



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



SUBJECT: NEW VENTURE CREATION

LEVEL: 3

TOPIC 4: IMPLEMENT AN ACTION PLAN FOR BUSINESS OPERATIONS

MODULE NO 14 : SET UP BUSINESS PREMISES AND OPERATIONAL SYSTEMS

SET UP BUSINESS PREMISES AND OPERATIONAL SYSTEMS

After completing this topic, you will be able to:

- Compare options of leasing premises, listing the advantages and disadvantages
- Determine suitable premises and location for a business
- Put operating systems into place
- Establish a professional image for a business
- Adhere to legal issues and safety regulations for the premises
- Determine and organise office supplies, communications and other basic requirements according to policy and procedure

LEASING OF ASSETS:

- Renting the assets



LESSEE

- Person who is doing the leasing (renting) from another person (tenant)

LESSOR

- Person who is leasing (renting out) to someone (owner)

VIABILITY

- Successful financial operation of a business (making profit)



ADVANTAGES & DISADVANTAGES OF BUYING A PREMISES:

• **ADVANTAGES**

- Rise in value
- Save on rent costs
- More control over appearance
- More opportunity to personalize premises

• **DISADVANTAGES**

- Must sell if you need larger premise
- Bond cost & Interest is higher than rent
- Implement own security arrangements

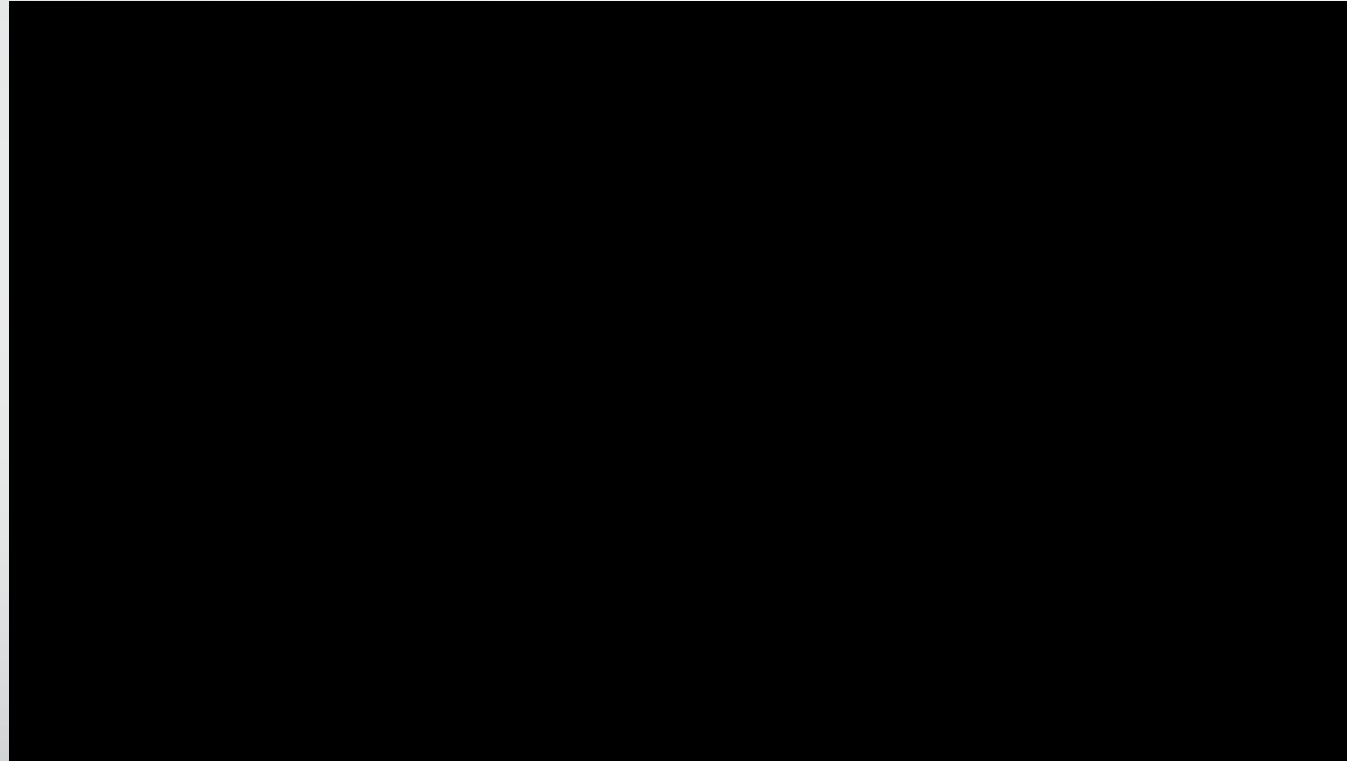
ADVANTAGES & DISADVANTAGES OF LEASING A PREMISES:

ADVANTAGES	DISADVANTAGES
Easier to move to larger premises	No capital value to business
Fixed rent cost does not change when interest rate goes up	Rent cost might increase at end of rental term
Might have own security arrangements	Rented premises might have a standard appearance
	You have to redecorate your premises at fixed intervals

