



Entrepreneurship and Enterprise Development

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Small Business

- Small Business Meaning
 - ✓ *A business which functions on a small scale level involves less capital investment, less number of labor and fewer machines to operate is known as a small business.*
 - ✓ Small scale Industries or small business are the type of industries that produces goods and services on a small scale.
 - ✓ These industries play an important role in the economic development of a country.

Small Business continued

- Characteristics of Small Scale Industries
 - ✓ **Ownership:** They have a single owner. So it is also known as a sole proprietorship.
 - ✓ **Management:** All the management works are controlled by the owner.
 - ✓ **Limited Reach:** They have restricted area of operation. So they may be a local shop or an industry located in one area.
 - ✓ **Labor Intensive:** Their dependency on technology is very little because they are dependent on labors and manpower.
 - ✓ **Flexibility:** Because they are small, they are open and flexible to sudden changes, unlike large industries.
 - ✓ **Resources:** They utilize local and immediately available resources. They do better utilization of natural resources and limited wastage.

Small Business continued

- Small business failure factors
 - ✓ Poor management
 - ✓ Lack of data
 - ✓ Refusal to pivot
 - ✓ Underestimating administrative tasks
 - ✓ Trying to do it all
 - ✓ Lack of sales
 - ✓ Unsustainable growth
 - ✓ Inventory mismanagement
 - ✓ Failure to understand customer behavior today
 - ✓ No business plan or poor planning

Small Business continued

- What are the problems of small business in Ethiopia?
 - ✓ Shortage of raw material
 - ✓ Inadequate finance
 - ✓ Lack of managerial skills
 - ✓ Problem of skilled manpower
 - ✓ Inadequate credit assistance
 - ✓ Lack of machinery and equipment
 - ✓ Absence of adequate infrastructure

Small Business continued

- **Setting up of a Small Business Enterprise (Six Steps)**

- ✓ Information Collection
- ✓ Information Organization
- ✓ Acquiring Required/Vocational Skills
- ✓ Financial Requirements
- ✓ Market Assessment
- ✓ Provision for Crisis

Small Business continued

- What is Basic business Idea?
 - ✓ A business idea is a concept which can be used for commercial purposes.
 - ✓ It typically centers around a commodity or service that can be sold for money, according to a unique model.
 - ✓ There are several methods for developing and testing a business idea.

Small Business continued

- What project an entrepreneur should have?

An entrepreneur projects contain three objectives

- ✓ Stimulate the work of multifunctional and multi-disciplinary teams
- ✓ Assure networking and integration of professionals within the company,
- ✓ Promote a short-term return on the investment made.

Small Business continued

- Definition of industry and small scale industry
 - ✓ **Industry**, group of productive enterprises or organizations that produce or supply goods, services, or sources of income.
 - ✓ Small scale industries (SSI) are those industries in which manufacturing, providing services, productions are done on a small scale or micro scale.