations and heavy rains that destroy raw materials in stores.

Note: The above threats and weaknesses are actually the challenges or problems facing Maganjo Grain Millers (U) Ltd

• **Strategies/measures/ways/how the company overcomes or can use to overcome or manage with the threats**

- i) Using powerful standby generators to supply electricity to the company so as to overcome the threat of power cuts.
- ii) Buying more land for planting more maize, soya and millet seedlings to overcome shortage of raw materials.
- iii) Employ more security workers at the business premises to reduce fire outbreak and theft of raw materials and final products like maize flour, Maganjo Soya Nkejje etc
- iv) Producing superior quality such as Tasty cakes and brown breads, mineral water, energy boosters and thick porridge products than those of their competitors.
- v) charging fairly lower prices than the rivals and using appropriate distribution strategy of delivering the products faster to the consumers so as to overcome the threat of competition from Pembe and Ngano grain millers' industries.
- vi) Providing labour motivational schemes like bonuses free lunch to all the workers, transport allowances and health insurance to the workers so as to overcome the threat of losing workers.
- vii) Raising/raised the level of technology through using modern packaging and branding of Maganjo Grain Millers (U) Ltd products and communicating regularly to the customers the main product features so as to overcome the threat of Pembe, Ngano grain millers and Ssessako grain millers that produce all products made by Maganjo Grain Millers (U) Ltd like breads, cakes maize, millet and soya, mineral water, super gates ect

• **The business assets** include premises which are located on 6 acres of land and it has over 20 vehicles that are used to carry out business activities, machines such as graders, office furniture etc

• **Legal form of the business**

It is a Joint Stock Company and in particular a Private Limited Liability Company.

- **Nature of business visited/Type of business visited**

It is a manufacturing business particularly a food processing company.

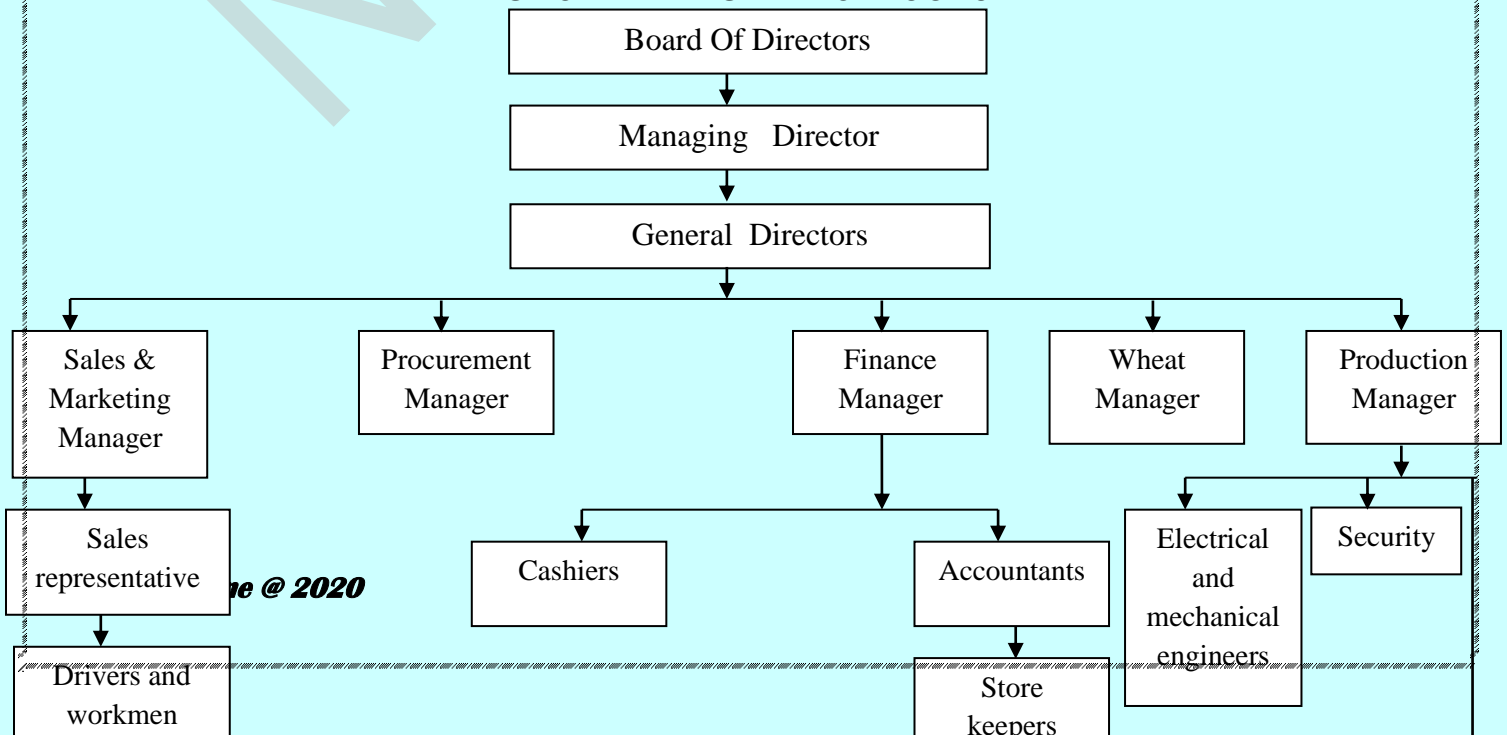
DAILY ROUTINE OR OPERATIONAL ACTIVITIES

Daily general routine activities conducted in Maganjo Grain Millers (U) Ltd include;

