



## What Is This Module About?

If you are planning to start a business, you must consider these two important things—marketing and production.

In any business, you will have to sell and make your products. When you want to sell a product, a good sales strategy is important if you want to succeed. That is where marketing is needed. When you make a product, you need to plan how you will make it so you will not waste resources or forget the important parts of the production.

This module will introduce you to the concepts of marketing and production, which will be useful in the planning and management of your business.

This module has two lessons:

Lesson 1 – *What Will I Sell and How Will I Sell It?*

Lesson 2 – *How Will I Make What I Will Sell?*



## What Will You Learn From This Module?

After studying this module, you should be able to:

- ◆ define *marketing*;
- ◆ explain the importance of a marketing plan;
- ◆ identify the four (4) P's of marketing;
- ◆ define *production*;
- ◆ explain the importance of a production plan; and
- ◆ illustrate how to prepare a production plan.

Are you ready to begin? That's very good! You can start with the next activity.



## Let's See What You Already Know

Before studying this module, answer the questions below to determine how much you already know about the topic.

- A. Read the following sentences. Write **marketing** in the blank before the sentence if it is related to marketing. Write **production** if it is related to production.

- \_\_\_\_\_ 1. It is a plan that describes what product you will sell and how you will sell it.
- \_\_\_\_\_ 2. It is a process where people like you and I can get what we need and want by creating and exchanging products and services for money.
- \_\_\_\_\_ 3. It is a well-devised plan for how you are going to make or manufacture a certain product you would like to sell.
- \_\_\_\_\_ 4. It is the process of converting raw materials into finished products to be sold in the market.

- B. Identify if the statements below are true or false. Write **True** if the statement is true. If the statement is false, write **False** and explain why the statement is false. Write your answers in the blanks provided.

1. A production plan is not important because you do not need to have any plan when you manufacture a product you want to sell.

Is this statement true or false? \_\_\_\_\_

Why?

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2. A marketing plan is important because it is a clear guide to help you achieve a sales target.

Is this statement true or false? \_\_\_\_\_

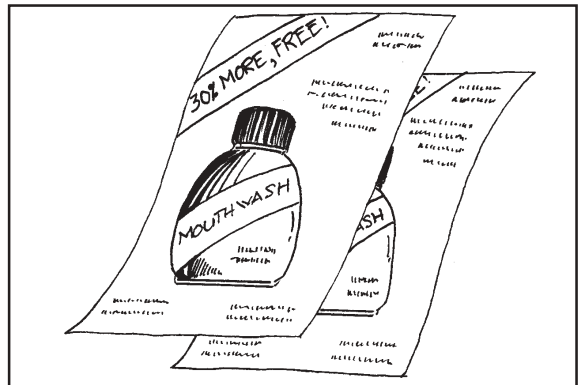
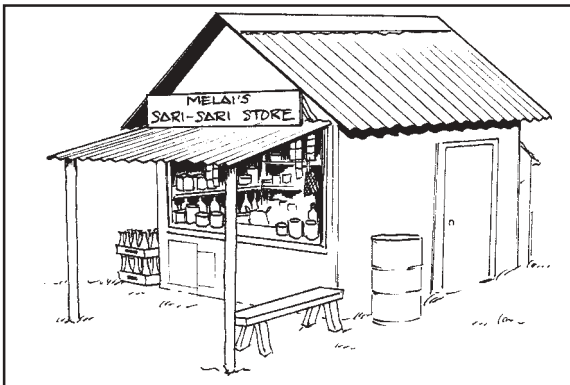
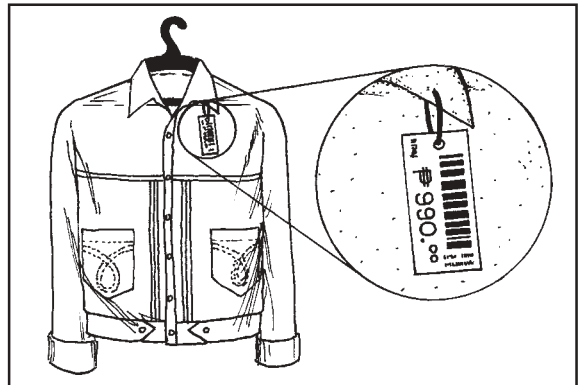
Why?

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C. Identify which of the four P's of marketing (product, price, place or promotion) is described by each picture. Write your answer in the space below the picture.



D. You are given a list of items or factors below. Which of them should you consider when making a production plan? Place a check mark (✓) beside the number of the correct item.

\_\_\_\_\_ 1. Electricity cost

\_\_\_\_\_ 2. Arrangement of machines or tools

\_\_\_\_\_ 3. Where you will get your materials

\_\_\_\_\_ 4. How you will pay your suppliers

\_\_\_\_\_ 5. How long it takes you to manufacture one product

Compare answers with those in the *Answer Key* on pages 41–42.

How did you fare? If you were able to answer all the questions correctly, then very good! It means you are very familiar with this subject matter. You can still read this module to review the subject.

If you had some mistakes, don't worry. That means that this module is for you. It will help you understand some important concepts that you can apply in your daily life. If you study this module carefully, you will learn the answers to all the items in the test and a lot more! Are you ready?

You may now proceed to the next page and begin Lesson 1.

# LESSON 1

## What Will I Sell and How Will I Sell It?

Do you see the advertisements on television? Do you see the different things for sale when you go to the sari-sari store? You probably find that you need to buy something from a store almost every day. You might also have paid someone to fix a flat tire or bring you to the next town. All these services you pay for are offered by other people who have businesses.

When you have a business, one of the most important things that you will do is sell your product or service. Through selling, you receive money for the product or service you give to your customer. No business can survive without selling.

In this lesson, you will learn about selling your product. You will learn about marketing and what a marketing plan is. Marketing is similar to the word selling, but it involves more than just selling. You will learn more about this as you read on.

After studying this lesson, you should be able to:

- ◆ define marketing;
- ◆ explain the importance of having a marketing plan; and
- ◆ identify the four (4) P's of marketing.

Are you ready to begin? Very good! You can start with the next activity.



### Let's Try This

Observe the commercials you see on television. Can you name some commercials that advertise the same kind of product? Write the name of the brand and what kind of product it is in the blanks on the next page. Make sure that you write down the different brands that sell the same kind of product. For example, write down all the commercials for shampoo or soap you know and give their brand names. An example has been given to guide you.

<b>Product Brand</b>	<b>Type of Product</b>
Example: Coke	soft drink
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

When you are done with your list, go to the nearest store and ask what is available and how much each brand is. You are given two columns below. In the left column, write down the brand that is available where you live. In the right column, write down the price of each brand.

<b>Product Brand</b>	<b>Price</b>
Example: Coke (1.5L)	₱ 26.00
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

Were you able to get all of the prices for each brand? Were there any brands that are not available where you live? If you are satisfied with your list, you can go to the next activity.



## Let's Study and Analyze

Did you notice anything about your list? Did you wonder why the same type of product has different brand names and different prices? You might have also wondered why the commercials for each product are different.

Why don't you answer the questions on the next page. You can write your answer in the blanks provided.

1. Which of the products you listed down is the most expensive?  
Which is the least expensive?

2. Which of the products you listed do you usually buy or use? Explain why you buy that particular product.

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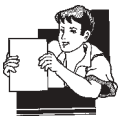
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When you pick a product you want to buy, you probably have some reasons why you would choose that product. You could have chosen the product because of the price, or because that was the only one available where you live.

Did you notice that you often have many choices for a particular product? Usually, there are many manufacturers selling the same product under different brand names. Each of them is hoping that you will buy their product. Which brand will you choose?



