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**PREVIO A LA OBTENCIÓN DEL TÍTULO DE:
SECRETARIA BILINGUE EN SISTEMAS DE INFORMACIÓN**

TEMA

**STAGES TO SET UP A COMPANY WITH A MINIMAL
INVESTMENT IN GUAYAQUIL.**

AUTOR

DIANA KATHERINE ARGUELLO SÁENZ

DIRECTOR

MSc. HILDA FLOR PÁEZ

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Diana Katherine Arguello Sáenz

ABSTRACT

This project describes the stages to go through in setting up a micro-company with a minimal investment, which is the priority when we think in making a company, doing it is not easy, this is a careful planned process since the name, place until the launch a micro-company and make a follow up to be a success. We will analyze step by step to apply it.

An important consideration is the market research and the business plan which analyze the competitor through the SWOT (Strengths, Weaknesses, Opportunities, and Threats) and the financial plan which are the most important features when establishing a business. Law is also considered as a principal step to make any business anywhere, and we apply the law of our city, Guayaquil.

Finally, we will analyze how to hire an excellent staff because it also depends on the client's satisfaction. Keep in mind how to set a satisfied staff thanks of the benefits of the law.

TABLE OF CONTENTS

General framework of investigation

INTRODUCTION..... I

STATEMENT OF THE PROBLEM..... I

BROAD OBJECTIVE..... I

SPECIFIC OBJECTIVES..... II

STUDY PLACE III

STATEMENT OF HYPOTHESIS III

THEORICAL AND PRACTICAL IMPLICATIONS OF THE RESEARCH..... III

LITERATURE REVIEW..... V

BACKGROUND..... VI

METHODOLOGY..... VII

Chapter I

1 Market Research..... 1

1.1 Market Research Elements 2

1.1.1 Customers..... 2

1.1.2 Price..... 3

1.1.2.1 Competition pricing..... 4

1.1.2.2 Cost-plus pricing 4

1.1.2.3 Penetration pricing..... 4

1.1.2.4 Price Skimming 4

1.1.2.5	Promotional pricing	5
1.1.3	Customer's needs	5
1.1.4	Competitors Analysis	7
1.1.5	Advertising	8
1.1.5.1	Television & Radio.....	8
1.1.5.2	Print media - newspapers.....	9
1.1.5.3	Print media - magazines	9
1.1.5.4	Online advertising	9
1.2	How can establish a good Market Research?	10
1.2.1	Interviews.....	10
1.2.1.1	Telephone Interview.....	11
1.2.1.2	Face-to-face Interviews.....	12
1.2.1.3	The Internet	12
1.2.2	Questionnaires.....	13
1.2.2.1	Frequently Questions Ask (F.Q.A.).....	14
1.2.2.2	Structuring the Questionnaire.....	15
1.2.2.3	Things to Avoid in Questionnaires.....	16
1.2.2.4	Helpful Tips.....	17
1.2.3	Observations.....	18
1.2.3.1	Roles of the researcher	19
1.2.3.1.1	Nonparticipation	19
1.2.3.1.2	Complete Observer	19
1.2.3.1.3	Observer-as-Participant	20
1.2.3.1.4	Moderate participation	20
1.2.3.1.5	Participant-as-Observer	21

1.2.3.1.6	Complete Participation	21
1.2.3.2	Ethical issues in observation	21
1.2.3.3	Validity and reliability.....	22
1.2.4	Experiments.....	23
1.2.4.1	Independent & Dependent Variables.....	23
1.2.4.2	Extraneous Variables.....	23
1.2.4.3	Control & Experimental Groups	24
1.2.4.4	How Researchers Control Sources of Error	24
1.2.4.4.1	Why three methods?	24
1.2.4.5	Advantages & Disadvantages of the Experiment.....	25
1.2.5	Random Sampling.....	26
1.2.6	Consumers Panels	27

Chapter II

2	<i>Business Plan</i>	28
2.1	Business Plan Definition	29
2.2	Types of business plan.....	30
2.2.1	A strategic plan	30
2.2.2	A growth plan or expansion plan or new product plan	30
2.2.3	Internal plans.....	31
2.2.4	The most standard business plan is a start-up plan	31
2.2.5	A feasibility plan.....	31
2.3	Business plan elements.....	32
2.3.1	Description of business	32
2.3.1.1	The Industry.....	33
2.3.1.2	Company Basics	34

2.3.1.3	Mission Statement	34
2.3.1.4	Company's History	34
2.3.1.5	Company's Current and Future Goals.....	35
2.3.2	Competitor analysis.....	35
2.3.2.1	Competitors array	36
2.3.2.2	Competitors profiling	36
2.3.2.3	External and Internal issues.....	38
2.3.2.4	SWOT.....	40
2.3.2.4.1	Strengths	41
2.3.2.4.2	Weaknesses.....	41
2.3.2.4.3	Opportunities	42
2.3.2.4.4	Threats	42
2.3.2.4.5	Use the SWOT analysis	43
2.3.3	Market Analysis	43
2.3.3.1	Market size (current and future).....	44
2.3.3.2	Market growth rate	44
2.3.3.3	Market profitability	45
2.3.3.4	Industry cost structure	45
2.3.3.5	Distribution channels.....	46
2.3.3.6	Market trends.....	46
2.3.3.7	Key success factors.....	46
2.3.4	Financial plan.....	47
2.3.4.1	What is a budget?	47
2.3.4.2	What is a cash-flow forecast?.....	48
2.4	Recommendations for a business plan.	49

2.4.1	Top ten do's	50
2.4.2	Top ten don'ts	50

Chapter III

3	<i>Company and Law Considerations</i>	52
3.1	Legal Issues to Consider When Starting Your Business.	53
3.1.1	RUC.....	53
3.1.2	Firefighters Department License.....	57
3.1.3	Operation License or Rate Outfit.....	60
3.1.4	Patent.....	63
3.1.5	Payment 1.50 x 1000.....	69
3.1.6	Urban taxes.....	71
3.2	Employee's Benefits.....	72
3.2.1	Thirteenth remuneration.....	73
3.2.2	Fourteenth remuneration	73
3.2.3	Retirement funds	73
3.2.4	Annual vacations.....	74
3.2.5	Profit Sharing	74
3.2.6	Social Security	75

Chapter IV

4	<i>Hiring staff</i>	76
4.1	Structuring for growth.....	77
4.1.1	Organizational hierarchies	77
4.1.1.1	The chain of command.....	77
4.1.2	Organizational structures	78
4.1.3	The functions of businesses	80

4.1.3.1	Production.....	80
4.1.3.2	Research and development	81
4.1.3.3	Marketing	81
4.1.3.4	Human resources	81
4.1.3.5	Finance	82
4.1.3.6	Other departments	82
4.2	How do businesses find the right employees?.....	84
4.2.1	Job descriptions.....	84
4.2.2	Person specifications.....	85
4.2.3	Advertising the vacancy.....	85
4.2.4	Sending out details and application forms	86
4.2.5	Receiving applications	88
4.2.6	Interviews.....	89
4.2.7	Selecting the right candidate	89
4.2.8	Equal opportunities	89
4.3	Give Motivation.....	90
4.3.1	Maslow’s hierarchy of needs	91
4.3.2	Motivation in practice.	92
4.3.2.1	Financial incentives	92
4.3.2.1.1	Time work.....	92
4.3.2.1.2	Productivity agreements	93
4.3.2.1.3	Piece work.....	93
4.3.2.1.4	Bonuses and commissions	93
4.3.2.1.5	Profit sharing.....	93
4.3.2.1.6	Share-ownership	94

4.3.2.1.7	Fringe benefits	94
4.3.2.2	Non-financial incentives.....	94
4.3.2.2.1	Job enrichment.....	94
4.3.2.2.2	Job rotation	94
4.3.2.2.3	Job enlargement	95
4.3.2.2.4	Appraisal schemes	95

Chapter V

5	<i>Investigation Report about some micro-companies.....</i>	96
5.1	Statement of the problem.....	97
5.2	Theoretical Framework	97
5.2.1	Why we need to plan each step?	97
5.2.2	Why business goes into the bankruptcy?	98
5.3	Hypothesis	98
5.4	Quantitative Findings	98
5.5	Conclusions	99
6	<i>REFERENCES.....</i>	102
7	<i>APPENDIX A: GRAPHIC RESULTS OF THE SURVEY.....</i>	104
8	<i>APPENDIX B: SURVEY.....</i>	103

LIST OF ILLUSTRATIONS

Figure 3.1.1.1: Form RUC 01-A	56
Figure 3.1.1.2: RUC Certificate	57
Figure 3.1.2.1: Firefighter department license	58
Figure 3.1.2.2: Invoice of purchase or recharge the extinguisher.....	59
Figure 3.1.3.1: Application for Operating License.....	61
Figure 3.1.3.2: Health certificate of the staff	62
Figure 3.1.3.3: Operation License.....	62
Figure 3.1.4.1: Application for patent.	64
Figure 3.1.4.2: Patent payment	66
Figure 3.1.4.3: Voucher of declaration of income tax	66
Figure 3.1.4.4: Artesian certificate.....	67
Figure 3.1.4.5: Annual Rate of Tourism	68
Figure 3.1.5.1: Application to Payment 1.5 x 1000.....	70
Figure 3.1.5.2: Payment 1.5 x 1000	71
Figure 3.1.6.1: Urban Taxes payment.....	72
Figure 4.1.1.1: Example of span control	78
Figure 4.1.3.1: Departmental organisation of a large business	80
Figure 4.2.4.1: Job application form	87
Figure 4.2.4.2: A typical CV layout.....	88
Figure 4.3.1.1: Maslow's hierarchy of needs.....	92

LIST OF TABLE

Table 2.3.2.1: Example of competitor array	36
Table 3.1.1.1: Requirements to get the RUC	55

INTRODUCTION

One of the reasons I chose this topic is to know how to establish a micro-company. The person who wants to set up a micro-company is afraid of making mistakes and failing to find appropriate back up to apply to their future micro-companies. These companies sometimes break down because they do not prepare well before setting up the company.

Planning how to set up a micro-company takes considerable time but if we apply the steps to do it carefully, we are going to make a successful business, and with a minimal investment; also, the risk that it breaks down in the future is minimum.

STATEMENT OF THE PROBLEM

When we are planning to establish a micro-company, we need to consider some important steps. We are in front of a big responsibility of investment because if we do it wrongly the effort we make would be in vain, and no company would want that. But in an unstable country the risk that a business breaks down is bigger, especially where people think that the unique requirement to set up a business is money, which is not so. We need more than that.

Setting up a micro-company is not an easy job when we have to consider special factors such as: the place and the economy. For that reason, including every process of planning a business is crucial to apply and help to develop a successful micro-company.

BROAD OBJECTIVE

Planning to set up a successful micro-company constantly requires monitoring progress and putting into practice has a goal aligned with every established objective. The

principal objective of this project is to apply a method to develop a micro-company with successful progress, avoiding failure for lack of planning.

SPECIFIC OBJECTIVES

The objective of each unit is to give necessary information to owners to develop a thoroughly planned process before setting up a business in order to reduce chances of losing money, which will revert in taking profits with minimum investment.

The two first chapters are developed for the planning process before starting a business; this includes everything that the owners need to know before setting up a micro-company. Doing that is not easy work but we are going to learn how to make a good market research and how to prepare a business plan.

The third chapter is addressed to owners because they need to consider the law before setting up a business and the mutual benefits if we comply with the requisite of the law, remembering that the employee is also entitled to enjoying the benefits of the law.

Chapter four guides you to human resources management because it contains the steps to hire excellent staff considering target areas, and also giving them motivation and training them for a better performance.

The last chapter is addressed to owners that want to consider the example of a success micro-company, to know if that company put into practice the steps mentioned in this manual, and the process implemented by them to obtain benefits and planned results:

- Motivate business people to prepare well before setting up a company.
- Use the recommended stages.
- Anticipate to future problems and prepare for those.
- Learn to face the problems with strategic plans.
- Get a lot of profit with a minimal investment.

STUDY PLACE

My project is applicable to any business people who want to set up a micro-company with a minimal investment. Thus this project will be used like a guide book, serving as a big input for those who have the desire to explore other alternatives of planning a business, such as how to consider the company and the law, how establish a good staff and mainly, starting the project.

STATEMENT OF HYPOTHESIS

I think that using these stages in planning to set up a micro-company is very interesting because you will be sure that the probability that your business breaks down is reduced to a minimum. Being dynamic and crafty is an essential factor to success of business, which will trigger the creation of opportunities that will help you to get everything you want for your enterprise.

Some owners think that carefully planning is a waste of time. Besides, they think that the only objective of a business is selling, but even if they are partly right, that is not the only objective. In addition, some owners prefer not to waste time making a planning process; however, this could be a bad decision because they can lose money and that is worse.

THEORETICAL AND PRACTICAL IMPLICATIONS OF THE RESEARCH

There are people who agree and disagree on developing a planning process before a business:

1. - Theoretical implications

“Business plan is a waste of time” (Blank, 1995), planning during a period of time is too much waste time and you should take advantage of that time. You only need to know how much planning you need and where the strategic location is.

The main reason why business plan is considered a waste of time is because sometimes “the customers are not acting like we predicted in our plan. There must be something really wrong with our business. We thought we would take our plan and go raise inversion. We cannot raise money knowing our plan is wrong” (Blank, 1995). Planning a business takes a long time and there is the likelihood that the business plan is wrong.

Practical implication

I partially agree because in business, time is gold; however, the examples of other micro-companies have shown us that if we do not prepare well, we are likely to face unfavorable consequences. How many businesses break down daily because they did not study each possible problem before having it, and when they detected it.

2. Theoretical implication

“A well-researched business plan can be a waste of time, but it can also show your ability to follow through on an idea. It is possible to get a large number of students exposed to thinking about startups as an alternative to joining a large company.”

Practical implication

I totally agree because it is very important to motivate potential entrepreneurs to make a detailed business plan before creating a micro-company. That although it is a waste of time to plan carefully so anyway we used to follow through on an idea. And that's good idea for new students because they are the future entrepreneurs.

3. Theoretical implication

"A business plan is the execution document that large companies write when planning product-line extensions where customer, market and product features are known." (Blank, 1995). "A startup is not executing a series of knows. Most startups are facing unknown

customer needs, an unknown product feature set and are an organization formed to search for a repeatable and scalable business model." (Albert Wenger, 2010)

Practical implication

It is true that it is essential for future business to have a business plan before starting a business and thereby prevent future failures of the business, but unfortunately over 50% of micro-enterprises do not make a business plan before launching the new company and for that reason that micro-businesses fail or change location.

4. Theoretical implication

There seems to be a magic attraction to big projects, used as umbrellas for many actions already in existence, giving meaning and legitimacy to those about to begin, and providing a space for plans, dreams and designs. Big projects are in search for big ideas. Big research projects are better looked at by foundations than small projects, and long range plans appear as more serious than the short term ones. (Czarniawska & Joerges, 1996)

Practical implication

"The future you see is the future you get" (Robert G Allen). And if you prepare a big business project to your future you will obtain a big business in your future.

LITERATURE REVIEW

How companies have been promoted to throughout the years.

Advertising was not tested in the United States until the 1920s. Until that time copywriters would write what they thought an ad should be, publish it, and hope that readers acted upon the information. During the 1920s, Daniel Starch began expanding his educational surveys into advertising. From those surveys he developed a theory that effective advertising must be seen, read, believed, remembered, and acted upon. By the 1930s he had launched a

company that interviewed people in the streets, asking them if they read certain magazines. If they did, his researchers would show them the magazines and ask if they recognized and remembered ads in them. He then compared the number of people he interviewed with the circulation of the magazine to extrapolate how effective those magazine ads were in reaching readers.

Various market research companies started following Starch's example and improved on his techniques. George Gallup (1901-84) developed a rival system of "aided recall" that prompted people to recall the ads they had seen without actually showing the ads. Gallup was able to adapt this system to measure radio and television advertising.

Throughout the last 70 years, market research has grown much more sophisticated as well as pervasive. One survey of surveying activity found that 73 percent of Americans said they had participated in a survey with 42 percent having been also surveyed in the previous year.

Market research began to be conceptualized and put into formal practice during the 1920s,[4] as an offshoot of the advertising boom of the Golden Age of radio in the United States. Advertisers began to realize the significance of demographics revealed by sponsorship of different radio programs.

Only the future will tell...after all, 100 of years ago no one would have dreamed of all the things we have today for investigating and planning a business.

BACKGROUND

To plan a business has been a traditional tool to ensure the success of the company. This planning process is divided into several steps: market research, business plan, marketing plan, analysis of competition, compliance with the law and hiring a good staff. The four first steps since the early 20th century have been seen as a planning before starting a business to

start with good foundation and if they have one flaw will know how to cope. Although there are many situations in which I study more than others.

Complying with the law has always been a way to avoid trouble, for that reason we have delved into the subject. Through time the laws are always changing but businesses have had to comply, for those reason businesses always have to keep up with the law.

Also the contract of the staff is something that has evolved through time, before when you requested a job you did not have to do many tests to be accepted. But now the unfortunate employee has to do too many tests to be accepted, and sometimes after that he/she is not accepted.

METHODOLOGY

We used quantitative and exploratory methods to obtain information from different businesses. I saw the unique form of view that the owners did with their companies was through a survey. We got particular information about how their companies progress.

But at the same time, there is little chance of learning to plan a business and what mistakes we can avoid because they told us how started their company. Thanks to that we can evaluate the more feasible ways to make a business.

Market Research

Diana Arguello



EDCOM-ESPOL

Prof. Hilda Flor

1.1 Market Research Elements

Marketing Research provides a business with information concerning the needs and desires of the customers. It is a very important step in the evolution of your business. Without research, you have no basis on which to answer even the most basic questions; questions that you must answer if you truly desire to successfully market your product or service. The kinds of information business want to collect include:

- Who are their **customers**?
- What **price** are they prepared to pay for the product?
- How can the product be developed to be better suited to **customer's needs**?
- How does the product compare with **competitors**?
- What types of **advertising** are most effective? (Nuttall, 2002)

1.1.1 Customers

Imagine a market without customers. It is almost inconceivable. We really need to identify your customer, but many businesses operate under the assumption that any customer is good for their business. It is only after a bad match or an unprofitable stretch that they begin to reconsider this approach. Difficult customers exist and we have to know them. We need to know how your ideal customer looks like and where they live and shop, and what to do with that information. How would the commercial decisions change? If they were based on solid data, how would their customers *think*? And remembering that what customers say is not always what they really believe.

Once you determine these things about your ideal client, what do you do with that information? Do you put it in a great big bucket and leave it there? Or do you turn to practical use and enable your sales and marketing people to base commercial decisions on data gathered about what is happening in the real world?

How would the commercial decisions change if they were based on solid data, if marketing campaigns were based on real world analysis of customer behaviour rather than the gut instinct of the marketing director? Yes, there's room for experience in marketing, but there's a lot more room for building in hard facts and figures on which to base solid, rational decisions. If you could see customer activity- interactions with customer service, accounts payable, sales and marketing etc – in near real-time - how would that change the way your organization sold its products and services?

One key aspect of effective marketing for entrepreneurs is to learn how their customers *think*. By learning how to "think like your customer" you have a better chance of developing accurate revenue forecasts and more effective marketing plans. Every good boots trapper has mastered the art of getting into their customers' heads and using this knowledge to get money.

But, remember, what customers say is not always reflective of what they really believe and how they will actually behave. Customers may say things to us that are based on what they think is socially acceptable and politically correct. But, they do not always act on what they say. To know our customer is a difficult work, but if you do it, you will know your customer and you can know what, when and where they want our product.

In short, to know our customer is a really difficult work, we have to take some precautions and to be very careful with the information that we collect to get the maximum benefit. Being cautious to obtain the right information, causing the client to tell the truth, and if that happen we can do a great work with the information about the customer.

1.1.2 Price

Pricing is the manual or automatic process of applying prices to purchases and sales orders, based on factors combination of multiple orders or lines. Automated systems require

more setup and maintenance but may prevent pricing errors; thus, pricing is very important in marketing. There are various strategies that a business can use when setting a price for its product or service. Which strategy it chooses will depend on its marketing objectives regarding profit, competition and market share. There are: Competition pricing, Cost-Plus pricing, Penetration pricing, Price skimming and Promotional pricing.

1.1.2.1 Competition pricing

It is setting the price based upon prices of the similar competitor products. Where the amount of competition in a market is strong, so that customers have a wide choice of suppliers to buy from, businesses must set the prices of their products competitively. In other words, the prices of products supplied by businesses in a competitive market must be closely similar or customers will simply go to the cheapest supplier. This is the nearest to the market price.

1.1.2.2 Cost-plus pricing

It is the simplest pricing method. The firm calculates the cost of producing the product and adds on a percentage (profit) to that price: often the selling price. This method although simple has two flaws; it takes no account of demand and there is no way of determining if potential customers will purchase the product at the calculated price.

1.1.2.3 Penetration pricing

It is to capture a share of the market, a business may decide on a penetration pricing strategy. In this strategy the business will set a low price – possibly even below the cost of production – in order to penetrate the market and attract customer by beating competitors' prices.

1.1.2.4 Price Skimming

It is selling a product at a high price, sacrificing high sales to gain a high profit, therefore 'skimming' is employed only for a limited duration to recover most of investment

made to build the product –is commonly used in electronic markets when a new range, such as DVD players, are firstly dispatched into the market at a high price. This strategy is often used to target "early adopters" of a product or service. These early adopters are relatively less price-sensitive because either their need for the product is more than others or they understand the value of the product better than others. To gain further market share, a seller must use other pricing tactics such as economy or penetration. This method can come with some setbacks as it could leave the product at a high price to competitors. (Foundation, 2008)

1.1.2.5 Promotional pricing

The objective is to attract new customers or increase sales to existing customers; a business may adopt a strategy of promotional pricing. This is appropriate for new products that need to establish a position in the market, or existing products that need to increase their demand. Promotional pricing is a short-term strategy of offering the product at a reduced price for a limited period, in the hope that the additional sales generated will be maintained when the price goes up again. (Nuttall, 2002)

In conclusion; determine which strategy you are going to use is very important, as well as determining the steps to make a micro-company. If you do not prepare that point, probably you won't apply the right price and consequently the customer wouldn't want to pay for that and the product wouldn't be sold.

