TRAINING ON SALESMANSHIP DEVELOPMENT

INTRODUCTION:

The basic aim of the salesmanship training course is “to equip to salesman to salesmanship skills to strengthen and improve profitability of TSGCC Ltd.”

The study of salesman ship logically begins with the necessity of selling the product and importance of distribution on modern times and how salesmanship acts and deliveries it’s services.

One of the fundamental objectives of the TSGCC is public distribution system (PDS supply chain) of the government of Telangana through which ration is being supplied to the tribal card holders of tribal agency areas of Telangana. This function is being attended with its sales force of 364 salesmen through its well established DR Depots.

The basic function of the salesman in the organisation is not only distribution ration like PDS Rice, Sugar, Kerosene and etc., as per guidelines of the Civil Supplies Department of Telangana Government. Besides this vital function of the organisation, salesmen are attending various other functions like selling of many Daily Requirement commodities(DRs), procurement of Minor Forest Produce (MFP) and Agricultural Produce (AP). Therefore, the training to the sales force has become imperative and essential.

The training program on salesmanship covers the basic functions of the salesman, salesman skills, buying habits, rapport building with customers, motivating the sales teams, selling strategy, sales communication, and sales process.

The benefits of the program are:-

1. Its facilitates the organisation to strengthen and to improve the overall profitability
2. To enable to improve the creditability of the organisation. It leads achieve sales targets and it enhances to salesman and upgrade his/her performance.

At the end of the training program, salesmen will be able to explain the functions of the sales, demonstrate salesmanship skills, list out the buying habits and pattern of the customer. He will be able to formulate rapport building with customer, able to fix-up the sales target, well-motivated and demonstrate to improved salesman communication skills.

1. FUNCTIONS OF THE SALESMAN

1. Selling

The fundamental duty of a salesman is selling. This duty includes meeting the prospects, presenting and demonstrating the products, inducing the prospects to buy, taking orders and effecting sales.

2. Educating the buyers

A salesman should educate and explain about the product features and make the buyer to buy the product. His overall responsibility is not only selling the product but promote the product and its brand.

3. Attending to complaints

A salesman should attend to the complaints of the customers immediately and try to settle their grievances quickly and sincerely.

4. Collection of bills

Sometimes, a salesman may be required to collect the outstanding bills relating to the goods sold by him. In such a case, he has to collect the bills and remit the amount to his organisation.

5. Collection of credit information

A salesman may, sometimes, be required to collect information about the credit-worthiness of the customers. In such a case, he has to collect detailed information and submit it to his organisation in time.

6. Reporting

A salesman should report daily, weekly or monthly reports to his organisation. In case of travelling salesman should provide information about the calls made, sales effected, services rendered, route schedule, expenses incurred, business conditions, competition, if any, etc.

7. Organizing

A salesman should organise his DR depots functioning in a professional manner maintaining punctuality of opening of DR Depots and ensuring prompt ration supply and other DRs supply to the tribal card holders and other customers. He should well organised in reporting to his superiors and committed in his services. In case of traveling salesman, is required to organize his tour programme. He has to prepare the route and time schedules for his tour so as to systematize his sales efforts.

8. Attending sales meetings

A salesman is responsible to attend all the sales meetings convened by branch Manager, and Divisional Manager at periodical intervals to discuss the DR depot problems any grievances of the tribals and any other suggestion to improve the performance of the DR Depot. Further, the salesman should project his active involvement in promoting the TSGCC products and building the brand image.

9. Touring

A traveling salesman, has to undertake touring regularly to cover the sales territories assigned to him.

10. Arranging for packing and delivery

A salesman should arrange all the DR stocks cleanly and neatly and visible to the tribal customers. Especially, a counter salesman, has to arrange for the packing of the goods sold and the delivery of the packages to the customers.

11. Window and counter displays

A salesman, i.e., an indoor or counter salesman, has to arrange for the window and counter displays of the products in an attractive manner so as to attract or induce the prospects to buy.

12. Promotion of goodwill

Every salesman has to build up satisfied clientele (i.e., customers) for his organisation and thereby promote the goodwill of his organisation.

13. Working with Middlemen

Salesmen establish direct relations with middlemen — distributors, wholesalers, etc., and collect market information and pass it on to the organisation.

14. Updating Market Intelligence

The salesman has to update time to time changes happening in the market. The changes pertaining to various competitor brands, product development, technological changes, changes in buyer habits, and on various brand promotion techniques and tools. He has to update new product launches and upcoming innovations product development and market developments.

15. Book & Records Maintenance

Maintaining the records pertaining to sales is one of the fundamental role & function of the salesman. Salesman needs to maintain his sales records upto date. Daily sales and monthly sales reports have to be submitted to the Management time to time. Similarly, he has to maintain his potential customer's data and profiles. If he does any credit sales in the organisation, there is a necessity to maintain credit sales record and regular follow-up has to be made to recover the same.

The DR Depot salesman of TSGCC is need to maintain following records as directed by the management of TSGCC.

1. MFP & Stock Liability Register
2. PDS Acquaintance Register
3. Stock Register
4. Daily Sales Register
5. Bill Books
6. Indent Maintenance Books etc., should be maintained upto date and produce the same whenever the official inspects the DR Depot.

Besides above registers, it is mandatory duty of salesman to display the DR Depot license, food safety norms license, and Registration of DR Depot, etc, either on notice board or in DR depot. This should be arranged in such a way that everybody can see them.

16. Inventory Management

The salesman should know how to manage the stocks in the DR Depot. He must know thoroughly nature of each commodity so as to identify the perishable goods and non-perishable goods. Accordingly, he has to take utmost care about each and every commodity and know it's shelf life. He has to arrange the commodities in such a way that food grade items should not be arranged nearby kerosene, chemicals, sanitary items and other toiletry items, etc.

In order to manage most effective inventory management in his DR depot, he must clearly analyse and estimate the sales target for his DR depot. Accordingly, he has to place indent, so that he can avoid damage of the stocks and loss to the DR Depot. He should place his monthly indent to the society manager accurately based on his DR Depot card holder buying capacity and other customer requirements in a month.

Once in a month, the salesman has to analyse or scrutinize the stocks condition based on that he has to made A, B and C analysis of the stocks lying in the DR Depot.

(Courtesy: accountlearning.com)

2. DEMONSTRATE THE SALESMANSHIP SKILLS

There are certain skills every salesman has to master them.

The salesmen have to focus on the end results. They should achieve them by being relentless about developing the inside sales skills. In fact, the best sales teams are most often led by someone who is more like a sales *coach* than a sales *manager*. This dedication to developing inside sales skills ultimately creates a sales team that not only hits its short-term goals, but inculcate a culture of learning and self-improvement in order to achieve its long-term goals as well.

But it's not always so easy. Superb inside sales skills don't always come naturally to salesmen, and sales leaders often feel like they don't have the time or mastery to adequately coach their salesmanship skills. In view of this, it is felt that it is imperative to build following salesmanship skills.

1. Product Knowledge

A salesman who doesn't perfectly understand the product they're selling is a completely ineffective salesman. Product training should be one of the very first things you must learn thoroughly – then only they should be able to explain in detail how each product works, what business value it offers, and the reasons it appeals to your company's ideal customers. This will help salesmen craft their sales pitch effectively, and ensure they highlight each product's strongest features. Deep product knowledge is honestly one of the few things that separates the top 1% of salesman from the rest.

2. Strategic Prospecting Skills

Here prospective means identify the most potential customer, which is a most fundamental and primary activity of the salesman. Once salesmen have the product knowledge to sell, it's time to do some prospecting. However, while many sales leaders have their quota-carrying salesmen also do early cold-calling, it actually don't suggest for salesmen to do cold calling. From a unit-economics perspective, it is obviously considerably more cost-effective to have your Sales Development Reps (SDRs) do cold calls, while your quota-carrying salesmen should be doing more sophisticated prospecting – what it is suggested to call is a "strategic prospecting". This means searching for referrals through existing connections to new prospects that fit the target buyer or ideal customer profile. It's also important for salesmen to go back to Closed-Lost opportunities with whom they already had previous conversations and try to revive them. Another strategic prospecting activity is to ask for referrals from existing customers, and even talk your investors (VCs) for referrals to their portfolio companies. All of this is fair game for the quota-carrying salesmen to do prospecting.

3. Rapport Building on the Call

Inside salesmen have a disadvantage over outside sales in that they're not meeting with prospects face-to-face. This means they have to work harder to build a connection with busy and sometimes hostile strangers over the phone. Some salesmen already have a natural ability to create an instant rapport with a prospect, and only have to finesse it. Other salesmen can learn to research prospects in advance and find common ground to empathize with the person on the other end of the line. Whether you're chatting about sports, attending the same college, or just the weather, rapport should not be underestimated.

4. Buyer-Seller Agreement

In order to set mutual expectations and to make your prospects more comfortable, salesmen should learn how to create a Buyer-Seller Agreement, to set the tone for all calls and meetings.

These are verbal agreements at the beginning of the sales process that outline expectations for both sides. For example, a salesman can ask a prospect, “Is it OK to ask a few questions about your business and then I will show you a demo of our product to see if there is a potential fit for both of us?” It allows the prospect to feel comfortable and understand what is coming next, so no one feels ambushed by the next step. It also allows the salesman to open up a two-way communication in the selling process, so that both parties get to a win-win conclusion.

5. Active Listening

Most salesmen feel comfortable talking to prospects, but listening is another aspect, which builds close connectivity in between buyer and seller. Salesmen need to become proficient in active listening, or listening with a strict focus and asking intelligent follow-up questions. People can usually tell if you’re really listening to them, rather than just thinking about what you’ll say next – and most people appreciate a good listener. Great listening skills can help salesmen empathize with prospects to learn more about their business. With that knowledge, they can then sell more effectively and offer a better solution.

6. Communication

On the phone, the tone of voice, volume and pace of a salesmen speech are surprisingly important sales skills. In sales, how you say things to a prospect matters more than what you say. According to Sandler Sales Training, only 7% of communication relies on the content of what you say, whereas 38% of communication is about other attributes of communication such as tonality, etc. As you may have heard before, **it’s not what you say but how you say it**. Salesmen should try to subtly mirror a prospect’s tone of voice and style of talking – if a prospect is more formal and polite, speak similarly; if they’re more informal and joke around, do the same. This helps prospects feel familiar with you, and relate to you more easily to create rapport. Salesmen also need to speak clearly, not too quietly, and not in a monotone. You need to let your emotion and personality shine through, so that the person on the phone knows you’re a human, and is interested in talking to you.

7. Qualification Questioning

Salesmen need to start off every sales conversation by asking questions during the Discovery phase to analyze a prospect’s business needs (i.e. Needs Analysis). It’s important to not just throw random features and benefits at the prospect hoping something will stick. In fact, all salesmen should stop sharing all of your product’s capabilities all at once. This is a bad tactic. Instead, you need to develop to discover your prospect’s business need and how your product can help them solve it by asking qualifying questions. These questions help you determine what you should share about the benefits and value in your product based on what is going to be most important for them. Beyond the Discovery stage of the selling process, over time, salesmen will need to qualify prospects for Budget, Authority, Need, Timeline, Competition and Buying Process in order to get all the key criteria that will help them get to the purchase. Being good at qualification is critical to be a successful salesman.

8. Time Management

The most effective salesmen are able to make the most of their time, with more dials and more connects than other salesmen. The key to being highly productive is using good time management skills. You need to train each salesman to sort through leads to find the most promising ones, and not waste too much time on a deal that isn’t going anywhere. You can use analytics to identify the industry, business size, and other characteristics of ideal leads, and share the information with your team. It’s vital to make the most of the hours in the day to bring in more deals per salesman.

9. Objection Prevention

Great salesmen practice the art of proactive "Objection Prevention" and not merely "Objection Handling" and can thus reduce some of the most basic objections by way of how they approach a sale. There is a need to train your salesmen how to prevent objections from the customers by interacting with them and need to know their requirement well in advance. So, as to avoid certain negative objections from the prospective for example, there is no reason to get to a point when a prospect can say, "I don't have a need for this" or "Call me again in a few months".

10. Objection Handling

Even the best salesman can't prevent every objection, so it's important to help the team to prepare for objection handling when they do hear one. Salesmen have to be on their toes so that the sales process doesn't end abruptly and they lose the opportunity at the deal. During the sales interaction, it is imperative to know how to empathize, soften and ask good questions to understand what is genuinely interest of the prospect is concerned about. Salesmen need to learn to sincerely understand the prospect's problem, ask for more information, and offer clarity to help the prospect overcome their objections. Salesmen should do extensive role play and train to help, prepare the team for this.

11. Demo skills

For many B2B products, the demo is critical to starting a sales process. Salesmen need to not only understand the product, but must be able to show off it's capabilities to a prospect effectively through a demo. Demos are challenging in that salesmen need to first discover what benefits will be most important to solving a prospect's problem, and highlight the business value of those features during the demo. Throwing too many features at the prospect is a bad tactic and can overwhelm and confuse them. This is another skill one should practice with the salesmen, so they can practice their demo presentation, and clearly be able to show off the product.

12. Gaining Commitment

Great salesman can get a prospect to commit to a deal fairly quickly. The key is making sure the right people with the right approval power are bought in to the process as the sale progresses. Salesmen must continually ask questions, assess the prospect's needs and reinforce what the prospect is interested in buying. Salesmen should ask "Is this helpful? Is this how you envision it?" and more. By forcing the a prospect with buying power to acknowledge again and again that you're offering them real value, it helps push them to commit to a deal.

13. Closing Techniques

Now that the Salesman has convinced the prospect that their company needs the product, it's time to close. Managers have to train salesmen to push prospects, ask for the order and get it signed fast. A lot of prospects will try to push the closing date back a few weeks or a few months, and your salesmen may be trying to reach a monthly or quarterly goal for the team. In this case, salesmen have to establish a timeline, and push the prospect to sign using a compelling event. This shows how the prospect is missing out on revenue by not having the product in place now. With the right combination of pressure and value offered, salesmen can learn to close deals sooner.

14. Post-Sale Relationship Management

Many of us forget to thank customers and to continue building and maintaining the relationship after the sale. Firstly, it's important to be appreciative for the business regardless of whether the customer will buy from you again. This is just common sense and common courtesy. And those salesmen who are genuinely appreciative are the ones who typically grow professionally and become masters of their craft. Furthermore, you don't want your customers churning later and going to a competitor. Additionally, your customers can and will refer you to other customers. Finally, even ten years later you can still go back to the individual to whom you sold years ago and they may still become a customer even when both of you are in a new and different company. Relationships really matter; it's that simple. Yet some salesmen don't engage in post-sale with their customers. This is a key area at which one should encourage all salesmen to get really disciplined.