## Let's Learn

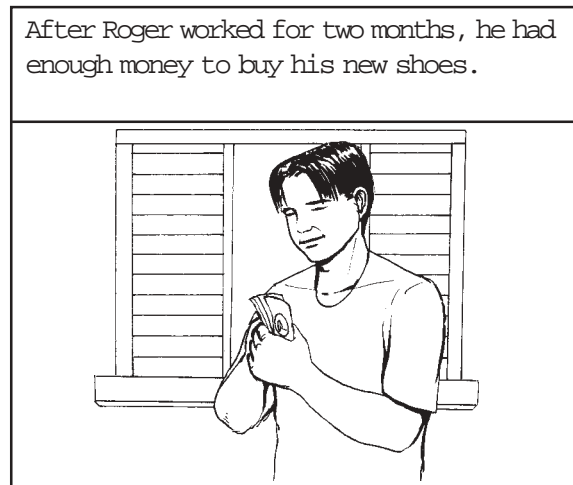
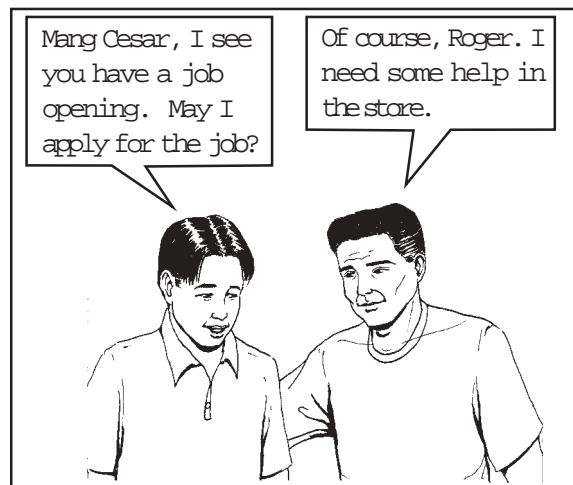
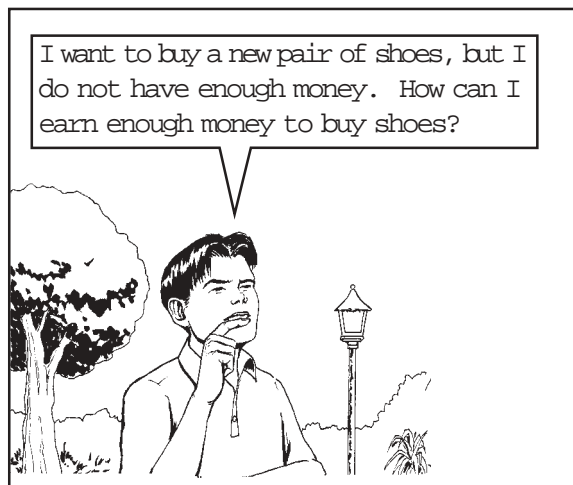
At the start of the lesson, you came across the word marketing. You might have asked yourself what it meant.

**Marketing** is a process where people like you and I can get products or services we need or want. This is done by making a product and then exchanging it, or by paying money for it.

Was that a clear definition? Here's an example that gives you an idea of what marketing is all about:

When you want to clean your body and hair, you go to the store to buy shampoo and soap. There are many kinds of soap and shampoo for you to choose from. You will probably buy one that you have used before and that fits your budget. You pay for the shampoo and the soap with money. After you have paid for both, you can now use the shampoo and the soap when you take a bath. This is an example of marketing. Someone usually makes the products that you need, and you are willing to pay a certain amount for these products.

Here is another example. Read about the situation of Roger below.



What did you notice about the situation? Roger performed a service for Mang Cesar by helping in the store. Mang Cesar paid for Roger's help because he needed someone to help him. He was willing to pay someone to help him in his store. After Roger got paid, he was able to buy the shoes that he wanted. He exchanged the money that he earned from working for Mang Cesar with the shoes that he wanted.



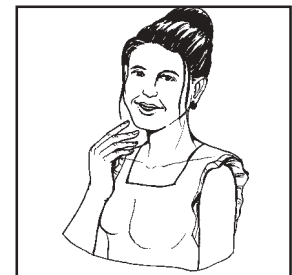
Here is one last example.

Delia noticed that her mother would complain about how hard it was to go to the next town just to get a manicure. She also found out from her mother that other women in their community also had the same complaint. That night, Delia had an idea. She would provide a manicure service to people in their homes. She would perform this service in exchange for money. Here is what some of her neighbors said about the service she was offering:



"I would rather ask Delia to give me a manicure at home. I don't want to miss my favorite television show."

"It's so hard to go to the town just to have a manicure. I have to take three rides! I will just pay Delia to give me a manicure and pedicure at home."



"I am able to save money when I ask Delia to give me a manicure and pedicure. She charges much less than the beauty parlor."



Delia offered a service that people needed. They were willing to pay her for this service because it was more convenient for them.

Do you now have a better idea of what marketing is? Remember that it is a process of making a product or offering a service that you can sell. The people who want to buy the product or service will usually pay for this with money or with another product or service that you need. People will exchange money or another product or service in order to get what they need or want. The important thing in marketing is that you must *exchange* something with another thing. **It is also important that two or more people really want to exchange one thing for another thing.**

In Delia's case, for her service to be considered marketing, she must want to receive money from her customers as payment for the manicure service.



## Let's Try This

Can you figure out which of the following situations best describe marketing?

1. Nelia bakes a cake and gives it to her next-door neighbor, who is celebrating her birthday.

Does this situation describe marketing? Why or why not?

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2. Joey collects *kaning-baboy* from different places and then sells it.

Does this situation describe marketing? Why or why not?

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3. Jose gives Ponce a ride on his tricycle, but does not charge him because they are friends.

Does this situation describe marketing? Why or why not?

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4. Nora wants to start selling her special *puto*. She mentions this to the barangay captain, and he orders one *bilao* of *puto* from her.

Does this situation describe marketing? Why or why not?

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You can compare your answers with those in the *Answer Key* on page 42.



## Let's Read

Read the situation of Romy below.

One day, Romy thought of going into business. He told his friend Bert about his plans.

You know what, Bert? I am going to start a business!

Really? That's exciting! What **product** or service are you going to offer?

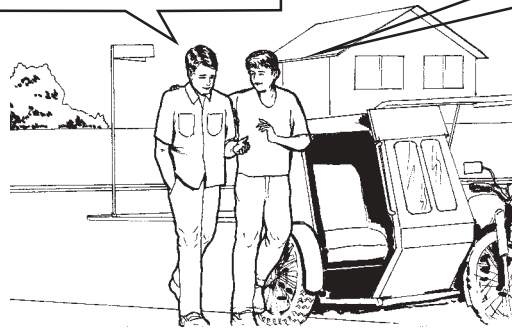
Oh! I still haven't thought of that yet!



That night, Romy thought about what *product* he was going to sell. Then, he finally thought of a good *product* to sell.

I know what I will sell! I notice that many of the tricycle and jeepney drivers sometimes get a flat tire. I will offer them a vulcanizing service!

That's good! I will probably bring my tricycle to you when I have a flat tire. Where will you **place** your shop?



Once again, Romy could not answer Bert's question. The next day, he looked for a place where he could put up his shop.

Bert, I have found a *place* by the highway where I can set up my shop. I will pay some rent for the shop. I am sure to have many customers there!

That's good! How much will the **price** be?



Romy could not answer Bert's question. He decided to check the prices at the other vulcanizing shops in town. After a few days...

I want to offer a much lower price than the other vulcanizing shops in town.

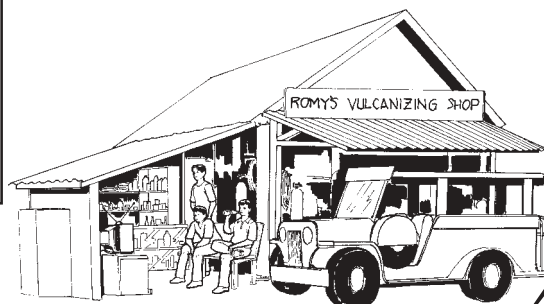
That's very good, Romy! What kind of **promotion** will you use so people will go to your shop?



Once again, Romy had to think about Bert's question. He thought hard about what he could do to make people choose his shop. Then, he had an idea!

I know what kind of *promotion* to use so people will come to my shop. I will have a television, so they can watch while they are waiting. I can also put up a small store that sells snacks.

I think that will work, Romy! You should do that! Good luck with your business!



## Let's Study and Analyze

Did you enjoy reading the story about Romy's business idea? Did you notice anything about the story? Answer the questions on the next page. You can write your answers in the blanks provided.

1. What were the four questions that Bert asked Romy about his business idea? Underline the words that were written in **bold face** in their conversation.