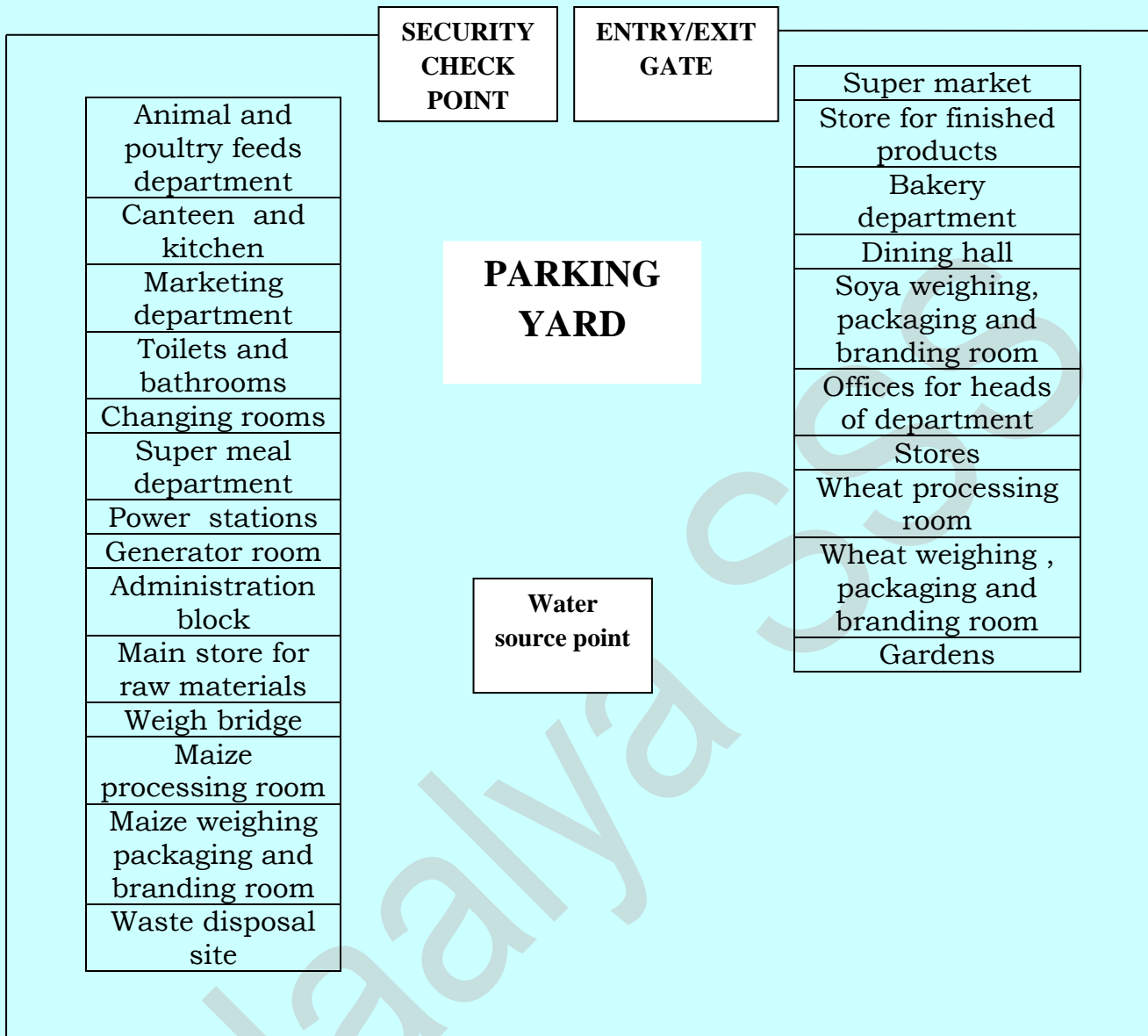
- i. Purchasing of inputs (purchasing activities). The company calls out regulation of purchasing of maize, millet, soya grains from local out growers in Uganda and wheat from Malaysia and Ukraine.
- ii. Carrying out actual production ie grading of the maize grains, conditioning of the maize grains, de-hulling the maize grain etc
- iii. Storing of the stock (inventories). The stores department (workers) carry out daily stores management activities like storing finished products like breads, mineral water, flour of all types in the stores.
- iv. Installation of machines and equipment. The various engineers and other workers do daily fitting of machinery like the fillers, fork trucks and others to do the required tasks.
- v. Packaging of the products. This involves activities like filling of the packets and cartoons with maize flour, soya and millet, filling polythens with breads etc.
- vi. Branding. This involves putting of unique symbols and names on products to make them distinctive from other products like Maganjo Soya Nkejje, Maganjo Bread, Maganjo Mineral water etc.
- vii. Communication activities such as writing business letters to relevant authorities like URA, UNBS, memos within the business, charts on notices boards etc.
- viii. cleaning activities. these are carried out regularly by the causal employees in all departments