1.1.3 Customer's needs

Do you really need to know the customer's need? The simple truth is that no-one will buy the product if they do not want it or think they do not need it. And you will not persuade anyone to get what you're offering unless you clearly understand who your customers are and what they really want. Now it is mandatory I will explain the knowledge, the uses of the

information, the advantage of understanding the customer and the changing of decision of our customers.

Companies should know and understand customer's needs are the centre of every successful business, whether it sells directly to individuals or other businesses. Once you have this knowledge, you can use it to persuade potential and existing customers that buying from you is in their best interests. Maybe you should satisfy the necessities of the customers knowing the right information about them. Understanding the customers is a difficult work but if you do it you will be an excellent seller.

How to use this information to offer our products more effectively? Winning business from your competitors is very important because customers are people who buy products and services from others. What customers think and feel about a company and its products is a key aspect of business success. Attitudes are shaped by the experience of the product, the opinions of friends, direct dealings with the company, and the advertising and other representations of the company.

Understanding customer needs will help you define new market opportunities and drive innovation and revenue growth in every aspect of your company. The company can understand why customers make decisions such as who buys, what they buy and how they buy. By staying more closely to customers' satisfaction and needs, we will become potentially more successful. (The Times, 1995)

In the changing economy of our country, customer predictability is dead. Whatever a customer wants today may not be what he or she wants tomorrow, or what he or she may want more of. If you're offering low prices, customers want those prices lower. If you're offering state-of-the art products, they want those products newer.

Consequently, to explore customer needs and wants, examine external market, ascertain potential needs and wants of each customer segment and character type, identify problems that customer site, observe people to discover their unrealized needs, we have to do market research.

1.1.4 Competitors Analysis

Competitor analysis in marketing and strategic management is an assessment of the strengths and weaknesses of current and potential competitors. Given that competitor analysis is an essential component of corporate strategy, it is argued that most firms do not conduct this type of analysis systematically enough. We are going to consider its importance, as a business strategy and its primary activities.

Competitor Analysis is an important part of the strategic planning process. This revision note outlines the main role, and steps in competitor analysis (**See 2.3.2**). But why do we need to make analysis of competitors? Some businesses think it is best to get on with their own plans and ignore the competition. Many companies are happy simply to track the competition, copying their moves and reacting to changes.

In formulating business strategy, managers must consider the strategies of the firm's competitors. While in highly fragmented commodity industries the moves of any single competitor may be less important, in concentrated industries competitor analysis becomes a vital part of strategic planning.

Competitor analysis has two primary activities, 1) obtaining information about important competitors, and 2) using that information to predict competitor behavior. The goal of competitor analysis is to understand with which competitors to compete, competitors' strategies and planned actions, how competitors might react to a firm actions, how to influence competitor behavior to own advantage.

In conclusion, casual knowledge about competitors is usually insufficient in competitor analysis. Rather, competitors should be analyzed systematically; using organized competitor intelligence-gathering to compile a wide array of information so that well informed strategy decisions can be made.

1.1.5 Advertising

Advertising is a form of communication intended to persuade an audience, viewers, readers or listeners, to purchase or take some action upon products or services. It includes the name of a product or service and how that product or service could benefit the consumer; it also includes how to persuade a target market to purchase or to consume that particular brand.

Advertising can also serve to communicate an idea to people in an attempt to convince them to take a certain action. Modern advertising was developed with the rise of mass production in the late 19th and early 20th centuries. Mass media can be defined as any media meant to reach amount of people. Several types of mass media are television and radio, print media-newspapers, print media-magazines and online advertising.

1.1.5.1 Television & Radio

They normally reach a large audience, depending on the area. Effectiveness depends on the time of day, and if you have a limited budget, normally your advertisement isn't given the premium times. Time of the year is also a factor. Needless to say, if everyone is away on vacation, your exposure could be less than at other times of the year. Time spaces for your advertisement are equally important. If you are advertising a product for citizens, and your advertisement is placed in a program about snowboarding, your chances are slim to none that you'll be getting any new customers for your hard earned money.

1.1.5.2 Print media - newspapers

They are a good way to reach a large amount of the local population, but aren't always to the demographics you want to reach. An advertisement in a newspaper is normally very costly, and on a limited advertising budget, you'll normally get a small, hard to read, black and white advertisement placed somewhere in a section of the newspaper that people normally don't go to. Other factors are the time of the year, weather, and days of the week. Needless to say, there are fewer readers when most of the population is on vacation, away for the weekend or holiday, or if the weather is terrible and they don't even go out of their homes to pick up the paper on that one important day or week that your advertisement appears.

1.1.5.3 Print media - magazines

They are good because are usually read by only the people that are important to the advertiser, advertisers usually get good results. But you must be careful about the circulation they provide. Also, magazine advertising could get expensive if you are looking to run a full-color ad in a national publication. Unlike newspapers, readers of magazines normally are more educated and keep the magazine for reference long after they read it, so your advertisement will continue to be viewed long after it is run. Be sure to advertise in a publication that is published on weekly or monthly, instead of annually, semi-annually or quarterly. Readers will only pick up the publication once, so the ones that sit on the racks for longer periods of time are a waste of rack space and your money.

1.1.5.4 Online advertising

It is the newest and fastest growing way to advertise. The Internet now provides everything from links on sites, to banner advertisements on sites, to small advertisements on sites, to pay per click advertising. Be very careful when deciding that this is the way to go. Get all the facts about the amount of guaranteed exposure you'll receive. Just because a web

site gives a great sales presentation doesn't mean you'll be getting any exposure. This could be a very expensive way to advertise should you be looking for maximum exposure. An important hint - having your own web site is extremely important in today's business world. A well-designed web site can provide you with worldwide exposure.

Therefore, you have to use the best advertising system for your company. I have to be very careful in choosing it because the image of the company depends on that, and then they will decide if they want to be your customers or not. Also you have to give importance to each element of market research, principally the competitor analysis, because it has information that we need for our future business. (EzineArticles, 2007)

1.2 How can establish a good Market Research?

The level of complexity used in your market research campaign is up to you, as market research can cover a broad spectrum of activities. You can undertake simple activities that can be done on your own, such as creating a short customer satisfaction questionnaire or studying demographic data for your area, or undertake complex ones that require assistance from a professional market research firm. Some form of market research is possible and it can help you to improve your business decisions. To establish an excellent market research is not easy work, we need to do some process such as: Interviews, Questionnaires, Observations, Experiments, Random Sampling and Consumer Panel. With these steps you can obtain some beneficial information before the company gets started.

1.2.1 Interviews

Interviews are one-on-one or small group question and answer sessions. Interviews will provide a lot of information from a small number of people and are useful when you want to get an expert or knowledgeable opinion on a subject. This is the technique most associated with marketing research. There are things to keep in mind when conducting an interview:

- Interview someone who is either an expert in the field that you're researching or a person with personal experience on your field (e.g. the above example). You must ask the person for permission to interview him or her.
- Record the interview either with a tape recorder or a video camera. You must get the subject's permission first. If the subject refuses to have the interview recorded, you must take notes. The interview should be conducted in whatever language is most comfortable for the subject. You may conduct an interview by e-mail or instant messaging if it is not impossible to meet face to face due to time or distance.
- Write down all of the questions that you want to ask ahead of time and use those as the basis for your interview. The subject may ask to see them ahead of time.

Interviews may be conducted by telephone, face-to-face, or over the Internet. The interviewer (the person conducting the interview) can ask the interviewee (the person being interviewed) a wide range of questions; interviews are particularly useful for obtaining people's views and ideas. (Nuttall, 2002)

1.2.1.1 Telephone Interview.

Telephone ownership is very common in developed countries. It is ideal for collecting data from a geographically dispersed sample. The interviews tend to be very structured and tend to lack depth. Telephone interviews are cheaper to conduct than face-to-face interviews (on a per person basis).

Advantages of telephone interviews

- They can be geographically spread
- They can be set up and conducted relatively cheaply
- Random samples can be selected
- They are cheaper than face-to-face interviews

Disadvantages of telephone interviews

- Respondents can simply hang up
- Interviews tend to be a lot shorter
- Visual aids cannot be used
- Researchers cannot see body language

1.2.1.2 Face-to-face Interviews.

Face-to face interviews are conducted between a market researcher and a respondent. Data is collected on a survey. Some surveys are very rigid or 'structured' and use closed questions. Data is easily compared. Other face-to-face interviews are more 'in depth,' and depend upon more open forms of questioning. The research will probe and develop points of interest.

Advantages of face-to-face interviews

- They allow more 'depth'
- Physical prompts such as products and pictures can be used
- Body language can emphasize responses
- Respondents can be 'observed' at the same time

Disadvantages of face-to-face interviews

- Interviews can be expensive
- It can take a long period of time to arrange and conduct.
- Some respondents will give biased responses with intimidating interviewers such as a researcher.

1.2.1.3 The Internet

The Internet can be used in a number of ways to collect primary data. Visitors to sites can be asked to complete electronic questionnaires. However responses will increase if an

incentive is offered such as a free newsletter, or free membership. Other important data is collected when visitors sign up for membership.

Advantages of the Internet

- Relatively inexpensive
- Uses graphics and visual aids
- Random samples can be selected
- Visitors tend to be loyal to particular sites and are willing to give up time to complete the forms

Disadvantages of the Internet

- Only surveys current, not potential customers.
- Needs knowledge of software to set up questionnaires and methods of processing data
- May deter visitors from your website.

In conclusion, after taking everything into consideration, to conduct interviews we have to be very careful to obtain the right information and taking care of all the above points. That way you will obtain very useful information. (Marketing Teacher, 2004)

1.2.2 Questionnaires

Questionnaires are commonly used as a part of market research to collect data that is specific and crucial to the success of a business venture. Without doubt, questionnaires will allow you to gather information that cannot be found elsewhere. Businesses mainly use questionnaires to find out people's opinions on their existing or proposed products/services, and then analyze the results. It is still very much on the cornerstone for market research and the effectiveness of the questions will be determined by the quality and structure of the questionnaire itself. How to know how frequently to ask questions? How to structure a

questionnaire? What things do we avoid in questionnaires and what helpful tips do we include?

1.2.2.1 Frequently Questions Ask (F.Q.A.)

The first thing you have to be aware of is what you are trying to find out from the questionnaire, and determine the approach you will use when asking questions. For example, a person wants to set up a fast-food stall initially to sell hot dogs and he therefore wants to find out if demand exists and also the attitude of people towards the proposed service. In other words: would it be welcome?

His opening question will be to ask people if they use fast-food services in the area. This will give an easy start to the questionnaire and he will also find out if fast-food services are something commonly used in the area. He will then ask which fast-food services they use (if any) which will determine his closest potential rivals.

The next thing he asks is what type of fast food they prefer. You may be thinking is not that obvious if they have specified which fast-food services they use. In some cases it could be so, but it may be that they prefer something that isn't available in the area in which the perfect response he would be looking for is 'hot dogs'.

These questions should be multiple choices so that biased answers as "yes or no" are avoided. For instance, the question 'Would you prefer hot dogs to anything else?' would narrow down the kind of response interviewees might come up with. The response he gets to this question may also give him an idea to what other products he could sell if hot dogs are not the favored outcome. For this particular issue, one should finally ask interviewees to comment on the range and availability of fast-food services in the area; this way he can get an indication of whether his stall would be a welcome addition.

When finding out about customer trends by asking the question ‘what else do you buy when purchasing fast food?’ multiple choices should be included, such as cold/hot drinks and desserts. From this, it can be determined what else could be offered at his stall. Another option is to ask the time of the day on which people usually get hungry and they seek a fast-food service. This will determine the peak times of service.

Further questions can include how many times they use fast-food services a week so that an expected amount of regular customers can be considered. Finally, it is important to ask how much they are prepared to pay for a fast-food service so we can match our prices to what customers are willing to pay.

Next questions should be aimed at our business specifically by first asking people for their comments on the introduction of a hot dog stall in the area and why they would or would not use it. Comments about whether other people would use the service as this may differ from their personal preferences for fast-food.

Finally, to close the questionnaire a few personal details such as the age group they fall in, how far they live from the area and their purpose for being in the area could be incorporated. For other questionnaires this information may be irrelevant, but for this particular example this data can be used for analysis to identify patterns in the responses of people in different locations. For example, it may be that people who fall into the 18-30 age groups have a more positive attitude towards the service than those that fall into other age groups, in which case directing the service towards 18 – 30 venues would appear obvious.

1.2.2.2 Structuring the Questionnaire

The structure of the questionnaire is equally as important as the content in order to maintain the interest and co-operation of the interviewee. The first thing that your questionnaire should have is an introduction: for personal and telephone interviews you will

be able to introduce the questionnaire verbally but for the other ways, you should have a written introduction.

This will briefly introduce the background of the questionnaire so that people know what they are going to be asked. Don't give away information about what you hope to achieve otherwise people may be biased to your product/service and therefore the results will be inaccurate.

Start with easy and interesting questions first so that the interviewees develop an interest and 'feel' for the questionnaire. Leave the more complex questions for the end but at the same time be sure that your questions are in a logical order to avoid confusion and misunderstanding.

Finally, the best recommendation is after finishing to make the questionnaire to proof it and correct the unclear questions reviewing the comprehension and facility of answer of the questions.

1.2.2.3 Things to Avoid in Questionnaires

Can we avoid mistakes when we make a questionnaire? It is good that we follow the recommendations carefully; suggestions such as: the bad use of 'leading' questions, easy to answer, questions simple to read and the confusing ones.

The one thing that many people make the mistake about is the use of 'leading' questions. An example of this is asking someone why they buy a certain product for reasons other than its quality: firstly they may not even buy the product, and secondly they are pushed into praising the product. Another example would be to ask (using the hot dog example) 'Do you prefer hot-dogs to hamburgers?' Instead, ask 'Do you prefer hot dogs or hamburgers?' as this then gives people a less pressured response.

Do not ask questions that require two answers as people will get confused and may misunderstand the question. For example, you may ask ‘What is your opinion of this product and would you expect it to compete with other similar products?’ In which case, either split the question up into two parts or ask them separately.

Make sure that your questions read simply i.e. do not include technical terms that some people will not have heard of. If this is unavoidable then explain the meaning of these terms before you ask. If it is a postal or e-mail questionnaire, then make sure that any terminology is clearly defined in writing.

Avoid questions that people will not know or find it difficult to answer. This may be down to how you word the question but also by asking questions like ‘how many times did you buy product X in the last year’?

In fact, we have to be careful not to make questions difficult to answer, and not to make the mistakes that we mentioned above.

1.2.2.4 Helpful Tips

- When including multiple choice questions, you should always offer an ‘Other’ option if your range of answers do not cover every possibility. This would be for questions such as ‘which washing powder do you buy’? As you will not list every washing powder available. You could even add a line so that people can specify what this ‘other’ option is.
- Always thank people for their time: even if you are sending the questionnaire by post/e-mail, you can still write it at the end. At the same time, you may even decide to give the interviewees/recipients a promotional leaflet or business card: they may be curious and interested about what the questionnaire is leading to.
- If you have your own web site, you could offer free access to information or resources that are received by people on completion of your on-line questionnaire. By doing so, your

target audience will have been found automatically: why else would they be at your web site? Alternatively if your budget can compensate, offer an incentive for completing your questionnaire such as a free prize draw for a weekend holiday, etc.

- Your questionnaires should be sampled at different times and locations to randomize your data as much as possible. Further, referring back to the hot dog example, the person may issue questionnaires, say, when there is and when there isn't a local football game on.
- Finally, the length of your questionnaire will reflect how effective it will be. Limit your questionnaire to less than 10 questions but without overlooking essential questions.

(bizhelp24, 2009)

1.2.3 Observations

Observation is a complex research method because it often requires the researcher to play a number of roles and to use a number of techniques; including their five senses, to collect data. Sometimes it may be more appropriate to obtain information by observation rather than interview or questionnaire. A market researcher who wants to know whether customers for a product in a supermarket are more attracted by blue packaging than red may arrange for the product to be displayed on the supermarket shelf in both blue and red packaging. The researcher can then watch people's behaviour as they choose between the blue and red packaging. In addition, despite the level of involvement with the study group, the researcher must always remember their primary role as a researcher and remain detached enough to collect and analyze data relevant to the problem under investigation. The purpose of this article is to describe in some depth the types of roles a researcher can assume during an observational study.

1.2.3.1 Roles of the researcher

Roles have been defined as "the characteristic posture[s] researchers assume in their relationship" with the people whom they are studying. In this article on roles on field observations are included nonparticipation, complete observer, observer-as-participant, moderate participant, participant-as-observer, and complete participant. More recently, others have proposed slightly different roles or used different terms which will be discussed below.

1.2.3.1.1 Nonparticipation

This role involves no level of involvement with insiders. The researcher is not present on the scene but rather can "observe" from an entirely different environment. Transaction log analysis (TLA) is an example of this type of observation. While this role has advantages and is effective for some studies, it does not allow for any in-depth understanding of people's behavior in their own world.

1.2.3.1.2 Complete Observer

In this role the researcher is present on the scene but does not participate or interact with insiders to any great extent. Their only role is to listen and observe. Within this role, lesser ones are adopted to allow the researcher to be invisible while, at the same time, ubiquitous in order to eavesdrop. One advantage of this role is that the researcher can remain completely detached from the group. Detachment, however, is also a major disadvantage because it could prevent the researcher from hearing entire conversations or grasping the full significance of an information exchange. In addition to eavesdropping, a complete observer can collect data through videotaping, audio-taping, or photographing insiders all of which have ethical implications. Given its limitations, this role may be an important starting point for future observations and interactions when the researcher assumes other roles.

1.2.3.1.3 Observer-as-Participant

This role includes more observation than participation. The researcher who adopts this role advances very slightly in her/his involvement with the insiders. While still mostly involved in observing, she/he may conduct short interviews. Unlike the covert activity that is typical of the complete observer, in this role the researcher's identity can become more overt as it becomes known to more of the insiders. The researcher, however, should remain strongly research oriented and not cross into the friendship domain.

There are two advantages to this role; first, the insider may be more willing to talk to attentive strangers than they would be to talk to people with whom they are more familiar. Second, there is less temptation either for the observer to go native or for the natives to try to include him permanently in their lives. The downside of this role is that the brief encounters with insiders limit opportunities for gaining knowledge of total situations. The brief interviews can contribute to misunderstandings or misconceptions of which the researcher may not be aware until it is too late to correct or address them.

1.2.3.1.4 Moderate participation

In this role the researcher wants to maintain a balance between being an insider and an outsider, i.e. between participation and observation. To accomplish this, the researcher interacts with the insiders and engages in similar activities but she/he does not participate in those activities that stand at the core of group membership and identification. There are two reasons for adopting this role. First, the researcher may limit involvement in the group, fearing that it will affect her/his ability to interpret the data from a detached perspective. Second, the researcher may "intentionally restrict" the level of involvement because she/he does not want to participate in specific activities of the insiders. However, she/he maintained

the balance between observation and participation by not becoming involved in their daily care, which means she did not become a member of the staff.

1.2.3.1.5 Participant-as-Observer

In this role the researcher becomes more involved with the insiders' central activities but still does not fully commit to members values and goals. During this period of observation, the researcher may develop relationships with insiders, such that they becoming "friends". This relationship as beneficial as it seems, the insiders can "instruct the investigator in the intricacies of their personal and social world", could also be problematic.

1.2.3.1.6 Complete Participation

It is the ultimate level of involvement as the researcher goes native and studies a group in which she/he is already a member. Researcher acts as member, not researcher, so that they do not unnaturally alter the flow of the interaction. While this role is ideal for obtaining a very good understanding of the insiders, they had reservations about researchers engaging in complete participation. In this role, the identity of the complete participant is unknown to the insiders, which can be problematic for the researcher who may become so self-conscious about revealing his true when attempting to perform convincingly the pretended role.

Furthermore, the researcher may feel that he has violated his observer role, that it is almost impossible to report his findings. Be careful when you are an observer because the result of your observation depends on your participation. (The free library, 2006)

1.2.3.2 Ethical issues in observation

One of the major factors associated with observational studies is ethics. While observation is generally seen as the least intrusive data collection method, it can also be an abuse of an individual's privacy. Participant observation does not have human subjects because the people with whom the researcher interacts are not subject to any experiment.

While acknowledging that researchers are responsible for their actions, but sometimes the researcher is not necessarily obligated to inform people of research intentions, or even protect them from possible harmful consequences.

1.2.3.3 Validity and reliability

As is the case with all research, researchers must address the issues of validity and reliability. One threat to validity is researcher bias that may result from selective observation, selective recording of information, or the subjective interpretation of situations. To address bias, researchers can use multiple observers, actively engage in critical self-reflection (reflexivity), or look for negative cases that disconfirm [the researcher's] expectations and explanations.

Descriptive validity refers to the factual accuracy of the account as reported by the researchers. Interpretive validity involves accuracy in reporting the facts or accurately portraying the meaning attached by participants to what is being studied. Strategies to improve interpretive validity include participant feedback and the use of low inference descriptors. Theoretical validity refers to the degree that a theoretical explanation developed from a research study fits the data and, therefore, is credible and defensible. In addition, they can also use what is called "pattern matching", a process that involves predicting a series of results that form a 'pattern' and then determining the degree to which the actual results fit the predicted pattern.

Qualitative research is often criticized for lacking reliability. While many qualitative researchers may not be interested in generalizing their results, they must address the reality of their findings. To do so, researchers should conduct their observations systematically and repeatedly over varying conditions, that is, varying the time and the place in order to ensure the widest range of observational consistency.

In conclusion, we saw some recommendations to make a good observation, things such as the roles of observer, ethical issues, the validity and reliability of an observation. Now we will put these tips into practice to do a real observation.