(Courtesy: insightsquared.com)

3 BUYING HABITS AND PATTERN OF THE CUSTOMER

For understanding the buying behaviour of the customers in retail stores, it is very important to analyze the customer psychology, the factors which influence a customer for buying certain products/services from the stores and also an analysis of the customer's response towards a sales promotion is very critical.

Before analyzing the customer's buying behaviour, let us first understand the basic differences between a customer and a consumer. **A consumer is the ultimate user/beneficiary of the product/service whereas a customer is the one who purchases the product or a service**. For example, a mother buys a chocolate for her son, the mother, in this case, will be considered as the customer as she has purchased the product and the son will the consumer as he will be using the product. In certain cases, a customer also becomes the consumer of a product, and their purchasing decisions are based on a number of factors like personal need or requirement, buying capacity, etc.

Analyzing and Identifying the Actual Customer

A lot of times, it is nearly impossible to identify the actual customer or the real decision maker who will be going ahead with the purchase of a product/service. Hence, all who enter the retail store are considered as the customers. An understanding of the composition or the origin of the actual customers will help in the analysis of the customer's buying behaviour in a much better manner:

- **Analysis of the customer composition:** This includes analysis of the demographic factors like gender, age group, occupation, religion, economic & social status and nationality.
- **Understanding the Origin of the Customers:** This involves an analysis of the place or location from where the customer reaches the retail store, travel time, spent by the customer for reaching the retail store and the type of area in which the customer lives.
- **Assessment of the Customer Objective:** An analysis of the objective of the customer is very crucial whether a customer is actually in the mood for buying a product or simply is engaged in a shopping endeavor.

Customer Buying Behaviour and Patterns

A customer's buying behaviour is largely governed by the needs, preferences, and tastes of the consumers for whom the product/service is ultimately purchased. Numerous patterns influence the buying behaviour of the customers:

- **Place or the Location of Purchase:** Lot of customers prefer to purchase their preferred products by visiting various stores in different locations for comparing the prices and the offers. Hence, a customer does not remain loyal to a single store for a very long period. A retail store should pay a lot of importance to the store location, identifying a distributor in the closer vicinity and also the nature of merchandise and the ready availability of stocks.
- **Type of Products to be Purchased and Quantity of Purchase:** This essentially implies an analysis of the type of product which a customer will want to purchase and in how much quantity. This will depend on the following factors like:
    i. Buying capacity of the customer
    ii. Product Perishability or durability
    iii. Availability of the product choices
    iv. Customer requirement of the product
    v. Whether the product is available in abundance or there is a shortage of the product
    vi. Product storage

Frequency of purchase and the time during when a product is purchased

Retailers should adjust their work hours as per the peak time availability of the customers, which includes giving adequate consideration to various factors such as weather, seasonal variations, and the customer location. The product purchase frequency will largely depend upon the following factors:

- The product type
- Customer Lifestyle
- How essential or necessary the product is
- Festivals, Rituals, and Customs
- The extent of influence of the individual who accompanies the ultimate buyer of the product.

Purchase Methods

This involves an analysis of the following factors such as:

- Whether the customer is buying the product alone or is accompanied by someone else.
- Whether a customer makes the payment by cash or by way of debit/credit cards, net banking or on a credit basis.
- An analysis of the mode of conveyance of the customer.

Customers response towards the Sales Promotional Techniques

Various sales promotion methods increase the impulsive buying behaviour of a customer as and when a customer enters the shop. The retailers depend upon the following sales promotion techniques for influencing the buying behaviour of their customers:

- **Product Displays:** Product display create an aesthetic appeal and hence influence the buying behaviour of the customer.
- **Demonstration:** Product demonstrations help a lot in motivating the customer for buying the product by making them aware of the usage of the products and or by distributing a product sample.
- **Special Schemes and Pricing:** Various product schemes, offers, special prices during festive seasons or off season, coupons, special offers, contests, etc. play a crucial role in moulding the customer buying behaviour.
- **Sales talks delivered verbally** by the sales representatives at the store or printed advertisements also influence the buying behaviour of the customers.

It is believed an urban customer will have a different buying pattern as opposed to a rural customer. Urban customers have a fast lifestyle as a result of which they will have a preference for electronic gadgets or appliances such as Microwave ovens, mixer grinders, etc. for cooking the food faster. They will naturally be opting for ready to cook food over the raw food, but the rural customers usually come from a relaxed and a laid-back background, they have self-sufficiency in farming and would definitely prefer raw food or food grains. Similarly, past few researches have proven that if a couple visits a store for shopping, they will usually be tending towards buying more than what is required as they will spend more time in the store, compare prices and look for the substitute/alternatives and find out newer products as well.

(Courtesy: www. managementstudyguide.com)

4. **FACTORS OF SALES**

Any business, whether a start-up or an established one, put maximum efforts for expanding sales volume because sustained growth in sales is the only key to survival in the market. A company resorts to many means of achieving this end: introducing new products; promoting them through attractive marketing campaigns and schemes; offering discounts and easier payment options. Yet are many other factors which affect the sales of the products of a company.

The factors affecting the sales of a company's products can be principally divided into two groups:

1. Internal factors
2. External Factors

Internal Factors affecting sales of a product:
These are the factors which essentially originate within the company and are, hence, in the company's sphere of influence to control. These can also be termed as the company's 'response to market changes'. The growth is company's sales volume is directly proportionate to the positive control the company is able to exercise over these factors. These internal factors affecting sales of a product include:

1) Company's product

The largest single critical factor determining the company's sales growth is the product itself. If your product is satisfying the needs of the consumers at reasonable prices, it will sell. The company needs to be mindful of maintaining its quality and adding or modifying the functions and utilities according to the changing technology and varying tastes and preferences of the consumers.

2) Marketing strategy of the company

The marketing strategy of the company with regards to its product plays a prominent role in affecting the sales. Marketing strategy involves selection of correct target market; brand positioning; correct pricing and choice of suitable distribution channels. This can make a huge impact on the sales of a product.

3) Marketing Personnel of the company

The qualifications and mindset of the company's marketing force is very important in winning over more customers. Coming up with creative marketing strategies, promotion ideas, backing up these ideas with sound market research and desire to keep oneself acquainted and updated with recent market trends along with professional qualifications – these all factors go a long way in achieving higher sales volume.

4) Technology and Automation

Technological upgradation is one more crucial aspect that a company has to take into account while striving to achieve higher sales growth. Investments into newer, smarter technology and automation of business processes like electronic payment facilities, easier and automated order booking, tracking facilities for shipments in transit, electronic redressal of grievances can generate a favourable market base and increase sales.

5) Presence in multiple formats especially in E-commerce

Presence in E-commerce i.e. internet-based selling has become a significant factor affecting the sales of a company. Online catalogues, online shopping and payment, security of customers' details, wide variety of choices, relatively lower expenses due to absences of costs related to brick-and-mortar models and ability to transcend geographical boundaries to tap market across the continents – the combination of all these factors make digital platforms such as Amazon.com an extremely enticing ensemble.

6) Ability to tap 'Digital Footprints' customers

Online shopping confers one very big advantage on the companies – the digital footprint of the customers' shopping history is available like registering with an e-retailer, browsing through various product categories, preferences, specific shopping on special days, items frequently shopped for – all this data can be used by the company to craft lucrative sales deal and personalised sales messages for the customers resulting in higher sales.

7) Availability of finances

Availability of right amount of capital at crucial junctures such as introducing a new product, expensive brand-building campaign, switching to more sophisticated manufacturing technology require generous amounts of funds. If the company has the same at its disposal, it can exploit the opportunity to introduce newer business methods that can positively affect the sales of its product.

8) Integration with suppliers

Building and maintaining a network of suppliers for sourcing raw materials, components and consumables can affect the sale of finished products of a company because the availability of raw materials at right time ensures seamless manufacturing process and delivery of the right quality of finished goods in the market in right quantity.

External Factors affecting sales of a product:

External factors can also be termed as 'Macroeconomic Factors' or 'Market Changes'. These are the factors affecting sales of product due to interplay of broad economic, political, technological, and competition forces and can significantly affect the sales of the products of a company. They are well beyond the company's influence to change. The company will have to make befitting strategic moves to respond to these changes. The external factors affecting sales are as follows:

1) Consumers and institutional buyer expectations

The tastes, preferences of the consumers as well as their expectations regarding prices, new features, packaging, delivery, after sales services keep on changing with the time casting a huge impact on demand for the company's product. The company cannot control these expectations. It has to adapt its production and marketing strategies to meet these new requirements.

2) Economic Cycle

The economy of any country goes through different phases such as growth, expansion, and recession. The demand for a company's product depends upon which phase is prevalent in the economy. During the growth phase, where demand is robust and consumers have more disposable income, the demand is likely to pick up. During a recession, the economy contracts, the money supply shrinks and so do the demand and supply of a product. Thus, the economic cycle affects the sale of the company's products.

3) Laws and regulations

Any manufacturer or seller has to adhere to the demands of the laws and statues of the country where he sells his products. The specific pronouncements of laws regarding the legality of the product, minimum pricing requirements, taxes and advertising restrictions affect the sales of a product in that particular country. These requirements dictate the market presence of that product.

(Courtesy: marketing91.com)

5 BUILD RAPPORT WITH CUSTOMERS

Customers in any business are attracted to enjoyable, comfortable experiences and will generally prefer to do business with those organizations they have built a good relationship with. Building rapport with customers is important in developing the positive relationship necessary for great service delivery. The ability of employees to build and sustain rapport with customers is important to every company's success.

Good rapport will create a healthy customer-employee relationship. Considering the fact that happy employees = happy customers, you realize how this could translate to increase productivity, customer satisfaction, and loyalty. This is possible when the company takes care of their employees and sales force. Here 5 steps to building great customer rapport:

1. Be Well Groomed

To successfully build rapport, you need to make a great first impression. If there's a dress code, ensure you look sharp and professional in your attire. It is best to be moderate in your dressing, try to maintain a good balance between being overdressed and underdressed. If your job entails you go out to meet different customers, then try to dress like your customers. For instance –

- *If you work in a bank, and you are to meet some corporate customers, look sharp in your suit and tie.*
- *If the customers are non-corporate, (perhaps farmers), you can ditch the jacket and the tie.*

Although this also depends on your dress code policy, if your organization allows it then it is a good way to build rapport with your customers. Your appearance should help you connect to people, and not be a hindrance.

2. Be Friendly & Approachable

This entails you understand and apply the basics of good communication. Smile, make eye contact, use the customer's name, and listen with your eyes as well, show emotional intelligence. It's impossible to build rapport with your customers, if they don't feel good interacting with you.

Remember how you felt when someone gave you a compliment? next time you are with a customer, if the situation permits, try giving them a sincere compliment. If you like his shoes, tell him. Her bag? tell her. Everyone likes to get complemented, a sincere compliment shows you pay attention and demonstrates to the customer that you are interested in them. It also creates an opening for small talk, which enhances rapport.

3. Identify & Highlight Your Similarities

Identifying common ground can help in establishing rapport. This can be achieved with small talk. If you have just complimented the customer, follow up with an open-ended question related to the compliment you just gave. Avoid asking close-ended questions that have either *Yes or No* as answers. Instead make use of open-ended questions that begin with *how, why or what*. Open-ended questions give you the opportunity to learn more about the customer, and sometimes reveal areas of common interest. Perhaps, you both like the colour Blue, or you attend the same Church, grew up in the same town, or have the same taste in music.

As you make small talk, don't forget to highlight the areas where you share similarities. If the customer told how much he likes a nice evening drive, tell him about that time you went on a road trip with your friends. Don't make up any similarities or lie just to build rapport, it hurts your credibility. Trust plays a very important role in building rapport, telling lies to the customer to build rapport, is dishonest & manipulative. If the customer detects the lie, the aim becomes defeated as they will become more distant.

4. Show Empathy

Empathy is how we as individuals understand what others are experiencing as if we were feeling it ourselves, and it is a key aspect of Emotional Intelligence.

In the course of interacting with the customer, it is important to show a level of empathy to demonstrate that you really understand what the customer is communicating.

By understanding their point of view and the reasons for thinking the way they do, you connect better with them. If the customer has just complained about something or expressed any negative sentiments about your organization, be sure to use empathy statements to communicate your understanding to the customer.

Empathy is an invaluable skill for everyone. Building & sustaining relationships meaningful relationships with people would be difficult, if you lack basic empathy skills.

5. Mirror & Match

To build quick rapport with anyone, you should try to make yourself more like them. What I mean by that is for you to mirror and match the customer as naturally as you can. To achieve this, try to match and mirror aspects of the customer, such as – their choice of words, tone, speech rate and body language. If the customer tends to use certain words in his interaction, use those same words in your response. For instance –
Don’t be mechanical or creepy, make your matching and mirroring a subtle reflection of the customer’s behaviour, so it doesn’t become obvious to them that you are trying to match or mirror their behaviour. You can also match body language aspects like gestures, posture, facial expressions and even breathing patterns.

People naturally tend to gravitate towards those people, who have a lot in common with them. When you mirror or match your customers, you become like their mirror image. This enhances your ability to connect with them, and also improves the quality of your interactions.

(Courtesy: www. cxservice360.com)

6. SETTING SALES TARGETS

Your sales targets will grow with your business. Good sales planners set targets in areas that will drive business growth. For example, if the market is chasing compression gym clothing, they increase their targets for that range.

In setting sales targets you need to:

- consider the profit margins each of your sales will achieve (there's little point reaching your sales target figure but shrinking your margin to achieve it)
- be realistic — your targets must be supported by marketing plan information
- keep all your business costs in mind and plan for growth.

Gross profit margin

Gross profit is the difference between sales and the cost of producing or purchasing products or providing services before subtracting operating expenses such as wages, rent, accounting fees, or electricity.

Gross profit margin is the percentage of each rupee that is profit. Knowing your gross profit margin helps you identify products making the most profit, so that you can focus your sales targets on them. While any profit is good profit, smart businesses concentrate on achieving higher sales targets for their more profitable items, rather than making 'broad' product sales with a thin margin.
Use our interactive calculator to work out your gross profit margin.