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_

2. What was Romy's answer...

to the first question: \_\_\_\_\_

\_\_\_\_\_

to the second question: \_\_\_\_\_

\_\_\_\_\_

to the third question: \_\_\_\_\_

\_\_\_\_\_

to the fourth question: \_\_\_\_\_

\_\_\_\_\_

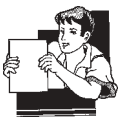
3. Do you think Bert's questions were important? Why? Why not?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

You can compare your answers with those in the *Answer Key* on pages 42–43.



## Let's Learn

When you are planning a business, you have to consider some important things. One important part of planning a business is to ask yourself four questions. In the previous activity, you read about Romy's business idea. Do you remember the questions that Bert asked Romy? These are questions you must also ask yourself if you are going into business.

Let's go over the questions you have to ask yourself when you want to start a business. These four questions are usually called the **4 P's of Marketing**. The 4 P's can be stated in the form of questions like the ones Bert asked Romy. Here's the first question:

**1. What product will I sell?**

The key term here is **product**. All businesses sell a product or a service. The product can be shampoo or soap, charcoal or even woven baskets. A service can be a vulcanizing shop or a beauty parlor. When you think about what product or service to offer, this should reflect the people's *needs or wants* in your community. Do you remember the story of Delia on page 9? She offered a service that people wanted.



## Let's Try This

Try to think about what product or service you want to have in your community. If many people also want that product or service, then that might be a good business idea for you.

Can you think of any product or service that people would like to have in your community? You can write down your ideas in the blanks below.

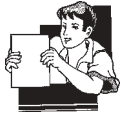
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You can also discuss your ideas with a family member, a friend or your Instructional Manager.



## Let's Learn

Let's go on asking those important questions. Here's the next one:

### 2. **Where will I place my product?**

The key term here is **place**. Once you have thought of the product that you will sell, you have to decide where you are going to sell it. This is the place where people will be able to buy your product or service. In Romy's case, he wanted to put it near the highway so people could easily see his shop. By place, you can also mean the way you will distribute the product. You can sell it directly to your customers. You can also sell it to someone who will sell your product in another town or province. Or, if you want to avail of modern technologies, you may use the internet or other media for you to sell your product.

When you think about how to distribute your product, always remember to make it easy for people to find it. If people have a hard time looking for your product or service, they might buy from someone else instead.



## Let's Try This

Pretend that you are planning to put up a stand that sells cool drinks or food. Where do you think is the best place to put your stand in your community? You can write your answers in the blanks below.

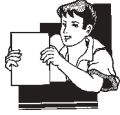
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Compare your answer with the one in the *Answer Key* on page 43. You can also discuss your answer with a family member, a friend or with your Instructional Manager.



## Let's Learn

Here's the third question you have to ask yourself:

### 3. What will the price of my product be?

The key term here is **price**. You have finally decided what kind of product or service you will sell and where you will sell that product or service. The next important question to ask is how much you will sell your product. If you make the price too high, people might not buy your product. Of course, people will certainly buy your product or service if you can make your price lower than the other products, but that depends on how much your materials or ingredients will cost.

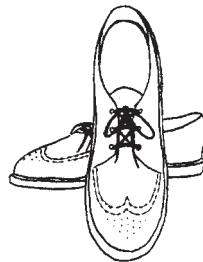
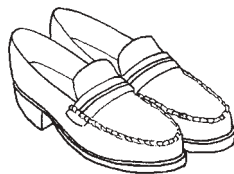
When you think about what price to set, think about how much the people in your community are willing to pay for your product or service. This depends on the quality of the product and the budget of the person buying. You can often price your product higher if you are sure that it is well made and will last a very long time. When a product is of good quality, many people are willing to pay more.



## Let's Try This

Pretend that you need to buy a pair of shoes. There are two shoes available for you to buy:

These shoes cost ₱300.00. After one year, you have to replace them.



These shoes cost ₱500.00. They will last you three years.

Which of the shoes would you buy? Why?

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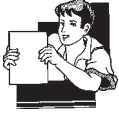
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Compare your answers with the one in the *Answer Key* on page 43.



Do you see the relationship now between price and quality? When you set the price of your product or service, you must be aware of how much your customers will want to pay for it.



## Let's Learn

There is one more question you have to ask yourself. Here it is:

### 4. **What promotions can I use to encourage people to buy my product?**

The key term here is **promotion**. When you talk about promotion, you are talking about the things you will do to encourage people to buy your product. There are many different kinds of promotions. The most important one is when you inform people that you are selling something.

Here's an example. Do you remember Delia's business? She wanted to offer home-service manicures to the people in her community.

Do you think she would have customers if she did not tell anyone about the service she was going to offer? Why? Why not? You can write your answer in the spaces below.

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Compare your answer with the one in the *Answer Key* on page 43.

There are also other types of promotions, like additional services offered, or giving something away for free. These kinds of promotions encourage people to buy your product.

Do you remember Romy's idea for promotions? He wanted to put a television in his shop so that his customers would not get bored while waiting for their tires to be vulcanized. This is one kind of promotion. If you want to put up a shoe-and-bag repair shop, you can give a discount to your regular customers. You can also give a free shoe shine to all those who come to have their shoes repaired.

**Promotions** means anything that will attract people to buy your product. It includes anything you can do to make the customers feel like they are getting more for their money. The television commercials that you often see are one form of promotions.



## Let's Try This

What if you wanted to put up a food stand? What promotions could you think of to attract customers to your store? You can write your answers in the space below.

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Compare your answers with those in the *Answer Key* on page 43.



## Let's Remember

If you want to start a business, one of the first things you should do is ask yourself some questions. Here are the four questions you have to ask yourself:

1. What product will I sell?
2. Where will I place my product?
3. What will the price of my product be?
4. How will I promote my product?

In order to remember these questions, take note of the key words of each question. These words below are called the **4 P's of Marketing**:

- ◆ **Product**
- ◆ **Place**
- ◆ **Price**
- ◆ **Promotions**

Isn't that simple? Just remember that when you are planning a business, you must consider these questions. If you don't, you will have a hard time starting your business. These questions are important because they will guide you when you start your business. When you have a clear idea about your product, the place, the price and the promotions, you will have an easier time selling your product.



## Let's Try This

Jennifer wants to start a business. She comes to you for advice on how to start it. What four questions will you ask in order to guide her? Write your answers in the blanks below.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

If Jennifer asks you why these questions are important, what will you tell her?

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Compare your answers with those in the *Answer Key* on pages 43–44.

Do you have a clear idea about the 4 P's of marketing? These will help you plan your business so you can minimize your mistakes. When you make more mistakes, you tend to waste two of your most precious resources—money and time. When you plan ahead, you can adjust to many problems before they come. By remembering the 4 P's, you will be able to think of a product that people will need or want. It will be more likely that they will buy your product. This is what you call a **marketing strategy**. All businesses must have this strategy if they want to succeed in selling their product. If you can think of a good strategy to sell your product, then that is one step towards success in your business.



## Let's Think About This

Once you have considered the four P's of marketing, what do you think is the next step you should take? How will you make sure that you will not forget what you will do? How will you make sure that you are doing what you planned to do?

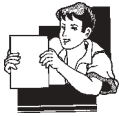
Can you think of what you can do to make sure that you will not forget your strategy?

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How did you answer the question? Are you curious to know how you can make sure that you will follow the strategy you thought of? You will learn about it in the next activity.