1.2.4 Experiments

An experiment is a research method in which the investigator manipulates a variable(s) under very controlled conditions and examines whether changes occur in a second variable(s). Sometimes, especially with new products, the best way to judge consumer reaction to it is to test market the product. A limited number of units of the product are produced and put on the market in a specific area or areas. In this way the likely success of the product can be seen before incurring the expense of full production and marketing. Foodstuffs and confectionary such as breakfast cereals and chocolate bars are often market tested in this way. We need to know some idea about the independent and dependent variables, extraneous variables, control and experimental groups, how researchers control sources of error and the advantages and disadvantages of the experiment.

1.2.4.1 Independent & Dependent Variables

The manipulated variable is called the *independent variable*. This is the presumed "cause." The variable that is expected to change as a result of the manipulation of the independent variable is called the *dependent variable*. This is the presumed "effect."

1.2.4.2 Extraneous Variables

In order to isolate the effect of the independent variable on the dependent variable, researchers must rule out alternative explanations. In other words, only the independent variable can be allowed to vary.

The term *extraneous variable* is used to refer to any other factor that might affect the dependent variable.

1.2.4.3 Control & Experimental Groups

In an experiment, researchers are typically concerned about the performance of subjects in the experimental group. If a researcher wants to know if a new drug helps improve memory, the researcher is most interested in how people who are given the drug perform on the memory test. However, in order to conclude that the drug "improves" memory, people who take it must perform better than those who do not take the drug. The *control group* serves as the *baseline* performance. The group given the drug serves as the *experimental group*.

1.2.4.4 How Researchers Control Sources of Error

To control for potential extraneous variables and other sources of error researchers' use:

- A standardized set of procedures
- Equivalent Control and Experimental Groups

Standardized procedures means that subjects are treated the same way in all regards except for the independent variable(s). Researchers also need to ensure that the control and experimental groups are similar on important variables at the outset. To do these researchers can use one of three methods.

- Use the same subjects in both the control and experimental groups. (This is called a *repeated measures design*).
- Match subjects on important variables (e.g., for every 20 year old female in the control group there is a 20 year old female in the experimental group).
- Random assignment. (Let chances decide who gets placed into which group. Thus, each subject has an equal chance of being placed in either group).

1.2.4.4.1 Why three methods?

Sometimes we cannot use the same subjects in both the control and experimental groups. Sometimes after having been in one of the conditions it alters the subjects' behavior. This change may carry over to the next condition and thus serve as an extraneous variable. For example, a researcher wants to study whether a new drug is better than an old drug to reduce anxiety symptoms. If we gave the old drug to the subjects and assessed them and then gave the new drug, there might be carry-over effects from the old drug still. Thus, we might want to use two different groups of people who suffer from anxiety.

We could match our subjects on important variables such as age, gender, severity of symptoms. Thus, for every 40 year old male with mild symptoms in the old drug (control) group there is a similar subject in the new drug (experimental) group. However, in finding perfect matches for our subjects we might have to go through many people. This is not an efficient strategy, for instance, in order to find 50 people who could be perfect matches for another group of 50; a few hundred potential subjects have to be proved.

A more simple method is a random assignment. We determine who is in the control and experimental groups. With a large enough sample of subjects it is highly unlikely that the majority of people with severe symptoms would be in one group.

1.2.4.5 Advantages & Disadvantages of the Experiment

The advantage of the experimental approach is that it allows investigators enough control to examine cause and effect relationships. Experiments allow us to answer "what causes something to occur?" This is the second goal of science, understanding and prediction. However, this degree of control can also be a potential weakness for experiments. By controlling features of the environments of subjects, the researcher may create an artificial environment. This means that while the researcher may have accurately understood the "cause" of the subjects' behavior, the findings only apply under such rigid, non-real world

conditions, to have limited use in explaining real-world behavior. (The desire of psychology is to understand this real-world behavior too).

A second weakness for experiments is that some questions for ethical or technical reasons cannot be studied using an experiment. For instance, an important question is whether people who have had less optimal rearing experiences, such as poverty or abuse, continue to have difficulties in their adult years because of this poor rearing. So children should not be placed in abusive environments just to see if it "causes" damage that persists into adulthood. Thus, we use other research methods, such as correlational studies. We might see whether there is a relationship between childhood poverty or abuse and psychological and behavioral problems of adults, by asking adults about their childhood experiences and their life as an adult. (SVF, 2003)

In conclusion, before starting a micro-company you have to carry out some experiments. As you could see earlier, the experiments have some variables and that is a risk but it also has advantages and disadvantages. Remember to experiment with your product to know if the customers will accept the product or not and this will help reduce risk of creating the wrong necessity of the customer.

1.2.5 Random Sampling

The information obtained will not be much use if the wrong people are interviewed or sent the questionnaire. Choosing the sample of people to interview or sending the questionnaire is therefore important. The most important requirement is that the sample should be representative of the whole. In other words, if you want to know how many people prefer the taste of Pepsi to Coke, while you obviously cannot ask everybody who ever drinks coke (the target population), the view of the people you do ask must be representative the target population. The only way to ensure that a sample is representative is by ensuring that

the people selected for interview or sending the questionnaire are selected at random from the target population. This is called a random sample.

1.2.6 Consumers Panels

Occasionally, businesses establish permanent panels of their customers to advise them on their products. Supermarkets often work with consumer panels that meet regularly to discuss the products, prices and service offered. Television companies establish panels of viewers to comment on the quality and content of programmes. Such panels are also used to estimate viewing figures. (Nuttall, 2002)

Finally, after analyzing each method to establish a good market research, you have to choose which one you prefer and think that is the exact one that you need. You can use some of them at the same time, but apply the right form to do this efficiently.

Business Plan

Diana Arguello



EDCOM-ESPOL

Prof. Hilda Flor

2.1 Business Plan Definition

A business plan is a scheme showing the aims of the business and how they will be achieved summarizing the operational and financial objectives of a business and including the detailed plans and budgets showing how the objectives are going to be carried out. This also includes formally declaring a set of business goals, the reasons why they are believed attainable, and the plan for reaching those goals.

The business goals may be defined: for-profit or for non-profit organizations. For-profit business plans typically focus on financial goals, such as profit or creation of wealth. Non-profit, as well as government agency business plans tend to focus on the "organizational mission" which is the basis for their governmental status or their non-profit, tax-exempt status, respectively—although non-profits may also focus on optimizing revenue. The primary difference between Profit and Non-Profit organizations is the general goal, the "For Profit ones" maximizes wealth but Non-Profit ones, help the whole society. In non-profit organizations, created tensions may develop in the effort to balance mission with "margin" (or revenue). (Foundation, 2008)

The main reason why they are believed attainable to apply the business plan to the business is: mistakes can be reduced before a business. Yearly we could realize that too many business or micro-companies break down for not planning each detail of their business. According to surveys, 70% of successful business depends on a well-developed business plan.

The plan for reaching those goals is our main objective, and achieving the goals projected in the business plan or perhaps exceed the goals would be a great triumph. But if you do not achieve the goal projected, do not be sad, every business has bad seasons, and

what is really important is coming through problems. It is crucial to establish a good base is the success of any business.

A business plan is definitely an important step for any business, but make sure you consider each factor of the business plan document; if we do that our micro-company would be successful.

2.2 *Types of business plan*

It is very important to know all types of business plan. For example, if you're developing a plan for internal use only, not for sending it out to banks or investors, you may not need to include all the background details that you already know. Description of the management team is very important for investors, while financial history is most important for banks. Business plans are also called strategic plans, a growth plan or expansion plan or new product plan, internal plans, start-up plan and feasibility plans. These are all business plans. In all these different varieties of business plans, one plan matches your specific situation, and each one will be analyzed.

2.2.1 A strategic plan

It is usually also an internal plan, but it focuses more on high-level options and setting main priorities than on the detailed dates and specific responsibilities. Like most internal plans, it wouldn't include descriptions of the company or the management team. It might also leave out some of the detailed financial projections. It might be more bullet points and slides than text.

2.2.2 A growth plan or expansion plan or new product plan

It will sometimes focus on a specific area of business, or a subset of the business. These plans could be internal plans or not, depending on whether or not they are being linked to loan applications or new investment. For example, an expansion plan requiring

new investment would include full company descriptions and background on the management team, as much as a start-up plan for investors. Loan applications will require this much detail as well. However, an internal plan, used to set the steps for growth or expansion funded internally, might skip these descriptions. It might not include detailed financial projections for the whole company, but it should at least include detailed forecasts of sales and expenses for the new venture.

2.2.3 Internal plans

They are not intended for outside investors, banks, or other third parties. They might not include detailed description of company or management team. They may or may not include detailed financial projections that become forecasts and budgets. They may cover main points as bullet points in slides (such as PowerPoint slides) rather than detailed texts.

2.2.4 The most standard business plan is a start-up plan

It is which defines the steps for a new business. It covers standard topics including the company, product or service, market, forecasts, strategy, implementation milestones, management team, and financial analysis. The financial analysis includes projected sales, profit and loss, balance sheet, cash flow, and probably a few other tables. The plan starts with an executive summary and ends with appendices showing monthly projections for the first year.

2.2.5 A feasibility plan

It is a very simple start-up plan that includes a summary, mission statement, keys to success, basic market analysis, and preliminary analysis of costs, pricing, and probable expenses. This kind of plan is good for deciding whether or not to proceed with a plan, to tell if there is a business worth pursuing. (Berry, 1996)

To conclude, the diversity of types of plan is very interesting but you have to choose which one adopts to your needs. Analyze carefully each one and decide but do not forget that the real objective is to conduct a study about your future business.

2.3 Business plan elements

Each part of a business plan is very important, for that reason we are going to analyze each element carefully. Keep on the watch of competitor analysis because this is the most important part of any business, and it depends on the strategies we are going to use. Not detracting to the financial plan because it also depends on the magnitude of our future micro-companies. There are five main elements: description of business, competitor analysis, market analysis and financial plan.

2.3.1 Description of business

When you first sit down to write the business description portion of your business plan, you may feel overwhelmed. There is so much to say about your business, you may not know where to start. Plus, you do not want to leave out anything important. However, if you break the task down into individual parts and work on one at a time, you will find writing your business plan is not as difficult as you might have thought—and you will be finished sooner than you ever believed possible.

The business description in your business plan is not only a very important piece, but also a tremendous opportunity to tell your story and show how you shine. When you write it, you need to lay out this section in an organized and logical manner. You want your reader to be able to follow the timeline and get a clear picture of your company. A scattered, random listing of facts will make you appear disorganized and unprofessional, and that is not the impression you want to give.

You may feel that business description is difficult and intimidating. However, this process does not have to be hard or scary. By breaking down it into pieces and tackling them one at a time, you will find this task to be much more approachable, and in fact, that writing one is a good management exercise. By organizing your business description in a logical manner with a description of the industry, basic facts about your company structure, mission statement, history and goals, you will provide your reader with everything they need to know about your company.

2.3.1.1 The Industry

A good way to begin your business description is by describing the industry you work in, which will give the reader some perspective as to how your business fits in and show them why is good to be in your industry. Discuss how the industry looks today—trends, growth and volumes—as well as a projection of what the future may hold. Keep your business description factual, with verifiable facts and figures and accurate statistics, not conjecture. People making financial decisions about your company do not want to base their decisions on guesses.

Be honest and forthcoming about the state of the industry and your competitors in your business description. If there are any other products on the market, political developments or economic conditions that will help or hinder your sales, you should include this in your business description. This will not only provide transparency to your reader to fully understand your company's chance of succeeding, but this will also help you to make sure you are considering everything to in making decisions on how you run your business. Cite your sources to lend credibility and assure your reader information is dependable. (Sample Plan, n.d.)

2.3.1.2 Company Basics

Once you have set the stage for your reader by describing the industry, you can move on to describe your own business. Start with the basics: whether your company is a new or established business, how long you have been in business and your performance to date. You will also need to discuss your structure. Is your company a corporation, sole proprietorship or partnership? Discuss who the principal owners or officers are and what expertise they bring to the company. Does your company do primarily retail or wholesale business? Service or manufacture? How many employees do you have, and what is your general management structure like? These are all questions you should be sure to answer in your business description.

2.3.1.3 Mission Statement

If you have not written a mission statement for your company, now is the time to write one. A mission statement sums up the purpose of your company in a couple of sentences so that you, your employees, and anyone who is interested in investing in your company or loaning you money are tuned into the direction the business should be heading. The mission statement of your business description should include things like your target market (such as business people or teenagers), geographic focus (local, national, or global), company philosophy and values, and type of product or service to be offered.

2.3.1.4 Company's History

Including a paragraph on your company history in the business description will help your readers feel more connected to your company. Your company history should include major milestones, such as when the company was founded and how the business has grown over the years (for an established company). Even if your company is new, you

can use this section to explain how you came up with the idea for your business and how you made your idea happen. You can also discuss your company culture here.

2.3.1.5 Company's Current and Future Goals

Another important component is a discussion of your current and future goals. Talk about your short- and long-term goals for the future, whether they involve reaching a certain level of sales, plans for expansion or achieving a specified level with your quality metrics. Whatever your goals are, they should be quantifiable and reasonable to achieve within a specified time frame—but not too easy (Sample Plan, 2009).

Therefore, the description of business will always be the first part of any kind of business plan. This is something important because it is the first step to make a business, where you establish what really you want and decide what kind of business you are going to start.

2.3.2 Competitor analysis

Competitor analysis in marketing and strategic management is an assessment of the strengths and weaknesses of current and potential competitors. This analysis provides both an offensive and defensive strategic context through which to identify opportunities and threats. Competitor profiling joins all of relevant sources of competitor analysis into one framework in support of efficient and effective strategy formulation, implementation, monitoring and adjustment (**See 1.1.4**).

Competitor analysis is an essential component of corporate strategy; it is argued that most firms do not conduct this type of analysis systematically enough. Instead, many enterprises operate on what is called “informal impressions, conjectures, and intuition gained through the tidbits of information about competitors.” For that reason we will

analyze: competitor array, competitor profiling, external and internal issues, and the SWOT.

2.3.2.1 Competitors array

One common and useful technique is constructing a *competitor array*. The steps include:

- Define your industry - scope and nature of the industry
- Determine who your competitors are
- Determine who your customers are and what benefits they expect
- Determine what the key success factors are in your industry
- Rank the key success factors by giving each one a weighting - The sum of all the weightings must add up to one.
- Rate each competitor on each of the key success factors
- Multiply each cell in the matrix by the factor weighting.

These can best be displayed on a two dimensional matrix - competitors along the top and key success factors down the side. An example of a competitor array follows:

Key Industry Success Factors	Competitor #1	Competitor #2	Competitor #3	Competitor #4
1 - Extensive distribution	4	7	10	1
2 - Customer focus	3	5	5	3
3 - Economies of scale	2	4	9	1
4 - Product innovation	8	2	1	6
Totals	17	18	25	11

Table 2.3.2.1: Example of competitor array

2.3.2.2 Competitors profiling

The strategic rationale of competitor profiling is powerfully simple. Superior knowledge of rivals offers a legitimate source of competitive advantage. As such, a comprehensive profiling capability is rapidly becoming a core competence required for

successful competition. An appropriate analogy is to consider this advantage as a good idea of the next move that your opponent in a chess match will make. By staying one move ahead, checkmate is one step closer. Indeed, as in chess, a good offense is the best defense in the game of business as well.

A common technique is to create detailed profiles on each of your major competitors. These profiles give an in-depth description of the competitor's background, finances, products, markets, facilities, personnel, and strategies. This involves:

- Background
 - Location of offices, plants, and online presences
 - History - key personalities, dates, events, and trends
 - Ownership, corporate governance, and organizational structure
- Financials
 - P-E ratios, dividend policy, and profitability
 - Various financial ratios, liquidity, and cash flow
 - Profit growth profile; method of growth (organic or acquisitive)
- Products.
 - Products offered, depth and breadth of product line, and product portfolio balance
 - New products developed, new product success rate, and strengths
 - Brands, strength of brand portfolio, brand loyalty and brand awareness
 - Patents and licenses
 - Quality control conformance
 - Reverse engineering
- Marketing

- Segments served, market shares, customer base, growth rate, and customer loyalty
- Promotional mix, promotional budgets, advertising themes, ad agency used, sales force success rate, online promotional strategy
- Distribution channels used (direct & indirect), exclusivity agreements, alliances, and geographical coverage
- Pricing, discounts, and allowances
- Facilities
 - Plant capacity, capacity utilization rate, age of plant, plant efficiency, capital investment
 - Location, shipping logistics, and product mix by plant
- Personnel
 - Number of employees, key employees, and skill sets
 - Strength of management, and management style
 - Compensation, benefits, and employee morale & retention rates
- Corporate and marketing strategies
 - Objectives, mission statement, growth plans, acquisitions, and divestitures
 - Marketing strategies (Foundation, 2008)

2.3.2.3 External and Internal issues.

An analysis of external issues focuses on the general business and economic climate, in which the business operates, the conditions in the market and the competition. A good way of looking at the business and economic climate is to undertake a PEST analysis. PEST stands for Political, Economic, Social and Technological.

- Political: the business activity is affected by government policy, such as constraints imposed by legislation on competition, advertising and consumer protection.
- Economic: Financial factors affect the future performance of a business, those include: levels of, trends in, and consumer demand, which can be influenced by government policies on taxation and interest rates, levels of inflation and unemployment, exchange rates, which affect the prices of, and demand for, exports and imports, and the general stability of the economy.
- Social: social factors include demographic trends, which are trends in the make-up of society, such as: changes in the age, structure of the population, lifestyle, healthy living and organic foods. These factors affect people's buying habits.
- Technological: quick developments in technology usually rise to methods of production that can affect the costs of a business, the price of its product and new products that make existing products obsolete.

When looking at conditions in the market a business must consider factors such as:

- How large is the market?
- Is the market growing or declining?
- What share of the market does the business have?
- Where is the product in terms of its life cycle?
- Is there scope for increasing sales?

A business should also identify its competitors and assess their market shares, strengths and likely responses to increased marketing activity by the business.

An analysis of internal issues might start with examining the past performance of the business as shown in profit and sales figures. This will help identify trends or causes to concern and provide a basis on the forecast future sales. Any current plans that might affect the marketing activities of the business, such as the development of new products or the introduction of new technology that will increase production capacity or reduce costs, must also be considered. Other internal issues include the reputation of the business and its standing in the market.

2.3.2.4 SWOT

Once the external and internal issues affecting the business have been identified, the next step is to carry out a SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. Each area forms a box on a grid and you fill in each section to help formulate a marketing strategy.

Strengths and weaknesses focus your business to look internally at what your business can do. Many businesses are great at looking inward but fail to look outside their company.

Threats and opportunities are external; focusing on the conditions of the real-world. This is where a SWOT analysis is helpful. It challenges you to see beyond your company walls to determine what opportunities are open for your company and how to capitalize on your strengths.

While most of your analysis will be subjective, the SWOT can provide multiple benefits to your small business. These benefits can include:

- Insight into where your business can focus to grow.
- Understand the industry structure by using a SWOT in your business plan.
- Focus your advertising and marketing on areas that give you a competitive advantage in the marketplace.

- The foresight to see looming threats and react proactively.

To develop your own SWOT analysis, consider each section with a certain degree of realism and be specific. Avoid the standard line, "we are great at everything and have no competitors". Your customers will know you in the marketplace for certain attribute or things that make them say, "WOW". Don't forget the complaints of late shipments or customer issues. To effectively complete a SWOT for your organization, look at the following examples:

2.3.2.4.1 Strengths

Strengths are positive internal factors about the business and its products, such as a strong brand name or low costs of production. Consider your strengths relative to your competitors and from your customers' perspective. For example, all your competitors may sell using the telephone, whereas you use direct face-to-face selling. Anything customer wants that you provide and your competitor doesn't, can be a possible strength. They can be:

- Business location or product exclusivity
- Patents or proprietary goods
- An established distribution channel

2.3.2.4.2 Weaknesses

Weaknesses are negative internal factors such a product that is in the decline stage of its life cycle, or low production capacity. It is easier writing down your corporate strengths than weaknesses. Think of objections your customers raise during the sales process. Think of your competitors' remarks. Is there any truth to what they say? The following are examples of weaknesses:

- Limited human resources and staff

- High cost of production
- Products or service similar to competitors

2.3.2.4.3 Opportunities

Opportunities are external factors that have potential benefits for the business, for example the removal of trade restrictions between two countries may offer an opportunity for exporting to a new market. Your small business is influenced by the external environment, such as: legal, political, technological, and cultural factors. Consider what can make your business obsolete, and what is likely to replace it. Opportunities can become threats or vice versa. Here are some:

- Government regulation softening
- Development of new technology
- Growing trend and customer base

2.3.2.4.4 Threats

Threats are external factors that have the potential to harm the business, such as a decline in demand for a product due to a change in people's lifestyle. These are examples of possible threats:

- New substitute products emerging
- Price competition
- Economic pressure

The SWOT analysis is a quick and simple tool to understand the overall big picture. It is the starting point of strategic planning. Once you have a SWOT complete, you may want to try more advanced analysis, such as Porter's Five Forces.

The most important takeaway from this exercise is to apply this knowledge to your small business. Take all necessary actions to reduce the threats to your company and position yourself to take advantage of the opportunities. (Zahorsky, 2002)

2.3.2.4.5 *Use the SWOT analysis*

The SWOT-landscape grabs different managerial situations by visualizing and foreseeing the dynamic performance of comparable objects according to find by Brendan Kitts, Leif Edvinsson and Tord Beding (2000).

Changes in relative performance are continually identified. Projects (or other units of measurements) that could be potential risk or opportunity objects are highlighted. SWOT-landscape also indicates which underlying strength/weakness factors that have had or likely will have highest influence in the context of value in use (e.g. capital value fluctuations).

Thus, the competitor analysis is the most important of the entire business plan, you have to consider when you begin a business you have to face competition from other places, so you have to persuade customers to change their mind. For this reason if you do not analyze correctly what the competition offers, perhaps the customers still prefer to consume our competitors' product.

2.3.3 Market Analysis

Market analysis may take two distinct forms. First, it is a method used by investors to look at the market and try to determine whether it is going up or down, in order to make investment decisions. Second, it is a field used by marketers to analyze the target market of their clients and determine the best courses of action to improve sales and profitability.

