

**BUSINESS TRAINING FOR MICRO-
INTERPRENOURS**

**ILO
SIDO
SSMECA**

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PREFACE

As a result of political and economic changes brought up by the trade liberalization in Tanzania, more and more people become self-employed in the so-called informal sector. Many of these micro-entrepreneurs have a keen desire to improve their businesses but they lack basic management skills, and have problems to survive in business because of stiff competition.

The Grass roots Management Training (GMT) is a business training, specially designed to meet the needs of micro-entrepreneurs. It has initially been developed by Mr. Daniel Bas of the International Labour Organization as a training for women entrepreneurs in Africa. The ILO/SIDO project "Strengthening Small and Micro Enterprises and their Cooperatives and Associations" (SSMECA), has adapted the original material to suit its target group and the Tanzanian business environment.

The GMT manual has been designed to assist business trainers, community development officers, cooperative officers, NGO's and project staff, in training manufacturers, mechanics and service operators at grass roots level which means that the required educational level of the participants' is not necessary high. As the methodology refers to the entrepreneurs' own experiences in business, the training is intended for micro-entrepreneurs who have an already existing business. Through the training, the participants discover and learn how to put into practice the basic business management skills, that are needed to develop their enterprises and to increase their income.

The GMT uses a participatory methodology and associate pictures/drawings, which relates to the entrepreneurs' everyday life. Each topic starts with discussing situations and problems prevailing in the participants' business. Next the entrepreneurs seek for solutions under the guidance of the trainer. The training material contains many drawings, proverbs, stories, role plays, games, exercises and examples, based on day to day business experiences, to encourage active participation and to support the messages to be transmitted. The examples used during the training refer, as much as possible, to the participants' own business experiences.

The GMT material is available in both English and Kiswahili. It is advisable to follow a "training of trainers" course organized by the SSMECA project, before using the methodology. The SSMECA project encourages users of the material to give their comments and, if necessary, to adapt the materials to the specific needs of their target groups. However, for reproduction, adaptation or translation of the GMT material, application should be made to SSMECA project.

SESSION 1: INTRODUCTION

Objective:

This is to introduce the participants the workshop as well as the participants to get better acquainted, so as to be able to exchange their experiences and expectations for the training programme.

Duration: ½ hour

Contents:

- Introduction of the trainer
- Introduction of the participants
- Enterprise and its activities
- Listing down expectations from the course
- Listing down the plan of the training.

Method:

Each participant introduces him/herself and explains his/her expectations from this course. The expectations will be revisited on the last day of the course to see if they have been realized.

1. INTRODUCTION

1.1. Introduction of the trainer

1.2. Familiarization

- 1) Take participants out of the classroom, and make them stand in a circle. One by one, they step in the middle of the circle and introduce themselves to the group, giving basic information as name, kind of business, location. After every participant has introduced him/herself, ask randomly 'what is the name of this person?'. Most people probably already have forgotten.
- 2) Participant form pairs and go for a walk for two minutes, discussing general information. After coming back to the circle, each participant introduces the person with whom he/she just talked, to the group.
- 3) Participants form new pairs and walk around again, discussing the problems they are facing in their business. They write down the keywords expressing the problems on cards and present them to the group. The trainer groups the cards with the same problems.
- 4) Participants form new pairs and walk around, discussing their expectations from the training. They write down the keywords expressing the expectations on cards and present them to the group. The trainer groups the cards with the same expectations.

Use cards of manilla paper in different colours and stick the answers to the wall of the classroom (use adhesive tack or cello tape). To be used at the evaluation.

1.3. Objectives of the training

Trainer mentions objectives and relates to the participants' expectations.

1.4. Programme of the training

Trainer presents the programme and asks for participants' suggestions. If required, makes adjustments.

1.5. Class regulations

Let the participants put rules (e.g. a fine for late comers) and nominate a class leader.

SESSION 2: BUSINESS AND FAMILY

Objective:

To make participants aware of the distinction between the individual or private person and the entrepreneur who is responsible for an enterprise. This first module gives participants every opportunity to talk about their deepest worries as entrepreneurs.

Duration: approximately 4-5 hours

Content:

The first section of the module *'The enterprise and the individual'*, deals with the two-sided personality of the entrepreneur: on the one hand the business activities, on the other hand family, home and neighbourhood and, as a consequence, the need to separate cash-box and private purse.

Next, *'The enterprise and the immediate environment'*, deals with the problem of families and friends helping themselves to the cash-box or omitting to pay for their purchases. The difficulty of selling at credit is discussed and some solutions drafted: 'mass education', the creation of a legal form company, and educate your customers.

The third section *'The enterprise and the community'* is presenting the principal actors of the economic life of the micro-enterprise (suppliers, customers, workers, banks, the State) and the flows of goods and services being established between them. If there is one weak link in the chain, one actor does not pull his weight, then the whole chain suffers.