Maganjo Organizational Chart

**MADANJO GRAIN MILLERS LTD
P.O.BOX 6738, KAMPALA
ORGANIZATIONAL STRUCTURE**



Layout for Maganjo Grain Millers Ltd, P.O.Box 6738, Kampala



Why the site was chosen for the business location/factors that favoured the business location

- Availability of adequate power supply ie a 3 phase power supply which gives adequate power to run the heavy machinery.
- Nearness to the market such as supermarkets e.g. Kisera supermarket, mega super market, shoprte, wholesale and retail shops.
- Accessibility of the location since it is located at the main road ie Kampala- Bombo road.
- Availability of labour, that is, the skilled, semi-skilled and unskilled.
- Political stability which guaranteed security on-the business investments.

- Availability of support services such as banking and insurance e.g. many of these are in Kamptala which is only 10km away from the business premises.
- Availability of suppliers for instance Katwe Suppliers supplied machinery during the construction process.
- Availability of water sources for instance water wells are so many in the area.
- Availability of land for expansion for instance the business is located on 6 acres of land yet in Kampala city suburb.

Raw materials used by Maganjo Grain Millers Ltd

- Maize grain for making maize flour.
- Soya grain for making baby soya.
- Millet grain for making millet flour.
- Cotton cake for making animal feeds.
- Silver fish for making animal feeds.
- Wheat, milk, eggs and sugar, for making bread.
- Wheat grains for making wheat flour

Sources of raw materials for Maganjo Grain Millers Ltd

- Wheat grain is got from Russia, Kenya, Australia and Kapchorwa in Uganda.
- Maize is got from Kigumba, Masindi, Scroti, Gulu, Lira, Kamuli and Mbale.
- Millet is got from Lira, Masindi and Iganga.
- Soya beans are got from Gulu, Lira and Busoga.
- Rice is got from Mbale and Tanzania.
- Milk is got from Kampala
- Cassava is got from Iganga and Kamuli.
- Shells are got from Kasenyi and Gaba landing sites.

Problems or challenges encountered when starting Maganjo Grain Millers Ltd

- Small market in the 1980s which comprised of only 6 million Ugandans.
- Inadequate electricity supply which was; mostly available at night and absent during the day.
- Poor roads which made transportation of raw materials and finished products difficult.
- Scarcity of raw materials, like maize, wheat, rice and soya which made production difficult.
- Insufficient skilled and semi-'skilled labor force to work in the company for instance up to now expatriates from India are still used especially, in the installation of machinery.
- Inadequate financial services like banking for example there was only one common commercial bank that was Uganda Commercial Bank.

- Insufficient start-up capital since the owners were only three in number ie Mr Kabuye Stephen, Mr Lugya Benon and Mr; Tarmile Mary.
- Shortage of right machinery which compromised with the quality standards of the business.
- Poor technology e.g. at "the beginning, the source of power was an engine of a TATA lorry
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Challenges/problems facing the business visited

- Theft of raw materials and finished products by workers especially in the bakery department.
Increased power bills for instance the company spends over shs 30 million per month on electricity bills.
- Scarcity of raw materials such as maize, rice, etc since they are seasonal and therefore scarce in some seasons.
- Price fluctuation of raw materials which in turn affects the profit margin of the company e.g. the price for imported wheat grains is affected by fluctuations in. the US doll at.
- Pests and diseases which affects the quality and quantity of raw materials as a result of poor methods of farming.
- Stiff competition from those that produce similar products like Kayebe source packers, East African basic foods in Bunga, Ngondwe feeds, etc.
- Inadequate capital to purchase machinery, raw materials and for expansion since it does not invite the general, public to buy shares as it is a private ltd company.
- High taxes such as VAT, import and export duties which end up reducing the business profits.
- Inadequate skilled and semi-skilled labour e.g. up to now Indian expatriates are still used in the wheat processing department
- Machine breakdown which leads to a standstill in-the production process This increases operational costs like employees' salaries.
- Fluctuations in the fuel prices which at times increases transport costs leading to high productivity costs.

- Poor transport network especially places where the raw materials are got from e.g. Kamuli district hence leading to high vehicle maintenance costs.
- Power black-puts at the time when production is taking place which affects business operations e.g. sometimes electricity is only available at night.