The goal of a market analysis is to determine the attractiveness of a market and to understand its evolving opportunities and threats as they relate to the strengths and weaknesses of the firm. Market analysis has the following dimensions:

- Market size (current and future)
- Market growth rate
- Market profitability
- Industry cost structure
- Distribution channels
- Market trends
- Key success factors

2.3.3.1 Market size (current and future)

The size of the market can be evaluated based on present sales and on potential sales if the use of the product were expanded. The following are some information sources for determining market size:

- Government data
- Trade associations
- Financial data from major players
- Customer surveys

2.3.3.2 Market growth rate

A simple means of forecasting the market growth rate is to extrapolate historical data into the future. While this method may provide a first-order estimate, it does not predict important turning points. A better method is to study growth drivers such as demographic information and sales growth in complementary products. Such drivers serve as leading indicators that are more accurate than simply extrapolating historical data.

Important inflection points in the market growth rate sometimes can be predicted by constructing a product diffusion curve. The shape of the curve can be estimated by studying the characteristics of the adoption rate of a similar product in the past.

Finally, a product will go into decline when demand falls. Some leading indicators of the decline phase include price pressure caused by competition, a decrease in brand loyalty, the emergence of substitute products, market saturation, and the lack of growth drivers.

2.3.3.3 Market profitability

While different firms in a market will have different levels of profitability, the average profit for a market can be used as a guideline for knowing how difficult it is to make money in the market. Michael Porter devised a useful framework for evaluating the attractiveness of an industry or market. This framework, known as Porter's five forces, identifies five factors that influence the market profitability:

- Buyer power
- Supplier power
- Barriers to entry
- Threat of substitute products
- Disloyal Competition among firms in the industry

2.3.3.4 Industry cost structure

The cost structure is important for identifying key factors for success. To this end, Porter's value chain model is useful for determining where value is added and for isolating the costs.

The cost structure also is helpful for formulating strategies to develop a competitive advantage. For example, in some environments the experience curve effect can be used to develop a cost advantage over competitors.

2.3.3.5 Distribution channels

The following aspects of the distribution system are useful in a market analysis:

- Existing distribution channels - can be described by how direct they reach the customer.
- Trends and emerging channels - new channels can offer the opportunity to develop a competitive advantage.
- Channel power structure - for example, in the case of a product having little brand equity, retailers have negotiating power over manufacturers and can capture more margins.

2.3.3.6 Market trends

Changes in the market are important because they often are the source of new opportunities and threats. The relevant trends are industry-dependent, but some examples include changes in price sensitivity, demand for variety, and level of emphasis on service and support. Regional trends also may be relevant.

2.3.3.7 Key success factors

The key success factors are those elements that are necessary for the firm to achieve its marketing objectives. A few examples of such factors include:

- Access to essential unique resources
- Ability to achieve economies of scale
- Access to distribution channels
- Technological progress

It is important to consider that key success factors may change over time, especially as the product progresses through its life cycle.

Summarizing, we have to study various processes in a market analysis, things like a industry cost, market trends and other important factors. They are really important but you have to investigate in various locations to obtain average information. (netmba, 2002)

2.3.4 Financial plan

A financial plan can be a budget, a plan for spending and saving future income. This plan allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. A financial plan can also be an investment plan, which allocates savings to various assets or projects expected to produce future income, such as a new business or product line, shares in an existing business, or real estate.

While a financial plan refers to estimating future income, expenses and assets, a financing plan or finance plan usually refers to means by which cash will be acquired to cover future expenses, for instance, through earning, borrowing or using saved cash. In business, a financial plan can refer to the two primary financial statements (budget and cash flow forecast) created within a business plan.

2.3.4.1 What is a budget?

A budget is a forecast of the profit a business expects to generate in a given period, usually a year. It sets targets for income and expenditure during the period. Estimates are made of the anticipated income that the business will receive from selling its product, and its expenditure on items such as raw materials, personnel costs, advertising, power, transport and administration.

Since the budget forecasts events up to a year ahead, the estimates are really only guesses. However, the more accurate the guesses the more accurate the forecast- and the more useful it will be. While the budget normally covers a full year, it is divided into shorter periods of perhaps a month, so that the actual income and expenditure of the business can be compared with the forecast figures on a regular basis. In this way, if there is any variance so that it looks as though the business may not achieve its anticipated profit it can decide on the appropriate action.

This may involve increasing sales to generate more revenue, or reducing expenditure. The more detailed the budget is, the easier it is to identify what action the business needs to take.

2.3.4.2 What is a cash-flow forecast?

It is important to distinguish between the profit a business makes and the amount of cash it has. Profit is the amount by which sales revenue exceeds expenditure in a period. However, during any given period sales are made, and therefore included in the profit and loss account, but not yet paid for by the customer. For example, goods may have been sold on credit.

Similarly, a business may have purchased goods and services on credit, so that the expenditure on those items is included in the profit and loss calculation although the goods and services have not yet been paid for. A business can only spend the cash it has in the bank, not the profit shown on the profit and loss account. A cash-flow forecast estimates the flow of cash into and out of the business and shows how much money a business has available at given time to pay any expenses that are due.

Money coming into the business is called inflows; money going out of the business is called outflows. The major sources of inflows are: revenue from sales; injections of capital

such as bank loans and finance provided by the owner; government grants and subsidies. The main sources of outflows are: payments to suppliers, rent and rates, employees' wages and salaries, telephone, electricity and water, advertising, payments to the government for items such as tax, national insurance and value added tax(VAT).

Inflows and outflows are shown on the cash-flow forecast in the month in which the money is actually received or spent. Income for goods sold on thirty days' credit is shown in the month the business expects to receive it not when the goods were sold. In this way, a cash-flow forecast shows how much cash a business expects to have at the end of each month, rather than the profit it expects to make.

A business can foresee any shortfall of cash, and make appropriate plans. For example, the cash flow forecast of a business may show that in one month it will not have enough cash in the bank to pay the wages of its employees. This may be because payment for a large order will not be received until the following month. By identifying this, the business can tell its bank that it will need an overdraft or loan to cover the shortfall well before the shortfall actually occurs. Since the business has planned its cash needs in advance, the bank will be more prepared to allow the overdraft.

Everybody knows that the money is the most important thing in a business; for that reason the financial plan is not a way to evade, we analyzed the meaning of forecast, budgets and cash-flow because it is really important that we learn to differentiate the money of the business. (Nuttall, 2002)

2.4 Recommendations for a business plan.

Should we do an excellent business plan? How? So, we can take some recommendations of the experience of other owners. We have to be careful with those

recommendations so that we do not make too many mistakes; here are the ten most important recommendations.

2.4.1 Top ten do's

1. Prepare a complete business plan for any business you are considering.
2. Use the business plan templates furnished in each session.
3. Complete sections of your business plan as you proceed through the course.
4. Research (use search engines) to find business plans that are available on the Internet.
5. Package your business plan in an attractive kit as a selling tool.
6. Submit your business plan to experts in your intended business for their advice.
7. Spell out your strategies on how you intend to handle adversities.
8. Spell out the strengths and weaknesses of your management team.
9. Include a monthly one-year cash flow projection.
10. Freely and frequently modify your business plans to account for changing conditions.

2.4.2 Top ten don'ts

1. Be optimistic (on the high side) in estimating future sales.
2. Be optimistic (on the low side) in estimating future costs.
3. Disregard or discount weaknesses in your plan. Spell them out.
4. Stress long-term projections. Better to focus on projections for your first year.
5. Depend entirely on the uniqueness of your business or the success of an invention.
6. Project yourself as someone you're not. Be brutally realistic.
7. Be everything to everybody. Highly focused specialists usually do best.
8. Proceed without adequate financial and accounting know-how.

9. Base your business plan on a wonderful concept. Test it first.
10. Skip the step of preparing a business plan before starting. (My own business, 2003)

In conclusion, we have to be very careful and apply the above recommendations. And do not forget that the business plan is the most important part of planning a business, upon that it depends if your business will be successful or not.

Company and Law Considerations

Diana Arguello



EDCOM-ESPOL

Prof. Hilda Flor

3.1 *Legal Issues to Consider When Starting Your Business.*

There are a multitude of legal issues to think about when it comes to starting your business. Everything starting from your business name, structure and operation has legal implications. What follows is a sample of some legal concerns you may want to address with your attorney before you start your business. For that reason we will analyze the RUC, firefighter department license, operation license, patent, payment 1.5 x 1000 and urban taxes.

3.1.1 RUC

The National Register of Taxpayers (RUC) is the identification system which assigns a number to individuals and companies engaged in economic activities that generate tax liabilities. The RUC is a wealth of information recorded on the taxpayer, among which stands out: its identification, fundamental characteristics, address and location of places where their business function, as well as a description of the financial activities carried out and tax obligations arising from those. Public institutions, nonprofit organizations and other companies, domestic and foreigners must be registered within the thirty first days of starting their business activities in the country stating if it is permanently or occasionally, and if they have assets that are taxable.

You can get the RUC in any office of the SRI Agencies filling the form RUC 01-A (**Figure 3.1.1.1**) and also the following requirement:

GENERAL REQUIREMENT	
If it is personal it must present:	
Identification of the contributor, depends on the case:	If you are Ecuadorian or foreign resident: Original and copies of identification in color.
	If you are a nonresident alien: Original and a color copy of passport and visa type; both passport and visa must be current. If you are a refugee: original and a color copy of the refugee credential.

	Ecuadorians: The original certificate of vote. Accepted certificates issued abroad.
Original and copies of any of the following documents indicating the address of where activities are carried out, these may or may not in be under your name:	Basic services (water, electricity or telephone) bills. It must correspond to one of the last three months preceding the date of registration. If the bills of basic services are issued on a cumulative basis and the last one issued is not up to date, one shall also need attached proof of payment of any of the last three months.
	Bank statement, paid television service, cell phone bill or credit card. It must correspond to one of the last three months preceding the date of registration. Only bank statements and credit cards must be brought to its name.
	Proof of property tax. It must correspond to the year in which the registration is done immediately or earlier.
	Leasing contract with valid proof of purchase issued by the landlord for one of the last three months previous the date of registration. The issuer of the voucher must be registered with the property rental sector RUC.
	Deed sale or purchase of the property, duly registered in the Land Registry, or certificate of the Registrar of the property valid for three months from the date of issuance.
	Parish Board Certification nearest the place of residence only if the property is no cadastral
ADDITIONAL REQUIREMENTS, IF YOU MEET ANY OF THE FOLLOWING:	
If you undertake activities related to:	Must present original and additional copy of:
Artisans	Rating scale force issued by the competent authority: National Board of Craftsman or MIPRO.
Accountants	Title or license of relevant professional body. If you work as an employee you must submit an additional certification of the employer or APA administrative personnel action (appointment). The certification must indicate that the meter is under dependency ratio and it can be signed by the legal representative or by the head of Human Resources.
Diplomats	Credential diplomatic agent.
Professionals	University degree endorsed by CONESUP, or certificate issued by the CONESUP, Card, issued by the relevant professional body. In the case of degrees obtained abroad, they must be endorsed by the CONESUP. If the taxpayer's card has the professional title it will no longer be necessary to submit this document.
Educational Activities	Ministerial agreement for the operation of kindergartens, schools and colleges.
Notaries and Registrars and Commercial Property	Appointment granted by the National Judicial Council

General observation	
<ul style="list-style-type: none"> • Copies of the requirements submitted must be in good condition. 	
UPGRADE REQUIREMENT	
GENERAL REQUIREMENT	
If its proceeding is personal it must present:	
Identification of the contributor, depends on the case:	If you are Ecuadorian or foreign resident: Original and color copies of identification.
	If you are a nonresident alien: Original and a color copy of passport and visa type; both passport and visa must be current. If you are a refugee: original and a color copy of the credential refugee.
	Ecuadorians: The original certificate of vote. Accepted certificates issued abroad.
Original and copy of documents supporting the exchange of information to make (should be related to the registration requirements)	
General observation	
<ul style="list-style-type: none"> • If you have not updated their RUC until 01/01/2004, will present original and copy of the requirements for registration. • Copies of the requirements submitted must be in good condition. 	

Table 3.1.1.1: Requirements to get the RUC

After to do each step that I mention earlier you will can to obtain your RUC certificate

(Figure 3.1.1.2):

REPUBLICA DEL ECUADOR SERVICIO DE RENTAS INTERNAS <small>Resolución No. NAC-06ERCGD-10-00279</small>		INSCRIPCIÓN Y ACTUALIZACIÓN DE LA INFORMACIÓN GENERAL DEL REGISTRO ÚNICO DE CONTRIBUYENTES - RUC SOCIEDADES SECTOR PRIVADO Y PÚBLICO		ORIGINAL SRI www.sri.gov.ec	
				RUC 01	
A.- IDENTIFICACION Y UBICACION DE LA SOCIEDAD					
02 RAZON O DENOMINACION SOCIAL					
03 NOMBRE COMERCIAL					
04 PROVINCIA		05 CANTON		06 PARROQUIA	
07 CIUDAD/DELA		08 BARRIO		09 CALLE	
11 INTERSECCION / MANZANA		12 CONJUNTO		10 NUMERO	
14 EDIFICIO O CENTRO COMERCIAL		15 No. DE OFICINA		13 BLOQUE	
19 CAMINO		16 REFERENCIA UBICACION		17 KM	
20 TELEFONO 1		21 TELEFONO 2		22 TELEFONO 3	
24 CELULAR		25 APARTADO POSTAL		23 FAX	
26 CORREO ELECTRONICO		27 SITIO WEB			
B.- IDENTIFICACION DEL DOMICILIO ESPECIAL					
28 PROVINCIA		29 CANTON			
C.- ORIGEN DE LA SOCIEDAD					
ORIGEN (Escriba una opción) RAZON SOCIAL SOCIEDADES FUSIONADAS / ESCINDIDAS RUC					
30 CONSTITUCION		31 FUSION		32 ESCISION	
33		34		35	
36		37		38	
D.- DATOS DE CONSTITUCION DE LA SOCIEDAD					
39 FECHA DE CONSTITUCION		40 TIPO DE SOCIEDAD		41 No. EXPEDIENTE SUP. CIAS.	
42 ORGANISMO REGULADOR		43 CAPITAL SUSCRITO		44 No. REG. MERCANTIL	
45 RUC CONTADOR		46 NO. PATRONAL		47 PATRIMONIO	
48 NOMBRE DEL CONTADOR					
E.- IDENTIFICACION Y UBICACION DEL REPRESENTANTE LEGAL					
49 APELLIDOS Y NOMBRES O DENOMINACION				50 C.I. RUC O PASAPORTE	
51 NACIONALIDAD		52 CARGO QUE DESEMPEÑA		53 TIPO DE VISA (REF. LEGAL EXTRANJERO)	
54 PROVINCIA		55 CANTON		56 FECHA DE NOMBRAMIENTO	
57 PARROQUIA		58 CALLE		59 dia mes año	
60 NUMERO		61 INTERSECCION		62 TELEFONO 1	
63 REFERENCIA		64 TELEFONO 2		65 CELULAR	
66 APARTADO POSTAL		67 CORREO ELECTRONICO			
F.- ACCIONISTAS Y SOCIOS					
CEDULA / RUC / PASAPORTE		TIPO DE VISA		NACIONALIDAD	
DIRECCION TRIBUTARIO (PAR O CIUDAD)		% PART.			
67		68		69	
70		71		72	
73		74			
G.- ACTIVIDADES ECONOMICAS ADICIONALES (DOMICILIO TRIBUTARIO)					
75		76		77	
78		79		80	
H.- ACTIVIDAD ECONOMICA PRINCIPAL (Seleccione una de las actividades ingresadas en la Sección G)					
81 DESCRIPCION ACTIVIDAD ECONOMICA PRINCIPAL					
I.- INFORMACION ADICIONAL DE LA SOCIEDAD					
82 ES PRODUCTOR DE BIENES GRAVADOS DE ICE?		SI <input type="checkbox"/>		NO <input type="checkbox"/>	
83 ES IMPORTADOR DE BIENES GRAVADOS DE ICE?		SI <input type="checkbox"/>		NO <input type="checkbox"/>	
Nota: Declaro que los datos contenidos en este formulario son verdaderos. Este formulario no se aceptará con enmendaduras y tachones.					
84		FECHA DE PRESENTACION		FIRMA REPRESENTANTE LEGAL	
dia		mes		año	

Figure 3.1.1.1: Form RUC 01-A

SRI le hace bien al país

REGISTRO UNICO DE CONTRIBUYENTES PERSONAS NATURALES

NUMERO RUC: 0908230535001
 APELLIDOS Y NOMBRES: FAJARDO JUELA MANUEL EDUARDO

NOMBRE COMERCIAL:
 CLASE CONTRIBUYENTE: OTROS OBLIGADO LLEVAR CONTABILIDAD: NO
 CALIFICACION ARTESANAL: JUNTA NACIONAL DEL ARTESANO NUMERO: 80575

FEC. NACIMIENTO: 12/12/1953 FEC. ACTUALIZACION: 19/02/2010
 FEC. INICIO ACTIVIDADES: 22/09/1999 FEC. SUSPENSION DEFINITIVA:
 FEC. INSCRIPCION: 22/09/1999 FEC. REINICIO ACTIVIDADES:

ACTIVIDAD ECONOMICA PRINCIPAL:
 ACTIVIDADES DE FABRICACION DE ARTICULOS DE YESO

DIRECCION DOMICILIO PRINCIPAL:
 Provincia: GUAYAS Cantón: GUAYAQUIL Parroquia: TARQUI Número: SOLAR 5 Intersección: MANZANA 1017
 Referencia: CDLA. ORQUIDEAS - A MEDIA CUADRA DE LA ESCUELA FELMA Teléfono: 042869370

OBLIGACIONES TRIBUTARIAS:
 * DECLARACIÓN MENSUAL DE IVA

Las personas naturales que superen los límites establecidos en el Reglamento para la Aplicación de la Ley de Equidad Tributaria, estarán obligadas a llevar contabilidad, convirtiéndose en agentes de retención, y no podrán acogerse al Régimen Simplificado (PUSE)

DE ESTABLECIMIENTOS REGISTRADOS: del 001 al 002 ABIERTOS: 2
 JURISDICCION: REGIONAL LITORAL SURI GUAYAS CERRADOS: 0

SRI Servicio de Rentas Internas
 R.U.C. 1999

Martillo Moyano Washington Andrés
 Director General
 Servicio de Rentas Internas
 LITORAL SUR

FIRMA DEL CONTRIBUYENTE
 FIRMA DEL SERVIDOR

Usuario: GUPC111203 Lugar de emisión: GUAYAQUIL/AV. FRANCISCO Fecha y hora: 19/02/2010
 Página 1 de 2

SRI le hace bien al país

REGISTRO UNICO DE CONTRIBUYENTES PERSONAS NATURALES

NUMERO RUC: 0908230535001
 APELLIDOS Y NOMBRES: FAJARDO JUELA MANUEL EDUARDO

ESTABLECIMIENTOS REGISTRADOS:

No. ESTABLECIMIENTO:	001	ESTADO:	ABIERTO	MATRIZ:	FEC. INICIO ACT.:	22/09/1999
NOMBRE COMERCIAL:	METAL YESO FAJARDO			FEC. CIERRE:		
ACTIVIDADES ECONÓMICAS:				FEC. REINICIO:		
ACTIVIDADES DE FABRICACION DE ARTICULOS DE YESO						

DIRECCION ESTABLECIMIENTO:
 Provincia: GUAYAS Cantón: GUAYAQUIL Parroquia: TARQUI Ciudadela: ORQUIDEAS Número: SOLAR 5 Referencia: A
 MEDIA CUADRA DE LA ESCUELA FELMA Manzana: 1017 Teléfono Domiciliar: 042869370

No. ESTABLECIMIENTO: 002 ESTADO ABIERTO FEC. INICIO ACT. 08/04/2009
 NOMBRE COMERCIAL: RESTAURANT GRACE'S DELICIOSOS FEC. CIERRE:
 ACTIVIDADES ECONÓMICAS: FEC. REINICIO:
 VENTA DE COMIDAS Y BEBIDAS EN RESTAURANTES

DIRECCION ESTABLECIMIENTO:
 Provincia: GUAYAS Cantón: GUAYAQUIL Parroquia: TARQUI Ciudadela: ORQUIDEAS Número: SOLAR 5 Referencia: A
 MEDIA CUADRA DE LA ESCUELA FELMA Manzana: 1017 Teléfono Domiciliar: 042869370

SRI Servicio de Rentas Internas
 R.U.C. 1999

Martillo Moyano Washington Andrés
 Director General
 Servicio de Rentas Internas
 LITORAL SUR

FIRMA DEL CONTRIBUYENTE
 FIRMA DEL SERVIDOR

Usuario: GUPC111203 Lugar de emisión: GUAYAQUIL/AV. FRANCISCO Fecha y hora: 19/02/2010
 Página 2 de 2

Figure 3.1.1.2: RUC Certificate

3.1.2 Firefighters Department License

Companies should install fire prevention systems to protect the lives of their staff, as well as assistance by domestic insurance companies to guard the property. This inspection is performed by the firefighter department of the corresponding area, it includes fire protection systems, escape leave signs of occupancy based on Covenin standards. Your application is done directly on the fire department and department of prevention and security.

The permit is the first requirement that the legal representatives of trade (any kind) should have in order to legalize the operation of their business.