Break-even point

Your break-even point is the number of units of your products or services that you need to sell to cover fixed costs such as rent, electricity, insurance and wages.
You can determine your break-even point by itemising all of your known, fixed annual costs, and then working out the volume of sales (in units) required to cover those costs.
Use the following interactive calculator to help you work out your break-even point. Once you have read and understood the example, you can type the numbers that are relevant to your business into the calculator to see your break-even point (i.e. how many units of a product or service that you need to sell per year before you make any profit).

Minimum sales requirements

Minimum sales requirement is the point at which both your fixed costs and your profit goal are covered by your gross profit. You work this out by calculating how much of your products or services you need to sell to cover fixed costs, your salary and your desired profit.

Keep in mind your aim is to achieve a fair return on the funds you have invested in the business, in addition to your salary. Once you've calculated your break-even point, decide what you consider to be a reasonable return on investment (ROI) and a fair salary for the owner and/or manager of the business (i.e. you).

Costs that could affect your profit
Consider all the related costs involved in achieving your minimum sales requirements. Marketing, production and supply costs can affect the amount of sales you need to make a profit.

Your marketing must be sufficient to generate your desired sales volume, and your production processes must be capable of delivering those sales.

Sales strategies

You must have sales strategies in place to meet your targets. There are a range of strategies you can use, including how you will:

- keep existing customers (e.g. a customer rewards program)
- attract new customers (e.g. marketing and advertising)
- sell more to existing customers (e.g. up-sell).

A realistic sales target is often based on a solid marketing strategy. You can help your sales staff achieve their targets by generating qualified leads and brand awareness from your marketing activities.

(Courtesy: www.business.qld.gov.au)

7. MOTIVATE YOUR SALES TEAM

Sales managers will go to the extreme to motivate their teams. They pull out all the stops - huge kickoff meetings, trips to exotic locations, giant commissions. But big and flashy can't fix a motivation problem.

Every day, your sales reps are bombarded by outside factors that are affecting their motivation. The customer might be telling them 'no' over and over again. It may be the wrong time to sell in the market. There may be some disaster going on affecting their ability to sell.

But in order to sell well, salespeople need to be hyped up and ready to go at any time. If you want to improve the success of your sales department, it's time to make motivation a priority.

Here are six tactics to boost the motivation of your salespeople:

1. Set goals

This one may be obvious, but it's important. You need to give your salespeople a goal to reach. Without a goal, they won't know what to aspire to or what constitutes success. Choose something that's achievable, but not easy. It should be within the reach of the salesman.
On his Facebook page, author Joe Vitale wrote, "A goal should scare you a little and excite you a lot. Think BIG. And then think bigger than THAT."
This isn't just about sales quotas, either. Different salespeople are motivated in different ways. While quotas may work for some salesmen, a contest or even a personal goal may be a better choice for others. Work with each individual salesperson to find out what will work best for them.

2. Focus on purpose

People who love their jobs tend to do better at their jobs. In fact, according to Gallup, organizations with low employee engagement experience 18% lower productivity.
As a manager, it's your job to keep your salespeople engaged and fully supportive of your company's mission. Start by explaining what that mission means to each person on your team and how they play a part.
In Apple's "Think Different" ad, Steve Jobs said, "The people who are crazy enough to think they can change the world are the ones who do."
Research from the Deloitte Millennial Survey 2017 finds six out of 10 millennials say a "sense of purpose," is part of the reason they chose to work for their current employer. Giving your salespeople that sense of purpose will inspire them to work harder at their jobs and inspire their loyalty to your business.

3. Build trust

In an article for HubSpot, HubSpot executive Dan Tyre writes, "The foundation of motivation is trust. If your team doesn't trust you and doesn't believe you have their best interests at heart, it'll be difficult for them to feel inspired and driven by their work."

To be an effective leader, you need to have your employees' trust. The best way to build trust is to be as direct and straightforward as possible. Don't try to hide things or beat around the bush. If there is an issue going on, let your team know.

When working with team members, focus on having a helping mindset. Don't scold or push. Instead, try to solve problems and help that salesmen grow and improve. You want to make sure you create a comfortable environment where employees feel appreciated and engaged.

4. Get others involved

It's easy for your salespeople to point fingers and try to pass on blame to others when something goes wrong. Maybe marketing isn't giving them enough leads or customer support can't respond quickly enough to a complaint.

To combat this, you need to break down barriers between the departments in your organization. For example, when salesmen, brought sales, marketing, customer support, and engineering departments together, the real growth of the organisation starts.

With everyone getting a seat at the table, you remove hurdles and increase productivity. Your salespeople feel like they're in the loop and are involved in what's happening. And based on their collaboration, they can adjust their approach and improve results.

5. Create a culture of recognition

Your salesmen want to be rewarded. But a commission alone is not enough. Commissions are expected, so you need to push beyond that for your sales reps to truly feel recognized for their achievements.

For example: One tactic was implemented in the organization that staff was having a dinner whenever an individual hit their quota or did something great. But that dinner wasn't just for that one person. Instead, the whole team would be able to join.
This created a team-oriented mindset in the sales department. Everyone wanted to be that person who was recognized in front of all of their peers. They wanted to be the cause of that dinner. That praise and recognition motivated them to not only work harder, but also work together.

6. Get creative

Rewards don't always have to be monetary. Sometimes you can have a little fun with your team and find new ways to recognize them.

Maybe you reward them by offering to do a task they hate, such as prospecting or cold calling. Or perhaps you pledge to shave your head if your team reaches a certain goal. Maybe you can hold fun outings such as a trip to an escape room or a sports game. Think outside the box to get your team excited.
Don't be afraid to get input from your team members, too. Be direct and ask them, "What would motivate you?" You may be surprised at their answers. And remember, not everyone feels motivated by the same things. Be open to their input and try different tactics. You never know what might work.

(Courtesy: Inc.com)

8. SALES PROCESS

The sales process is adaptive depending on the situation, the simple but logical **framework** of seven steps remains the same, even as the methods of communication and the way people interact with brands has changed substantially. What has changed is how each of the steps can involve much more collaboration between customers and salespeople (and even between customers) with the use of social networks, consumer reviews, wikis and other community-based tools. In theory, this should make the sales process even easier as technology allows you and your sales team to learn more about your target market at each step. This means you can provide more relevant and powerful solutions to your customers at each stage of the buying process.

Combining your knowledge of your target market together with an understanding of the seven steps to sales will help you sell more to the people who want what you've got the most! If you are a retailer, wholesaler, work business to business (B2B), are a service provider or online store, there are tips and tricks you can take from the 7 step selling process to **create your own** sales and communications activities within the seven steps sequence.
As the old adage goes, '*Learn the rules like a pro so you can break them like an artist*.'

The 7 steps

The 7 step selling process comprises:
1. Prospecting and qualifying
2. Preparation/pre-approach
3. Approach
4. Presentation
5. Overcoming objections
6. Closing the sale
7. Follow-up

Step 1: Prospecting and qualifying

Before planning a sale, do your research to identify the people or companies who might be interested in your product or service. This step is called **prospecting**, and it's the foundational step for the rest of the sales process. A **lead** is a potential buyer. A **prospect** is a lead that is qualified or determined to be ready, willing and able to buy. The prospecting and qualifying step relates to the needs awareness step in the buying process.

Step 2: Preparation/pre-approach

Before making a sales call, email or visit, it is important to do your homework by researching your customer and planning, what you are going to say. A good salesperson researches a prospect, familiarising with the customer's needs and learning all the relevant background info about the individual or business.

Step 3: Approach

This is where you make a first impression. You do this by introducing yourself, explaining the purpose of your call or visit, and establishing a rapport with your prospect. First impressions are crucial to building the customer's trust. You work to establish a rapport with the customer first. This usually involves introductions, making small talk, asking warm-up questions, and generally explaining who you are and whom you represent.

There are three common approach methods:
1. **Premium approach:** Presenting your potential client with a gift at the beginning of your interaction

2. **Question approach:** Asking a question to get the prospect interested
3. **Product approach:** Giving the prospect a sample or a free trial to review and evaluate your service

Step 4: Presentation

Your research and preparation pays off during the presentation, when you **propose your sales solution** to your prospect.

By the time you are ready to present you will understand your customer's needs well enough to be sure you are offering a solution the customer could use. The presentation should be tailored to the customer, explaining how the product meets that person or company's needs. Now is the time to focus on the benefits of your product or service. This might involve a product demonstration, videos, PowerPoint presentations, or letting the customer look at or interact with the product.

At this point, the customer is using the information being shared as part of a suite of possible solutions. They might be researching your offer compared to others. It is during this part of the sale where you can use **upselling** and **cross selling** to engage the customer further.

Once you have identified your customer's needs you will know if you they would receive additional benefits from an enhanced product or service offering. This is upselling. Cross selling is pitching additional products that relate to the product your customer is considering or purchasing (also known as suggestive selling).
Note: Never try to sell your customers something they don't need. They may well lose trust or confidence in you.

Step 5: Handling objections

After you've made your sales presentation, it's natural for your customer to have some hesitations or concerns, known as **objections**. Good salespeople look at objections as opportunities to further understand and respond to customers' needs.

Be prepared and use some of the following ideas:

- Recognise your customer's comments by acknowledging their views and then responding with solutions.
- Ask questions about their views to find ways to address them.
- Restate the customer's objection. By saying it aloud, you can reduce its impact.
- Ideally you will be prepared for what customers will say, and be ready to respond. For example: Objection: '*Sorry, I don't have the time today*.' Response: '*No problem. I'm more than happy to book you a ten-minute meeting later in the week*.'

Step 6: Closing the sale

The important – and sometimes challenging – part of the sale is closing it! This is where you actually have to ask if the potential customer is willing to make the purchase. If your customer has been convinced your product or service will meet their needs, you close the sale by agreeing on the terms of the sale and finishing up the transaction.
Depending on your business, you might try one of these three closing strategies.

1. **Alternative choice close:** Assume the sale and offer the prospect a choice, where both options close the sale. For example, '*Will you be paying the whole fee up front or in installments?*', '*Will that be cash or card?*' or '*Would you like me to wrap that for you?*'

2. **Extra inducement close:** Offer something extra to get the prospect to close, such as a free month of service or a discount.
3. **Standing room only close:** Create urgency by expressing time is of the essence. For example, '*The price will be going up after this month' or 'We only have six spots left*'.

Step 7: Follow up

OK, so you've made the sale. While it might seem like you've accomplished your goal, the **customer journey continues**. Follow-up is an important part of assuring customer satisfaction, retaining customers and prospecting for new customers. This might mean sending a thank you note, calling the customer to make sure the product was received in satisfactory condition, or checking in to make sure a service has met the customer's expectations.

(Courtesy: Beyond Business Groups)

9. ACCOUNTS MANAGEMENT SYSTEM

Meaning of Financial Management

Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the organisation. It means applying general management principles to financial resources of the enterprise.

Scope/Elements

1. Investment decisions includes investment in fixed assets (called as capital budgeting). Investment in current assets is also a part of investment decisions called as working capital decisions.
2. Financial decisions - They relate to the raising of finance from various resources which will depend upon decision on type of source, period of financing, cost of financing and the returns thereby.
3. Dividend decision - The finance manager has to take decision with regards to the net profit distribution. Net profits are generally divided into two:
    a. Dividend for shareholders- Dividend and the rate of it has to be decided.
    b. Retained profits- Amount of retained profits has to be finalized which will depend upon expansion and diversification plans of the enterprise.

Objectives of Financial Management

The financial management is generally concerned with procurement, allocation and control of financial resources of a concern. The objectives can be-

1. To ensure regular and adequate supply of funds to the concern.
2. To ensure adequate returns to the shareholders which will depend upon the earning capacity, market price of the share, expectations of the shareholders.
3. To ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost.
4. To ensure safety on investment, i.e, funds should be invested in safe ventures so that adequate rate of return can be achieved.
5. To plan a sound capital structure-There should be sound and fair composition of capital so that a balance is maintained between debt and equity capital.

Functions of Financial Management

1. **Estimation of capital requirements:** A finance manager has to make estimation with regards to capital requirements of the company. This will depend upon expected costs and profits and future programmes and policies of a concern. Estimations have to be made in an adequate manner which increases earning capacity of enterprise.
2. **Determination of capital composition:** Once the estimations have been made, the capital structure have to be decided. This involves short- term and long- term debt equity analysis. This will depend upon the proportion of equity capital a company is possessing and additional funds which have to be raised from outside parties.
3. **Choice of sources of funds:** For additional funds to be procured, a company has many choices like-
    a. Issue of shares and debentures
    b. Loans to be taken from banks and financial institutions
    c. Public deposits to be drawn like in form of bonds.

    Choice of factor will depend on relative merits and demerits of each source and period of financing.

4. **Investment of funds:** The finance manager has to decide to allocate funds into profitable ventures so that there is safety on investment and regular returns is possible.
5. **Disposal of surplus:** The net profits decisions have to be made by the finance manager. This can be done in two ways:
    a. Dividend declaration - It includes identifying the rate of dividends and other benefits like bonus.
    b. Retained profits - The volume has to be decided which will depend upon expansional, innovational, diversification plans of the company.
6. **Management of cash:** Finance manager has to make decisions with regards to cash management. Cash is required for many purposes like payment of wages and salaries, payment of electricity and water bills, payment to creditors, meeting current liabilities, maintainance of enough stock, purchase of raw materials, etc.
7. **Financial controls:** The finance manager has not only to plan, procure and utilize the funds but he also has to exercise control over finances. This can be done through many techniques like ratio analysis, financial forecasting, cost and profit control, etc.

(Courtesy: managementstudyguide.com)

PROFIT & LOSS ACCOUNT

Definition and Explanation:

The account through which annual net profit or loss of a business is ascertained, is called **profit and loss account**. Gross profit or loss of a business is ascertained through trading account and net profit is determined by deducting all indirect expenses (business operating expenses) from the gross profit through profit and loss account. Thus profit and loss account starts with the result provided by trading account.

The particulars required for the *preparation of profit and loss account* are available from the trial balance. Only indirect expenses and indirect revenues are considered in it. This account starts from the result of trading account (gross profit or gross loss). Gross profit is shown on the credit side of the profit and loss account and gross loss is shown on the debit side of this account. All indirect expenses are transferred on the debit side of this account and all indirect revenues on credit side. If the total of the credit side exceeds the debit side, the result is "net profit" and if the total of the debit side exceeds the total of the credit side, the result is net loss. As the net profit or net loss of a certain accounting period is determined through profit and loss account, so its heading is:

Sequence of Expenses in Profit and Loss Account:

There is no hard and fast rule as to the order in which the items of expenses are shown in profit and loss account. Generally, the items of expenses are shown in the following sequence:

Office and Administration Expenses:

These are the expenses with the management of the business e.g. salaries of manager, accountant and office clerks, office rent, office stationary, office electric charges, office telephone etc.