Solutions to the problems above

- By deploying more security guards to solve the challenge of theft e.g. Maganjo Police Post is built on Maganjo Grain Millers Ltd's land to re-enforce security.
- Employing skilled manpower to reduce on the operational costs e.g. the company employs skilled personnel to switch on and off machines at the-right time and to install automated power saving machinery to reduce on power bills.
- Purchasing raw materials during seasons of plenty at low prices eg it normally purchases stock when it is in plenty and cheap and stores it for use during times of scarcity to solve the problem of price fluctuations.
- Producing good quality but low priced products to solve the challenge of stiff , competition e.g. their products are very nutritious and cheap.
- Borrowing from financial institutions e.g. the company gets loans from DFCU bank, Equity bank and Barclays bank to solve the challenge of inadequate capital. The company also got a long-term loan from Bank of Uganda.
- Advertising the business products on television and other media eg the company advertises its products on Bukedde TV.
- Ensuring regular maintenance and servicing of machinery eg the company normally services its machinery before and after work to solve the challenge of machine breakdown.
- Purchasing a standby generator to overcome the challenge of load-shedding eg the company possesses a standby generator to solve that problem.
- Motivating the workers to solve the problem of inconsistent and insufficient labour force e.g. the business normally holds end of year parties and rewards the hard-working workers.
- Negotiating with the tax authorities for tax holidays and reduced taxes e.g. importation of some production machinery is tax free.

Contributions of the Local Community to the business visited

- It supplies labour to the business e.g. most of the employees of the company are ' residents of Maganjo zone.
- It supplies the business with raw materials e.g. milk used as a raw material in the production of cakes is got from Kampala.
- It provides market for the business products e.g. the supermarkets, wholesale and retail shops around Maganjo and Kampala stock and sell Maganjo products.

- It advertises the business products on behalf of the company e.g. some community members put on T-shirts with Maganjo products hence indirectly advertising the business products.
- It provides security to the business e.g. the community members work as overseers to the company.
- It provides land or space for business expansion e.g. the business started on small space but currently is on 6 acres.
- It facilitates the company with information during research e.g. it gives the company people's opinions about their products quality, prices and recommendations.

Contributions of the business to the Local Community/Society

- It provides market to the out growers produce such as maize, soya, wheat, etc hence improving their standard of living.
- It strengthens the security of the area e.g. Maganjo Police Post is located on the company's land
- It pays taxes to the government like PAYE, VAT, export and import duties hence increasing government revenue.
- It acts as an education and training centre e.g. many schools and institutions normally send there, students for studies and industrial training.
- It provides products such as bread, wheat, to the community members at factory price hence improving their welfare.
- It sponsors community programmes e.g. Maganjo cup is sponsored by Maganjo Grain Millers Ltd.
- It leads to the development of social-economic infrastructure in the area e.g. many neighboring community members got electricity from them since they have their own transformer.
- It provides free training and workshops to the community, members e.g. poultry keepers are normally given workshops on poultry management by the business.

Benefits of the business to the owners

- It generates income to the owners in form of profits that are shared annually.
- It improves on the skills or experience of the owners like managerial skills, leadership skills, etc.
- It gives identity or address to the owners that is, the owners are able to use the business as their address when making different communications and references.
- It improves the self-esteem of the owners e.g. at one time it won an award for being the best agro-processing firm in Uganda which increased the owners' self-esteem.
- It enables the owners to employ family members since they are the decision makers hence improving the welfare of their families.
- It gives the owners a lot of independence since no one influences their decisions. This enables them to exercise their freedom.
- It enables the owners' to have exposure and contacts of other, important business persons thus increasing their business network.

Hazardous substances of the business visited

- Dangerous chemicals especially those used to treat waste products.
- Smoke and other gases from the business activities which cause air pollution.
- Millet and maize dust in the millet and maize departments during production.
- Litter of bread crumbs in the surrounding area.
- Slippery floor especially in the maize processing, packaging and branding department due the slippery tiles.
- Noise from the machines especially during production.
- Moving machinery.

Management of Hazardous Sub stances

- By washing hands with soap before eating and drinking for workers exposed to dangerous chemicals eg every department has a tap and water plus soap for washing hands.
- By providing face shields to workers exposed to millet and maize dust eg workers are provided with masks to cover their faces to avoid dust.
- By providing safety footwear to employees working on a slippery floor eg workers are given special canvases for using on i:he slippery ground.
- By burning the litter and sometimes giving it to neighbours who use it as fertilizers eg the neighbours normally come for free waste products.
- By putting dangerous chemicals in covered containers to avoid the dangerous effects to the workers.
- By training workers on how to handle and manage hazardous substances eg workers are normally given orientation before they begin work.
- By using automated machines with silencers to reduce on noise from machines.
- By 'recycling waste products eg bread crumbs are recycled and given to pigs.
- By using less hazardous substances eg tablets are used in preserving food stuffs instead of using chemicals.

Steps followed in the purchasing plan of the business visited

- Determining the needs of the business. This involves conducting a weekly meeting for heads of departments where each submits their requests for supplies in order to determine what materials need to be stocked and in which quantities. Identifying potential suppliers. This involves determining which suppliers sell the materials needed by the business for instance the Busoga grain suppliers who normally supply maize and millet to the company.
- Contacting suppliers. This is normally done on phone such that the company gets information regarding the kind of materials or equipment each is able to provide. Selecting the best suppliers. Here, each supplier sends a quotation from which best quotations are selected. This depends cm the terms and conditions in terms of price, discount, etc. and it is at this stage that the company signs a contract with the supplier. Ordering for the materials. After choosing the best supplier, the company places an order for

the supply of various materials. This is always done by writing an order letter.