In the offices of the entity, the first step is to inform users about the service and the importance of complying with this requirement, which must be renewed after 365 days (term

is one year from the date of issue). There are the following requirements previous to obtain firefighters department license (**Figure 3.1.2.1**):

- Original and colored copies of identification.
- The original certificate of vote.
- RUC certificate with their respective direction and activity
- Original copy of the invoice including date of purchase or recharge of extinguisher. The capacity of the extinguisher is in relation to the activity and area of the establishment (minimum 5 pounds) except for the sale of gas. (**Figure 3.1.2.2**)

BENEMERITO CUERPO DE BOMBEROS DE GUAYAQUIL
OFICINA TECNICA DE PREVENCION DE INCENDIOS

R.U.C. 0968514210001 No. **444369**

TASA POR SERVICIO CONTRA INCENDIOS FECHA 27/05/2010

R.U.C.: 0908230535001 (002) VALOR: \$ 44.00 USD

NOMBRE: FAJARDO JUELA MANUEL EDUARDO

RAZON COMERCIAL: RESTAURANT "GRACE'S DELICIOUS"

DIRECCION: CDLA. ORQUIDEAS MZ.1017 SL.5

Año(s): 2010: \$ 44.00

Esta despacho, en atención a la solicitud presentada y considerando que en el local se cumplen con las disposiciones de la Ley de Defensa Contra Incendios, así como la documentación presentada, se procede a extender la presente TASA POR SERVICIO DE PREVENCION DE INCENDIOS, Este documento debe ser en un lugar visible y presentarse cuando fuera requerido.
Nota: No es Valido este certificado si se almacena materiales explosivos y/o gases comprimidos.

CUARENTA Y CUATRO 00/100 DOLARES


456632 Reg. No. 000122920
13/05/2010

OBSERVACION: ESTE CERTIFICADO ES PROVISIONAL Y ESTA SUJETO QUE LA MUNICIPALIDAD DE GUAYAQUIL OTORGUE LOS PERMISOS PARA DESARROLLAR LAS ACTIVIDADES SOLICITADAS

USR: Jctapia JEFE DE O.T.P.T. FIRMA AUTORIZADA

CADUCA 31 DE DICIEMBRE Renovable cada año SERIE No. **0247955**

Figure 3.1.2.1: Firefighter department license



Silva Merchan Milton Raul
EXTINTORES "PARSEG"
 VENTAS - RECARGA Y REPARACIONES DE EXTINTORES
 Dir.: Cda. Samanes Siete - Avda. Fco. De Orellana
 Mz, 2210 Sl. 9
 Telf.: 2218917 • Guayaquil - Ecuador

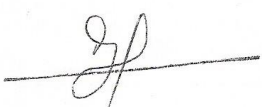
R.U.C. 0920329281001
FACTURA
 SERIE 001-001
0000630
 AUT. S.R.I.1107973974

Guayaquil Mayo 11 del 20 10

Cliente: Manuel Eduardo Fojardo Guila

Dirección: Orquidias ME 10 V#5 Ciudad: Guayaquil

RUC/C.I.: 0908230335-001 Telf: 890370

CANTIDAD	DESCRIPCION	PRECIO UNITARIO	TOTAL
1	Recarga Extintor 5 lbs PQS OP 5% A B C	\$ 1,20	
 EXTINTORES PARSEG			
Debo y pagaré incondicionalmente a la orden del beneficiario, en el lugar y fecha que se reconenga el valor total expuesto en este documento, más los impuestos legales respectivos y el máximo interés legal por mora autorizado por la Junta Monetaria para Bancos e Instituciones Financieras, Sin protesto, exímese de presentación para el pago, así como el aviso por falta de este hecho. Renuncio domicilio y me someto a los jueces competentes de la ciudad de Guayaquil y al trámite ejecutivo o verbal sumario del beneficiario o sus casionarios. Acepto que el beneficiario ceda y transfiera en cualquier momento los derechos que emanan del presente documento sin que sea necesario notificación alguna ni nueva aceptación de mi parte. Se aclara que el beneficiario es la persona a quien debo efectuar el pago.		SUBTOTAL	\$ 6
		IVA 0 %	\$
		IVA 12 %	\$ 0,72
		TOTAL	\$ 6,72

Son: Seis Dólares con Setenta y dos ctos Dólares

FIRMA AUTORIZADA

RECIBÍ CONFORME

FREIRE RODRÍGUEZ JANETH JACQUELINE * R.U.C 0911403862081 * AUT. 6274 * 2B.(100X2) (NUM. 0561 - 0750) IMP. 01/03/2010 • CADUCA: MARZO/2011

Figure 3.1.2.2: Invoice of purchase or recharge the extinguisher

3.1.3 Operation License or Rate Outfit

Provincial Health Directorate of Guayas in an effort to monitor and ensure the quality of health in the province, encourages the public to obtain the operating permit and Certificate of sanitary conditions for grocery owners and establishments to control health, surveillance on food transportation, and special record to transport vehicles carrying food and raw materials (obtained only in the Provincial Health Directorate of Guayas). The requirement to obtain the annual operating permit is effective from January 1st to June 30th.

Provincial Health Directorate of Guayas recommends the community to perform these procedures without intermediaries, with technical assistance. Approach is recommended in a timely manner, to avoid the crowds and fines for five (5) unified basic salaries.

These are the following requirements previous to obtain the Operation License (**Figure**

3.1.3.3):

- Application Form (free) completed and signed by the owner (**Figure3.1.3.1**).
- Copy of The National Register of Taxpayers (RUC)
- Copy of document of identity.
- Design of the 1:5 scale
- Sketch of location of the establishment.
- Firefighters department license
- Copy of health certificates of the staff working in the facility, given by a Health Ministry of Public Health (**Figure 3.1.3.2**).



Guayaquil, de _____ del 2010

Señor (a)
DIRECTOR (a) PROVINCIAL DE SALUD DEL GUAYAS
 Ciudad.-

De mi consideración

Por medio del presente solicito a usted autorice a quien corresponda realice la inspección sanitaria previa a la obtención del Premiso Sanitario de Funcionamiento del establecimiento que detallo a continuación:

1.ra vez Renovación Cambio Razón Social Traslado del establecimiento Cambio Propietario

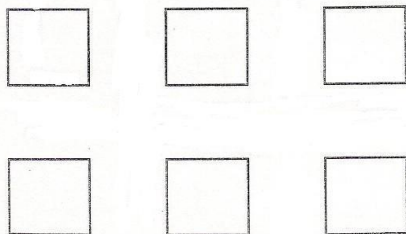
TIPO DE ESTABLECIMIENTO: _____
ACTIVIDAD: _____
RAZÓN SOCIAL: _____
RAZÓN COMERCIAL: _____
RUC: _____
PROPIETARIO: _____
CEDULA: _____
DIRECCIÓN: _____
TELÉFONO: _____
RESPONSABLE TÉCNICO: _____
AREA DE SALUD: _____
HORARIO DE ATENCIÓN: _____

Por la atención al presente me suscribo de usted.
 Atentamente,


 Propietario/Representante Legal

 Responsable Técnico

Croquis de ubicación




REQUISITOS PARA PERMISOS DE FUNCIONAMIENTO

- COPIA DEL PERMISO SANITARIO AÑO ANTERIOR
 - COPIA DEL RUC ACTUALIZADO
 - CÉDULA Y CERTIFICADO DE VOTACION DEL PROPIETARIO O REP. LEGAL
 - PERMISO DEL CUERPO DE BOMBEROS ACTUALIZADO
 - PLANO DEL ESTABLECIMIENTO ESCALA 1:50
 - CROQUIS DE UBLICACIÓN
 - COPIA DE CERTIFICADOS DE SALUD OCUPACIONALES DEL PERSONAL
- NOTA: TRAER EN CARPETA CON COPIA DE LA SOLICITUD

Figure 3.1.3.1: Application for Operating License

DIRECCION PROVINCIAL DE SALUD DEL GUAYAS
CERTIFICADO DE SALUD OCUPACIONAL
AREA DE SALUD # 8
CENTRO DE SALUD SAUCES III

No. 001697



NOMBRES: MANUEL EDUARDO
APELLIDOS: FAJARDO JUELA
CEDULA DE IDENTIDAD: 0908230535
NUMERO DE H.I.T.: 82261
LUGAR DE RESIDENCIA: GUAYAQUIL

JEFE DE AREA DE SALUD USUARIO

Figure 3.1.3.2: Health certificate of the staff




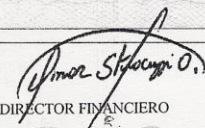

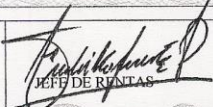
 <p>M.I. MUNICIPALIDAD DE GUAYAQUIL COMPROBANTE DE INGRESO A CAJA</p>	MES	DIA	AÑO	CAJA No.	No.	
	JUN	30	2010	18	14664151	
CONTRIBUYENTE			CEDULA - R.U.C. - CODIGO CATASTRAL		CODIGO TRANSACC.	
FAJARDO JUELA MANUEL EDUARDO			090823053001		THA	
DIRECCION FINANCIERA - TESORERIA	CONCEPTO				VALOR RECIBIDO	
	TASA DE HABILITACION Y CONTROL DE ESTABLECIMIENTOS (2010)					
	SOLICITUD : 3951720 LOCAL : 2				EFECTIVO \$:*****2.00	
	Nombre Local : RESTAURANT GRACE'S DELICIOUS				CHEQUES \$:*****0.00	
	Dirección : LAS ORQUIDEAS MZ. 1017 SL. 5				N/C y/o TRANSFER \$:*****0.00	
	Sector : 59 Manzana: 1017 Lote: 005 División: 0				TOTAL RECIBIDO \$:*****2.00	
	Genero : SERVICIOS VARIOS (L-2)					
	Actividad : CAFETERIAS, RESTAURANTES Y SALONES EQUIPADOS					
	CON AIRE ACONDICIONADO					
	Sub Actividad : NO ESPECIFICADA					
Superficie : DE HASTA 50 MTS2						
Cód. Municipio 059-101-N-CC-4-L2-7						
EN CASO DE INCUMPLIMIENTO DE LAS ORDENANZAS Y DISPOSICIONES VIGENTES, SE PROCEDERÁ A LA SANCIÓN Y REVOCATORIA DE LA PRESENTE TASA-DEHABILITACIÓN.						
				14664151		
						
 DIRECTOR FINANCIERO		 TESORERO MUNICIPAL				
 JEFE DE RENTAS						
SELLO Y FIRMA DEL CAJERO						

Figure 3.1.3.3: Operation License

3.1.4 Patent

Every natural or legal person usually commercial, industrial and financial or within the city is required to obtain Municipal Patent Application. The same requirement will be demanded by even those exempted by law from payment of tax patents. There are the following requirements previous to obtain the Patent:

1. "Application for Patent "(**Figure 3.1.4.1**)
2. Original and legible copy of the certificate of citizenship of the taxpayer.
3. Original and legible copy of updated R.U.C.
4. Original and legible copy of the Security Certificate (awarded by the Fire Department.)
5. Legible copy of the declarations of income tax or tax returns to the value of the previous declared year. (**Figure 3.1.4.3**)

REQUIREMENTS FOR SPECIAL CASES:

- Legible copy of the Certificate of rating scale (given by the National Defense Board of Artisan).(**Figure 3.1.4.4**)
- Original and legible copy of proof of payment of Annual Rate of Tourism, to develop tourism establishments.(**Figure 3.1.4.5**)

STEPS IN THE PROCESS:

1. Request the form "Application for Patent" in the City Desk (Chamber of Commerce). The value of the rate of procedure for the payment of patent is included in the proof of payment of the settlement of that tax.
2. Fill out the application please (printed or typed).
3. Attach the requirements of the application and deliver it to the City Desk (Chamber of Commerce), which will indicate the amount for clearance. (No documentation incomplete, incorrect or illegible).

4. Pay on the City Desk (Chamber of Commerce).

Note: Payment of the tax shall be made immediately to the presentation of the requirements.


 <p>MUY ILUSTRE MUNICIPALIDAD DE GUAYAQUIL DIRECCION FINANCIERA</p>		ESPACIO PARA USO EXCLUSIVO DE LA MUNICIPALIDAD SOLICITUD No. _____ DÍA _____ MES _____ AÑO _____	
SOLICITUD PARA REGISTRO DE PATENTE PERSONAS NATURALES			
PRIMERA VEZ <input type="checkbox"/>		RENOVIACIÓN <input type="checkbox"/>	
DATOS DEL CONTRIBUYENTE			CÉDULA DE CIUDADANÍA
APELLIDOS		NOMBRES	
PATERNO	MATERNO	1ER. NOMBRE	2 DO. NOMBRE
			R.U.C.
DATOS DEL SOLICITANTE			
DIRECCION DEL ESTABLECIMIENTO		TELÉFONO (S)	FAX
			CASILLA
ESTÁ OBLIGADO LEGALMENTE A LLEVAR CONTABILIDAD SÍ <input type="checkbox"/> NO <input type="checkbox"/>		FECHA DE INICIO DE LA ACTIVIDAD ECONÓMICA EN GUAYAQUIL MES _____ DÍA _____ AÑO _____	
		CAPITAL PROPIO (ACTUALIZADO) \$/	
CLASIFICACIÓN DOMICILIARIA PARA PERSONAS QUE EJERCEN ACTIVIDADES COMERCIALES, INDUSTRIALES O FINANCIERAS EN EL CANTÓN GUAYAQUIL			
CLASE A. DOMICILIO LEGAL EN EL CANTÓN SIN INSTALACIONES O LOCALES DENTRO DEL CANTÓN		<input type="checkbox"/>	
CLASE B. DOMICILIO LEGAL EN EL CANTÓN CON UNA O MÁS INSTALACIONES O LOCALES DENTRO DEL CANTÓN		No. _____ <input type="checkbox"/>	
CLASE C. NO DOMICILIADAS LEGALMENTE EN EL CANTÓN Y CON UNA O MÁS INSTALACIONES O LOCALES DENTRO DEL CANTÓN		No. _____ <input type="checkbox"/>	
ACTIVIDAD COMERCIAL <input type="checkbox"/> INDUSTRIAL <input type="checkbox"/> OTROS <input type="checkbox"/> FINANCIERA <input type="checkbox"/> ARTESANAL <input type="checkbox"/> ESPECIFIQUE _____ ESPECIFICAR ACTIVIDAD PRINCIPAL _____		PARA EL CASO DE PERSONA EXONERADA No. DE RESOLUCIÓN DE EXONERACIÓN _____ FECHA DE EMISIÓN DE RESOLUCIÓN _____	
INFORMACIÓN ESTADÍSTICA			
ESTÁ AFILIADO A ALGUNA CÁMARA DE PRODUCCIÓN ? SÍ <input type="checkbox"/> NO <input type="checkbox"/>		CANTIDAD DE TRABAJADORES	
AGRICULTURA <input type="checkbox"/>	CONSTRUCCIÓN <input type="checkbox"/>	INDUSTRIA <input type="checkbox"/>	1-20 <input type="checkbox"/>
COMERCIO <input type="checkbox"/>	PEQUEÑA INDUSTRIA <input type="checkbox"/>	ARTESANÍA <input type="checkbox"/>	21-50 <input type="checkbox"/>
			51-200 <input type="checkbox"/>
			201-501 <input type="checkbox"/>
			MAS DE 501 <input type="checkbox"/>
DECLARAMOS DE MANERA LIBRE, VOLUNTARIA Y BAJO JURAMENTO, QUE LA INFORMACIÓN PROPORCIONADA SE SUJETA EstrictAMENTE A LA VERDAD, DEJANDO CONSTANCIA QUE NOS SOMETEMOS A LAS SANCIONES PENALES Y TRIBUTARIAS, PARA EL CASO DE INCURRIR EN FALSEDADES		NO USAR (USO EXCLUSIVO DE LA INSTITUCIÓN) LIQUIDADADO POR _____ RELIQUIDADADO POR _____	
SOLICITANTE / REPRESENTANTE LEGAL _____			
OBSERVACIÓN.- ESTE FORMULARIO SE UTILIZARÁ EN LOS SIGUIENTES CASOS. 1.- PARA LAS PERSONAS NATURALES NO OBLIGADA POR LEY A LLEVAR CONTABILIDAD. 2.- CUANDO EL PAGO DE LA PATENTE MUNICIPAL SE REALICE POR PRIMERA VEZ. 3.- CUANDO SE HA EFECTUADO EL PAGO DEL IMPUESTO DEL 1.5 POR MIL (EN ESTA MUNICIPALIDAD O EN EL LUGAR DE DOMICILIO PRINCIPAL), PREVIO REGISTRO DE LA PATENTE MUNICIPAL CORRESPONDIENTE.			
LA PATENTE MUNICIPAL NO AUTORIZA EL FUNCIONAMIENTO DE LOCAL ALGUNO, POR LO TANTO, TRAMITE LA TASA DE HABILITACIÓN			
(F.2005.07.003)			

Figure 3.1.4.1: Application for patent.

REQUIREMENTS FOR SPECIAL CASES:

- Legible copy of the Certificate of rating scale (given by the National Defense Board of Artisan).
- Original and legible copy of proof of payment of Annual Rate of Tourism (for businesses that develop tourism activities).

STEPS IN THE PROCESS:

1. Request the form "Individuals Application for Patent Application" in the City Desk (Chamber of Commerce). The procedure rate value for the payment of patent (**Figure 3.1.4.2**), is included in the proof of payment of the settlement of that tax.
2. Fill out the application please print or machine.
3. Attach the requirements of the application and deliver it to the City Desk (Chamber of Commerce), which will indicate the amount for clearance. (Do not include documentation incomplete, incorrect or illegible).
4. Pay settlement value at the City Desk (Chamber of Commerce) or at the collect windows.

Note: Payment of the tax shall be made immediately to present the requirements.

M.I. MUNICIPALIDAD DE GUAYAQUIL
COMPROBANTE DE INGRESO A CAJA

MES	DIA	AÑO	CAJA No.	No.
JUN	30	2010	18	14664149

CONTRIBUYENTE: FAJARDO JUELA MANUEL EDUARDO
 CEDULA - R.U.C. - CODIGO CATASTRAL: 0908230535001
 CODIGO TRANSACC.: PAT

CONCEPTO: **PAGO DE PATENTE ANUAL MUNICIPAL**
 AÑO : 2010 No. 34273
 ACTIVIDAD: COMERCIAL
 ACTIVIDAD: ARTESANAL
 EXENTO: SI
 CAPITAL PROPIO : 528.00
 Patente Anual: 10.00
 VALOR TASA TRAMITE: 2.00
 DESCUENTO: 0.00
 INTERES: 0.24
 MULTA: 1.03

VALIDO: De ENERO a DICIEMBRE 2010. (12 meses)

VALOR RECIBIDO	
EFFECTIVO	\$ *****13.27
CHEQUES	\$ *****0.00
N/C y/o TRANSFER.	\$ *****0.00
TOTAL RECIBIDO	\$ *****13.27

14664149

DIRECCION FINANCIERA - TESORERIA

CONTRIBUYENTE

PAPELETA DOLAR
 CONTRIBUYENTE
 17-06-27
 GEC
 14473615

SELLO Y FIRMA DEL CAJERO

F.98.07.011

Figure 3.1.4.2: Patent payment

SRI.gov.ec

SERVICIO DE RENTAS INTERNAS
 COMPROBANTE ELECTRONICO PARA PAGO

Identificación de pago	Convenio de debito / Declaracion sin pago
Número de identificación	0908230535001
CEP#(Número de Serie)	870345870022
Código Impuesto	1011
Impuesto	Renta Personas Naturales
Tipo de Formulario	102

RESUMEN DE DATOS

Razón Social	FAJARDO JUELA MANUEL EDUARDO
Periodo Fiscal	2009
Fecha de Declaración	11/03/2010
Hora de Declaración	09:10:57 PM
Fecha de Vencimiento	15/03/2010
Fecha Máxima de Pago	11/03/2010

VALORES A PAGAR

Total Impuesto a Pagar	\$ 0.00
Intereses por mora	\$ 0.00
Multas	\$ 0.00
Total	\$ 0.00

FORMAS DE PAGO

Débito Bancario, Efectivo, Cheque	\$ 0.00
Compensaciones	\$ 0.00
Notas de Crédito Cartulares	\$ 0.00
Notas de Crédito Desmaterializadas	\$ 0.00
TOTAL A PAGAR	\$ 0.00

Figure 3.1.4.3: Voucher of declaration of income tax.

0014585

Junta Nacional de Defensa del Artesano

RECALIFICACION TALLER ARTESANAL
Nro. 80575

16850
PERSONAL E
INTRANSFERIBLE

La Junta Nacional de Defensa del Artesano, vista la solicitud de Calificación Nro. 12730 presentada el 16/JUL/2009 previo el estudio e informe de la Unidad de Inspección y Calificación de Talleres Artesanales de la Dirección Técnica, y de conformidad al Art. 5 del Reglamento de Calificaciones y Ramas de Trabajo vigente.