Selling and Distribution Expenses:

These are the expenses which are directly or indirectly connected with the sale of goods. These expenses vary with the sales i.e. they increase or decrease with the increase or decrease of sale of goods. Examples are advertisements, carriage outward, salesmen's salaries and commission, discount allowed, traveling expenses, bad debts, packaging expenses, warehouse rent etc.

Financial and Other Expenses:

All other expenses excepting those mentioned above are considered under this class.

Features of Profit and Loss Account:

1. This account is prepared on the last day of an account year in order to determine the net result of the business.
2. It is second stage of the final accounts.
3. Only indirect expenses and indirect revenues are shown in this account.
4. It starts with the closing balance of the trading account i.e. gross profit or gross loss.
5. All items of revenue concerning current year - whether received in cash or not - and all items of expenses - whether paid in cash or not - are considered in this account. But no item relating to past or next year is included in it.

(Courtesy: theintactone.com)

What is a Balance Sheet?

The Balance Sheet is a statement that shows the financial position of the business. It records the assets and liabilities of the business at the end of the accounting period after the preparation of trading and profit and loss accounts.

'Not-for-Profit' Organisations design Balance Sheet for determining the financial position of the establishment. The preparation of the balance sheet is on the same pattern as of the trade entities. It depicts liabilities and assets as during the end of the year. Assets are depicted on the right-hand side, whereas the liabilities are depicted on the left-hand side.

However, there will be a General Fund or Capital Fund in place of the Capital and the surfeit or deficit as per Income and Expenditure A/c which is either deducted from or added to the capital fund, as the scenario may be. It is a common practice to add some of the subsidised items like entrance fees, legacies and life membership fees precisely in the capital fund.

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Features of Balance Sheet:

The features of a balance sheet are as follows:

- It is regarded as the last step in final accounts creation
- It is a statement and not an account
- It consists of transactions recorded under two sides namely, assets and liabilities. Assets are placed in the left hand side, while the liabilities are placed on the right hand side
- The total of both side should always be equal
- The balance sheet discloses financial position of the business
- It is prepared after trading and profit and loss account is prepared.

All the above are mentioned balance sheet items are also known as characteristics of the balance sheet.

Importance of Balance Sheet:

Balance sheet analysis can say many things about a company's achievement. Few essential factors of the balance sheet are listed below:

- Creditors, Investors, and other stakeholders use this financial tool to know the financial status of a business.
- It is used to analyse a company's growth by comparing different years.
- While applying for a business loan, a company has to submit a balance sheet to the bank.
- Stakeholders can find out the business accomplishment and liquidity position of a company.
- Company's balance sheet analysis can detect business expansion and future expenses.

What is the purpose of balance sheet?

The main purpose of the balance sheet is to show a company's financial status. This sheet shows a company's assets and liabilities, along with the money invested in the business. This statement is required to analyze the financial status information for several consecutive periods. Generally, investors and creditors look at the balance sheet of the company to understand how effectively a company will use its resources and how much it can give in return. Though the balance sheet can be prepared at any time, it is mostly prepared at the end of the accounting period.

How to Prepare a Balance Sheet?

Below are the steps mentioned to prepare a balance sheet.

1. **Compose a trial balance-** It is a regular report included in any accounting programme. If it is a manual mode, then create a trial balance by transferring every general ledger account's ending balance to a spreadsheet.
2. **Arrange the trial balance-** It is important to arrange the initial trial balance to assure that the balance sheet similar to the relevant accounting structure. While using adjusting entries to adjust the trial balance all the entry should be completely recorded so the auditors can understand why it was made.
3. **Discard all expense and revenue accounts-** The trial balance includes expenses, revenue, losses, gains, liabilities, equity, and assets. Delete all from the trial balance except equity, liabilities, and assets. However, the deleted accounts are used to create an income statement.
4. **Calculate the remaining accounts-** In this stage, sum up all the trial balance account used to create a balance sheet. The typical line items used in the balance sheet are:
    - Cash
    - Accounts receivable
    - Inventory
    - Fixed assets
    - Other assets
    - Accounts payable
    - Accrued liabilities
    - Debt
    - Other liabilities
    - Common stock
    - Retained earnings
5. **Validate the balance sheet-** The total for all assets recorded in the balance sheet should be similar to the liabilities and stockholders' equity accounts.
6. Present in the required balance sheet format.

Balance Sheet Format:

The balance sheet of a company will look like the image given below.

Balance Sheet of .... As at............

Liabilities	Rs.	Assets	Rs.
		Fixed Assets:	
Capital:		Good will	
Opening Balance xxxx		Land	
Add: Net Profit xxxx		Building	
(Less: Net Loss)		Plant & Machinery	
Less: Drawings xxxx		Furniture & Fixtures	
Long-term Liabilities:		Investment:	
Loan		Current Assets:	
Current liabilities:		Closing stock	
Income received-in-advance		Accrued income	
Sundry Creditors		Prepaid expenses	
Outstanding Expenses		Sundry Debtors	
Bills Payable		Bills Receivable	
Bank Overdraft		Cash at Bank	
		Cash in Hand	

What is Reserve in Balance Sheet:

A *reserve* is a retained earnings secured by a company to strengthen a company's financial position, clear debt & credits, buy fixed assets, company expansion, legal requirements, investment and other plans. These are usually done to save the cash from being used in other purposes. Reserve funds do not have any legal restrictions so that the company can use it for any purpose. For instance: Let's consider company ABC has to suspend one of its products and release refunds to its buyers over the periods of six months.

To make sure that the company has enough money to give refunds, a balance sheet reserve of ₹1,00,000 is created. As customers demand refunds, Company ABC reduces the ₹1,00,000 reserve. Especially insurance companies regularly create balance sheet reserves to make sure they have sufficient funds to pay out claims. The reserves usually meet the expense of applications that have been registered but not yet paid. Balance sheet reserves are registered as liabilities on the balance sheet.

Consolidation of Balance Sheet:

A consolidated balance sheet shows both the liabilities and assets of a parent company along with its subsidiaries in one document, without any specific mention about which item is associated with which company. A consolidated financial statement is issued by a company whenever it acquires 50 per cent of controlling stake or business in another company. For example: If an organization has ₹1 million as assets and buy subsidiaries for ₹400,000 and ₹300,000, assets respectively. In this scenario, the consolidated balance sheet will reflect ₹1.7 million as an asset.

While recording the consolidated balance sheet, it's essential to modify the subsidiaries assets figures so that they indicate the accurate market value. Also, the parent company revenue should not be included in this sheet because the net change is ₹0.

How to Prepare Consolidated Balance Sheet?

To prepare a consolidated balance sheet first name the document, it’s subsidiary and date at the head of the sheet. In the left-side column, create a section for assets, liabilities, and equity. All the numbers included in the sheet should match with the worksheet’s consolidated trial balances. After including the numbers from your worksheet, review the consolidated balance sheet.

The total assets, liabilities, and equity should be similar to the parent company. Lastly, add subsidiary and delete all the duplicate items.

(Courtesy: byjus.com)

FMS Accounts Package (Financial Management System)

The Accounting System has been designed to be user friendly so that users at all levels can operate it and generate the required accounting reports and MIS reports. Although the accounting system is based on double entry book keeping principles, the user need not have the knowledge of double entry accounting principles as this is abstracted and carried out in the back-end processing through the business logic in the programme. The principal features of the accounting module include:

- It is a web based application with simple and easy to use screens which will make it possible to deploy the system across multiple zones and departments.
- Role based access control providing logical security to use the system.
- The accounting entries are passed automatically in the back-end and are posted in the respective General Ledger based on the guidelines.
- Possible to generate the financial statements and other reports at any point of time/for any given period.
- Supports accounting for all types of transactions i.e. Receipts, Payments, Journal Vouchers and Contra Entries.
- Through FMS, real time inventory reports of DRs godown and DR Depots, Bank balances, turnover of GCC on periodical basis, profit & loss of the societies and corporation, supplies made through ECs & DRs credit sales can be accessed without waiting for the auditor to finalize the financial/stock position of the corporation.
- Minor Forest Produce(MFP) and Agriculture Produce (AP) quantities procured from tribal through MFP purchase centres and Paddy Procurement Centres(PPCs).
- Receipt and Payments statement of auditing can be accessed with just one click. All kinds of audit statements can be easily prepared.
- Through Balance sheet, net profit or loss for the period can be accessed.

10. PRINCIPLES OF COOPERATIVE MANAGEMENT

Following are the principles:

"1st Principle: Voluntary and Open Membership Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence. Co-operatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information. Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

6th Principle: Co-operation among Co-operatives. Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community. Co-operatives work for the sustainable development of their communities through policies approved by their members."

The cooperative movement in India started at the beginning of the 20th century. Though the movements were also based on some of the values and principles stated above, it appears that the cooperatives in India did not have effective autonomy, democratic functioning and professional management.

(Courtesy: Indian Cooperative)

Society Registration Act

Registration of Societies/NGO and subsequent statutory affairs under Telangana Societies Registration Act, 2001 –

Requirements

The Society objects must be --promotion of art, fine art, charity, crafts, religion, sports (excluding games of chance), literature, culture, science, political education, philosophy or diffusion of any knowledge or any public purpose.

- Minimum 7 members (general body).
- Minimum 3 executive committee members (out of the general body).
- Memorandum of Association(NGO Registration FORM) shall contain the name of the society;
- The aims and objects of the society;
- The names, and occupations of the members of the committee.

The bye-laws of a society shall contain provisions in respect of following matters:-

- identity of the society which includes name and address particulars of the society;
- activities of the society;
- Membership of the society i.e. eligibility, admission, withdrawal and termination
- General body which contains the manner of meetings to be held or convened, quorum, functions and responsibilities etc.
- Office bearers and their appointment/ election/ removal/recall and their responsibilities, etc ;
- Finances which includes types of funds to be raised, appointment of auditors, liability of members for discharge of debts, etc., and
- Other matters which cover the internal matters of settlement of internal disputes, dissolution of the society, etc;
- Society shall not be registered with the name which is against the provisions of the Emblems and Names (prevention of the improper use) Act, 1950. Within a district two societies shall not have identical or similar names. Words like co-operative, land development, reserve bank, union or State, Municipal or Chartered shall not be used in the Society without the permission of the State Government.
- A fee of Rs.10 shall be paid for registration
- Executive Committee Members photographs shall be affixed and submitted along with memorandum and byelaws for registration.
- Affidavit in the format provided shall be submitted along with the Memorandum and byelaws for registration.
- Every year the society within fifteen days from the date of the General Body meeting shall submit a list to the Registrar of societies. And that list shall contain the names and addresses of the members of the Managing Committee (Executive Committee) and officers entrusted with the management of the society.
- Executive Committee shall meet at least once in three months; and General Body shall meet at least once in a year.
- Amendments, if any, made shall be filed with Registrar.

(Courtesy: Registration Acts - Society(NGO) Registration)

To keep and maintain the records of the society

It is necessary that the managing committee of the society should have to prepare all registers, books of accounts and files.

It is the responsibility of the Secretary of the society to take entry in time in all registers kept in society

The society should have to prepare following registers permanently.

1. Managing Committee minute book
2. Register of General Body Meeting and special general body meeting.
3. All types of cash books
4. Bank Pass Book
5. Member Register
6. Bye-laws booklet
7. Audit Report
8. Papers regarding ownership of the society
9. Sanctioned plan / lay-out of the society
10. Various permissions letter regarding construction
11. Occupation certificate of the building
12. In addition to this all such papers which are necessary as per resolution of the society.

Records of the society shall be in possession of the Secretary.

After expiry of the tenure of the Secretary of the society, the responsibility to prepare list of the records, and hand over it as per list to the new secretary shall be of concerned Chairman, Secretary and Managing Committee.

If the Managing Committee whose tenure is expired has not handed over the record to the new managing committee in first meeting, then the Members of that managing committee shall be liable for action. After such action, the decision to disqualify them from contesting the election shall be taken by the Registrar of that society.

It shall be obligatory to keep the record of the society in the office of the society only. If there is no office of the society, the managing committee should fix the place for keeping record by making resolution. It shall be obligatory to keep record in such place.

The responsibility of maintaining the record of the society in neat and up to date shall be of Secretary and with him it is the responsibility of the managing committee also.

If the members demand for the inspection of the paper of the society/ copies then it shall be the responsibility of the Secretary to examine and to issue the copy by taking necessary fee under provision.

The Society may appoint salaried manager for looking after day to day working of the society. For this, the concerned candidate should have obtained the management diploma in Housing Co-operative Societies proposed by the Co-operation Department, or should have obtained qualification prescribed by the office of Commissioner Co-operation. The Society, where members number is 50 or more, then such society should appoint a full time manager and other small societies can appoint manager collectively. The General Body decides Manager’s working terms, conditions, salary etc.

(Courtesy: societyhive.com)

11. **INVENTORY MANAGEMENT**

Concept of Inventory:

What is inventory? Inventory refers to those goods which are held for eventual sale by the business enterprise. In other words, inventories are stocks of the product a firm is manufacturing for sale and components that make up the product. Thus, inventories form a link between the production and sale of the product.

The forms of inventories existing in a manufacturing enterprise can be classified into three categories:

(i) Raw Materials:
These are those goods which have been purchased and stored for future productions. These are the goods which have not yet been committed to production at all.

(ii) Work-in-Progress:
These are the goods which have been committed to production but the finished goods have not yet been produced. In other words, work-in-progress inventories refer to 'semi-manufactured products.'

(iii) Finished Goods:
These are the goods after production process is complete. Say, these are final products of the production process ready for sale. In case of a wholesaler or retailer, inventories are generally referred to as 'merchandise inventory'.

Some firms also maintain a fourth kind of inventory, namely, supplies. Examples of supplies are office and plant cleaning materials, oil, fuel, light bulbs and the like. These items are necessary for production process. In practice, these supplies form a small part of total inventory involving small investment. Therefore, a highly sophisticated technique of inventory management is not needed for these.