- Receiving and checking goods delivered. This involves ensuring that the goods received are not damaged during transportation. In case some goods were damaged, they are isolated and returned to the suppliers as purchases returns. Checking and making sure that the invoice is correct. This involves checking whether the invoice is accurate by comparing it with the delivery note.
- Making payments. This involves paying the suppliers for the materials ordered and received. Payments are usually made either by cash or cheque and a receipt is issued by the supplier acknowledging money received.

The production process of one of the products (maize flour)

Grading of the maize grains. This refers to the removing of the stones, cobs and dust from the maize grains by the use of a grader machine.

Conditioning of the maize grains. This is the wetting of the maize grains with water in order to ease the removal of the tasta from the maize grain. Here, tap water is used to do that.

De-hulling the maize grain. This is the removing of the tasta from the maize grain by use of a machine known as a huller. The removed tasta or by-product in this process is the maize bran.

Milling Of the maize grain. This involves changing of the maize grains into maize flour by the use of a machine known as a hamour mill.

Weighing of the maize flour. This involves determining the quantities of maize flour produced. This is done by the help of a weighing scale.

Packaging of the maize flour. This involves weighing again the maize flour by use of a digital scale so that it is put in packets of different sizes and quantities.

Storing of the packaged maize flour. This involves transferring the packaged maize flour to the rooms where it is kept It is transferred by the use of a truck or human heads.

Branding of the packaged maize flour. This involves giving the product a name, design, colour and quantities on the packages to make the product different from other similar products;

Selling and distribution of the product. This involves transferring the finished product to various sales outlets like supermarkets, wholesales and agents.

Carrying out post sale activities. This involves going out to the public to find out their complaints regarding prices, quality and quantities of the products supplied so as to make improvements.

How the business visited markets/promote its products (ways in which the business competes with similar- businesses)

- By giving discounts to big purchases and in doing so, they attract more customers eg wholesalers normally buy in large quantities directly from the factory at a discount. By selling their products at fair prices e.g. they sell their products at factory price to customers who buy from the business "premises.
- By participating in trade fairs' and exhibitions eg the company 'participates in the Lugogo trade fair in October of every year. This increases their sales as many people get to know about their products.
- By producing good quality products e.g. they won an award as the best Agro-processing firm in the country. This however increases sales.
- By using quality and attractive packaging materials for e.g. their products are packaged in such a manner that looks attractive e.g. Maganjo Baby Soya has a baby with a nice smile. ^r
- By accepting returns from customers e.g. the company accepts and replaces products expired like bread thus attracting more customers.
- By providing good customer care e.g. they use well trained personnel who are able to provide care to customers such as listening to their complaints.
- Delivering products to customers in time e.g. they have delivery trucks that make quick deliveries of their products.
- By giving free samples to customers e.g. free cakes were given to us when we visited them for our field trip.
- By carrying out advertisements through press eg Bukedde TV, normally advertises their products. Brochures, calendars, etc. are also used.
- Carrying out market research and producing what customers need as well as listening to their complaints eg Maganjo quick porridge is as a result of research about people's needs.
- Offering after sales services e.g. The company offers transport facilities for bulky purchases.
- By sponsoring community programmes so as attract more customers e.g. Maganjo cup is sponsored by Maganjo Grain Millers Ltd.

Measures to ensure proper management of cash in the business visited (control measures used to ensure proper management of cash)

- By recording all cash received and paid out eg the finance department does this in order to avoid theft of business money.
- By banking all cash received daily eg the company banks its money with Equity and Barclays Banks where the company's accounts are held.
- By keeping all cash received in the business under lock and key eg the finance manager does this in order to avoid any chances of theft for business cash.
- By having only authorized persons receiving and paying out cash eg all cash is received by the cashiers and finance manager and given out by only

the finance manager.

How the business visited manages credit or handles its debts (debit/credit management measures).

- Fixing maximum value for goods to be sold on credit eg the business fixes the upper limit beyond which goods are not sold on credit.
- Giving short credit period for the debts eg the company fixes a shorter credit period for debtors incase it wants to increase its cash inflows.
- Making and signing contracts with the customers and suppliers eg this is done so that each party to the contract fulfills their obligations to avoid any short falls. Maintaining debtors and creditors books eg this is done by the company for easy recalling of debt obligations.
- Taking out an insurance policy to cover the debts e.g. the business debts are insured with SWICO.
- Sending reminders to credit customers reminding them to clear their debts e.g. this is done after every two weeks.
- Making debt repayment and debt recovery schedules eg the finance manager prepares the debt repayment schedules while the marketing manager prepares the debt recovery schedules.
- Re-scheduling the date of repayment to make it convenient for the debtors to pay e.g. most supermarkets normally pay after selling the supplied products.
- Going to court especially where the debtors completely fail to clear their debts eg where the debtors fail to fulfill their contractual obligations.
- Asking for collateral security eg customers for big debts are normally asked for collateral security which is higher than the debt so that it can be sold to recover the debt.