RESUELVE

Conceder el CERTIFICADO DE RECALIFICACION ARTESANAL, con derecho a los beneficios contemplados en el inciso final del Art. 2, Arts. 16, 17, 18 y 19 de la Ley de Defensa del Artesano, en concordancia con el Art. 302 del Código de Trabajo, Art. 367 de la Ley Orgánica de Régimen Municipal; Arts. 19 y 56, numeral 19 de la Ley de Régimen Tributario Interno y Art. 154 de su Reglamento, a:

FAJARDO JUELA MANUEL EDUARDO

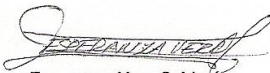
CC# 0908230535

Rama Artesanal:	YESERIA
Razón Social:	METAL YESO FAJARDO
Dirección Taller :	FCO.DE ORELLANA ORQ.MZ.1017 V.5(GUAYAQUIL)
Dirección Local Comercial:	
Capital Invertido \$:	\$2,060.00
Carnet Profesional Número:	910526
Fecha de Titulación:	16/SEPTIEMBRE/2005 (GUAYAQUIL)
Fecha Primera Calificación	16/JUNIO/2006
Fecha de Expedición:	16/JULIO/2009
Fecha Caducidad:	16/JULIO/2012

DIOS, PATRIA Y LIBERTAD

Por la Junta Nacional de Defensa del Artesano:


REGISTRADO:



Esperanza Vera Calderón
PRESIDENTA



Rocío Almeida Beltrán
SECRETARIA GENERAL





Miriam Baldeón Batallas
DIRECTORA TÉCNICA

Figure 3.1.4.4: Artesian certificate

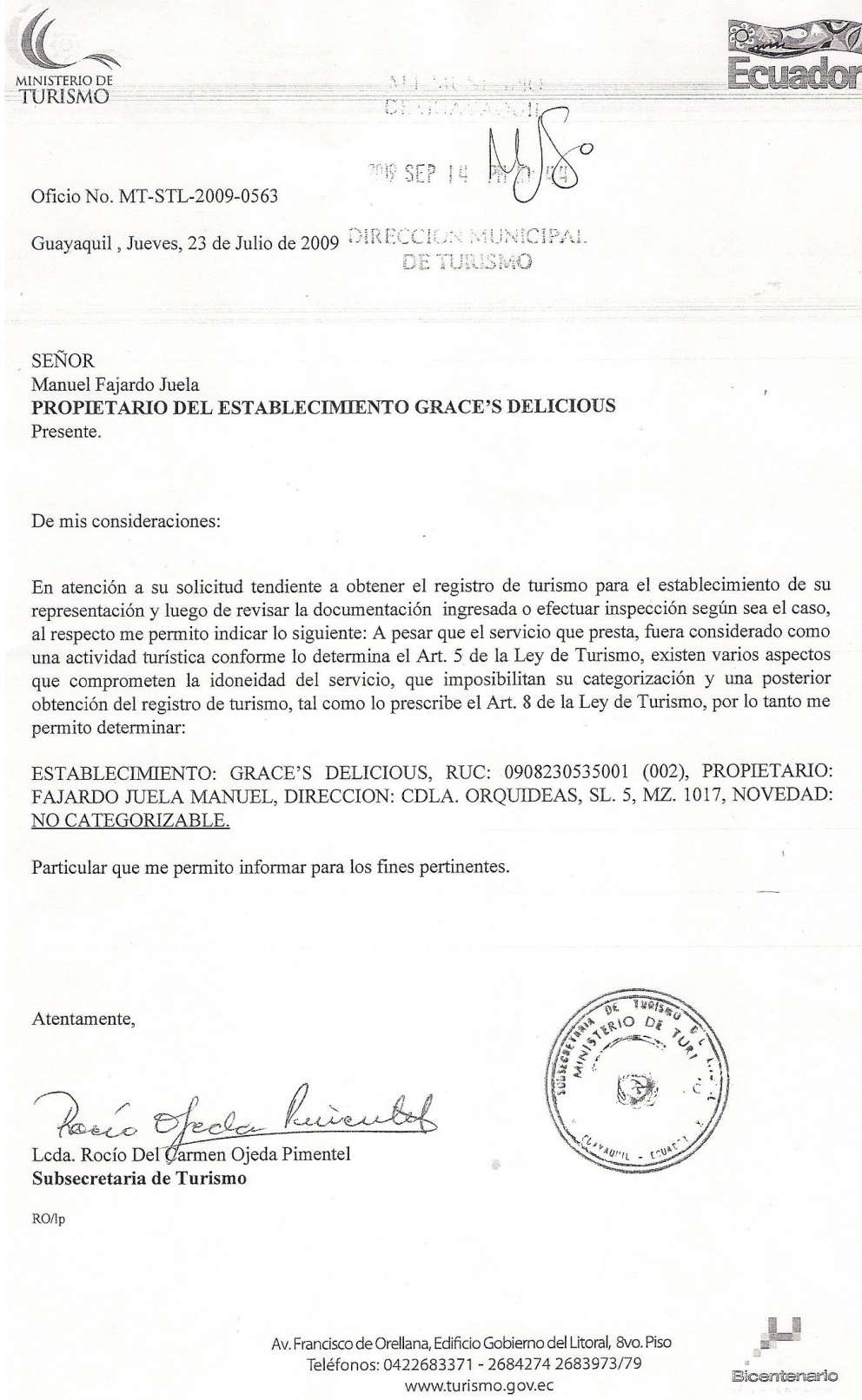


Figure 3.1.4.5: Annual Rate of Tourism

3.1.5 Payment 1.50 x 1000


This tax is obligatory for the people required to keep accounting by law. The following are the requirements to pay the 1.5 x 1000 (**Figure 3.1.5.2**):

1. Unique tax declaration paperwork and form fee of 1.5 per thousand for people required to keep accounting (**Figure 3.1.5.1**).
2. Legible copy of tax payer identity card.
3. Legible copy of updated R.U.C.
4. Legible copy of the Declaration of Income Tax for the current declaration period, including the Statement of Financial status.
5. Detail of gross revenues distributed by districts, signed by the auditor (when there are several commercial activities in several districts)

STEPS IN THE PROCESS:

1. Order at City Hall window (Chamber of Commerce), or at the collect window of the municipality the Unique tax declaration paperwork and form fee 1.5 per thousand (there you will be given the form "Joint tax Statement of 1.5 per thousand and patent municipal registry for people required to keep accounting").
2. Fill out the application (print or typed).
3. Attach the requirements of the application and deliver it to the City Hall window (Chamber of Commerce), where the liquidations will be given for each tax. (Do not include documentation incomplete, incorrect or illegible).
4. Pay on the City Hall window (Chamber of Commerce).

Note: Payment of the tax shall be made immediately upon the presentation of the requirements.

 Muy Ilustre MUNICIPALIDAD DE GUAYAQUIL DIRECCIÓN FINANCIERA		ESPACIO DE USO EXCLUSIVO DE LA MUNICIPALIDAD No. SOLICITUD PATENTE No. DE DECLARACIÓN	
DECLARACIÓN CONJUNTA DEL IMPUESTO DEL 1.5 POR MIL PARA PERSONAS OBLIGADAS A LLEVAR CONTABILIDAD		DÍA MES AÑO	
EJERCICIO ECONÓMICO A DECLARAR: _____			
DATOS DEL CONTRIBUYENTE			
RAZÓN SOCIAL (COMPAÑÍAS O SOCIEDADES)			R.U.C.
REPRESENTANTE LEGAL O CONTRIBUYENTE			
APELLIDOS		NOMBRES	
PATERNAL	MATERNAL	1er. NOMBRE	2do. NOMBRE
DIRECCIÓN DEL ESTABLECIMIENTO O LOCAL COMERCIAL EN GUAYAQUIL			No. CÉDULA
TELÉFONO(S)		FAX	CASILLA
TIPO DE CONTRIBUYENTE		FECHA DE INICIO DE LA ACTIVIDAD ECONOMICA EN EL CANTÓN GUAYAQUIL	
PERSONA NATURAL <input type="checkbox"/>	PERSONA JURÍDICA <input type="checkbox"/>	MES	DÍA AÑO
SOCIEDAD DE HECHO <input type="checkbox"/>		CAPITAL PROPIO (TOTAL PATRIMONIO NETO)	
		USD \$ _____	
DATOS DEL CONTADOR			
APELLIDOS		NOMBRES	
PATERNAL	MATERNAL	1er. NOMBRE	2do. NOMBRE
			REGISTRO No.
CLASIFICACIÓN DOMICILIARIA PARA PERSONAS JURÍDICAS QUE EJERCEN ACTIVIDADES COMERCIALES, INDUSTRIALES O FINANCIERAS EN EL CANTÓN GUAYAQUIL			
CLASE A.	DOMICILIO LEGAL EN EL CANTÓN SIN INSTALACIONES O LOCALES DENTRO DEL CANTÓN		<input type="checkbox"/>
CLASE B.	DOMICILIO LEGAL EN EL CANTÓN CON UNA O MÁS INSTALACIONES O LOCALES DENTRO DEL CANTÓN	No. _____	<input type="checkbox"/>
CLASE C.	NO DOMICILIADAS LEGALMENTE EN EL CANTÓN Y CON UNA O MÁS INSTALACIONES O LOCALES DENTRO DEL CANTÓN	No. _____	<input type="checkbox"/>
ACTIVIDAD		LIQUIDACIÓN DEL IMPUESTO DEL 1.5 POR MIL	
COMERCIAL <input type="checkbox"/>	INDUSTRIAL <input type="checkbox"/>	TOTAL DE ACTIVOS (INCLUYENDO ACTIVOS CONTINGENTES)	
FINANCIERA <input type="checkbox"/>	EMPRESA MULTINACIONAL <input type="checkbox"/>	MENOS OBLIGACIONES CORRIENTES (HASTA UN AÑO)	
EMPRESA DE ECONOMÍA MIXTA <input type="checkbox"/>		MENOS PASIVOS CONTINGENTES	
PERSONA JURÍDICA SIN FINES DE LUCRO <input type="checkbox"/>		BASE IMPONIBLE	
OTROS <input type="checkbox"/>	ESPECIFIQUE: _____	IMPUESTO CAUSADO	
ESPECIFICAR ACTIVIDAD PRINCIPAL: _____		INTERESES	
		MULTAS	
		TOTAL A PAGAR	
PARA EL CASO DE EXONERADO POR RESOLUCIÓN			
No. RESOLUCIÓN DE EXONERACIÓN	FECHA EMISIÓN DE RESOLUCIÓN		
REPARTO PROPORCIONAL DEL IMPUESTO DEL 1.5 POR MIL SOBRE LOS ACTIVOS TOTALES			
CANTÓN	INGRESOS BRUTOS ANUALES	%	BASE IMPONIBLE PORCENTUAL
			IMPUESTO CAUSADO PARA CADA CANTÓN
TOTALES			
DECLARAMOS DE MANERA LIBRE, VOLUNTARIA Y BAJO JURAMENTO, QUE LA INFORMACIÓN PROPORCIONADA SE SUJETA ESTRICTAMENTE A LA VERDAD, DEJANDO CONSTANCIA QUE NOS SOMETEMOS A LAS SANCIONES PENALES Y TRIBUTARIAS, PARA EL CASO DE INCURRIR EN FALSEDADES.		ESPACIO DE USO EXCLUSIVO DE LA MUNICIPALIDAD	
		LIQUIDADO POR	RELIQUIDADO POR
SOLICITANTE / REPRESENTANTE LEGAL		CONTADOR	
LA PATENTE MUNICIPAL NO AUTORIZA EL FUNCIONAMIENTO DE LOCAL ALGUNO, POR LO TANTO, TRAMITE LA TASA DE HABILITACIÓN			

F.2005.07.101

Figure 3.1.5.1: Application to Payment 1.5 x 1000

M.I. MUNICIPALIDAD DE GUAYAQUIL
COMPROBANTE DE INGRESO A CAJA

MES	DIA	AÑO	CAJA No.	No.
MAY	13	2010	2	14501361

CONTRIBUYENTE
 FAJARDO JUELA MANUEL EDUARDO Y SRA.

CEDULA - R.U.C. - CODIGO CATASTRAL
 59-1017-005-0000-0-0

CODIGO TRANSACC.
 PRU

CONCEPTO
IMPUESTO DEL 1.5 POR MIL Y ADICIONALES ANIO 2010
TITULO DE CREDITO No. R-234594 CLASIFICACION A
 VALOR DE LA PROPIEDAD: 28,545.00 TARIFA: 0.0004221405

	1er. Sem. (\$.)	2do. Sem. (\$.)
IMPUESTO	6.03	6.02
CUERPO DE BOMBEROS	0.43	0.43
ASEO PUBLICO	0.04	0.04
TASA DRENAJE PLUVIAL	0.44	0.44
CONTRIB. ESP. MEJORAS	5.41	5.41

Imp+Adic.: 24.69 Dstcos: 0.36 Recargo: 0 Fecha Reg.
 Coactiva: 0 Total: \$. 24.33 Liq.: 15886769 18-12-2009

VALOR RECIBIDO

EFFECTIVO	\$*****24.33
CHEQUES	\$*****0.00
N/C y/o TRANSFER.	\$*****0.00
TOTAL	*****24.33

TESORERIA MUNICIPAL
 CAJA 2
 13 MAY 2010
 14501361
 PAPELETA DOLAR
 CONTRIBUYENTE
 09-19-48
 14329655

DIRECCION FINANCIERA - TESORERIA

CONTRIBUYENTE

F.98.07.011

Figure 3.1.5.2: Payment 1.5 x 1000

3.1.6 Urban taxes

Properties located within the boundaries of urban areas pay an annual tax, which is an active subject, to the respective city hall in the manner prescribed by law. The boundaries of urban areas will be determined by the council after a report of a special commission, when a property be cut by the boundary line between urban and rural sectors deemed to be included for tax purposes remain in the area where more than half its commercial value. For the demarcation of urban areas, it will be taken into account utilities such as potable water, electric light, street cleaning and such. You can pay them in the municipality of Guayaquil.

MUNICIPALIDAD DE GUAYAQUIL
COMPROBANTE DE INGRESO A CAJA

MES: MAY DIA: 13 AÑO: 2010 CAJA No.: 2 No.: 14501361

CONTRIBUYENTE: FAJARDO JUELA MANUEL EDUARDO Y SRA. CEDULA - R.U.C. - CODIGO CATASTRAL: 59-1017-005-0000-0-0 CODIGO TRANSACC.: PRU

CONCEPTO: **IMPUESTO PREDIAL URBANOS Y ADICIONALES AÑO 2010**
TITULO DE CREDITO No. R-234594 CLASIFICACION A
 VALOR DE LA PROPIEDAD: 28,545.00 TARIFA: 0.0004221405

	1er. Sem. (\$.)	2do. Sem. (\$.)
IMPUESTO PREDIAL	6.03	6.02
CUERPO DE BOMBEROS	0.43	0.43
ASEO PUBLICO	0.04	0.04
TASA DRENAJE PLUVIAL	0.44	0.44
CONTRIB. ESP. MEJORAS	5.41	5.41

VALOR RECIBIDO

EFFECTIVO	\$*****24.33
CHEQUES	\$*****0.00
NIC y/o TRANSFER.	\$*****0.00
TOTAL	\$*****24.33

Imp*Adic.: 24.69 Dctos: 0.36 Recargo: 0.00 Fecha Reg. Coactiva: 0 Total: \$. 24.33 Liq.: 15886769 18-12-2009

Impuesto Recibido: 14501361
 13 MAY 2010
 PAPELETA DOLAR CONTRIBUYENTE 09:49:48
 14329655

DIRECCION FINANCIERA - TESORERIA

Director Financiero: [Signature]
 Tesorero Municipal: [Signature]
 Jefe de Rentas: [Signature]

SELLO Y FIRMA DEL CAJERO

F.98.07.011

Figure 3.1.6.1: Urban Taxes payment

Finally, there is a step by step process on how you can deal with the legal issues that we have to consider before starting a business. These are the most important requirements but sometime they ask for more requirements in the time you are doing the paperwork. Keep in mind you have to complain with legalities because the penalty is bigger.

3.2 Employee's Benefits.

Employee benefits are a non-wage compensations provided to employees in addition to their normal wages or salaries. When an employee exchanges (cash) wages for some other form of benefit, this is generally referred to as a 'salary sacrifice' arrangement. In most countries, almost all kinds of employee benefits are taxable to at least some degree. The purpose of the benefits is to increase the economic security of employees. Some of these benefits are: thirteenth remuneration, fourteenth remuneration, retirement funds, annual vacation (paid and non-paid), profit sharing and social security.

3.2.1 Thirteenth remuneration

This payment is made no later than on December 24th of each year, and is equivalent to one-twelfth of the amount received by the employee between December 1st of the previous year and November 30th of the current year. To calculate the gross payment, salaries, overtime, commissions and extras should be included.

When the employee has not worked for the employer during the twelve month period mentioned above, the thirteenth remuneration is equivalent to one-twelfth of the amount received by the employee during the work period. In other words, he receives a proportional payment.

3.2.2 Fourteenth remuneration

It has to be paid no later than on August 15th of each year for employees working on the Sierra and Oriente regions, and no later than March 15th of each year for employees working on the Costa region, it is equivalent to one minimum wage. It embraces the period between September 1st of the previous year and August 31st of the current year for Sierra and Oriente regions, and between April 1st of the previous year and March 31st of the current year for Costa region. According to the existing table of payments this remuneration is equivalent to US\$240.00.

When the employee has not worked for the employer during the twelve-month period mentioned on the above paragraph, the employee has the right to be paid in proportion to the period worked.

3.2.3 Retirement funds

After the first year of work, an amount equivalent to one monthly salary has to be deposited annually with the Ecuadorian Social Security Institute. Retirement pension could

not be less than US\$20 when the employee has also the retirement pension of IESS, or US\$ 30 if he has not; or higher than the average basic salary of the last year of work.

The parties may agree to the single payment of a retirement fund, instead of the retirement pension.

3.2.4 Annual vacations

Every employee is entitled to enjoy an uninterrupted vacation period of 15 calendar days every year. After the fifth year of work for the same employer, the employee is entitled to one additional vacation day per year. Additional vacation days cannot be more than fifteen and could be compensated in money at the employers' will.

The employer has the right to determine the periods when the employees may enjoy their paid vacation.

Payment is equivalent to one twenty-fourth of the amount received by the employee during the complete previous year. In order to determine this payment, all amounts paid for supplementary and extra time, commissions and any other payment regularly made by the company is taken into account.

Besides local holidays, the following are national holidays and, hence, obligatory rest days: January 1st, Good Friday, May 1st, May 24th, August 10th, October 9th, November 2nd, November 3rd, and December 25th.

3.2.5 Profit Sharing

The employer must distribute 15% of the annual net profits among his workers and employees. The amount is deductible for tax purposes.

If the employer grants voluntary bonuses for an amount equal to or greater than the one corresponding to such profit sharing, the employer is not obliged to distribute the above mentioned 15%.

3.2.6 Social Security

The employer is obligated to enroll his employees with the Ecuadorian Social Security Institute (“IESS”). The employer contributes with approximately 12.15% and the employee with 9.35% of his monthly wage. This obligation exists even if the employer has private insurance for his employees, and it includes overseas employees.

The basic risks covered by the IESS are: illness, maternity, disability, retirement, work accidents and occupational diseases, severance payment, and death. When an employee completes twenty-five years of work with the same employer, the employer is obliged to assume his retirement.

In conclusion, each benefit is very important and helps the employees to be pleased and satisfied with their work, for that reason every owner needs to consider employee benefits and if they cannot pay all the benefits maybe they can pay the main benefit and social security.

Hiring staff

Diana Arguello



EDCOM-ESPOL

Prof. Hilda Flor

4.1 Structuring for growth

As a business grows it develops a structure that reflects the interrelationship of the different parts of the organisation. The structure may show steep or flat hierarchy (the levels of management in an organization) and it could be centralized or decentralized according to the factors that shaped the organisation. To explain this better, we are going to analyze the organizational hierarchies, organizational structures and the functions of businesses.

4.1.1 Organizational hierarchies

Organisations develop hierarchies: the structure of authority and management within the organisation. The structure of an organisation can be shown in an organizational chart. This shows the various levels of management, the position of employees and their relationship to one another.

4.1.1.1 The chain of command

The chain of command is the framework through which authority passes from higher levels of authority to lower ones. Managers at higher levels of authority take decisions about the operation of the business that must be carried out by employees at lower levels in the hierarchy. The managers who take the decisions have authority over the employees who must carry out those decisions; the employees are responsible to the managers. Managers are nevertheless responsible for ensuring that their decisions are carried out correctly, and for the outcomes of those decisions. The number of employees over whom a manager has authority is called their span of control. As shown in (**Figure 4.1.1.1.**)

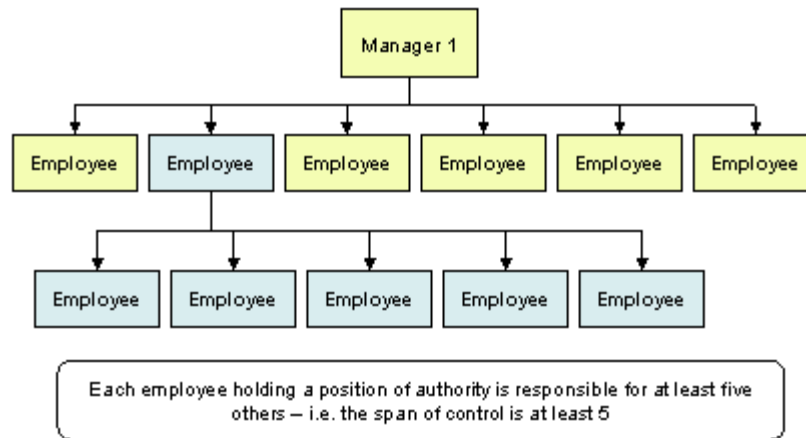


Figure 4.1.1.1: Example of span control

4.1.2 Organizational structures

Organizational structure is the shape of an organisation based on levels and centralization of management and spans of control. The two main types of organizational structures are hierarchical (tall or flat) and decentralized.

A hierarchical organisation is one that consists of a number of levels of authority. Decision-making for the whole organization is centralized at the top of the hierarchy. A tall hierarchy is one with many levels of authority- in other words, an organization with a long chain of command. A flat hierarchy is one with only a few levels of authority.

In a tall hierarchy, where there are many levels, managers and supervisors have fewer employees reporting to them than in a flat organisation. This means they have a smaller span of control. The length of the chain of command and the spans of control of the manager and supervisors in a given organization are interdependent: the fewer managers and supervisor in an organization, the wider their spans of control because each will have authority over relatively more employees.

There are advantages and disadvantages to both broad and narrow spans. A narrow span of control can provide more opportunities for promotion and a clearer long-term career path for employees rising through the hierarchy. Managers who have few subordinates are able to

maintain a closer working relationship with each of them and may see more of them. Both these aspects of narrow spans of control can increase the motivation of employees, and their commitment to the organization. However, communications with the organization tend to be poor when they have to pass through several levels both upwards and downwards.

A broader span of control, with fewer levels of management, may offer employees less in the way of promotion prospects, but this is often countered by increased delegation to subordinates of authority to make decisions. Such delegation of authority helps to boost morale and increase motivation as employees feel they are playing a more significant part in the organization. Communication is quicker and more efficient when there are fewer levels to pass through, speeding up the decision-making process and helping senior management to keep in close touch with what is happening in the organization. There are, of course, limits to the number of employees one person can effectively supervise and therefore to the size of a workable span of control.

An organization consisting of a central administration unit (such as a head office) and several operating units may develop a satellite structure. Here each unit has its own hierarchy and procedures for decision-making. The various units are responsible to the central administration unit, which exerts some control over them, and the organization still has a centralized structure. Because they are small, however, the separate units tend to have a flatter hierarchy with more authority delegated to unit managers. This structure is most appropriate when conditions require a significant amount of legal decision-making by units.