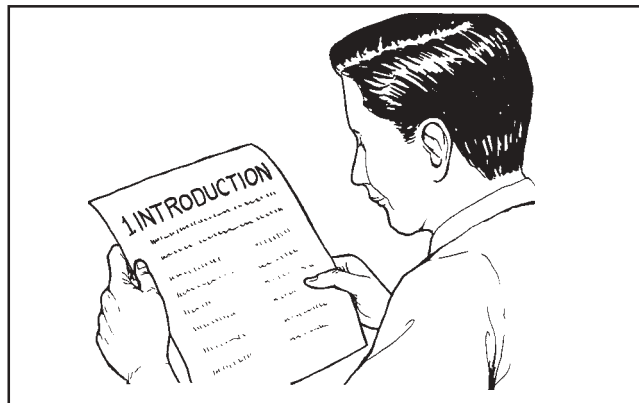


## Let's Learn

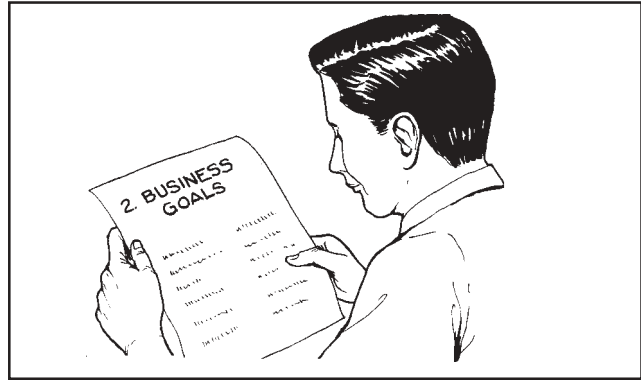
When you are starting a business, the best way to make sure that you follow your strategy is to create a plan. In this case, it is called a **marketing plan**. When you write down your plan, you will not easily forget what you are supposed to do to sell your product.

Your marketing plan should be written down and should include the 4 P's. Below are the things you should include in your marketing plan:

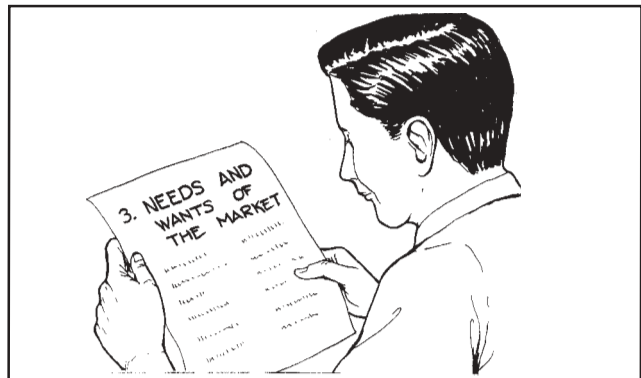
**STEP 1** Start your marketing plan with the reason why you are starting the business. You can call this the **Introduction**.



**STEP 2** Write something about how you see your business in a few years. You can use **Business Goals** as the title for this section.

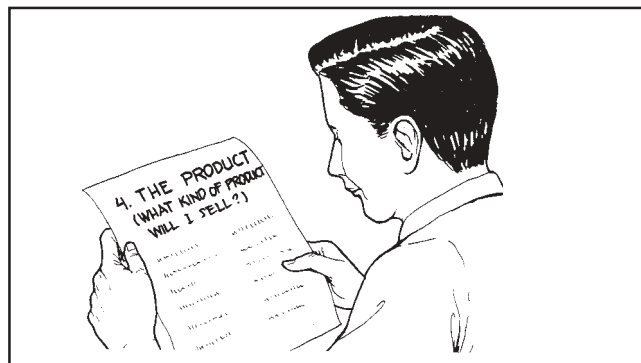


**STEP 3** Talk about what you think is needed or wanted by the people in your community. You should ask the people in your community what they need or want so you get a



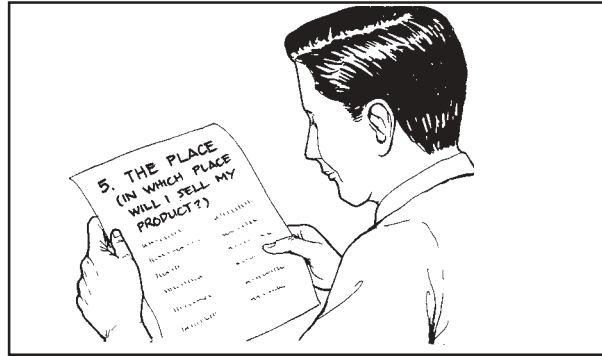
better idea of what product or service will help them. Write down what you have learned from your neighbors and friends. You can call this section **Needs and Wants of the Market**.

**STEP 4** Talk about the product or service you will sell. Discuss how that product or service will satisfy the needs or wants of the people you want to sell it to. It is



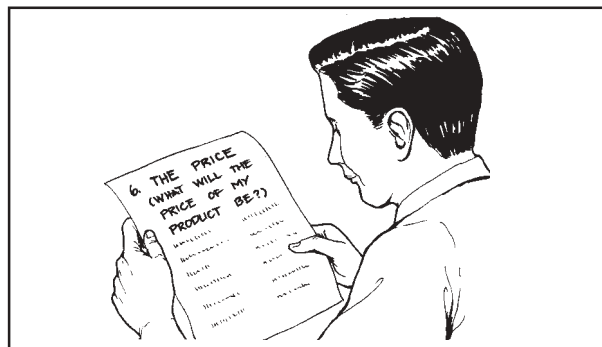
important that you complete Step 3 before you do this, because before you can come up with a product that the people will buy, you must know what the people need or want. You should also describe the product or service very clearly. You can use **The Product** as the title for this section.

**STEP 5** Talk about where you will sell your product. You should decide whether it will be better for you to sell directly to the buyers or sell it to someone who can sell it in another place.



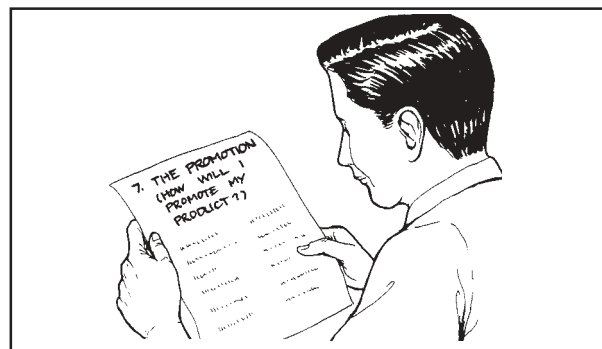
You can even decide to do both. Be very specific about where you want to sell your product and why you want to sell the product there. You can use **The Place** as the title for this section.

**STEP 6** Talk about the price of your product or service. Do you want to price your product higher or lower than the other existing products being sold? Try to explain why you



want to set that price, and who can afford your product or service. Also, you might want to include something about the quality of your product and how it will affect the price. You can use **The Price** as the title for this section.

**STEP 7** Talk about what you plan to do to encourage people to buy your product or service. You can talk about the additional services you want to offer to your customers, or what



discounts you want to give. You should include a specific plan as well as how much the promotions will cost. You can use **The Promotion** as a title for this section.

**STEP 8** Talk about some sales targets you want to achieve for the next few months. Try to think of a realistic level of sales that you think you can achieve every month for the next 12 months. Write down how much you want to make each month from selling your product or service. You will use this figure in the future to check if your marketing strategy is effective. You can also use sales targets so you can work harder to achieve the goals that you set for yourself. You can use **Sales Targets** as your title for this section.

Once you have your marketing plan finished, you are ready to start your business. Your marketing plan will be your guide to selling and promoting your product. When you have a plan, you will find it easier to reach your goals. If you want to learn more about setting business goals, you can read the following NFE A&E Modules: *You Can Succeed in Business* and *Planning Your Business Part 2*.



## Let's Try This

Identify the eight parts of a marketing plan. You can use the suggested titles used in each step. Write your answers in the spaces provided below.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_

Compare your answers with those in the *Answer Key* on page 44.



## Let's See What You Have Learned

Answer the following questions to check how well you understood this lesson.

- A. Can you tell which of the following situations describe marketing? Place a check mark (✓) before the sentences that describe marketing.

\_\_\_\_\_ 1. Jeric buys chickens from Mang Jose and then sells them in his home town.

\_\_\_\_\_ 2. Claudine puts up a booth where she collects old toys to be given to children who do not have toys.

\_\_\_\_\_ 3. George gives Clement a ride to the next town on his tricycle for seven pesos.

- B. What is the best way to make sure that you will not forget your plans for selling your product?

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What advantage do you have when you do this?

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- C. When creating a marketing plan, you must consider four questions. You are given two columns below. Connect each of the 4 P's of Marketing in the right hand column with the questions in the left hand column. Connect them with a straight line.

What will I sell?

**Place**

How much will I sell it for?

**Product**

Where will I sell it?

**Promotions**

How will I encourage people to buy it?

**Price**



Compare your answers with those in the *Answer Key* on pages 44–45.

How did you fare? Were you able to get all the answers correct? If you did, very good! If you had some mistakes, do not worry. Just study the lesson again to review what you did not understand.