How the business visited controls/reduces/minimizes its costs

- i. By using power saving machinery e.g. in the maize and. wheat processing departments, automated power saving machines are used.
- ii. By servicing and maintenance of machinery and equipment to reduce on high costs of purchasing spare parts e.g. it is a company policy to first service the machines before production takes place.
- iii. By buying inputs from the cheapest suppliers of good quality inputs like local out growers of maize, soya and millet from Busoga region.
- iv. By employing few (preferably specify the number) of hard- working workers in Maganjo grain millers and laying off non-performance employees.
- v. By making Maganjo Grain Millers workers work for longer hours from 7. 00 am up to 8.00pm. This increases productivity in the company
- vi. By paying Maganjo workers lower salaries (wages) of Shs 150,000 per month for casual employees, but which is enough to meet most of their needs.

- vii. By ensuring effective supervision of the section workers to reduce costs due to time waste, errors in the use of raw materials like grains, etc.
- viii. By using cheap but appropriate means of transport to move breads, maize flour and mineral water to customers using the company's trucks.
- ix. By reducing some of the fringe benefits to Maganjo workers e.g. food benefits were limited to only breakfast and lunch.
- x. By providing proper storage facilities and proper stores management system to help preserve the raw materials and other inputs so as to minimize costs due to short shelf life. for example, use of storage bins and cards to avoid mixing of raw materials
- xi. By giving production workers clear instruction so as minimize costs resulting from workers mistakes due to inadequate information like manual mixers.
- xii. By using appropriate and cheap sources of power like biogas, charcoal brackets to reduce power costs.
- xiii. By ensuring proper hygiene at the work place so as to minimize costs like medical treatment, mopping of the lay out regularly.
- xiv. By conducting research on better production activities that minimized production costs
- xv. By periodically training workers to improve on their efficiency in production thus reducing costs resulting from limited skills.
- xvi. By fixing production time standards for production activities such as time for drying, sorting, grading grains etc to avoid time wastage.
- xvii. By assigning all the poultry form (project) workers specific duties and responsibilities, including the members so as to minimize duplication of tasks that result in resource wastages.
- xviii. By providing appropriate production support facilities in the business-like use of racks, troughs for eggs etc. so as to reduce accidents in handling raw materials.
- xix. By establishing the lead time and ordering for wheat from Russia and Pakistan and other inputs in time so as to minimize disrupting of production and panic purchases of raw materials.

Types of cost incurred by Maganjo Grain Millers

- I. Direct or prime costs
 - Direct materials
 - Direct labour costs
 - Direct expenses
- II. Work costs
 - Indirect labour costs
 - Rent
 - Workers' salaries
 - Store keeper
 - Utilities I.e. water, lighting costs
 - Machinery repairs
- iii Administration costs
 - Audit fees, office salaries and wages

- Postage
- Stationary
- Communication or airtime

Iv selling and distribution

- Sales persons
- Transport
- Advertising
- Salaries or allowances

NB: Let the candidate attach evidence on each point

(b)The managerial skills I noticed in the business I (we) visited include the following:

- (i) Marketing skills including selling skills
- (ii) Financial management skills
- (iii) Time management skills
- (iv) Leadership skills
- (v) Planning skills
- (vi) Organization skills
- (vii) Communication skills
- (viii) Creativity skills
- (ix) Skills of coping with change
- (x) Purchasing skills
- (xi) Negotiation skills
- (xii) Risk management skills

NB: let the candidate attach evidence

4.(e) Entrepreneurial characteristics that the business owner possesses should include the following:

- (i) The business owner is a risk taker.
- (ii) The business owner is self-confident
- (iii) The business owner is hard working.
- (iv) The business owner is willing to listen or a good listener
- (v) The business owner knows how to cope with failure.
- (vi) The business owner is persistent.
- (vii) The business owner is committed.
- (viii) The business owner demonstrate initiative
- (ix) The business owner is goal oriented.
- (x) The business owner is profit oriented.
- (xi) The business owner builds for the future.
- (xii) The business owner knows how to cope with uncertainty.
- (xiii) The business owner knows how to respond to feedbacks
- (xiv) The business owner has the characteristic of building for the future.
- (xv) The business owner is creative.
- (xvi) The business owner is reliable and has integrity.

(xvii) The business owner has the characteristic of setting own standards.

NB:Let the candidate put evidence on each point

5. (b) The ways how the business the candidate was attached to motivates its employees should include the following:

- (i) By providing timely and adequate payments or remuneration to the employees.
- (ii) By promoting the workers objectively and also putting in place clear promotion prospects or procedures.
- (iii) By ensuring pleasant or conducive working conditions.
- (iv) By ensuring proper appraisal of the workers according to their contributions and giving them feedbacks of the appraisal results.
- (v) By ensuring job security.
- (vi) By placing the right workers to the right job.
- (vii) By practicing democratic and effective supervision of the workers.
- (viii) By providing regular and appropriate training of the workers.
- (ix) By regularly servicing and repairing of the work machines, tools and equipment.
- (x) By providing proper labour welfare schemes like accommodation facilities, medical care.
- (xi) By establishing of cordial human relations or good relations with the workers.