Decentralized structures may occur if an organisation has several distinct areas of operation, which require different methods of management and control. In a decentralized structure, each operational area has responsibility for its own activities. Large organizations

may be decentralized on the basis of: function, product, market or systems. Decentralization can benefit a business where the various parts require specialist skills or knowledge.

4.1.3 The functions of businesses

Most large business organizations are made up of smaller departments. Each department carries out a specific function, or activity, that is essential to the success and smooth running of the organisation. By having departments carrying out functions, the people who work in different departments are able to specialize in their particular area of activity. In this way the organisation benefits from employees who are able to develop skills knowledge of their own area.

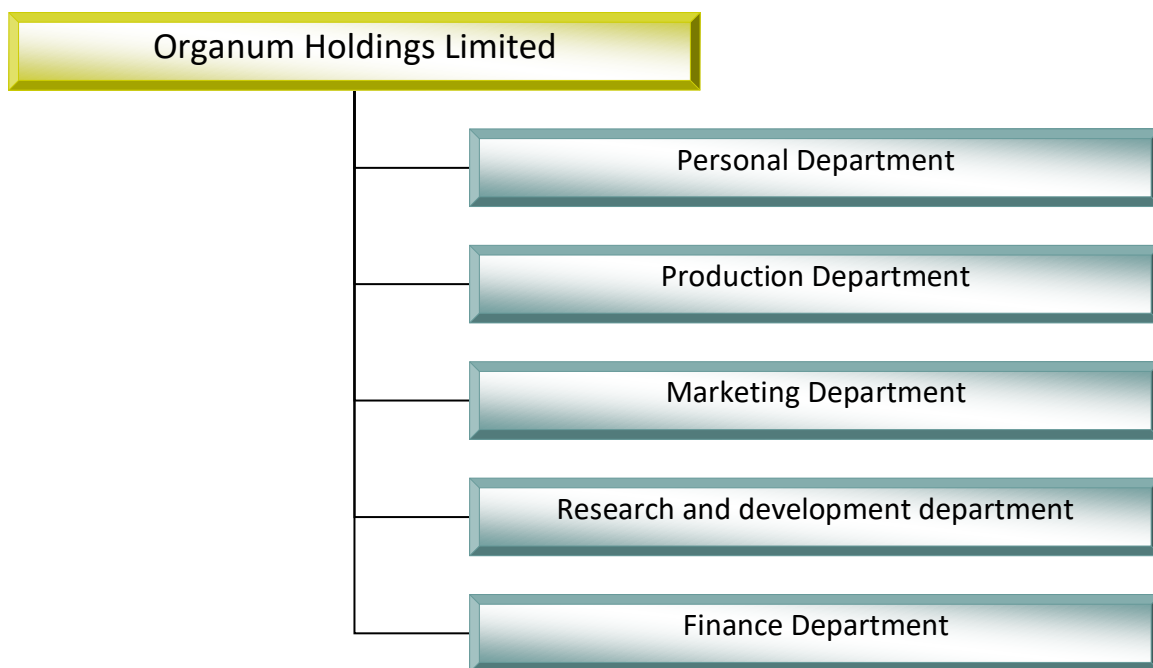


Figure 4.1.3.1: Departmental organisation of a large business

4.1.3.1 Production

The Production Department is responsible for organizing the production of the goods or services of the business. It must also monitor things like wastage, the usage and cost of raw materials and bought-in parts, and the quality of goods produced. It may design special tools

and equipment to help make the product more efficiently and cost effectively. An essential aspect of the work of the Production Department is ensuring that the rate of production is sufficient for customers' orders to be met on time.

4.1.3.2 Research and development

The purpose of the Research and Development Department is to make sure that the organization's products are suited to the needs of the market place today. The Research and Development Department must continually develop and improve the organisation's products not only so that they fulfil customers' requirements and expectations, but also anticipate what those requirements and expectations will be in the future. The Research and Development Department must also make sure that the organisation's products are better, more cost effective and more up to date than the products of competitors.

4.1.3.3 Marketing

The work of the Marketing Department starts with carrying out market research to find out exactly what customers want and how much they are willing to pay. The Marketing Department then works in close conjunction with both the Research and Development Department and the Production Department to plan and produce a product that will fulfil customers' requirements. Product planning includes developing the packaging for the product, promoting it through advertising and sales promotions, and arranging appropriate distribution of the product.

4.1.3.4 Human resources

Human Resources involves planning to meet the requirements of the business in terms of employee numbers and the skills they have. The Human Resources Department carries out the recruitment, training and dismissal of employees, looks after matters such as welfare, contracts and other legal matters, and is responsible for developing disciplinary and grievance

procedures and ensuring they are carried out. It also advises the senior management of the organization on pay, terms and conditions of work and other employee-related matters, and in negotiations with trade unions. The Human Resources Department must keep records of employees, including pension contributions and sick pay. A major area of this department's work is concerned with ensuring the organization complies with employment law in such areas as equal opportunities and discrimination.

4.1.3.5 Finance

The finance or Accounts Department deals with the financial side of the business, and pay the wages and salaries of employees. This department manages the financial resources and monitors the performance of the organization in money terms. It is the responsibility of the Accounts Department to prepare financial forecast and co-ordinate the plans of other departments to ensure that these can be achieved. The department produces invoices and keeps records of all financial transaction. Information in the form of cash-flow analyses, accounts and reports is produced for the senior management of the organization. In this way senior management can see whether the financial targets of the organisation are being met- and take appropriate action if they are not! The Accounts Department also produces financial information for government departments.

4.1.3.6 Other departments

Most businesses organizations also have other departments to help in the running of the business. The Administration Department is responsible for legal and other matters such as insurance, buying office equipment, maintenance of the offices, making planning applications and so on. The Administration Department also provides a service for other departments in the organisation in areas such as designing and printing forms, photocopying, telephone and

fax services, word processing, organizing meeting and business travel, and so on. An efficient Administration Department is essential to the smooth running of the organization.

The Purchasing Department orders and buys the raw materials and parts needed by the Production Department to produce the organization's goods. It must obtain these in the right quantities and of the right quality to ensure that the needs of production and the requirements of customers are met at the price that provides the maximum profit for the organisation. The Purchasing Department must work closely with the Production and Marketing Departments. The Distribution Department delivers the goods produced to customers or retail outlets, and makes the goods to be resold. It must make sure that the goods are delivered on time (that is when the customer wants them) and undamaged. Goods may be distributed on the organisation's own vehicles, on the vehicles of private haulage companies or a combination of these methods. Lightweight goods may also be delivered by post. If the company runs its own vehicles, the Distribution Department must keep records of drivers and journeys, keep the vehicles maintained, and ensure that licences and insurance are up to up to date. The Distribution Department must also monitor the cost of fuel and maintenance, and arrange for goods to be delivered by the most cost-effective route.

While the actual tasks of different jobs vary from organization to organization, there are two indicators of what is involved in a particular job. These are the job title and the job description (areas of responsibility of the job). The job title gives an indication of the job holder's position in the organization, the department in which he or she works and the nature of the job. The job description shows the types of tasks the job holders will undertake (*see 4.2*)

Finally, to structure the staff is a good idea principally before conducting a business. This way you will know who is in charge of something, how many employees you will need to

begin the business or the area, and when you will choose the right person for the position.

Here you will have to say what exactly he/she have to do.

4.2 How do businesses find the right employees?

In this point you will learn how businesses identify, attract and select suitable employees, and the different types and purposes of training offered by employers. Nearly all businesses need to recruit staff at some time. New employees may be required to fill a vacancy caused by somebody leaving the business, or by the business expanding and needing to take on additional employees. Finding the right employees is a lengthy and often costly process. But the costs of getting it wrong are even greater.

So, we will see some stages to find the right employees: job description, person specifications, advertising the vacancy, sending details and application forms, receiving applications, interviews, selecting the right candidate and equal opportunities.

4.2.1 Job descriptions

A job description is a written account of what a job involves and should be constructed before commencing the recruitment process. This will help in advertising for suitable applicants for the job, and help ensure that only those with the appropriate qualifications or skill will apply. A clear job description tells applicants about the job and helps them decide if it is the kind of job they should apply for. Job descriptions are normally prepared by the Human Resource Department in consultation with the manager of the department that has the vacancy.

A job description should include:

- The job title (for example Accounts Clerk; Computer Programmer)
- The duties involved (for example filing; word processing)
- Responsibilities; staff the job holder will be in charge of

- Accountability: the person who will be in charge of the job holder

Most descriptions also state the department in which the job holder will work, and give a description of the overall purpose or function of the job.

4.2.2 Person specifications

A person specification analyses the type of person required to do the job. Person specifications are not given to applicants, but are used by the business recruiting as a checklist of qualities to look for in applicants. Like job descriptions, person specifications are usually drawn up by the Human Resource Department in consultation with the manager of the department that has the vacancy.

A person specification includes the physical or mental abilities and personal skills required to do the job. For example, a person specification for a customer adviser in a building society may state that applicants should have a smart appearance, an aptitude for working with figures, an outgoing personality, and five IGCSEs (International General Certificate of Secondary Education).

4.2.3 Advertising the vacancy

Job advertisements should be based on the job description and person specification. Suitable applicants for a job may be found internally (within the business) or externally (outside the business). Some businesses have a policy of advertising all job vacancies internally, and this may be done in newsletters or notices distributed to all staff, or placed on notice boards where all staff or placed on notice boards where all staff can read them.

Wherever the job is advertised, the style must attract the attention of suitable candidates, giving sufficient information about the job, the rewards and the employer. A job advertisement must also tell candidates how and where to apply-for example, whether to write

a letter of application, or to phone or write for an application form. It should also give to closing or final date for making applications.

There are other methods of recruitment, besides advertising. There are many recruitment agencies that obtain candidates on behalf of the employer. Specialist agencies use their own knowledge of successful people, who are normally already employed but might consider moving. It is often useful for someone who is looking for a job to send their details to likely businesses. Such an approach can lead to contacts that may result in the offer of a position before it is advertised.

4.2.4 Sending out details and application forms

If the vacancy has been effectively advertised, it should result in suitable applications and enquiries. Normally, the business will send out further details of the job to interested people. These will include details of the business and more information about the job, perhaps including the job description.

Some businesses require applications for employment to be made on their own standardised application forms. These ensure that all applicants give certain essential information about themselves, which can be compared with other applicants. The type of information asked for includes name, address, age, education and qualifications, and past employment history and experience.

An alternative to an application form is to ask candidates to write a letter of application and send it with curriculum vitae (CV). A CV should contain similar information to an applicant form, but a person may put more detailed information, for example about their achievements at school or in employment and any special qualities or skill they have.

APPLICATION FOR EMPLOYMENT

PRE-EMPLOYMENT QUESTIONNAIRE
EQUAL OPPORTUNITY EMPLOYER

PERSONAL INFORMATION

NAME (LAST NAME FIRST)		DATE	
PRESENT ADDRESS		CITY	STATE
PERMANENT ADDRESS		CITY	STATE
PHONE NO. ()		REFERRED BY	
		SOCIAL SECURITY NO.	
		ZIP CODE	

EMPLOYMENT DESIRED

POSITION	DATE YOU CAN START	SALARY DESIRED
ARE YOU EMPLOYED? <input type="checkbox"/> YES <input type="checkbox"/> NO	IF SO, MAY WE INQUIRE OF YOUR PRESENT EMPLOYER? <input type="checkbox"/> YES <input type="checkbox"/> NO	
EVER APPLIED TO THIS COMPANY BEFORE? <input type="checkbox"/> YES <input type="checkbox"/> NO	WHERE?	WHEN?

EDUCATION HISTORY

NAME & LOCATION OF SCHOOL	YEARS ATTENDED	DID YOU GRADUATE?	SUBJECTS STUDIED
GRAMMAR SCHOOL			
HIGH SCHOOL			
COLLEGE			
TRADE, BUSINESS OR CORRESPONDENCE SCHOOL			

GENERAL INFORMATION

SUBJECTS OF SPECIAL STUDY/RESEARCH WORK OR SPECIAL TRAINING/SKILLS

U.S. MILITARY OR NAVAL SERVICE

RANK

FORMER EMPLOYERS (LIST BELOW LAST FOUR EMPLOYERS, STARTING WITH LAST ONE FIRST)

DATE MONTH AND YEAR	NAME & ADDRESS OF EMPLOYER	SALARY	POSITION	REASON FOR LEAVING
FROM				
TO				
FROM				
TO				
FROM				
TO				
FROM				
TO				

Figure 4.2.4.1: Job application form

Unit Number, Street, City, Country, Post code
 Email: travelemail@hotmail.com Tel: +61 (07) 56280911

Full Name

P R O F I L E

- Your experience, skills and abilities in the various fields that make you an excellent candidate for this next position
- For more information visit - [Profile](#)

E D U C A T I O N

Jan 1997 – Nov 2000 Bachelor of Something Relevant

W O R K E X P E R I E N C E

Jan. 2002 – Present *Company Name, City, Country*
 Position Title

- Designed and developed ...
- Managed ...
- Liaised ...

Jan. 2001 – Dec. 2001 *Company Name, City, Country*
 Position Title

- Provided ...
- Responsibilities included: ...
- For more information See - [Recall your past](#)

**O T H E R S K I L L S , E D U C A T I O N , A B I L I T I E S
 A N D A C C O M P L I S H M E N T S**

- Other Relevant information that enables the reader of your resume to find out about other things that may be relevant. Community Work, Sporting Achievements, Papers you wrote and Extra Education.

R E F E R E N C E S

<p>Academic</p> <p>Name University Address Email: Telephone:</p>	<p>Employment</p> <p>Name Company Address Email: Telephone:</p>	<p>Employment</p> <p>Name Company Address Email: Telephone:</p>
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Figure 4.2.4.2: A typical CV layout

4.2.5 Receiving applications

Applications will be received by the business up until the closing date of recruitment. Then all applications will be sorted. Unsuitable applications will be rejected immediately, perhaps because the application form has been incorrectly filled in, or the application is untidy with poor spelling and grammar, or because the person applying does not have suitable experience or qualifications.

Once all unsuitable applications have been rejected, a short list of the best of the remaining candidates will be made. These will be called for interview in order for interview in order that each short-listed candidate can be considered personally.

4.2.6 Interviews

Interviews of short-listed candidates may be on a one-to-one basis, or candidates may be interviewed by a panel. Planning is an important part of interviewing; the interviewer must be clear about what the interview is intended to find out about the candidate. Questions designed to find out this information should be developed before the interview. Some interviews involve test of the candidate's ability in specific areas. For example, an applicant for a job that involves using a computer may be set a simple task to perform on a computer during the interview. This enables the interviewer to assess the candidate's ability. Some businesses also use psychometric and other tests that measure mental ability.

4.2.7 Selecting the right candidate

Once all interviews have been carried out, those involved in the recruitment process will select the most appropriate candidate. This may be at a selection meeting where applicants are matched to the job description and job specification, having regard to their application and performance at interview and any test results. An offer of employment will then be made to the most suitable candidate. This will detail the rate of pay and any specific terms, including the date that the employment will commence. If the offer is accepted, the employer must issue the new employee with a written statement of terms of employment within a set period of the commencement of the employment.

4.2.8 Equal opportunities

All recruitment and selection procedures must be carried out in accordance with current equal opportunities legislation and good practice. In particular, women performing

comparable tasks to men should be treated equally, including receiving the same rates of pay; there should be no discrimination in any form on the basis of sex, marital status, race, religion or ethnic origin.

Finally, to find the right employees is not easy work because too many people want to work and sometimes they lie about themselves to obtain the job. For that reason it is important that you be serious in this part without thinking in friends or relatives because they usually have overconfidence. Conduct each step mentioned before to chose the right employee: responsible, industrious and intelligent.

4.3 *Give Motivation.*

How to know which is the correct motivation? First of all, we need to know why people work. People go to work for various reasons. Every individual has his or her own specific reasons for working. The main reasons are money, security, job satisfaction, a sense of self-importance and a sense of belonging.

- *Money* – people need money in order to buy the things that they need and want.
- *Security* – having a job that is likely to last, perhaps with good prospects of promotion or career progression, regular increases in pay, and a pension at the end, gives a people a feeling of security in that they can plan for the future.
- *Job satisfaction* – people get job satisfaction when they enjoy the work that they do, and feel that it is worthwhile or valuable to society.
- *A sense of self-importance* – some people work because they get a sense of self-importance; this is often coupled with status symbols, like expensive cars and houses – the more expensive the car or house, the more important the person feels.

- *A sense of belonging* – people tend to form groups with which they can identify: a workgroup gives a sense of belonging to an identifiable group, encouraging loyalty to the group and increasing an employee's motivation.

People work for many reasons and every individual has his or her own specific reasons for working, but the reality is that the people work because they need to. We are going to analyze the viewpoint of the psychologist Abraham Maslow in the next point.

4.3.1 Maslow's hierarchy of needs

In 1935 Abraham Maslow identified five categories of human needs:

- Physiological needs – need for things we cannot survive without, such as food and water, shelter and warmth.
- Needs for things that give us safety and security.
- Social needs, such as belonging to a family or group.
- Needs for recognition and esteem.
- Needs for self-realization or achieving personal goals.

Maslow believed that these needs provide the motivation that prompts people to act.

The five categories build upon each other so that a person will only strive to fulfil the higher level needs when those at the lower level have been met. Maslow showed this as a pyramid, or hierarchy of needs, as in **Figure 4.3.1.1**. For example a person who is dying of hunger will be motivated to obtain food before he worries about whether he has the respect of others.

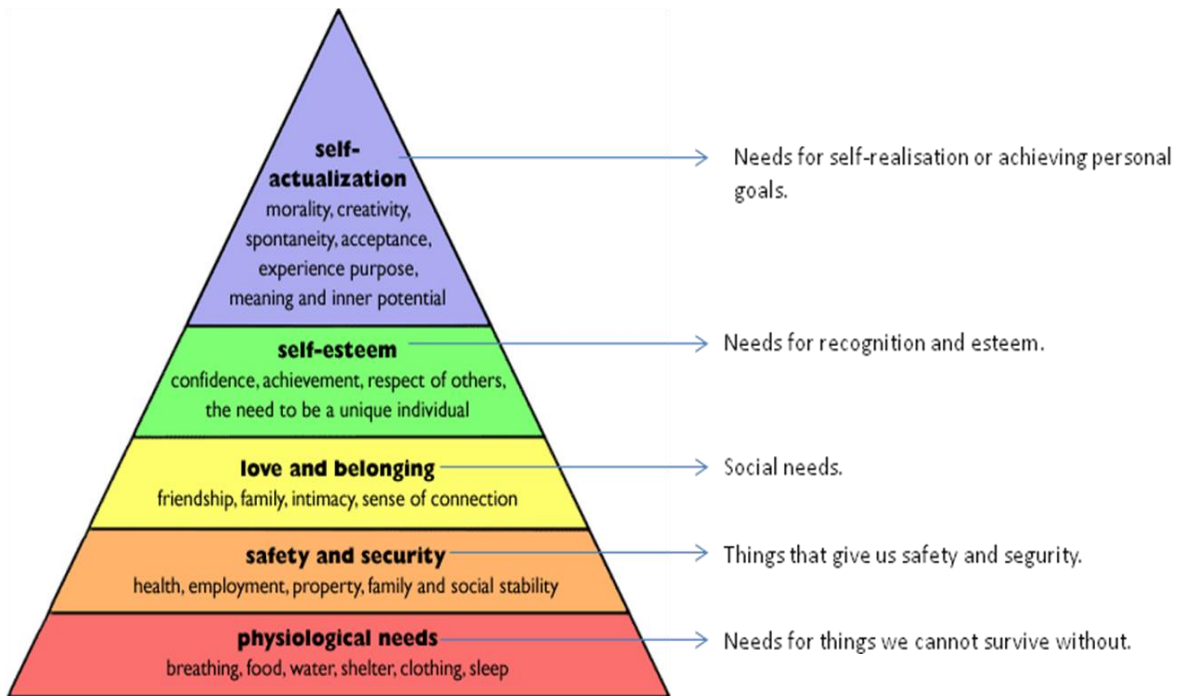


Figure 4.3.1.1: Maslow's hierarchy of needs

4.3.2 Motivation in practice.

Motivation is a complex issue. People are individuals, and the things that motivate them vary from individual to individual. While theories such as Maslow can give general guidance on what motivates people, businesses must tailor their own motivation strategies to their workforce. To be effective, any motivation package must, however, include both financial and non-financial incentives.

4.3.2.1 Financial incentives

They are motivating factors that include an element of money, or which have a monetary value. Financial incentives include:

4.3.2.1.1 Time work

Wages are normally paid weekly, and are based on a fixed hourly rate paid for the number of hours worked in a week. Salaries are paid monthly, and are calculated according to fixed annual rates, regardless of the number of hours actually worked.

4.3.2.1.2 Productivity agreements

Employees normally expect to receive annual increases in their wage rates or salaries. Such increases are intended to cover increases in the cost of living, or inflation. However, some businesses may agree to increase wage and salary levels in return for an increase in the productivity of employees. Productivity agreements are often negotiated between employers and trade unions acting on behalf of the employees affected.

4.3.2.1.3 Piece work

Employees are sometimes paid according to how many pieces, or units, of work they produce. This is only appropriate for workers who produce identifiable and uniform units. Piece work can encourage employees to work harder and produce more, but it can also lead to poorer quality work, if quality is sacrificed for speed.

4.3.2.1.4 Bonuses and commissions

In addition to a basic wage or salary, some employees are paid a bonus or commission. A bonus is an extra payment in recognition of an employee's contribution to the success of the business. Bonuses are usually paid weekly, monthly or annually, and may be linked to individual achievement or the overall profit of the business. Commissions are normally paid to sales executives and similar employees who have a responsibility for selling the company's product. The commission is calculated as a percentage of the value of sales made. The higher the level of sales an employee makes, the more commission he or she will receive.