## Let's Remember

- ◆ In this lesson, you learned about how important marketing is to a business. Without marketing, you will not be able to sell your products to other people. You also learned about the 4 P's of Marketing. These are things that you have to consider when you start a business. The 4 P's of Marketing are: **product, place, price** and **promotions**.
- ◆ When you plan your marketing strategy, you should write this down so that you will not forget it. You can also use this strategy as a guide when you manage your business. With a written strategy, it will be easier to find out whether the strategy you are following is working.

# How Will I Make What I Will Sell?

In the previous lesson, you learned the process of marketing and how important it is to a business. In this lesson, you will learn another important part of managing a business. Many times, when you sell a product, you have to manufacture or make the product before you sell it. This is called **production**, and it is a very essential part of every business.

There are different ways of making different things. Each product uses different kinds of tools, raw materials and labor. For example, when you are selling a service, the production process is not the same as when you are selling something like shampoo, soap or T-shirts. Every product goes through some kind of production, from the rice in the fields to the tricycles you ride in your community.

After studying this lesson, you should be able to:

- ◆ define production;
- ◆ illustrate how to prepare a production plan;
- ◆ discuss the different concerns in a production plan; and
- ◆ explain why a production plan is important to any business.

Are you ready to begin this next lesson? Very good! You can start with the next activity.



### Let's Read

One day, Nelia came to Dina's house and told her some good news. A friend of Nelia was looking for someone who could supply woven baskets.



What do you think of the opportunity which has come along for Nelia and Dina? Do you think this is a good opportunity for them?



### Let's Study and Analyze

Answer the questions below. Write your answers in the spaces provided.

1. What is the main problem that Dina and Nelia have to solve?

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2. If Nelia and Dina asked for your advice, what would you tell them? What do you think are the important things to consider when you plan the production of a product?

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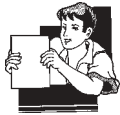
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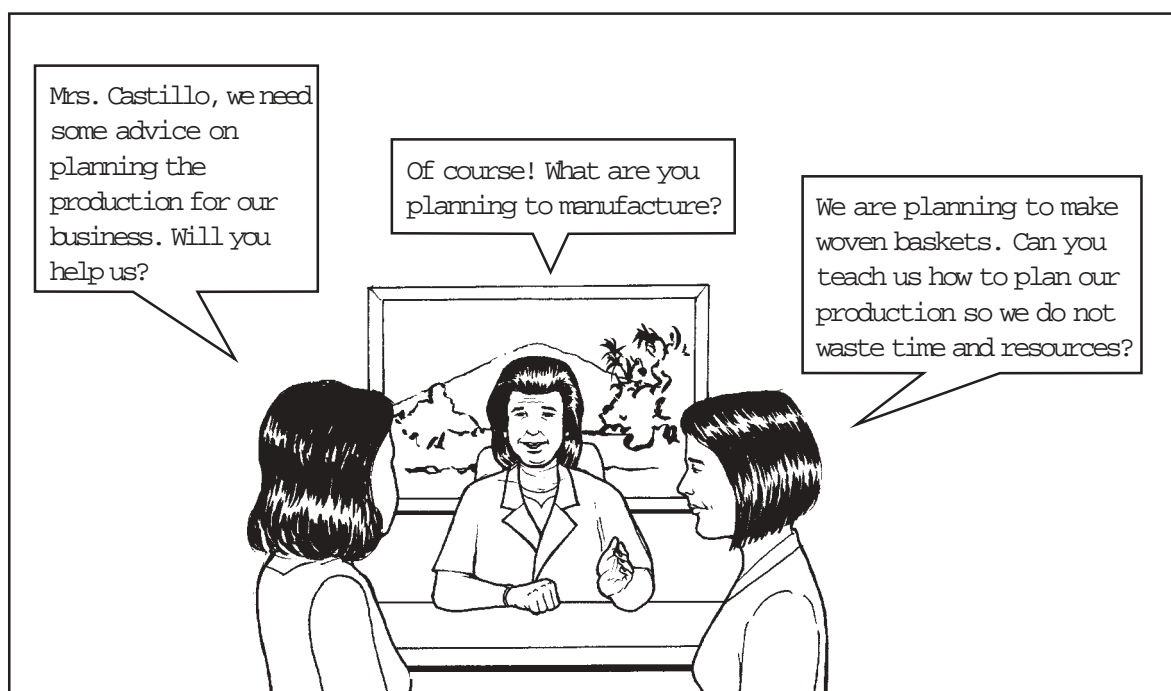
Have you written down all the things that you think are important when you plan for your production? Compare your answers with those in the *Answer Key* on page 45. In the next activity, you will learn what you need to consider when you plan for your production.

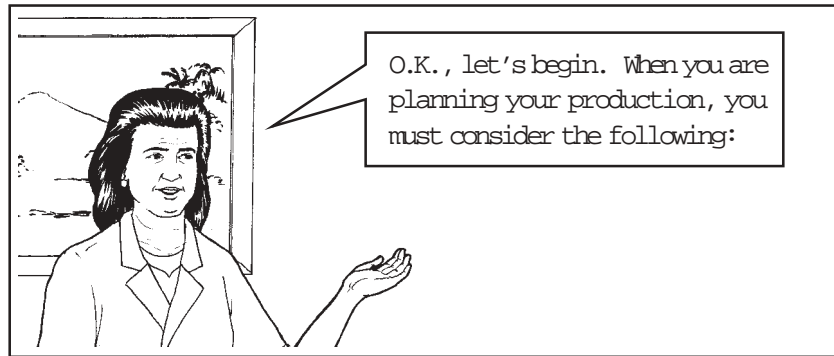


## Let's Learn

When you have a product that you want to sell, you often have to make it from several parts. The process of taking raw materials and then changing the form or combining these with other raw materials is called **production**. In the beginning, you have raw material like rubber, dye and plastic. When you combine these together to make a product you can sell, this is production. Production can also apply to services that people pay you for.

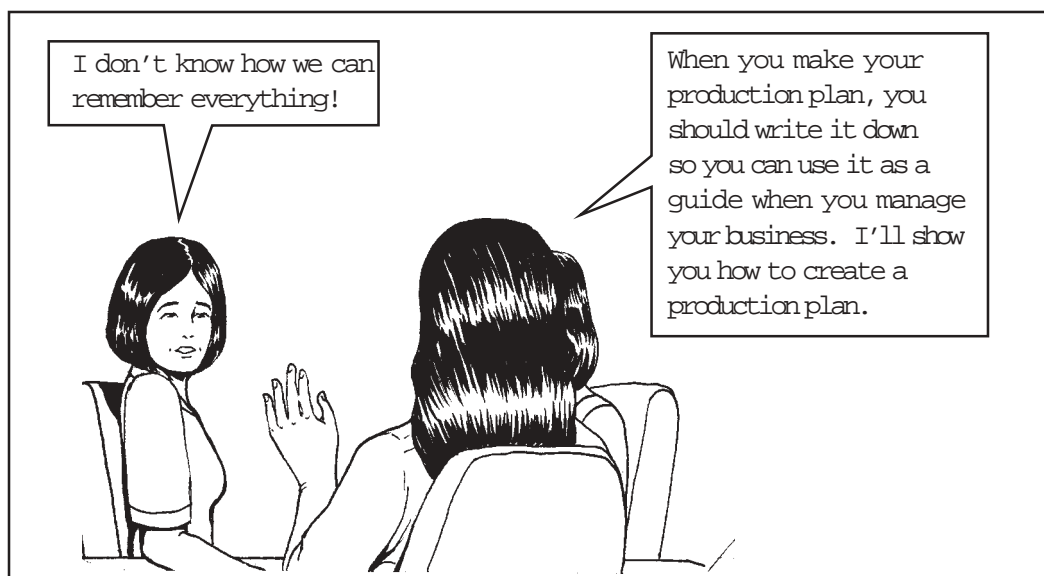
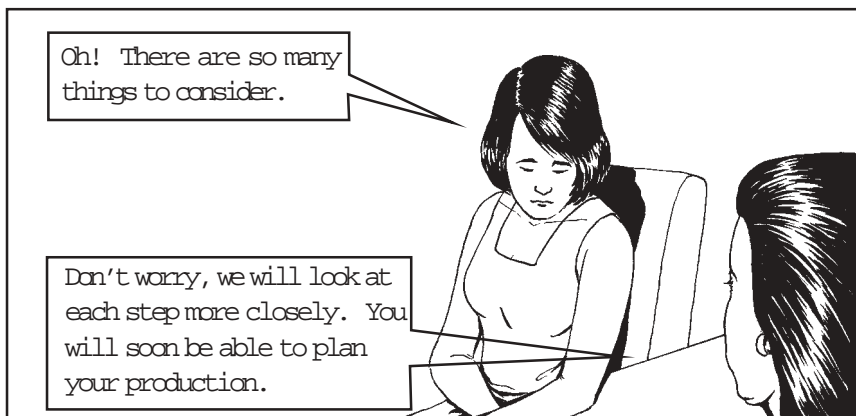
Let's listen to the advice of Mrs. Castillo.