The size of above mentioned three types of inventories to be maintained will vary from one business firm to another depending upon the varying nature of their businesses. For example, while a manufacturing firm will have all three types of inventories, a retailer or a wholesaler business, due to its distinct nature of business, will have only finished goods as its inventories. In case of them, there will be, therefore, no inventories of raw materials as well as work-in-progress.

Motives for Holding Inventories:

A simple but meaningful question arises:
Why do firms hold inventories while it is expensive to hold inventories? The reply to this question is the motives behind holding inventories in an enterprise.

Researchers report that there are three major motives behind holding inventories in an enterprise:
1. Transaction Motive
2. Precautionary Motive
3. Speculative Motive

A brief description about each of these motives follows in seriatim:

1. Transaction Motive:
According to this motive, an enterprise maintains inventories to avoid bottlenecks in its production and sales. By maintaining inventories; the business ensures that production is not

interrupted for want of raw material, on the one hand, and sales also are not affected on account of non-availability of finished goods, on the other.

2. Precautionary Motive:

Inventories are also held with a motive to have a cushion against unpredicted business. There may be a sudden and unexpected spurt in demand for finished goods at times. Similarly, there may be unforeseen slump in the supply of raw materials at some time. In both the cases, a prudent business would surely like to have some cushion to guard against the risk of such unpredictable changes.

3. Speculative Motive:

An enterprise may also hold inventories to take the advantages of price fluctuations. Suppose, if the prices of raw materials are to increase rather steeply, the enterprise would like to hold more inventories than required at lower prices.

Benefits and Costs of Holding Inventories:

Holding inventories bears certain advantages for the enterprise.

The important advantages but not confined to the following only are as follows:

1. Avoiding Losses of Sales:
By holding inventories, a firm can avoid sales losses on account of non-supply of goods at times demanded by its customers.

2. Reducing Ordering Costs:
Ordering costs, i.e., the costs associated with individual orders such as typing, approving, mailing, etc. can be reduced, to a great extent, if the firm places large orders rather than several small orders.

3. Achieving Efficient Production Run:
Holding sufficient inventories also ensures efficient production run. In other words, supply of sufficient inventories protects against shortage of raw materials that may at times interrupt production operation.

Costs of Holding Inventories:

However, holding inventories is not an unmixed blessing. In other words, it is not that everything is good with holding inventories. It is said that every noble acquisition is attended with risks; he who fears to encounter the one must not expect to obtain the other. This is true of inventories also. There are certain costs also associated with holding inventories. Hence, it is necessary for a firm to take these costs into consideration while planning for inventories.

These are broadly classified into three categories:

1. Material Costs:
These include costs which are associated with placing of orders to purchase raw materials and components. Clerical and administrative salaries, rent for the space occupied, postage, telegrams, bills, stationery, etc. are the examples of ordering costs. The more the orders, the more will be the ordering costs and vice versa.

2. Carrying Costs:

These include costs involved in holding or carrying inventories like insurance charges for covering risks, rent for the floor space occupied, wages to labours, wastages, obsolescence or deterioration, thefts, pilferages, etc.
3. These also include opportunity costs. This means had the money blocked in inventories been invested elsewhere in the business, it would have earned a certain return. Hence, the loss of such return may be considered as an ‘opportunity cost’.

The above facts underline the need for inventory management, i.e., to decide the optimum volume of inventories in the firm/enterprise during the period.

Objectives of Inventory Management:

There are two main objectives of inventory management:

1. Making Adequate Availability of Inventories:

The main objective of inventory management is to ensure the availability of inventories as per requirements all the times. This is because both shortage and surplus of inventories prove costly to the organization. In case of shortage of availability in inventories, the manufacturing wheel comes to a grinding halt. The consequence is either less production or no production.

The either case results in less-sale to less revenue to less profit or more loss. On the other hand, surplus in inventories means lying inventories idle for some time implying cash blocked in inventories. Speaking alternatively, this also means that had the organization invested money blocked in inventories invested elsewhere in the business, it would have earned a certain return to the organization. Not only that, it would have also reduced the carrying cost of inventories and, in turn, increased profits to that extent.

2. Minimising Costs and Investments in Inventories:

Closely related to the above objective is to minimize both costs as well as volume of investment in inventories in the organization. This is achieved mainly by ensuring required volume of inventories in the organization all the times.

This benefits organization mainly in two ways. One, cash is not blocked in idle inventories which can be invested elsewhere to earn some return. Second, it will reduce the carrying costs which, in turn, will increase profits. In lump sum, inventory management, if done properly, can bring down costs and increase the revenue of a firm.

(Courtesy:yourarticlelibrary.com)

Stock control:

Otherwise known as inventory control, is used to show how much stock you have at any one time, and how you keep track of it.

It applies to every item you use to produce a product or service, from raw materials to finished goods. It covers stock at every stage of the production process, from purchase and delivery to using and re-ordering the stock.

Efficient stock control allows you to have the right amount of stock in the right place at the right time. It ensures that capital is not tied up unnecessarily, and protects production if problems arise with the supply chain.

This guide explains different stock control methods, shows you how to set one up and tells you where to find more information.

Types of stocks:
How much stock should you keep?

Stock control methods:
Stock control systems - keeping track manually
Stock control systems - keeping track using computer software
Using RFID for inventory control, stock security and quality management

Stock security:

Control the quality of your stock
Stock control administration

Types of stock:

Everything you use to make your products, provide your services and to run your business is part of your stock.

There are four main types of stock:
1. Raw materials and components - ready to use in production
2. Work in progress - stocks of unfinished goods in production
3. Finished goods ready for sale
4. Consumables - for example, fuel and stationery

The type of stock can influence how much you should keep - see the page in this guide on how much stock you should keep.

Stock value:

You can categorise stock further, according to its value. For example, you could put items into low, medium and high value categories. If your stock levels are limited by capital, this will help you to plan expenditure on new and replacement stock.

You may choose to concentrate resources on the areas of greatest value.
However, low-cost items can be crucial to your production process and should not be overlooked.

How much stock should you keep?

Deciding how much stock to keep depends on the size and nature of your business, and the type of stock involved. If you are short of space, you may be able to buy stock in bulk and then pay a fee to your supplier to store it, calling it off as and when needed.

Keeping little or no stock and negotiating with suppliers to deliver stock as you need it

Advantages	Disadvantages
Efficient and flexible - you only have what you need, when you need it	Meeting stock needs can become complicated and expensive
Lower storage costs	You might run out of stock if there's a hitch in the system
You can keep up to date and develop new products without wasting stock	You are dependent on the efficiency of your suppliers

This might suit your business if it's in a fast-moving environment where products develop rapidly, the stock is expensive to buy and store, the items are perishable or replenishing stock is quick and easy.

Keeping lots of stock:

Advantages	Disadvantages
Easy to manage	Higher storage and insurance costs
Low management costs	Certain goods might perish
You never run out	Stock may become obsolete before it is used
Buying in bulk may be cheaper	Your capital is tied up

This might suit your business if sales are difficult to predict (and it is hard to pin down how much stock you need and when), you can store plenty of stock cheaply, the components or materials you buy are unlikely to go through rapid developments or they take a long time to re-order.

Stock levels depending on type of stock

There are four main types of stock:

1. Raw materials and components

Ask yourself some key questions to help decide how much stock you should keep:
How reliable is the supply and are alternative sources available? Are the components produced or delivered in batches? Can you predict demand? Is the price steady? Are there discounts if you buy in bulk?

2. Work in progress - stocks of unfinished goods

Keeping stocks of unfinished goods can be a useful way to protect production if there are problems down the line with other supplies.

3. Finished goods ready for sale

You might keep stocks of finished goods when: Demand is certain, goods are produced in batches, you are completing a large order.

4. Consumables

For example, fuel and stationery. How much stock you keep will depend on factors such as:
reliability of supply, expectations of price rises, how steady demand is, discounts for buying in bulk.

Stock control methods:

There are several methods for controlling stock, all designed to provide an efficient system for deciding what, when and how much to order.

You may opt for one method or a mixture of two or more if you have various types of stock. For further information, see the page in this guide on types of stock.

Minimum stock level - you identify a minimum stock level, and re-order when stock reaches that level. This is known as the Re-order Level.

Stock review - you have regular reviews of stock. At every review you place an order to return stocks to a predetermined level.

Just In Time (JIT) - this aims to reduce costs by cutting stock to a minimum. Items are delivered when they are needed and used immediately. There is a risk of running out of stock, so you need to be confident that your suppliers can deliver on demand.

These methods can be used alongside other processes to refine the stock control system. For example:

Re-order lead time - allows for the time between placing an order and receiving it.

Economic Order Quantity (EOQ) - a standard formula used to arrive at a balance between holding too much or too little stock. It's quite a complex calculation, so you may find it easier to use stock control software.

Batch control - managing the production of goods in batches. You need to make sure that you have the right number of components to cover your needs until the next batch.

If your needs are predictable, you may order a fixed quantity of stock every time you place an order, or order at a fixed interval - say every week or month. In effect, you're placing a standing order, so you need to keep the quantities and prices under review.
First in, first out - a system to ensure that perishable stock is used efficiently so that it doesn't deteriorate. Stock is identified by date received and moves on through each stage of production in strict order.

Stock control systems - keeping track manually

Stocktaking involves making an inventory, or list, of stock, and noting its location and value. It's often an annual exercise - a kind of audit to work out the value of the stock as part of the accounting process.

Codes, including barcodes, can make the whole process much easier but it can still be quite time-consuming. Checking stock more frequently - a rolling inventory - avoids a massive annual exercise, but demands constant attention throughout the year. Radio Frequency Identification (RFID) tagging using handheld readers can offer a simple and efficient way to maintain a continuous check on inventory. See the page in this guide on using RFID for inventory control, stock security and quality management.

Any stock control system must enable you to:
track stock levels
make orders
issue stock

The simplest manual system is the stock book, which suits small businesses with few stock items. It enables you to keep a log of stock received and stock issued.

It can be used alongside a simple re-order system. For example, the two-bin system works by having two containers of stock items. When one is empty, it's time to start using the second bin and order more stock to fill up the empty one.

Stock cards are used for more complex systems. Each type of stock has an associated card, with information such as:
description
value
location
re-order levels, quantities and lead times (if this method is used)
supplier details
information about past stock history

More sophisticated manual systems incorporate coding to classify items. Codes might indicate the value of the stock, its location and which batch it is from, which is useful for quality control.

Stock control systems - keeping track using computer software

Computerised stock control systems run on similar principles to manual ones, but are more flexible and information is easier to retrieve. You can quickly get a stock valuation or find out how well a particular item of stock is moving.

A computerised system is a good option for businesses dealing with many different types of stock. Other useful features include:

Stock and pricing data integrating with accounting and invoicing systems. All the systems draw on the same set of data, so you only have to input the data once. Sales Order Processing and Purchase Order Processing can be integrated in the system so that stock balances and statistics are automatically updated as orders are processed.

Automatic stock monitoring, triggering orders when the re-order level is reached.

Automatic batch control if you produce goods in batches.

Identifying the cheapest and fastest suppliers.

Bar coding systems which speed up processing and recording. The software will print and read bar codes from your computer.

Radio Frequency Identification (RFID) which enables individual products or components to be tracked throughout the supply chain. See the page in this guide on using RFID for inventory control, stock security and quality management.

The system will only be as good as the data put into it. Run a thorough inventory before it goes "live" to ensure accurate figures. It's a good idea to run the previous system alongside the new one for a while, giving you a back-up and enabling you to check the new system and sort out any problems.

Choose a system

There are many software systems available. Talk to others in your line of business about the software they use, or contact your trade association for advice.
Make a checklist of your requirements. For example, your needs might include:
-multiple prices for items
-prices in different currencies
-automatic updating, selecting groups of items to update, single-item updating
-using more than one warehouse
-ability to adapt to your changing needs
-quality control and batch tracking
-integration with other packages
-multiple users at the same time
Avoid choosing software that's too complicated for your needs as it will be a waste of time and money.

Using RFID for inventory control, stock security and quality management

Radio Frequency Identification (RFID) allows a business to identify individual products and components, and to track them throughout the supply chain from production to point-of-sale.

An RFID tag is a tiny microchip, plus a small aerial, which can contain a range of digital information about the particular item. Tags are encapsulated in plastic, paper or similar material, and fixed to the product or its packaging, to a pallet or container, or even to a van or delivery truck.

The tag is interrogated by an RFID reader which transmits and receives radio signals to and from the tag. Readers can range in size from a hand-held device to a "portal" through which several tagged devices can be passed at once, e.g. on a pallet. The information that the reader collects is collated and processed using special computer software. Readers can be placed at different positions within a factory or warehouse to show when goods are moved, providing continuous inventory control.

Using RFID tagging for stock control offers several advantages over other methods such as barcodes:
tags can be read remotely, often at a distance of several metres
several tags can be read at once, enabling an entire pallet-load of products to be checked simultaneously
tags can be given unique identification codes, so that individual products can be tracked
certain types of tag can be overwritten, enabling information about items to be updated, e.g. when they are moved from one part of a factory to another

RFID tagging can be used:

to prevent over-stocking or under-stocking a product or component
for stock security, by positioning tag-readers at points of high risk, such as exits, and causing them to trigger alarms
for quality control, particularly if you make or stock items with a limited shelf life

The costs associated with RFID tagging have fallen over recent years, and continue to do so, to bring the process within the reach of more and more businesses. The benefits of more efficient stock control and improved security make it particularly attractive to retailers, wholesalers or distributors who stock a wide range of items, and to manufacturers who produce volume runs of products for different customers.

Stock security:

Keeping stock secure depends on knowing what you have, where it is located and how much it is worth - so good records are essential. Stock that is portable, does not feature the business' logo, or is easy to sell on, is at particular risk.

Thieves and shoplifters

A thief coming in from outside is an obvious threat. Check the security around your premises to keep the risk to a minimum. In a store, thieves may steal in groups - some providing a distraction while others take goods. Teach your staff to be alert and to recognise behaviour like this. Set up a clear policy and make sure staff are trained in dealing with thieves.

Offering to help a customer if you are suspicious will often prevent a theft. Avoid using confrontational words like "steal" if you do have to approach a suspected thief, and avoid getting into a dangerous situation.

Protect your stock:

Identify and mark expensive portable equipment (such as computers). If possible, fit valuable stock with security tags - such as Radio Frequency Identification tags - which will sound an alarm if they are moved.