“BUY vs LEASE” - VIDEO



“SHOULD I BUY OR LEASE COMMERCIAL SPACE” - VIDEO



5 FACTORS TO CONSIDER WHEN CHOOSING A PREMISES:

- **Size** of premises (room for growth)
- **Style** of premises (upmarket & smart or standard look)
- **Distance** from your home & customers
- **Safety & security** of your premises (secure parking)
- **Amount** your business can afford (to rent or buy)

“Factors affecting business location” - video



PROFESSIONAL IMAGE COMPRISES OF:

- Branding
- Operational systems

PROFESSIONAL:

- BUSINESSLIKE



IMAGE:

- HOW SOMETHING LOOKS

BRANDING:

- CREATE A UNIQUE IDENTITY FOR YOUR BUSINESS



MOTTO:

- UNIQUE STATEMENT OF WHAT SOMETHING IS

LOGO:

- UNIQUE VISUAL SYMBOL FOR THE BUSINESS



FACTORS THAT PRESENT AND ENHANCE THE IMAGE OF YOUR BUSINESS:

- **Style** of the business
- Clear, well-designed & well-positioned **sign** outside business
- Front of premises kept neat and clean
- Staff uniforms shows smart, clean & efficient image
- Clean & well-maintained customer area






- Up-to-date magazines in the customer waiting areas
- Clear business logo on all stationery
- Well-designed & co-ordinated business stationery (business cards)
- Well-designed website – updated regularly

OPERATIONAL SYSTEMS IN A BUSINESS REFERS TO:

- **Service:** quality service internally (between teams & departments) & externally (customers)
- **Management:** Managing people & resources effectively
- **Processes:** Having systems that make things work efficiently (accounting & payment systems)

- 
- Your business must always adhere to requirements of the Occupational Health and Safety Act (OHSA)

“OFFICE SAFETY” - VIDEO



EMPLOYEES MUST REPORT ANY WORKPLACE INCIDENT WHERE:

- Employee is killed, injured or becomes ill
- Any dangerous substance is released (gas)
- Any items of machinery fails or runs out of control

WHO MUST SERIOUS INCIDENTS BE REPORTED TO?

- Government Health & Safety inspectorate

APPOINT HEALTH & SAFETY REPRESENTATIVES ACCORDING TO THESE GUIDELINES:

- When you have 20 or more workers
- Shops/offices must have 1 rep = 100 workers (others must have 1 rep = 50 workers)
- Create health and safety committee
- Allow health & safety representatives to:
 - Access all Health & safety records
 - Monitor & report on health & safety matters
 - Accompany inspectors during inspection
 - Attend health and safety committee meetings

“Occupational Safety & Health” - VIDEO

Occupational Safety and Health

Occupational Safety and Health Center
(OSHC)

DOLE
Bureau of Labor Relations

EQUIPMENT IN A BUSINESS:

- **CAPITAL EQUIPMENT**



- High cost equipment that can be used over long period of time e.g. vehicles, computer systems, machines, office furniture, machines, equipment.

- **CONSUMABLE EQUIPMENT**



- Low cost equipment that deteriorates or gets used up/must be replaced quickly e.g. small hand tools, office stationery, cleaning materials.

CAPITAL EQUIPMENT NEEDED:

- Computer system
- Printers
- Telephone & fax machine
- Cash register (till) and credit card machine
- Equipment for cleaning (vacuum, mop, broom)
- Complex equipment used in production
- Vehicles
- Photocopier



CONSUMABLE EQUIPMENT NEEDED:

- Supply of electricity (municipality)
- Supply of water (municipality)
- Telephone line rental (Telkom)
- Internet connection/line
- Spare keys for premises
- Storage and filing boxes/ filing cabinets
- Office stationery
- Cleaning materials
- First aid kit
- Equipment for making drinks



DETERIORATE:

- Wears out or becomes old

ACTIVITY



1. Name FOUR factors that the owner had to take into consideration when he had to choose a suitable location for his business.
2. A business owner is currently renting the building which houses the business. He has not yet decided whether to buy the building or to carry on renting it. Explain the difference between purchasing and leasing a property.
3. A business must project a professional image. What does professional image mean? Name TWO elements that portray a professional image in a business.

ANSWER TO ACTIVITY

- Question 1:
- Labour
- Raw materials
- Market
- Competitors
- Transport
- Business environment
- Facilities
- Capital expenditures
- Social environment

- Question 2:
- **Purchasing:**
- To buy a property, which means you own the property
- **Leasing:**
- A lease is a contract between the owner and the user of the property. Leasing means signing a rental agreement to use the property

- Question 3:
- **Professional Image:**
- Corporate image of business, way of branding itself in the market and distinguishing itself from competitors

- **Two elements:**
- Name
- Motto or slogan
- Logo or any other identification on internet
- Work etiquette
- Business cards with contact details.
- Keeping promises and working on attitude to keep customers loyal