4.3.2.1.5 Profit sharing

Some businesses operate profit-sharing schemes under which employees receive an additional six-monthly or annual payment based on the level of profits the businesses has made. If employees expect to share in the profits of the businesses, they will strive to increase those profits, and therefore the share they will receive.

4.3.2.1.6 Share-ownership

Similarly, an increasing number of companies are operating share-ownership schemes under which employees are able to purchase shares in the company at a preferential rate. Employees who purchase shares in the company they work for will be motivated by the knowledge that they are working for a business of which they are part owners.

4.3.2.1.7 Fringe benefits

Fringe benefits are additional incentives that an employer may offer to employees; these include company cars, health insurance, pension schemes, holidays and so on.

In conclusion, we always have to give incentives to our employees so that they like their own work and work happier. The majority of the time the money is the best incentive for the employee. As said earlier, benefits such as bonuses, profit sharing and time work are really important to consider and the law supports them.

4.3.2.2 Non-financial incentives

Non-financial incentives are motivating factors that do not have money value but are connected with the job or the well-being of the employee. They include:

4.3.2.2.1 Job enrichment

Job enrichment is where an employee is given a wider range of tasks and encouraged to take part in the decision-making and consultation process. This may be accompanied by a reduction in supervision and greater involvement in setting targets. The employee gains a greater feeling of responsibility and of being valued by their employer.

4.3.2.2.2 Job rotation

Job rotation is where employees are able to do other jobs at different times. This gives them greater variety and interest in their work. Through job rotation employees may also gain new skills and opportunities for career development.

4.3.2.2.3 Job enlargement

Job enlargement is where employees are given a greater variety of tasks to perform in order to make the job more interesting and satisfying. For example, an employee who is able to see a process through to completion, rather than simply concentrating on one operation in the process, will be likely to gain a greater sense of achievement from their work.

4.3.2.2.4 Appraisal schemes

Staff appraisal is a method of assessing the performance and achievements of individual employees through discussion and other means to encourage the employee to set and achieve performance and development targets over a period, normally of one year. Staff appraisal schemes and interviews are important ways for businesses to find out the needs of their employees. A well-conducted appraisal interview can make an employee feel valued and motivated. There is a danger, however, that poor appraisal interviews can make employees feel threatened and demotivated.

Non-financial incentives are a good idea too because some employee love their own job and want more than money. They want appreciation and for that reason we analyzed the hierarchy of needs and how motivate to the employee through their needs. (Nuttall, 2002)

Investigation Report about some micro-companies

Diana Arguello



EDCOM-ESPOL

Prof. Hilda Flor

5.1 Statement of the problem

When you are planning to establish a micro-company we need to consider some important information. We are in front of a big responsibility of investment because if we do it wrongly the effort would be in vain, and no company would like that. For an unstable country the risk of business bankruptcy is bigger, especially where business people think that the unique requirement to set up a business is money but this is inaccurate. We need more than that.

Setting up a micro-company is not an easy job when we have to consider special factors as: the place and the economy. For that reason, we are going to evaluate if an investment was feasible or not for them, resolving the next questions: Are business people applying the techniques mentioned before? Do they consider these techniques help them? How? Just by evaluating these questions we will know how the actual business did to set up their company.

5.2 Theoretical Framework

Evaluating the information obtained from reports of some micro companies, it is appropriate to compare each case and learn from the others' experience. There are people who totally agreed and others who partially agreed on developing a planning process before setting up a business, but it is important to have a plan with each step.

5.2.1 Why we need to plan each step?

First and foremost, a plan will define and focus your objective using appropriate information and analysis. Your business plan can uncover omissions and/or weaknesses in your planning process. You can use the plan to ask for opinions and advice including the people from the field of business you want to know about, surely you could get invaluable

advice. Unfortunately very often entrepreneurs forge ahead without the benefit of input from experts who could save them from a great deal of wear and tear.

5.2.2 Why business goes into the bankruptcy?

A business becomes bankrupt when it cannot pay all its bills. In other words, its cash flow is not now, or in the future, the business will not be able to pay off all the business creditors. Usually bankruptcy is declared when the business financial situation seems hopeless. It happens usually due to something unexpected or unplanned. Some businesses wait too long to file and end up having the creditors impose involuntary bankruptcy on them. In other cases, one or more creditors may try to impose a lien on assets that the business's owners must pay, such as taxes or creditors may be threatening to require owners to personally guarantee debts of a business.

Finally, nobody wants that their business goes bankrupt and they do everything to avoid it, but if you do not plan each step carefully maybe you cannot establish a permanent business.

5.3 Hypothesis

Many business people have some opinions on how to establish a business; some owners think that having a plan is a waste of time. Besides, they think that the only objective of a business is making money but even if they are partially right, that is not the only objective. In addition, some owners prefer not to waste time making a planning process. This could be a bad decision because they can lose money and that will be worse. But the information we collected shows us that the majority of business people apply all or some stages of a business plan to set up a company. Using these stages is very interesting because the probability of your business going bankrupt is minimum.

5.4 *Quantitative Findings*

The findings show us what the owners did at the beginning when their business was established and if it was an effective method to set up their micro-company. For my research I have chosen as a sample three micro-companies which I have made some investigations about (see APPENDIX A) where you can appreciate that the questionnaires were based on thirteen questions which look for the reality in a practical business and I could obtain some results that show us what the owners think about this topic (see APPENDIX B):

Quantitative methods were used in this research, so I want to remark that some percentages varied according to the business focus of the three companies I surveyed.

On ‘Tenedor de Oro’ company which the product is mostly Ecuadorian food, the survey was quite successful, they showed they had an increase since the beginning, to demonstrate this I could paraphrase some questions I consider important. One of the questions shows that the company has seven years in this competition market. Also other question shows us that they did market research and business plan before establishing the business and they think it influenced the success of the business, but it did not help saving the amount of investment because the expenses are the same and every business causes much spending of money.

We also found that ‘Tenedor de Oro’ has all legalities in order; in spite of spending money on that. But when they were hiring the staff, they found some problems because they did not use all the techniques for hiring (see Unit 4.2), and this is usually helpful.

On ‘Grace Delicious’ company which the product is also Ecuadorian food, the survey was successful because they showed they had an increase in spite of just having two years of antiquity, to demonstrate this increase I could paraphrase some questions I consider important. One of the questions show us that they did not do a complete market research but they did a complete business plan before establishing the business and they think it had a bit

of influence in the success of the business, but those processes helped a little to save the amount of investment because in spite of every business causing much spending of money, they could find better distributors.

We also found that 'Grace Delicious' has all legalities in order; in spite of spending money on that. But when they were hiring the staff they also found problems because they did not use each technique for hiring, and these are usually helpful.

At 'Lapicero' stationary store, the survey was interesting because they showed they did not have an increase since the beginning. This company has fifteen years in this competition market. One of the questions shows that they did not do a market research but they did a partial business plan before establishing the business and they think it has influenced the business. They didn't do a proper investigation before establishing the business and for that reason the profit hasn't risen.

We also found that 'Lapicero' has all legalities in order; in spite of spending money on that. But when they were hiring the staff, they found some problems because they did not use techniques for hiring but the owner thinks people lie and often tend to avoid testing and the others think that sometimes these methods are helpful.

However we were happy to know that the 100% of micro-companies that I surveyed give some benefits to the employees such as: thirteenth remuneration, fourteenth remuneration, vacations and others. The owners consider that helps attitude to work.

Finally, all those techniques such as market research, business plan, etc, comply with the law and good hiring staff methods helped partially their business but it also depends of a good administration. I also learnt that some things are just learnt with the experience.

5.5 *Conclusions*

We learned that establishing a business depends on many factors, which I consider very important, briefly remark factors such as previous study of the customers, place, distributors, money, staff, etc. Also people should keep in mind that the success of a company depends on the owner and his/her administration.

The reality is that the owners who made market research and the business plan had better results when they established their company. Some of them made some mistakes when they did their business plan and market research, and for that reason there were some problems when they established their company.

The quantitative findings show us that the success of the company also depends on the owner's administration, such as 'Lapicero' Stationary Store, they did not do a good market research and business plan, besides they did not have a profit rise but as they have a good administration, they could survive among its competitors

Finally, we could see that an example of company was 'Tenedor de Oro' because they apply all the stages to set up a company and they got good results and a profit rise. We can take this like an example to help us become a good owner when we establish a company for the first time.

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APPENDIX A SURVEY

Se realiza esta encuesta para saber cuan efectivas son antes de implementar un negocio los siguientes pasos: plan de negocios, estudio de mercado, legalidades y contrataciones.

Marque con una "X" el rango de su edad.

Edad: 20-25	26-35	36-45	46-adelante
-------------	-------	-------	-------------

Señale la respuesta correcta y explique sus respuestas en la pregunta q corresponda.

1.- ¿Cuánto tiempo de existencia tiene la micro-empresa?

0-11 meses	1-3 años	3-6 años	7-adelante
------------	----------	----------	------------

2.- ¿Antes de establecer el negocio se hizo un estudio de mercado?

Sí	No	Parcialmente
----	----	--------------

3.- ¿Considera que el estudio de mercado ejerce influencia en las decisiones previas a la implementación de una empresa?

Sí	No	Parcialmente
----	----	--------------

4.- ¿Cuando se planeaba implementar la empresa se realizo un plan de negocios?

Sí	No	Parcialmente
----	----	--------------

5.- ¿Considera usted que un plan de negocios ayuda a ahorrar el monto de inversión?

Sí	No	Parcialmente
----	----	--------------

Explique:

6.- ¿Están en regla todos los papeles del negocio?

Sí	No	Parcialmente
----	----	--------------

7.- ¿Considera que es beneficioso cumplir con todos los reglamentos para poner un negocio?

Sí	No	Parcialmente
----	----	--------------

Explique:

8.- ¿Presentó problemas en el momento de contratar al personal?

Sí	No	Parcialmente
----	----	--------------

9.- ¿Por medio de que método se selecciono el personal?

Currículum	Pruebas	Recomendaciones	Otros
------------	---------	-----------------	-------

10.- ¿Considera que los métodos de selección antes mencionados ayudan a contratar un buen personal?

Sí	No	Parcialmente
----	----	--------------

Explique:

11.- ¿Le ofrece beneficios a sus empleados?

Sí	No	Parcialmente
----	----	--------------

Explique:

12.- ¿Considera usted que dar beneficios a los empleados ayuda a que ellos trabajen con una mejor actitud?

Sí	No	Probablemente
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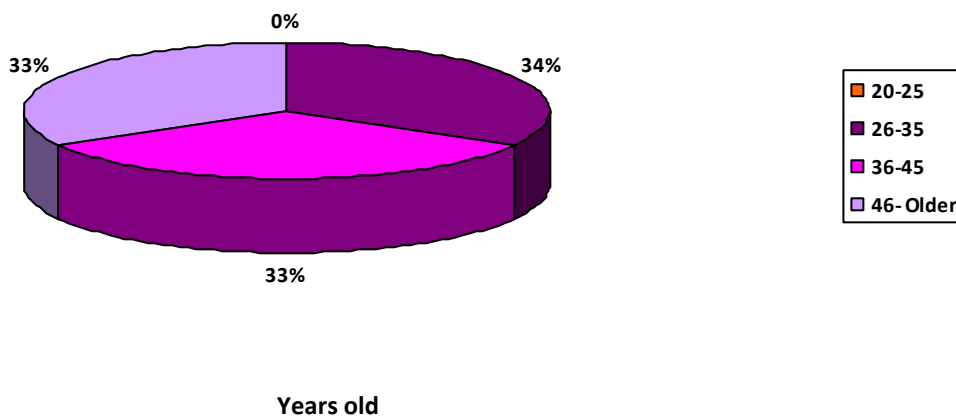
13.- ¿Considera que técnicas como el estudio de mercado, plan de negocios, cumplir con la ley y la buena selección de personal ayudaron a que su empresa sea estable?

Sí	No	Parcialmente
----	----	--------------

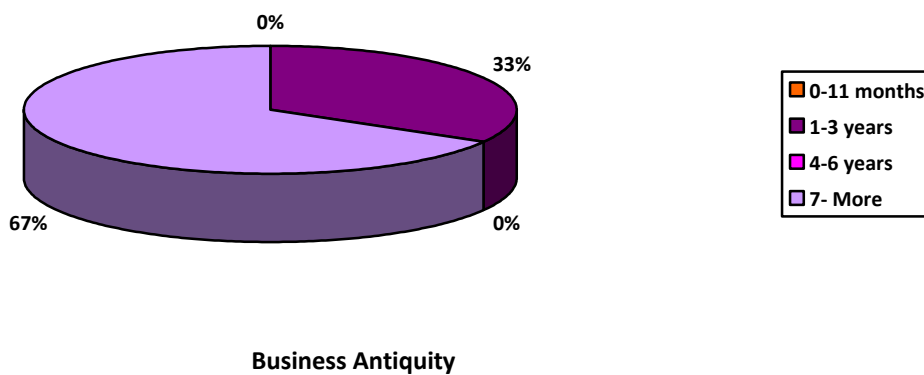
Explique:

APPENDIX B GRAPHIC RESULTS OF THE SURVEY

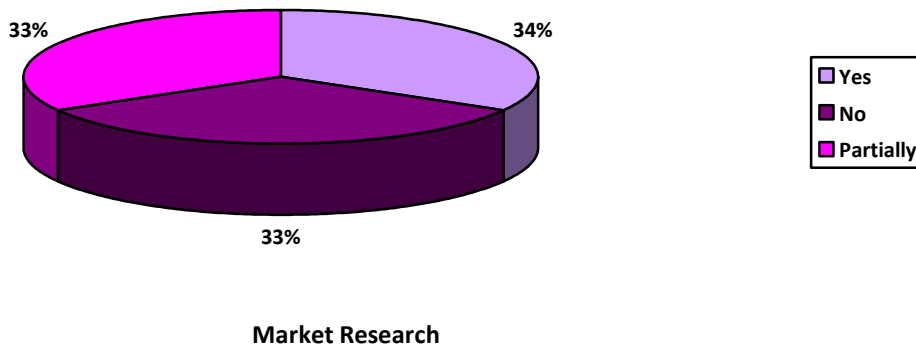
How old are the owners?



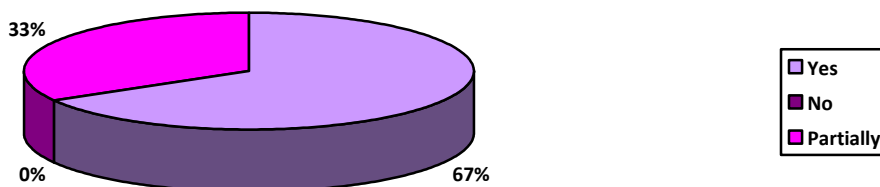
How long has the micro-company existed?



Before establishing the business was there a market research?

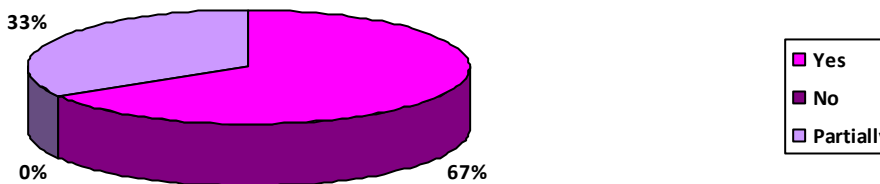


Do you think the market research influences decisions prior to implementing a business?



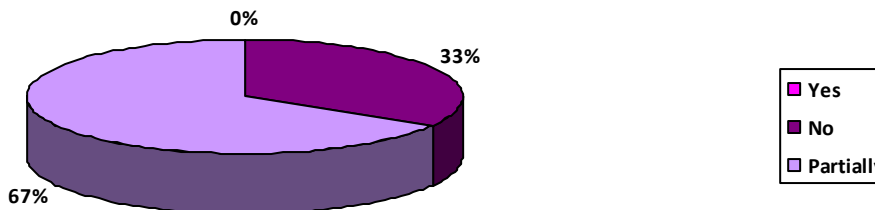
Market Research influences decisions

Did the company conduct a business plan?



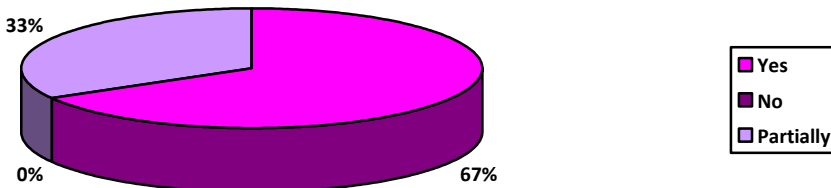
Business Plan

Do you consider that a business plan helps to save the amount of investment?



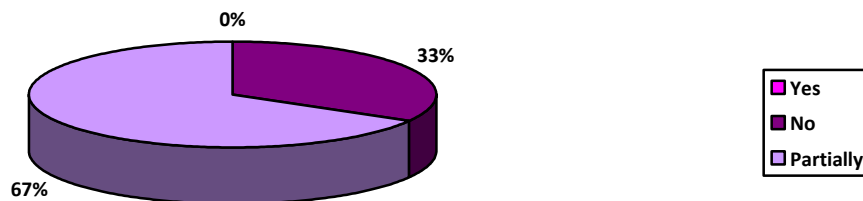
Business Plan saves money

Are all the documents in order?



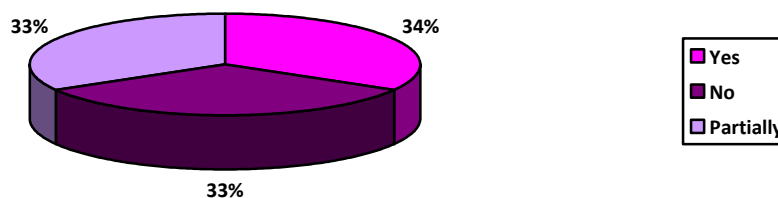
Documents in order

Do you consider it beneficial to meet all regulations for starting a business?



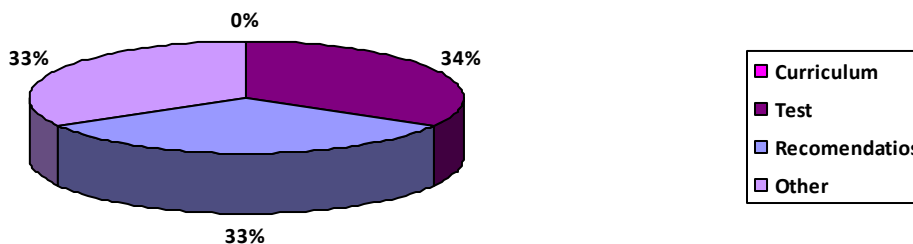
Beneficial to follow the law

Did you have problems when you were hiring staff?



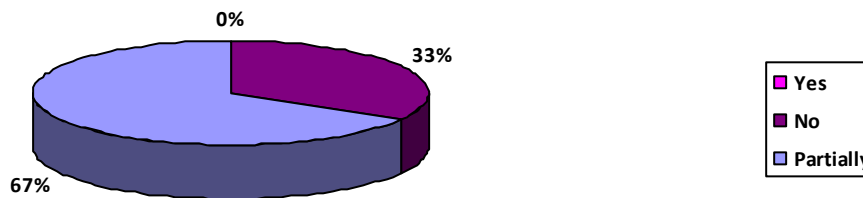
Problems before hiring staff

Are you using those methods for hiring staff?



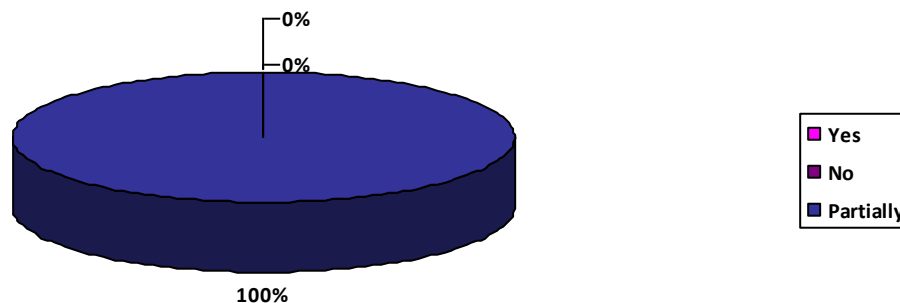
Hiring Staff methods

Do you consider that the methods mentioned before help hire a good staff?



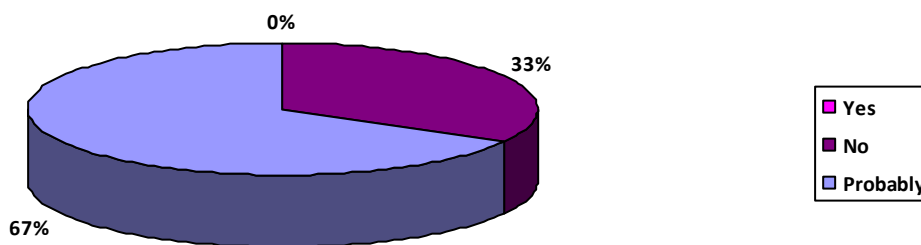
Hiring Staff methods helps

Do you give benefits to your staff?



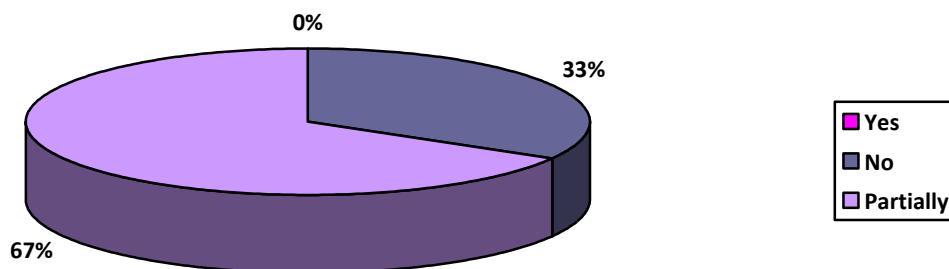
Employee benefits

Do you consider that giving benefits to employees helps them to work with a better attitude?



Benefits helps attitude

Do you consider the techniques such as market research, business plan, comply with the law and good hiring staff methods helped your business?



Techniques helps us