Don't leave equipment hanging around after delivery. Put it away in a secure place, record it and clear up packaging. It is a good idea to dispose of packaging securely -leaving boxes in view could be an advertisement to thieves.
Take regular inventories.
Put CCTV in parking lots and other key locations.
Theft by staff
Theft by employees can sometimes be a problem. To prevent this:
Train staff about your security systems and your disciplinary policies and procedures. Training about the cost of stock theft will help, as many people aren't aware of the implications for company turnover and job security.
Set up procedures to prevent theft. Staff with financial responsibilities should not be in charge of stock records.
Restrict access to warehouses, stockrooms and stationery cupboards.
Regularly change staff controlling stock to avoid collusion or bad practice.

Control the quality of your stock:

Quality control is a vital aspect of stock control - especially as it may affect the safety of customers or the quality of the finished product.

Efficient stock control should incorporate stock tracking and batch tracking. This means being able to trace a particular item backwards or forwards from source to finished product, and identifying the other items in the batch.

Goods should be checked systematically for quality, faults identified and the affected batch weeded out. This will allow you to raise any problems with your supplier and at the same time demonstrate the safety and quality of your product.

With a good computerised stock control system, this kind of tracking is relatively straightforward. Manual stock control methods can also use codes to systematise tracking and make it easier to trace particular batches.

Radio Frequency Identification (RFID) can be used to store information about a product or component's manufacturing date, to ensure that it is sold or processed in time. The system can also be used to trace faulty products quickly and efficiently. See the page in this guide on using RFID for inventory control, stock security and quality management.

Stock control administration:

There are many administrative tasks associated with stock control. Depending on the size and complexity of your business, they may be done as part of an administrator's duties, or by a dedicated stock controller.

For security reasons, it's good practice to have different staff responsible for finance and stock.
Typical paperwork to be processed includes:
delivery and supplier notes for incoming goods
purchase orders, receipts and credit notes
returns notes
requisitions and issue notes for outgoing goods
Stock can tie up a large slice of your business capital, so accurate information about stock levels and values is essential for your company's accounting.
Figures should be checked systematically, either through a regular audit of stock -stocktaking - or an ongoing program of checking stock - rolling inventory.
If the figures don't add up, you need to investigate as there could be stock security problems or a failure in the system.

Health and safety:

Health and safety aspects of stock control are related to the nature of the stock itself. Issues such as where and how items are stored, how they are moved and who moves them might be significant - depending on what they are.

You might have hazardous materials on your premises, goods that deteriorate with time or items that are very heavy or awkward to move.

(Courtesy: infoentrepreneurs.org)

12. SCIENTIFIC MANAGEMENT OF GODOWNS

Food grains are the rich source of life sustaining nutrients. Cereals/flours are good carbohydrate sources. In addition, they provide protein, fat, vitamins, minerals, etc. They are the dietary staples providing the required calories for more than 95% of India's population. Among them, rice is the predominant cereal grain followed by wheat, maize, millet and sorghum. Cereals are annual crops but the consumption is throughout the year. Losses due to insect and rodent attack, microbial spoilage and pilferage may occur during storage. Hence, proper and safe storage methods need to be provided till they are consumed. Satisfactory storage can be achieved with proper and suitable packaging materials. Cereals in general are characterized by good storage stability, moderate density and low cost. Despite their good storage stability, they are affected by high humidity, physiological factors such as respiration and consequent heat build-up in grains, biological factors like insects, pests, rodents and microorganisms and to some extent by oxygen. Flours are more sensitive to humidity and are more prone to biological deteriorations than whole grains. All these factors cause qualitative and quantitative changes. As such, proper packaging and storage methods are essential for good storage stability.

Sugar is another important commodity, which is stored in bulk and sold loose at retail stores throughout the year. The type of spoilage and hence the packaging requirement varies according to the type of sugar. White cane sugar which is more popular in India is crystallized enough not to absorb water under normal storage conditions. But at high relative humidity it picks up moisture rapidly. To protect it from pilferage and spillage and insects like ant, proper packaging and storage methods are required.

Nature and Deteriorative Characteristics of Cereals/ Flours and Sugar

In order to design functional and economical package for any food product, knowledge of its deteriorative characteristics on storage and the causes of deterioration are essential. Cereal grains/flours during storage are affected by the following factors mutually working with each other in causing deterioration.

1. Physical factors like temperature and humidity.
2. Chemical factors like moisture and oxygen.
3. Physiological factors like respiration and heating.
4. Biological factors like insects and pests, microorganisms, rodents and birds.

Moisture is the most important factor among the ones related to rate of deterioration. The data relating moisture content with relative forms the basis for package design.

An equilibrium relative humidity of more than 70% can lead to mould growth in grains and flours. In whole grains, heating due to increased respiration rate may result in insect and/or fungal activity. Higher the temperature, lower will be the equilibrium moisture content. Hence, for better storage stability of grains, the moisture should be about 11 – 12 % and 10-11% for flours at the time of packaging. If the moisture content is very close to or above the critical level, diurnal changes in temperature can cause mould growth due to moisture condensation on the surface. Insects and mites also depend on grain moisture for their life. The optimum level of moisture for most of the insects was found to be between 11 and 16% in grains; 14% is the lowest moisture level, which permits fungal invasion in most of the cereals. Apart from controlling moisture, lowering of temperature and restricting oxygen supply also inhibit insect growth. Apart from these, varietal differences, the degree of maturity, methods of handling and transportation, and the number of broken/cracked kernels also effect the storage stability.

Sugar crystals are stable over a broad band of relative humidity. Its moisture content generally lies between 0.02 and 0.04%. But once it is exposed to 86% and above, it suddenly picks up moisture and turns watery. Hence, sugar is affected by moisture above 85% only. Above this, it picks up moisture and when it comes below due to changes in either temperature or variations in atmosphere, it dries out and crystals agglomerate themselves together. It is also susceptible to attack by insects like ant.

Packaging Requirements of Grains/Flours and Sugar

To retard the above deterioration in the products, a functional package:

1. Should have the ability to protect the contents from spoilage and spillage,
2. Should offer protection against environmental conditions, (should be a good barrier to moisture),
3. Should prevent insect infestation and insect damage (should have good insect resistant property),
4. Should offer protection against microorganisms, (should be oxygen barrier to prevent their growth),
5. Should possess necessary strength properties to withstand mechanical hazards during transportation and storage,
6. Should assist in selling by attractive graphics,
7. Should be economical, easily available and disposable, and
8. Should conform to the food laws.

Current trends in Packaging and Storage of Whole Grains/Flours and Sugar

In order to preserve the quality and wholesomeness of cereal grains, many storage methods are being employed. Cereals are mostly stored loose in bulk, in a variety of containers or in sacks stacked in godowns.

The method of choice of storage depends on factors like:

1. Type and value of produce.
2. Duration of storage.
3. Climate.
4. Transport system
5. Cost and availability of labour and sacks.
6. Incidence of rodents and certain types of insects and infestation.

The advantages and disadvantages of bulk storage over sack storage are as follows:

Bulk	Sacks
Inflexible storage	Flexibility of storage
Merchandisable	Partly merchandisable
Rapid handling	Slow handling
Little spillage	Considerable spillage
High capital cost	Low capital cost
Low operating cost	High operating cost
Low rodent loss potential	High rodent loss potential
Little protection against reinfestation	Reinfestation occurs

The advantage of bag storage over bulk storage of grains is that bags may be piled under any convenient shelter and can be transported and handled without special equipment. The main disadvantage is that bag's storage space and bagging become expensive particularly where labour charges are high. Under-water storage of grains in 60 kg unit packs packed in double plastic bags with nylon inner bag and nylon/ Al. foil/ PE outer bag was found to retain original freshness of the product even after prolonged storage. The seeds protected under water found to have better germination capacity than those stored by conventional methods. Carbon dioxide packaging is more effective than air. Low temperature storage in straw or gunny bags also yields better results.

Unit Packages

Retail packaging is the key to successful marketing of modern food products. It goes beyond eye appeal, convenience in size, shape and ease of opening. The product is to be protected against infestation, contamination, entry of oxygen and moisture.

The main function of the unit packages for cereal flours and sugar is containment of a measured quantity. So, the consumer knows how much he or she is buying and the merchant knows how much to charge quickly and easily for the transaction. As the bulk density of these products is high, packaging material needs to have good impact strength and good tensile strength for working on FFS machines and good puncture resistance as some grains have sharp edges. Textile / jute/ burlap bags are used for this purpose for above 10 kg unit packs. But as they are highly vulnerable to vermin infestation, plastic woven sacks are being used for the purpose. Up to 10 kg unit packs, both LDPE and LLDPE meet the requirements and blends of the two, with LLDPE being used for additional strength, are the most commonly used packaging materials.

Insect Infestation in Grains and Flours

Insect infestation is a major problem in grains and flours. They are the prime targets of many predators like insects, pests, rodents, mites and undesirable microorganisms. Besides destroying a significant portion of food, they qualitatively affect the remaining part through excretion of toxic chemicals and contamination with excreta and insect fragments. Standards specify maximum limits for these parameters. Though insect penetration can be controlled by using different packaging materials, initial insect contamination should be destroyed at the time of packing. Insect resistance of packaging materials for some common insects is presented. Vacuum or CO_2 packaging can prevent the development of pests inside the bag. But the high barrier films required for them are expensive. Hence periodic treatment with permitted pesticides only can prevent reinfestation or cross infestation. The grains are to be fumigated or irradiated or treated with microwave. Permeabilities of different films and laminates to fumigants are given in 5.4. When used in the recommended dosages, shelf-life of grains will be extended to more than 6 months as against one month for the untreated product. These methods have been found to be most effective in controlling pests in grains / flours.

Recent Trends

Retail packaging being the present trend, the stress is on use of more decoration, transparency, simplification of package construction and production of packages by automatic means. Since preservation in smaller packages is more difficult, use of increased quantities of films and laminates for improved protection and increased shelf life will become popular. This will be expensive as more storage space and more packaging materials are required. Hence, a unit package must be carefully designed and automatically packed for cost reduction

Conclusion

It can be concluded that packaging for cereals/flours and sugar is vital and necessary for storage, handling, display and preservation of these products in the present economy. However, since these are essential commodities, packaging must accomplish all its functions at the lowest possible cost. As such, minimizing losses using economical packaging is the need of the hour.

(Courtesy: http://icpe.in/)

13. E-COMMERCE

ABSTRACT

E-commerce stands for electronic commerce and pertains to trading in goods and services through the electronic medium. B2B, B2C, C2C and similar opportunity help consumer preferences and consumer markets developing electronic infrastructure for challenges of the future. E-commerce has revolutionized business, changing the shape of competition with internet (The NET), the computer communication network creating a e-commerce market place for consumers and business. With developments in the Internet and Web-based technologies, distinctions between traditional markets and the global electronic marketplace-such as business capital size, among others-are gradually being narrowed down. India is showing tremendous growth in the Ecommerce. The low cost of the PC and the growing use of the Internet is one of reasons for that. There is a growing awareness among the business community in India about the opportunities offered by ecommerce. The present paper mainly aims to discuss the Role of E-commerce in Today's Business.

Keywords: Strategy, Technology, Communications, Digital Information.

1. INTRODUCTION

1. What is e-commerce?

Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. It also pertains to "any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact.

E-commerce is usually associated with buying and selling over the Internet, or conducting any transaction involving the transfer of ownership or rights to use goods or services through a computer-mediated network.

Though popular, this definition is not comprehensive enough to capture recent developments in this new and revolutionary business phenomenon. A more complete definition is

E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals

1.1. Is e-commerce the same as e-business?

While some use e-commerce and e-business interchangeably, they are distinct concepts. In e-commerce, information and communications technology (ICT) is used in inter-business or inter-organizational transactions (transactions between and among firms/organizations) and in business-to-consumer transactions (transactions between firms/organizations and individuals).

In e-business, on the other hand, ICT is used to enhance one's business. It includes any process that a business organization (either a for-profit, governmental or a non-profit entity) conducts over a computer-mediated network. A more comprehensive definition of e-business is "The transformation of an organization's processes to deliver additional customer value through the application of technologies, philosophies and computing paradigm of the new economy."

1.2. What are the different types of e-commerce?

The major different types of e-commerce are

• Business-to-business (B2B)

• Business to-consumer (B2C)
• Business-to-government (B2G)
• Consumer-to-consumer (C2C)
• Mobile commerce (m-commerce)

1.3. What is B2B e-commerce?

B2B e-commerce is simply defined as e-commerce between companies. This is the type of e-commerce that deals with relationships between and among businesses. About 80% of e-commerce is of this type, and most experts predict that B2B ecommerce will continue to grow faster than the B2C segment.

The B2B market has two primary components: e-infrastructure and e-markets. E-infrastructure is the architecture of B2B, primarily consisting of the following:

Logistics - transportation, warehousing and distribution (e.g., Procter and Gamble);

Application service providers - deployment, hosting and management of packaged software from a central facility (e.g., Oracle and Link share);

Outsourcing of functions in the process of e-commerce, such as Web-hosting, Security and customer care solutions (e.g., outsourcing providers such as e-share, Net Sales, iXL Enterprises and Universal Access);

Auction solutions software for the operation and maintenance of real-time auctions in the Internet (e.g., Moai Technologies and Open Site Technologies);

Content management software for the facilitation of Web site content management and delivery (e.g., Interwoven and Procure Net); and

Web-based commerce enablers (e.g., Commerce One, a browser-based, XML enabled purchasing automation software).

E-markets are simply defined as Web sites where buyers and sellers interact each other and conduct transactions.

A Private Industrial Network-This graph shows that how e-commerce helps in private industrial network.

2. WHAT IS B2C E-COMMERCE?

Business-to-consumer e-commerce, or commerce between companies and consumers, involves customers gathering information; purchasing physical goods (i.e., tangibles such as books or consumer products) or information goods (or goods of electronic material or digitized content, such as software, or e-books); and, for information goods, receiving products over an electronic network.

B2C e-commerce reduces transactions costs (particularly search costs) by increasing consumer access to information and allowing consumers to find the most competitive price for a product or service.

B2C e-commerce also reduces market entry barriers since the cost of putting up and maintaining a Web site is much cheaper than installing a "brick-and-mortar" structure for a firm.

In the case of information goods, B2C e-commerce is even more attractive because it saves firms from factoring in the additional cost of a physical distribution network. Moreover, for countries with a growing and robust Internet population, delivering information goods becomes increasingly feasible.