(xii) NB:Let the candidate put evidence on each point

(c) The various ways used by the business to handle difficult customers should include the following:

- By using the **customer care desk** to handle cases of difficult customers.
- By **readily receiving all the complaint** of the difficult carefully evaluating them to find out whether they are genuine or not.
- By **listening** carefully to the complaints of the difficult customers so as to make them feel better.
- By being **polite, friendly and helpful** to the difficult customers.
- By **apologizing** to the difficult customers in case of minor problems.
- By replacing the product sold to the difficult customers in case of damages or giving him/ her wrong type of product.
- By **refunding** the money of the difficult customer in case the customers rejects replacement of the product.
- By **convincing the difficult** customer in case of minor problems, that it will not be repeated next time.
- By **immediately handling or attending to or addressing** of the complaints of the difficult customer or using the sunset rule to address the problem of difficult customers.
- By **giving enough time or opportunity to the difficult** customer to **give all the details about the problem** affecting him or her in order to reduce tension.

- By **promising to make price reductions** for the next purchase.
- By buying more time for problems that cannot be immediately solved.
- By **calling or involving security personnel to handle** the difficult customers who become violent

**NB: Let the candidate put evidence on each point
internal control system used in the project to ensure quality
production or services may include**

- I. Checking out the merchandise to ensure that it is up to the set quality standards
- II. Monitoring the merchandize in order to get rid of slow selling items or items about the expire
- III. Surveying customers all the time to determine whether they are satisfied with the level of production, quality or carrying out market research
- IV. Discussing the product returns with customers to establish he source of their discontent
- V. Carrying out a pre-test of the materials used before final production is done
- VI. Purchase of quality raw materials
- VII. Motivating workers
- VIII. Monitoring and supervising the production activities

**NB: Let the candidate put evidence on each point
Sources of finance for the business may include:**

- Sales of shares
- Membership fee
- Subscription fee
- Fund raising
- Acquiring loans from school administration i.e. teachers, friends etc.
- Donations/grants/gifts
- Parents/guardians contribution
- Retained profits
- School financial contributions
- Suppliers credit/trade credit
- Fines and pe
- nalties
- Sales of business assets

NB: Let the candidate put evidence on each point

**Forms or methods of communication used in the business attached to
may include the following**

- Oral communication
 - Mouth

- telephone
- Written communication
 - Business letters
 - Memo
 - Circulars
 - Notices
 - Organization chart
 - Reports
 - Minutes
- Visual
- Audio
- Audio-visual
- Gestures/sign language or body language

NB: evidence is necessary

Source documents used in the business the candidate was attached to may include

- Receipt
- Credit note
- Minutes of meetings
- Debit note
- Invoice
- Statement of account
- Cheque leaf
- Bank statements
- Payment vouchers
- Remittance advice note
- Requisition form
- Purchase order

NB: evidence is necessary i.e. use (purpose) of the document

Advice to the business owner on the importance of paying taxes may include

- Enables the proprietor to run activities without fear or being prosecuted or close down the business
- Attracts government support and sympathy in times of need
- Creates good image /reputation hence customers, suppliers and financiers are willing to deal with the business
- Government uses the tax revenue for infrastructural development which benefits the business
- Promotes individual /business responsibility and self-reliance leading to encouragement of work effort/hard work
- Import duties safe guard domestic market for local industries

- Government uses tax revenue for paying wages /salaries/allowances to its workers hence increasing purchasing power /security

Indicators of good customer care in the business visited may include

- Being honesty to customers
- Handling customers complaints well
- Being pleasant
- Having knowledge of the product
- Offering prompt and excellent services
- Having knowledge of the customers I.e. calling them by their names
- Offering after sales services e.g. advising them, offering packaging materials, free loading service etc.

NB: Evidence is needed

Reasons why the business visited should cope with change may include

- To adopt new technology
- To respond with customer needs
- To determine direction of the economy
- To promote growth opportunities
- To promote new ideas and innovation

Risks faced by business should include the following

- Accidents while at work
- Bad debts
- Thefts and burglary
- Fire out break
- Encoring losses/loss of profits
- Decline in market share /unexpected competition
- Unfavourable changes in demand
- Loss of cash in transit
- Embezzlement of funds
- Machinery break down
- Bad weather
- Strikes/demonstrations

NB: Let the candidate put evidence on each point

The precautions that were taken to minimize the risks include

- Acquiring and putting in place fire extinguishers and training people on how to use them
- Ensure tight security
- Giving credit to only trust worthy customers/selling on cash basis
- Keeping operating costs as low as possible
- Taking up insurance policies
- Offering a variety of products

- Carrying out vigorous/intensive advertisement
- Having good customer care
- Training man power on handling machinery
- Proper record keeping and regular auditing of books of accounts
- Involve student leaders in decision making

NB: Let the candidate put evidence on each point
Measures that were taken to ensure proper management of inventory;

- Periodic/regular stock taking
- Determining/fixing/setting lead time
- Monitoring the flow of stock
- Keeping proper business location
- Determining the re-order level
- Ensuring tight security
- Proper storage and retrieval of available stock/valuation
- Ensuring/maintaining sufficient working capital
- Stock reconciliation
- Physical stock counting

NB: Let the candidate put evidence on each point
Strategies that were used to maintain a large market share amidst competition.