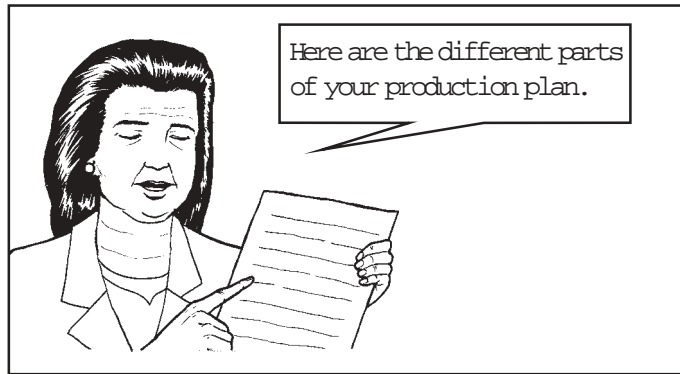




Think of these questions:

- ◆ How will you put together each woven basket?
- ◆ What machines will you need?
- ◆ Where will your factory be located?
- ◆ What utilities are available to you?
- ◆ Where will you get your raw materials?

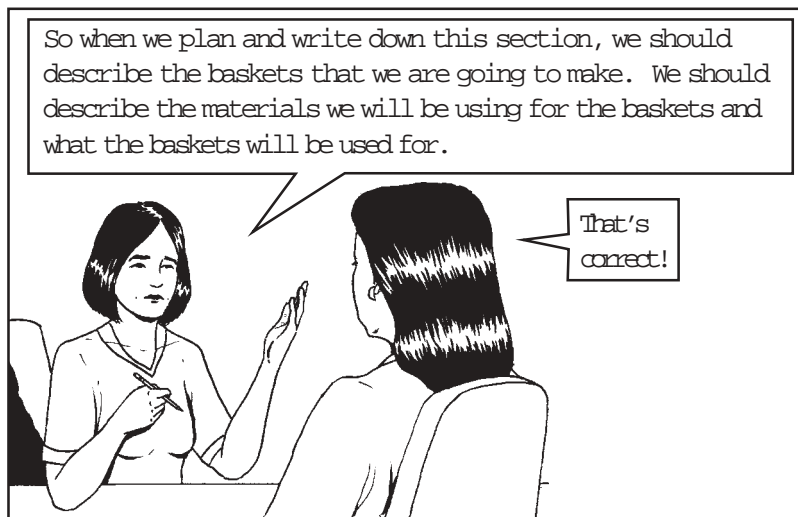




Your production plan should describe the following:

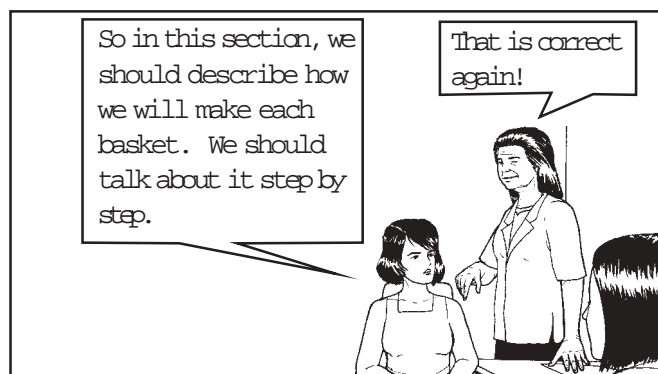
### A. The Product

This section describes the product that you will make. You should describe what the product will look like after it is finished. You should also talk about what the product will be used for.



### B. The Manufacturing Process

This section describes how you will put together the product. You should describe each step in the process. Write down how you will put together the product you are making. You should also include in each step the tools you will use and the raw materials that are needed.



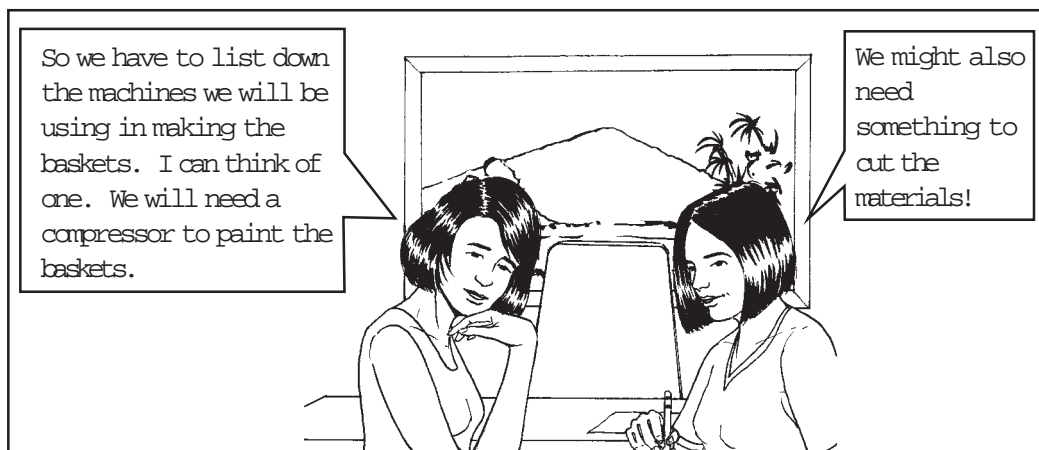
### C. Plant Size and Production

In this section, you should discuss how big your factory will be. You should also think about how big your factory will become if you continue this business and it grows. You should also think about what you will do if your sales increase. Will you be able to produce more with the size of factory that you have?



### D. Machinery and Equipment

You should list down all the machines you will be using for your production. You should list down each machine and its use.



### E. Plant Location

When you consider the location of your factory, you should see what utilities are available near that location. Examples of utilities are water, electricity and telephones. You should also check if the location is near the source of the raw materials, and if it is easy for the workers to get there.



## F. Plant Layout

The plant layout includes the floor plan of your factory. You must decide where you will put each machine or section. You must decide what is the best place in the factory.



## G. Building and Facilities

This discusses all the costs that are involved in building the production area. You should calculate all the costs and give the total.





## H. Raw Materials and Supplies

In this section you should describe each of the raw materials needed for your product. You can give a very short description of what each material is for and what it is made of. You must also discuss how available the materials are, as well as the prices of the materials and what you think those prices will be in the future.



## I. Utilities

When you plan your production, you should determine how much electricity or water you will be using for the production. You should try and calculate how much you think you will be spending per month on these things.



## J. Waste Disposal

When you are producing a product, you will often have wastes. You have to plan how you are going to dispose of the wastes when you make your product. You should try to think of a way to dispose of your wastes properly so that you will not destroy the environment.



## K. Labor Requirements

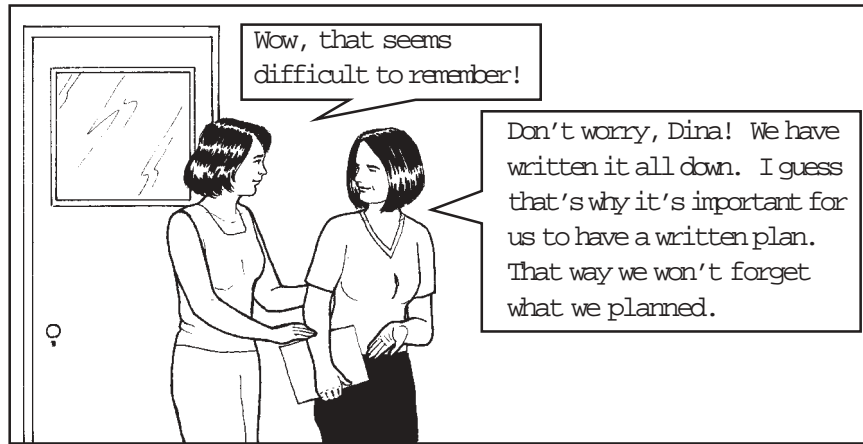
In this section, you will think about and discuss how much labor you will need and how much you plan to pay for this labor.