3. WHAT IS B2G E-COMMERCE?

Business-to-government e-commerce or B2G is generally defined as commerce between companies and the public sector. It refers to the use of the Internet for public procurement, licensing procedures, and other government-related operations. This kind of e-commerce has two features: first, the public sector assumes a pilot/leading role in establishing e-commerce; and second, it is assumed that the public sector has the greatest need for making its procurement system more effective.

Web-based purchasing policies increase the transparency of the procurement process (and reduce the risk of irregularities). To date, however, the size of the B2G ecommerce market, as a component of total e-commerce is insignificant, as government, E-procurement systems remain undeveloped.

4. WHAT IS C2C E-COMMERCE?

Consumer-to-consumer e-commerce or C2C is simply commerce between private individuals or consumers.

This type of e-commerce is characterized by the growth of electronic marketplaces and online auctions, particularly in vertical industries where firms/businesses can bid for what they want from among multiple suppliers. It perhaps has the greatest potential for developing new markets.

Consumer-to-business (C2B) transactions involve reverse auctions, which empower the consumer to drive transactions. A concrete example of this when competing airlines gives a traveller best travel and ticket offers in response to the traveller's post that she wants to fly from New York to San Francisco.

There is little information on the relative size of global C2C e-commerce. However, C2C figures of popular C2C sites such as eBay and Napster indicate that this market is quite large. These sites produce millions of dollars in sales every day.

5. WHAT IS M-COMMERCE?

M-commerce (mobile commerce) is the buying and selling of goods and services through wireless technology-i.e. handheld devices such as cellular telephones and personal digital assistants (PDAs). Japan is seen as a global leader in m-commerce.

As content delivery over wireless devices becomes faster, more secure, and scalable, some believe that m-commerce will surpass wire line e-commerce as the method of choice for digital commerce transactions. This may well be true for the Asia-Pacific where there are more mobile phone users than there are Internet users.

Industries affected by m-commerce include:

Financial services, including mobile banking (when customers use their handheld devices to access their accounts and pay their bills), as well as brokerage services (in which stock quotes can be displayed and trading conducted from the same handheld device);

Telecommunications, in which service changes, bill payment and account reviews can all be conducted from the same handheld device; Service/retail, as consumers are given the ability to place and pay for orders on-the-fly; and Information services, which include the delivery of entertainment, financial news, sports figures and traffic updates to a single mobile device.

6. BENEFITS OF E-COMMERCE

Transaction costs. Three cost areas are significantly reduced through the conduct of B2B e-commerce.

First is the reduction of search costs, as buyers need not go through multiple intermediaries to search for information about suppliers, products and prices as in a traditional supply chain. In terms of effort, time and money spent, the Internet is a more efficient information channel than its traditional counterpart.

Second is the reduction in the costs of processing transactions (e.g. invoices, purchase orders and payment schemes), as B2B allows for the automation of transaction processes and therefore, the quick implementation of the same compared to other channels (such as the telephone and fax). Efficiency in trading processes and transactions is also enhanced through the B2B e-market's ability to process sales through online auctions.

Third, online processing improves inventory management and logistics.

Disintermediation. Through B2B e-markets, suppliers are able to interact and transact directly with buyers, thereby eliminating intermediaries and distributors. However, new forms of intermediaries are emerging. For instance, e-markets themselves can be considered as intermediaries because they come between suppliers and customers in the supply chain.

Transparency in pricing. Among the more evident benefits of e-markets is the increase in price transparency. The gathering of a large number of buyers and sellers in a single e-market reveals market price information and transaction processing to participants. The Internet allows for the publication of information on a single purchase or transaction, making the information readily accessible and available to all members of the e-market.

Increased price transparency has the effect of pulling down price differentials in the market. In this context, buyers are provided much more time to compare prices and make better buying decisions.

7. SUPPLY CHAIN MANAGEMENT

Supply Chain Management (SCM) is defined as the supervision of materials, information, and finances as they move from supplier to manufacturer to wholesaler to retailer to consumer. It involves the coordination and integration of these flows both within and among companies. The goal of any effective supply chain management system is timely provision of goods or services to the next link in the chain (and ultimately, the reduction of inventory within each link).

There are three main flows in SCM, namely:

The product flow, which includes the movement of goods from a supplier to a customer, as well as any customer returns or service needs;

The information flow, which involves the transmission of orders and the update of the status of delivery; and

The finances flow, which consists of credit terms, payment schedules, and consignment and title ownership arrangements.

Some SCM applications are based on open data models that support the sharing of data both inside and outside the enterprise, called the extended enterprise, and include key suppliers, manufacturers, and end customers of a specific company. Shared data resides in diverse database systems, or data warehouses, at several different sites and companies. Sharing this data "upstream" (with a company's suppliers) and "downstream" (with a company's clients) allows SCM applications to improve the time-to-market of products and reduce costs. It also allows all parties in the supply chain to better manage current resources and plan for future needs.

8. WHAT ARE THE EXISTING PRACTICES WITH RESPECT TO BUYING AND PAYING ONLINE?

In most developing countries, the payment schemes available for online transactions are the following:

A.Traditional Payment Methods

• Cash-on-delivery. Many online transactions only involve submitting purchase orders online. Payment is by cash upon the delivery of the physical goods.

• Bank payments. After ordering goods online, payment is made by depositing cash into the bank account of the company from which the goods were ordered. Delivery is likewise done the conventional way.

B.Electronic Payment Methods

Payment System	Description
Digital Credit Card Payment	Secure services for credit card payments on internet
Digital Wallet	Software Stores Credit Card And Other Information
Accumulated Balance Payment System	Accumulates Micropayment Purchases As Debit Balance To Be Paid Periodically
Stored Value Payment Systems	Enables Consumers To Make Instant Payments Based On Value Stored In Digital Account
Digital Cash	Digital Currency Used For Micropayments Or Larger Purchases
Peer-To-Peer Payment Systems	Sends Money Via Web To Persons Or Vendors Not Set Up To Accept Credit Card Payments
Digital Checking	Provides Electronic Check With Secure Digital Signature
Electronic Billing Presentment & Payment	Supports Electronic Payment For Online And Physical Store Purchases

9. FUTURE SCOPE

Experts predict a promising and glorious future of ecommerce in the 21st century. In the foreseeable future ecommerce will further confirm itself a major tool of sale. Successful ecommerce will become a notion absolutely inseparable from the web, because e-shopping is becoming more and more popular and natural. At the same time severe rivalry in the sphere of ecommerce services will intensify their development. Thus prevailing future trends of ecommerce will be the growth of Internet sales and evolution.

Each year number of ecommerce deals grows enormously. Sales volumes of on-line stores are more than comparable with those of "brick-and-mortar" ones. And the tendency will continue, because a lot of people are "imprisoned" by work and household duties, while Internet saves a lot of time and gives opportunity to choose goods at the best prices. Present-day Internet sales boom is the foundation for magnificent ecommerce future. To attract more customers e-store-owners will have not only to increase the number of available services, but to pay more attention to such elements like attractive design, user-friendliness, appealing goods presentation, they will have to opportunely employ modern technologies for their businesses to become parts of ecommerce future.

(Courtesy: https://www.ijccr.com/)

13. E-PROCUREMENT

Electronic procurement, usually simply referred to as “e-procurement”, is a term used in professional purchasing and e-commerce for B2B transactions – that is to say business to business. It isn’t about ordering goods from individual customers, but rather communication between businesses. E-procurement isn’t targeted at private customers shopping in a web shop, but instead at companies using a digital solution to regulate purchases between one another. There are **several advantages to using this modern purchasing solution**, with the automation of several parts of the process saving a considerable amount of time for the companies involved.

In the course of digitization, many areas within companies have changed. Back office processes in particular can be carried out more efficiently with digital solutions. This also includes purchasing. The fact that e-procurement plays an increasingly important role is also because some goods and services, such as software or web services, can only be purchased digitally anyway.

In most cases, electronic procurement is based on so-called ERP systems. **Enterprise resource planning** systems are software solutions specially designed for companies, which support business processes and simplify merchandise management.

Definition

E-procurement is the shortened form for electronic procurement. It uses digital solutions to make purchases within a company. Electronic procurement is a term from the business-to-business (B2B) sector, as it refers exclusively to company transactions.

Contents

What is e-procurement?

In principle, e-procurement is the digital process of **procurement**. This means that paper order forms, catalogs, and paper price lists aren’t needed, and communication with the supplier is **predominantly digital**. When it comes to e-procurement, companies rely on software designed to make their purchasing processes more efficient.

It is crucial for e-procurement that the purchasing process is perfectly integrated. Ideally, the systems of both businesses would work together seamlessly – the company can then immediately see whether the supplier has the required item in stock, and whether the order has been received.

Both parties now mostly rely on the internet for communication purposes. Due to the need to **keep data secure**, some companies also prefer networking via their own extranet. Business partners can then access each other’s intranet via a VPN connection, for example. The data is transmitted via a secure IP tunnel.

Steps of e-procurement

E-procurement systems should offer a digital equivalent for every steps of the purchasing process. Purchasing processes often also require access to other areas of a company, and so electronic procurement can also be linked to processes and programs from other departments as well.

Supply management

A large part of purchasing work consists of obtaining and comparing supplies. **E-procurement solutions can centralize this work**, so you can maintain a clear overview. However, this depends on how the system used is set up. Sometimes all supplies get entered automatically into the software. On the most basic level, however, online catalogues can be used to research supply levels and types, whether this is internal or external.

Approval process

In most companies, specific approval procedures are required before a transaction can be executed. Because not every employee is allowed to make certain orders, "parent authorities" must give their approval. This kind of process can be **simplified and sped up** by electronic procurement systems. The software can automatically forward the approval process to the next person. In addition, purchasing rights can be assigned and revoked centrally via the software, which can also save time.

Transaction

Finally, the e-procurement system can also **carry out the actual order**. Data can be transferred in various ways. In some systems, data can be forwarded directly via the internet or via VPN to the supplier's server. It is slightly more complicated if information first has to be sent by e-mail to the supplier, but even this process can be sped up if both sides use standardized formats through which the data can be transferred easily.

There is a difference between **automatic and manual procurement orders**:

- **Automated procurement:** depending on the product required, e-procurement systems can order goods automatically. This procedure is suitable for articles that are necessary for production, for example. The key factor here is that there are **fixed supply contracts**.

- **Manual procurement:** e-procurement can also support individual procurements that are required at irregular intervals, and are not tied to a particular supplier and sometimes require more complex approval processes.

Tracking

Even after successful order placement, electronic procurement software can still be of use. If the procurement system is given real-time data from the supplier, it is possible to **monitor the delivery**. This allows the order to be tracked from the manufacturer or distributor to the ordering company.

Payment

Financial processing can be handled via the electronic procurement system, provided that there is a link to the accounting software. Both participants can benefit from online processing. On the supplier's side, it is possible to make invoices via the system. The invoice can also be transmitted directly via the system, and is sent to the person responsible.

However, electronic invoices must be signed with an approved electronic signature. This feature must be integrated in the corresponding e-procurement system for payments to be valid.

Reporting

Since the e-procurement system documents all processes, **creating reports is much easier** than with traditional procurement, which relies primarily on paper documents. Analyses can often fall back on the numerous data stored in the electronic system. Reports on individual employees, different departments, or the suppliers used are all possible. This makes it easy to report on the effectiveness of a company’s own employees, as well as the performance of its suppliers.

Necessary standards

For e-procurement to function at its best, certain standards should be adhered to – at best, internationally. These go beyond the obvious technical requirements.

- **Product identification:** retailers have introduced **standardized identification numbers**. Just the number tells you what the product is without having to look at and compare the other product specifications. Standardized product identifications can also be registered more easily by most databases, such as EAN, UPC.
- **Classification**: classification of products and services is not always easy, as it is sometimes possible to assign them to several categories. However, **uniform standards are useful** so that products can be organized into catalogues and correctly categorized. In this way, the customer can also find the product faster.
- **Formats:** to ensure that both businesses receive the information they need, it is necessary to use data formats that ideally can be handled by all parties without the need for conversions, such as with CSV, PRICAT, PRODAT, cXML.
- **Transactions:** to complete transactions, purchase orders, and send out deliveries as quickly as possible, it is a good idea to use a uniform format for any transaction documents, which can then be easily processed by machines or software.
- **Business processes:** in addition to individual transactions, it is possible to standardize business process mapping. This allows multiple actions within a process to be triggered at once, such as with ebXML, Biztalk.

Different types of system

There are different types of systems that can be distinguished according to technical aspects, or according to which one of the commercial business partners involved determines the system defaults.

Technical implementation

Technical implementation refers to the communication between the companies, i.e. between buyers and suppliers, using uniform standard forms. This allows different software solutions to exchange information.

The systems are distinguished primarily by how “open” they are:

- **Closed systems:** in a closed system, suppliers and purchasers are connected. To do this, both sides must either use the same software or adapt their interfaces. The latter can sometimes be very complex, which is why the installation is only worthwhile if it can be assumed that both sides communicate with each other permanently and frequently.
- **Semi-open systems:** these systems usually originate from the supplier. They have a self-contained network and offer their customers access via an interface. Companies can either access the system via a browser and place orders, or adapt their own software to the supplier’s interface.
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- **Open systems**: with an open system, there is no direct connection between the systems of both parties. Instead, a kind of online catalog is regularly posted on the internet by the supplier, through which customers can place orders. This system is asynchronous because the software does not compare orders and stocks in real time.

Commercial implementation

Commercial implementation is differentiated according to **which side of the transaction (supplier or purchaser) makes the specifications for the system used**. This is usually related to which of the two partners is **financially stronger and more influential**.

Although the three models presented below are in principle independent of each other, it is now often **possible to combine the different systems** due to increasing standardization of formats and techniques.

Sell-Side

In this model, the **vendor specifies** how the recipients are to place orders. However, since it is in the interest of the provider to generate as much turnover as possible, naturally it is in the interest of the vendor to guarantee buyers the easiest possible access. For this purpose, the supplier can provide an easy-to-use web application, offer corresponding software, or supply the customer with a hardware solution.

Sell-side systems are often comparable to a web shop, because the customer can see the product range of the supplier and place orders directly. The disadvantage for the buyer is that there is **no possibility to compare offers**. Suppliers' offers can be integrated in different ways. For example, it is possible for suppliers to send their information by e-mail, and these are then entered manually into the company's system.

Buy-Side

If companies have enough influence or demand, they can choose for their system to be used by the suppliers. Suppliers must then adapt their solutions to the system of the respective company. This gives the company many options and makes it easier to customize processes (e.g. rights distribution and accounting simplification), which would be more difficult with a sell-side solution.