- (i) Intensive / vigorous advertising.
- (ii) Effective communication.
- (iii) Business negotiation.
- (iv) Decision making.
- (v) Displays.
- (vi) Improving quality.
- (vii) Personal selling.
- (viii) Appropriate pricing strategies / policies.
- (ix) Networking.
- (x) Referrals. Directing the customers where you bought yours.
- (xi) Cold calling – indirect selling e.g. hawkers passing in to your compound.
- (xii) Writing in magazines and newsletters.
- (xiii) Offering guarantees
- (xiv) Giving / providing free information to interested parties

NB: Let the candidate put evidence on each point

Methods used by the business attached to manage credit sales may include;

- (i) Fixing maximum amount / value of goods sold on credit.
- (ii) Giving shorter credit period.
- (iii) Asking for collateral security.

- (iv) Imposing a penalty on debtors who do not pay within the credit period.
- (v) Accepting any other mode of payment.
- (vi) Rescheduling the date of payment.
- (vii) Insuring against bad debts.
- (viii) Taking legal action.
- (ix) Contracting an independent legal organization / company to manage the debts on behalf of the entrepreneur.
- (x) Using only one authorized person / official to approve / allow credit sales.
- (xi) Documenting all credit sales.
- (xii) Sending reminders to debtors.
- (xiii) Inducing debtors to pay by offering cash discounts.
- (xiv) Writing off bad debts
- (xv) Recording all credit sales and cash received
- (xvi) Giving credit to only trustworthy customers.

NB: Let the candidate put evidence on each point

The measures the business attached to uses to ensure discipline of its employees may include the following;

- (i) Recording the reporting and departure time for each employee.
- (ii) Assigning a supervisor to each employee.
- (iii) Motivating employees e.g. paying them promptly, rewarding best performers etc.
- (iv) Treating employees with respect / dignity.
- (v) Punishing indiscipline employees by pay cuts, suspensions etc.
- (vi) Scheduling work by assigning / allocating each employee a particular task.
- (vii) Setting / fixing timelines / deadlines for accomplishing particular tasks
- (viii) Regular / periodic appraisals.
- (ix) Issuing warning letters.
- (x) Conducting regular meetings with employees.
- (xi) Handling workers' grievances tactfully and fairly.

NB: Let the candidate put evidence on each point

Indicators of time wastage in the business a candidate was attached to may include;

- (i) Talking to people about personal matters.
- (ii) Having unnecessary or extra group meetings.
- (iii) Allowing too many interruptions at work.
- (iv) Being disorganized i.e. no specific targets.
- (v) Being indecisive on the sale of the entrepreneur / manager.
- (vi) Engaging in little or no delegation.
- (vii) Being late or absent or leaving early.
- (viii) Unnecessarily long procedures.
- (ix) Role conflicts.

(x) Striking and demonstrating

NB: Let the candidate put evidence on each point

Measures used by business visited to ensure customer satisfaction may include;

- (i) Offering / selling good quality products.
- (ii) Timely response to customers' concerns / being responsible
- (iii) Good packaging of the products.
- (iv) Charging fair prices
- (v) Ensuring a constant supply of the products.
- (vi) Offering credit facilities
- (vii) Being honest / fair / transparent to customers
- (viii) Offering after sale services
- (ix) Providing sufficient information about the use of business products / services
- (x) Being courteous / polite / patient / sincere.
- (xi) Being kind, cheerful, and able to control ones temper
- (xii) Offering of a variety of products / services.
- (xiii) Added convenience i.e. opening early and closing late.
- (xiv) Opening more sales outlets to ongoing goods nearer the customers.
- (xv) Offering security e.g. security guards
- (xvi) Giving discounts.
- (xvii) Exchange offers i.e. recalling old goods and replacing with new ones at lower prices
- (xviii) Offering guarantees and warrants

NB: Let the candidate put evidence on each point

The factors considered by the business visited when recruiting employees should include the following:

- (i) Experience of the employee.
- (ii) Level of education / skills.
- (iii) Gender / sex of the employee
- (iv) Age of the employee
- (v) Cost of the employee / salary / wage
- (vi) Health status of the employee
- (vii) Marital status of the employee
- (viii) Availability of resources
- (ix) Number of vacancies available
- (x) Special abilities of the employee like physical strength, able to work under special conditions etc.
- (xi) Other social and political factors such as religion, tribe, language spoken, political affiliation etc.
- (xii) Type of technology used
- (xiii) Objectives of the business owners

NB: Let the candidate put evidence on each point

NB2: The same questions can be used on Ntake Bakery(U). candidates are required to look for evidence.