## L. Production Cost

This is where you calculate how much it will cost to produce one piece of your product. In order to do this, you have to find out how much your raw materials cost, as well as your fixed and variable costs and the salaries that you will pay your laborers.





Were you able to remember all the steps needed to create your production plan? The best thing to do is to write it down so you will not forget it. You can always review the list here so that you have a guide to creating your production plan.



### Let's Try This

Review the different parts or sections of a production plan. After doing that, write them down. Write your answers in the spaces below.

- A. \_\_\_\_\_
- B. \_\_\_\_\_
- C. \_\_\_\_\_
- D. \_\_\_\_\_
- E. \_\_\_\_\_
- F. \_\_\_\_\_
- G. \_\_\_\_\_
- H. \_\_\_\_\_
- I. \_\_\_\_\_
- J. \_\_\_\_\_
- K. \_\_\_\_\_
- L. \_\_\_\_\_

How did you fare? Were you able to remember all the steps in making a production plan? Compare your answers with those in the *Answer Key* on page 45–46.

Do you feel more confident now about planning the production of your product? If you follow the steps that you learned, you will not have much difficulty. Also, when you write down your production plan, you will be able to remember all the things you plan. That is why it is very important to write down your production plan.

## **Let's See What You Have Learned**

Answer the questions below to check how well you understood this lesson.

A. Read the sentence below.

“Production is the process of describing your product to your customers so they will buy it.”

Is this the correct definition of production? If it is not, then write down the correct definition of production. Write your answers in the spaces provided below.

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B. What do you think is the best way to make sure that you will not forget your production plan? Write your answer in the space provided below.

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C. Put a check mark (✓) before the sentences that are part of the production plan. If the sentence is not part of the plan, put an X-mark (✗).

- \_\_\_ 1. The price of the finished goods.
- \_\_\_ 2. The cost of producing one unit of the product.
- \_\_\_ 3. Who will buy the product.
- \_\_\_ 4. The machines and tools that you will need.
- \_\_\_ 5. The location of your work area.

Compare your answers with those in the *Answer Key* on page 46.



## Let's Remember

In this lesson, you learned that you often have to make a product before you sell it. When you take raw materials and then use these to make a product that you sell, this is called **production**. There are several things you must think about when you plan your production. Usually, when you consider these things, you should write them down so you will not forget them. Some of the things you need to consider are the product, the way you will make the product, the labor requirements, the location of the plant and the cost of making one unit of the product.

When you have thought about these things, you are now ready to start with your production.



## Let's Sum Up

In this module you learned about two important concepts in business. These two concepts are **marketing** and **production**. Marketing refers to the process of selling, and production refers to the process of making the products that you want to sell.

When you are thinking of a product or service that you can sell, you must think of the 4 P's of Marketing. You must think about what product or service you are going to sell, in which place you will sell it, what price it will be and what promotions you will use to encourage people to buy from you.

When you have a product to sell, you usually have to make that product out of raw materials. When you use raw materials to make a product, that is called **production**. You must consider a few things when you plan your production. Some of these things are the product itself, the raw materials needed, the labor you will be using, the utilities and the size of your work area.

It is important to write down your plans for marketing and production. By writing these down, you will not forget your plans. A written plan will also serve as your guide as you manage your business.



## What Have You Learned?

You have come to the end of this module. Do the following activity to check how much you understood the topics in this module.

A. Read at the following sentences below. Which of them describes marketing? Which of the sentences describes production? Write the letter “M” in the space before the sentence if it describes marketing, “P” if it describes production.

- \_\_\_ 1. Sandra is helping Jean set up the work area where they will make rubber slippers.
- \_\_\_ 2. George is estimating the cost of the electricity and the water in their factory.
- \_\_\_ 3. Sandra is going to set a price of fifty centavos for her special *puto*.

- \_\_\_\_\_ 4. Glenda talked to her neighbors and decided to buy some goods from another town and sell it in her community.
- \_\_\_\_\_ 5. Billie is calculating the raw materials needed to make chairs and tables for a buyer in the city.
- \_\_\_\_\_ 6. Francis wants to offer a “Buy one Take one” promotion for his products.

B. Below are the 4 P’s of Marketing. For each of the word, write down the question that you must ask yourself.

1. Product

\_\_\_\_\_

2. Place

\_\_\_\_\_

3. Price

\_\_\_\_\_

4. Promotions

\_\_\_\_\_

C. Below is a box full of words. Each of these words describes one step or section in the planning of your production. Below the box are sentences that describe a step or section in planning your production. Match the correct word to the sentence. Write the correct word in the blank before the sentence.

Promotional Materials	Plant Layout	Labor Requirements
Manufacturing Process	Utilities	Customer Service
Machinery and Equipment	The Product	Rental

\_\_\_\_\_ 1. This includes the floor plan of your factory.

\_\_\_\_\_ 2. This includes such things as electricity, water and telephones which you will use in your production.

- \_\_\_\_\_ 3. This describes what you will make.
- \_\_\_\_\_ 4. This talks about the number of people you will hire to help you make your product.
- \_\_\_\_\_ 5. This is the list of all the tools and machines that you will need when you make your product.
- \_\_\_\_\_ 6. This describes each step you will take in making your product, including what tools are used and what materials are needed in each step.

D. Explain the importance of having a marketing plan. Write your answer in the spaces provided below.

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E. Explain the importance of having a production plan. Write your answer in the spaces provided below.

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Compare your answers with those in the *Answer Key* on pages 46–47.





## Answer Key

### A. Let's See What You Already Know (pages 2–4)

- A. 1. Marketing                      3. Production  
2. Marketing                      4. Production
- B. 1. **False.**

A production plan is important because it will serve as a guide when you manage your business. By planning your production and by taking note of the necessary steps to take, you can prepare for problems that might come in the future.

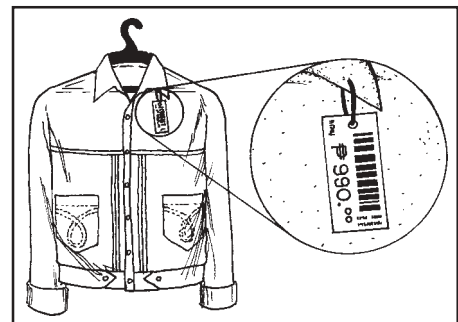
2. **True**

A marketing plan is a good guide when you are managing your business. With this, you can set sales targets and try to achieve them using your marketing strategy. It will help if you have a written plan, so that you will be able to remember your thoughts and strategies.

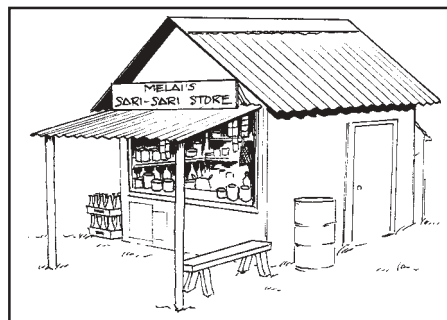
C.



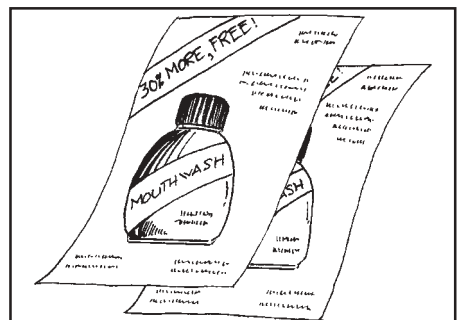
**Product**



**Price**



**Place**



**Promotions**

- D. 1. 4
2. 4
3. 4
4. This is not part of production. Paying suppliers is part of the financial planning of a business.
5. 4

## B. Lesson I

*Let's Try This (page 10)*

1. This is not marketing because Nelia is not really selling the cake. She is simply giving it to her neighbor.
2. This situation describes marketing because Joey sells the *kaning-baboy* to people who are willing to buy it.
3. This situation does not describe marketing because Jose gives his service for free. His friend does not need to pay him.
4. This situation describes marketing because Nora will make *puto* and sell it to a customer who is willing to exchange money for her *puto*.