Companies often implement these structures in the form of **desktop purchasing systems (DPS).** This means that every employee with corresponding rights can process all orders from their workstation. Such solutions do not have to be developed or maintained by the company itself. Instead, procurement service providers often offer complete packages where maintenance is carried out by external specialists.

Marketplace

A marketplace is provided by a third party. In this system, the starting position for suppliers and purchasers is the same: **both sides have to adapt their processes to the specifications of the e-procurement operator**, who charges both for use of the system. It is also possible that a group of customers and suppliers could offer to manage this kind of marketplace. The advantage for purchasing companies is that, unlike the sell-side model, several providers are available in this kind of marketplace. However, this kind of solution cannot be easily integrated into the purchaser's ERP system. To overcome this, some marketplaces offer additional services that make working with the system easier.

Advantages of e-procurement over traditional methods

Electronic procurement can have considerable advantages for both purchasing companies and the suppliers involved. However, first an e-procurement system must first be put into use – and this does not only apply to the technical implementation, but includes the work routine within the company, which must be adapted to the new system. Tasks may have to be redistributed and all employees have to be trained in electronic procurement.

Once these initial challenges have been made, e-procurement offers the **following advantages**:

- **Automation:** in traditional non-digital procurement, purchasing and related departments spend a lot of time performing routine tasks over and over again. Requesting supplier catalogs takes time – this process that can be automated through electronic procurement.

- **Procurement time:** even without automation effects, e-procurement saves the working time of the employees involved and reduces the procurement time. This can already be attributed to the fact that the transmission speed of digital data is higher than that of printed information. If a supplier has a good e-procurement interface, order data is immediately integrated into the supplier's system. This saves time in processing orders.

- **Distribution of rights:** an electronic procurement system also helps users to optimize the allocation and compliance with **release rights**. This technology can be used to ensure that no one carries out orders without the appropriate rights – they have to have been approved first. Corresponding rights can be assigned quickly via an IT solution and can also be withdrawn easily.
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- **Costs:** procurement processes are often costly. Printing and paper costs alone cost a lot of money, and are not good for the environment. The installation of e-procurement systems is also expensive, but in the long run it pays off to purchase and integrate digital solutions.

- **Flexibility:** with e-procurement offer comparison and research is much easier to carry out.

- **Quality:** increasing levels in electronic procurement are primarily related to the quality of product information. Since all information (such as product data) is transmitted electronically, e-procurement **reduces the number of data entry errors**. In addition, the digital publication provides suppliers with much more information on goods, which in turn can be filtered as required. This means that **every buyer can display exactly the data that is important**. In addition, product or service information can be enhanced by high-quality multimedia content (images, sound, video).

Security aspects of electronic procurement

In the professional procurement of services and goods, important information passes between businesses, and **it is essential that the exchange is secure and reliable.**

- **Data security:** when using e-procurement systems, it must be ensured that the transmitted data **cannot be read or accessed by third parties**. It is best if data transmission is not carried out via the public internet. It is better to use a secure, encrypted VPN connection.

- **Reliable transmission:** it is also important that all information reaches business partners without missing any details. This is generally easier to achieve with e-procurement than with traditional purchasing methods.

- **Binding data:** in e-procurement, the programs transfer contracts and other legally-binding documents. Appropriate measures are needed to ensure that both sides can be sure that commitments are being kept. In some cases, for example, a password may suffice to provide a binding confirmation, in other cases a legally binding digital signature will be required.

(Courtesy: https://www.ionos.com/)

14. THE CONSUMER PROTECTION ACT

The Consumer Protection Act, 2019 is an important topic. In this article, we give you a brief description of the details of the newly-passed Act, salient provisions of the Act, its importance and associated concerns.

The new Consumer Protection Act was passed by Parliament in 2019. It replaces the Consumer Protection Act, 1986.

Need for the new act:

- The Digital Age has ushered in a new era of commerce and digital branding, as well as a new set of customer expectations. Digitisation has provided easy access, a large variety of choices, convenient payment mechanisms, improved services and shopping as per convenience. However, there are also associated challenges related to consumer protection.
- To help address the new set of challenges faced by consumers in the digital age, the Indian Parliament passed the landmark Consumer Protection Bill, 2019 which aims to provide timely and effective administration and settlement of consumer disputes.

Details:

- Consumer Protection Act, 2019 is a law to protect the interests of the consumers. This Act provides safety to consumers regarding defective products, dissatisfactory services, and unfair trade practices.
- The basic aim of the Consumer Protection Act, 2019 is to save the rights of the consumers by establishing authorities for timely and effective administration and settlement of consumers' disputes.

Rights of the consumers:

- Consumers have the right to information on various aspects of goods and services. This could be information about the quantity, quality, purity, potency, price, and standard of goods or services.
- To be protected from hazardous goods and services. Right to protection against goods and services that can be dangerous to life and property.
- To be protected from unfair or restrictive trade practices.
- Consumers have the right to access a variety of goods and services at competitive prices.
- Consumers should have the right to redressal.

Salient Provisions of the Consumer Protection Act

New definition of consumer:

- The new Act has widened the definition of 'consumer'.

Definition of consumer:

- As per the Act, a person is called a consumer who avails the services and buys any good for self-use. Worth to mention that if a person buys any good or avails any service for resale or commercial purposes, he/she is not considered a consumer. This definition covers all types of transactions i.e. offline and online through teleshopping, direct selling or multi-level marketing.

Central Consumer Protection Authority:

- The Act proposes the establishment of the Central Consumer Protection Authority (CCPA) as a regulatory authority.
- The CCPA will protect, promote and enforce the rights of consumers and regulate cases related to unfair trade practices, misleading advertisements, and violation of consumer rights.
- CCPA would be given wide-ranging powers.
    - The CCPA will have the right to take suo-moto actions, recall products, order reimbursement of the price of goods/services, cancel licenses, impose penalties and file class-action suits.
    - The CCPA will have an investigation wing to conduct independent inquiry or investigation into consumer law violations.

Consumer Disputes Redressal Commission:

- The Act has the provision of the establishment of Consumer Disputes Redressal Commissions (CDRCs) at the national, state and district levels to entertain consumer complaints.
- As per the notified rules, the State Commissions will furnish information to the Central Government on a quarterly basis on vacancies, disposal, the pendency of cases and other matters.
- The CDRCs will entertain complaints related to:
    - Overcharging or deceptive charging
    - Unfair or restrictive trade practices
    - Sale of hazardous goods and services which may be hazardous to life.
    - Sale of defective goods or services
    - As per the Consumer Disputes Redressal Commission Rules, there will be no fee for filing cases up to Rs. 5 lakh.

E-Filing of Complaints:

- The new Act provides flexibility to the consumer to file complaints with the jurisdictional consumer forum located at the place of residence or work of the consumer. This is unlike the earlier condition where the consumer had to file a complaint at the place of purchase or where the seller has its registered office address.
- The new Act also contains enabling provisions for consumers to file complaints electronically and for hearing and/or examining parties through video-conferencing.
- Consumers will also not need to hire a lawyer to represent their cases.

Product Liability & Penal Consequences:

- The Act has introduced the concept of product liability.
    - A manufacturer or product service provider or product seller will now be responsible to compensate for injury or damage caused by defective products or deficiency in services.
- This provision brings within its scope, the product manufacturer, product service provider and product seller, for any claim for compensation. The term ‘product seller’ would also include e-commerce platforms.

Penalties for Misleading Advertisement:

- The CCPA may impose a penalty on a manufacturer or an endorser, for a false or misleading advertisement. The CCPA may also sentence them to imprisonment.

Provision for Alternate Dispute Resolution:

- The new Act provides for mediation as an Alternate Dispute Resolution mechanism. For mediation, there will be a strict timeline fixed in the rules.
- As per the recently notified rules, a complaint will be referred by a Consumer Commission for mediation, wherever scope for early settlement exists and parties agree for it. The mediation will be held in the Mediation Cells to be established under the aegis of the Consumer Commissions. There will be no appeal against settlement through mediation.

Unfair Trade Practices:

- The new Act has armed the authorities to take action against unfair trade practices too.
- The Act introduces a broad definition of Unfair Trade Practices, which also includes the sharing of personal information given by the consumer in confidence unless such disclosure is made in accordance with the provisions of any other law.

The Central Consumer Protection Council:

- The Consumer Protection Act empowers the Central Government to establish a Central Consumer Protection Council. It will act as an advisory body on consumer issues.
    - As per the notified Central Consumer Protection Council Rules, the Central Consumer Protection Council would be headed by the Union Minister of Consumer Affairs, Food and Public Distribution with the Minister of State as Vice Chairperson and 34 other members from different fields.
    - The Council, which has a three-year tenure, will have a Minister-in-charge of consumer affairs from two States from each region – North, South, East, West, and NER. There is also a provision for having working groups from amongst the members for specific tasks.

Applicability:

- This Act is applicable to all the products and services, until or unless any product or service is especially debarred out of the scope of this Act by the Central Government.

Aspirants can read about different rights available to Indian citizens from the links given below:

<u>Significance of the Act:</u>

Empowering consumers:

- The new Act will empower consumers and help them in protecting their rights through its various rules and provisions. The new Act will help in safeguarding consumer interests and rights.
    - Consumer-driven businesses such as retail, e-commerce would need to have robust policies dealing with consumer redressal in place.
    - The new Act will also push the consumer-driven businesses to take extra precautions against unfair trade practices and unethical business practices.

Inclusion of the e-commerce sector:

- The earlier Act did not specifically include e-commerce transactions, and this lacuna has been addressed by the new Act.
    - E-commerce has been witnessing tremendous growth in recent times. The Indian e-commerce market is expected to grow to US$ 200 billion by 2026.

- The Act also enables regulations to be notified on e-commerce and direct selling with a focus on the protection of interest of consumers. This would involve rules for the prevention of unfair trade practices by e-commerce platforms.
    - As per the notified rules, every e-commerce entity is required to provide information relating to return, refund, exchange, warranty and guarantee, delivery and shipment, modes of payment, grievance redressal mechanism, payment methods, the security of payment methods, charge-back options, etc. including country of origin which are necessary for enabling the consumer to make an informed decision at the pre-purchase stage on its platform.
    - The e-commerce platforms will have to acknowledge the receipt of any consumer complaint within forty-eight hours and redress the complaint within one month from the date of receipt under this Act. This will bring e-commerce companies under the ambit of a structured consumer redressal mechanism.
    - E-commerce entities that do not comply will face penal action.

Time-bound redressal:

- A large number of pending consumer complaints in consumer courts have been common across the country. The new Act by simplifying the resolution process can help solve the consumer grievances speedily.
- A main feature of the Act is that under this, the cases are decided in a limited time period.

Responsible endorsement:

- The new Act fixes liability on endorsers considering that there have been numerous instances in the recent past where consumers have fallen prey to unfair trade practices under the influence of celebrities acting as brand ambassadors.
- This will make all stakeholders – brands, agencies, celebrities, influencers and e-commerce players – a lot more responsible. The new Act would force the endorser to take the onus and exercise due diligence to verify the veracity of the claims made in the advertisement to refute liability claims.

Upholding consumer interests:

- For the first time, there will be an exclusive law dealing with Product Liability.
- Product liability provision will deter manufacturers and service providers from delivering defective products or deficient services.
- The new legislation empowers the National Consumers Dispute Redressal Committee as well as the State Commission to declare null and void any terms of a contract while purchasing a product. This will go a long way in protecting consumers, who are often subject to contract conditions that favour a seller or manufacturer.

Alternate dispute redressal mechanism:

- The provision of Mediation will make the process of dispute adjudication simpler and quicker.
- This will provide a better mechanism to dispose of consumer complaints in a speedy manner and will help in the disposal of a large number of pending cases in consumer courts across the nation.

Simplified process for grievance redressal:

- The new Act would ease the overall process of consumer grievance redressal and dispute resolution process. This will help reduce inconvenience and harassment for the consumers.

- The enhanced pecuniary jurisdiction and provisions providing statutory recognition to mediation processes, enabling filing of complaints from any jurisdiction and for hearing parties through video-conferencing will increase accessibility to judicial forums and afford crucial protection in times when international e-commerce giants are expanding their base.

Concerns:

State regulation:

- As part of the Consumer Protection Act, 2019, the Ministry of Consumer Affairs will compile a code of conduct for advertisers and agencies, a move designed to curb unfair practices and misleading claims. The planned code will detail penalties for advertisers and their agencies and publishers if misleading advertising and false claims are found.
- There have been concerns that this approach would mark a move from self-regulation to a more federated oversight.

Implementational challenges:

- The existing vacancies at the district commission level would undermine the effective implementation of the new Act.

Lack of differentiated approach:

- As per the proposed rules for the e-commerce businesses, companies are not allowed to "manipulate the price" of goods and services offered on their platforms to gain unreasonable profit or discriminate between consumers of the same class or make any arbitrary classification of consumers affecting their rights under the Act.
- The clause on the manipulation of price by e-commerce companies appears irrelevant as sometimes, the e-commerce companies would want to reduce the price to enhance sales volume. For a country with market size of around $25 billion, the guidelines should have taken a deeper view of the e-commerce ecosystem, covering all prevailing business models between consumers, marketplaces and sellers.

Asked Questions related to the Consumer Protection Act

What is the Consumer Protection Act in India?

In order to protect the consumers from exploitation and to save them from adulterated and substandard goods and deficient services, the Consumer Protection Act came into force on 15th April 1986. It was replaced by the Consumer Protection Act 2019.

What are the main features of the Consumer Protection Act?

The new Act has widened the definition of 'consumer'. The Act proposes the establishment of the Central Consumer Protection Authority (CCPA) as a regulatory authority. The new Act provides flexibility to the consumer to file complaints with the jurisdictional consumer forum located at the place of residence or work of the consumer. The Act has introduced the concept of product liability. The new Act provides for mediation as an Alternate Dispute Resolution mechanism. For mediation, there will be a strict timeline fixed in the rules. The new Act has armed the authorities to take action against unfair trade practices too. This Act is applicable to all the products and services, until or unless any product or service is especially debarred out of the scope of this Act by the Central Government.

What is the aim of the consumer protection act?

The basic aim of the Consumer Protection Act, 2019 to save the rights of the consumers by establishing authorities for timely and effective administration and settlement of consumers' disputes.

(Courtesy: https://byjus.com/)