*Let's Study and Analyze (pages 12–13)*

1.
  - a. What product are you going to sell?
  - b. Where are you going to place your shop?
  - c. How much will the price be?
  - d. What promotions will you use so people will go to your shop?
2.
  - a. I will offer a vulcanizing service.
  - b. I have found a place by the highway where I can place my shop.
  - c. I want to offer a lower price than the other vulcanizing shops in town.
  - d. I will put a television so they can watch while waiting. I can also put a small store that sells snacks.

3. Bert's questions were important because they made Romy think very hard about what kind of business he would start. Because Romy had to think hard about the answers to Bert's questions he had a clearer idea of his business. This will help him later on.

*Let's Try This (page 15)*

- ◆ You can put your stand in a place where many people go to, like the market or near the plaza. You can put it where people usually get thirsty, like a bus or jeepney stop or near a construction area.

*Let's Try This (page 16)*

- ◆ Maybe you would buy the more expensive pair of shoes. If you have to pay ₱300 to replace the cheaper shoes every year, in three years you will pay ₱900. The other shoes will only cost you ₱500 for three years. Even if they are more expensive, the shoes on the right will last much longer. And most importantly, you are able to save money.

*Let's Learn (page 17)*

- ◆ If Diana did not tell anyone about her business, then no one would ask her for a manicure. In order to sell a product or service, you must first let people know that you are selling or offering it.

*Let's Try This (page 18)*

Here are some ideas for promotions:

- a. You can offer complete meals for a lower price.
- b. You can give free desert or juice with every meal.

*Let's Try This (page 19)*

You should ask Jennifer these four questions:

1. What product will you sell?
2. Where will you place your product?
3. What will the price of your product be?
4. How will you promote your product?

- ◆ If she asks you why those questions are important, you should tell her that they will guide her when she starts the business. When you have a clear idea about the product, place, price and promotions, you will have an easier time selling your product and running your business.

*Let's Try This (page 23)*

The eight parts of a marketing plan are the following:

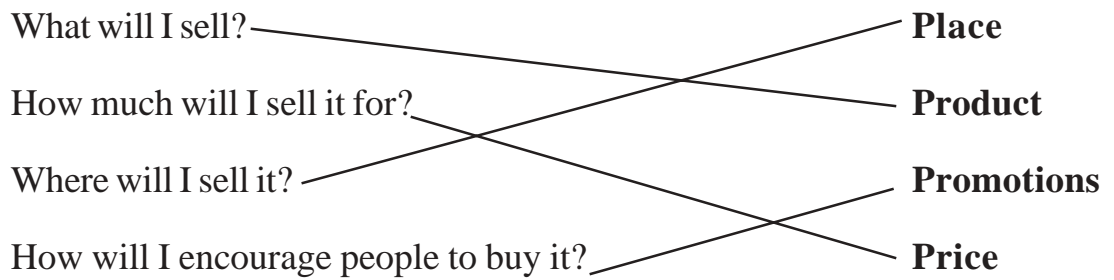
1. Introduction
2. Business Goals
3. Needs and Wants of the Market
4. The Product
5. The Place
6. The Price
7. The Promotions
8. Sales Targets

*Let's See What You Have Learned (pages 24–25)*

- A.
1. 4
  2. This does not describe marketing because the toys will be donated (which means that the toys will be given for *free*) to children who do not have toys.
  3. 4
- B. The best way to make sure that you do not forget your plans for selling your product is to write them down. You can remember them well and understand your business better when they are written.

When you write down your plan, you can use it as a guide when you manage your business. You can read the plan from time to time to remind you of the strategy you thought of.

C.



## C. Lesson 2

*Let's Study and Analyze (pages 27–28)*

1. Dina and Nelia have to plan the production of the woven baskets they plan to sell.
2. Some things to consider when planning the production of a product are the following:
  - ◆ The raw materials to be used for the product
  - ◆ How many workers will be needed
  - ◆ The location and layout of the factory
  - ◆ The tools or machines that will be used

*Let's Try This (pages 35–36)*

Here are the 12 different parts of a production plan.

- A. **The Product**
- B. **The Manufacturing Process**
- C. **Plant Size and Production**
- D. **Machinery and Equipment**
- E. **Plant Location**
- F. **Plant Layout**
- G. **Building and Facilities**
- H. **Raw Materials and Supplies**

- I. **Utilities**
- J. **Waste Disposal**
- K. **Labor Requirements**
- L. **Production Cost**

*Let's See What You Have Learned (pages 36–37)*

- A. Production means taking raw materials and converting them into a finished product that people will buy.
- B. The best way to remember your plans and calculations is to make a written production plan. This plan will also serve as a guide when you manage your business.
- C.
  - 1. 8
  - 2. 4
  - 3. 8
  - 4. 4
  - 5. 4

**D. What Have You Learned?** *(pages 38–40)*

- A.
  - 1. **P**
  - 2. **P**
  - 3. **M**
  - 4. **M**
  - 5. **P**
  - 6. **M**
- B.
  - 1. What product will you sell?
  - 2. In which place will you sell it?
  - 3. At what price will you sell it?
  - 4. What promotions will you do to encourage people to buy your product?

- C.
  1. Plant Layout
  2. Utilities
  3. The Product
  4. Labor Requirements
  5. Machinery and Equipment
  6. Manufacturing Process
  
- D. A marketing plan is important because it will be your guide when you sell your products. When you have a marketing plan, you can easily remember what strategy you will use. It is also easier for you to check whether or not your marketing strategy is correct.
  
- E. A production plan is important because you can easily remember such things as the cost of the finish product and the amount you spend on raw materials. You can use the production plan as a guide to make sure that you are not wasting any resources.



## Glossary

**Building and facilities** A section in a production plan that discusses the cost of building the work area or factory

**Business goals** A section in the marketing plan which describes how you see your business in a few years

**Introduction** A section in the marketing plan that explains the reason why you are starting the business

**Labor requirements** A section in your production plan that describes how many employees you will need when you produce your product

**Machinery and equipment** A section in the production plan that lists down all the machines you will be using in your production

**Manufacturing process** A section in the production plan that describes how the product will be put together

**Marketing** A process where people can get products or services they need or want; usually done by making a product and then exchanging it with another product, or with money

**Marketing plan** A written plan that contains the specific steps you will take to sell your product

**Marketing strategy** A plan that you think of that will help you sell a product to other people

**Needs and wants of the market** A section in the marketing plan which describes the product or services that you think people need

**Place** Describes where your product will be available; includes the place where you will set up your shop or store

**Price** How much you want people to pay for your product

**Plant size and production** A section in the production plan that describes the size of your plant as well as how much you will be producing

**Plant location** A section in the production plan that describes where your factory will be located



**Plant layout** A section in your production plan that describes the layout of your production area

**Product** A product or service that you offer to people; if the product that you are selling is needed by the people, they will be willing to exchange that product for money

**Production** The process of taking raw materials and then changing the form or combining them with other raw materials to form a product

**Production costs** A section in your marketing plan that shows you the total cost of producing one unit of your product

**Promotions** What you will do to encourage people to buy your product

**Raw materials and supplies** A section in your production plan that lists down and explains the raw materials needed for the product

**Sales targets** A section in your marketing plan which discusses and explains how much you are planning to sell over the next few months

**The Product** A section in both the production and marketing plan which describes the product that you are planning to sell

**The Place** A section in the marketing plan that discusses where you will sell your product or service

**The Price** A section in the marketing plan that explains how much the price of your product or service will be

**The Promotion** A section in the marketing plan which discusses how you will encourage people to buy your product

**Utilities** A section in your production plan that discusses the utilizes like water and electricity which will be needed when manufacturing your product

**Waste disposal** A section in your production plan that discusses how you will dispose of the wastes that comes from production



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