Method:

In this first module, the interactive character of the training is rendered very explicit in order to make the methodology well understood. The following modules will focus more on the content without wanting to abandon the interactive approach. The training will have to make sure that this aspect is well integrated.

2.1. THE ENTERPRISE AND THE INDIVIDUAL

2.1.1. The enterprise and the individual: Introduction:

Trainer:

A business must not be confused with the individuals who owns it. It has a personality of its own. Display drawing 1a or 1b and ask the group what they see. The discussion should lead to the conclusion that the person has a dual personality, he/she is two persons in one. As a private individual he/she can give or lend his/her own money to a friend, but as an entrepreneur, he/she cannot and must not give away or lend money from the cash-box, even to a friend or a relative, because it belongs to the enterprise. The entrepreneur should instead pay himself/herself a salary from the money from the enterprise which will be his/her private money and with which he/she can do as he/she pleases. When you are running an enterprise you really have a split personality: 'you have two 'hats', two masks, two roles that must be kept separate. Refer to the Kiswahili proverb 'I know you, but my business doesn't know you'.



Drawing 1a



Drawing 1b

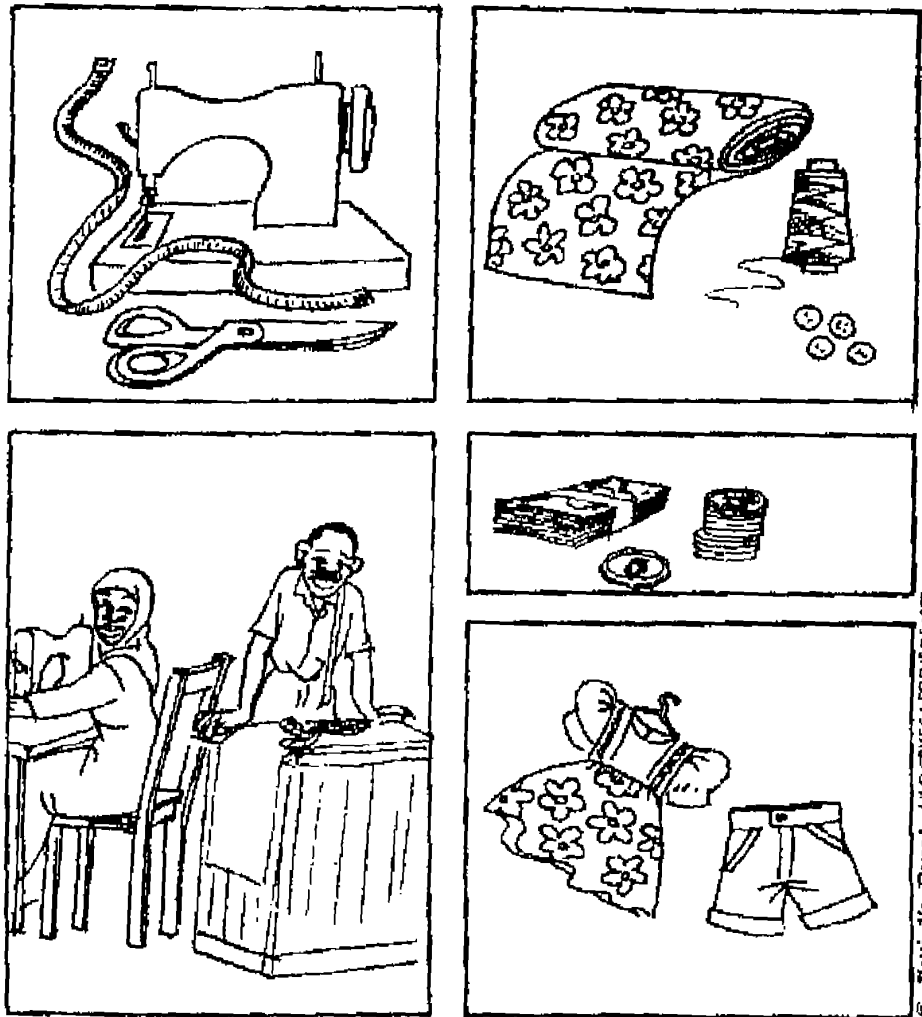
2.1.2. The relation between business and family:

Trainer:

- Ask participants "What is a business?" and write down the answers and make a conclusion. Use drawing 2.
- Ask participants "What is a family?" and write down the answers and make a conclusion (extended family). Use drawing 3.
- Ask participants "What is the relation between family and business?" and write down the answers and make a conclusion.
- Participants work for ten minutes in small groups to discuss how do they allocate their

business money. Often, the outcome will be that they don't pay themselves a salary, and use whatever they earn for their families (no savings, little/no investments). Sometimes they use part of their working capital for the family expenses. Discuss, and stress again the importance of keeping the business money separate from the private money and to pay yourself a salary.

- Distribute hand-out no. 1 to participants, give them some time to study and ask questions, if any.



Drawing 2

2.2. THE ENTERPRISE AND THE IMMEDIATE ENVIRONMENT

Participants:

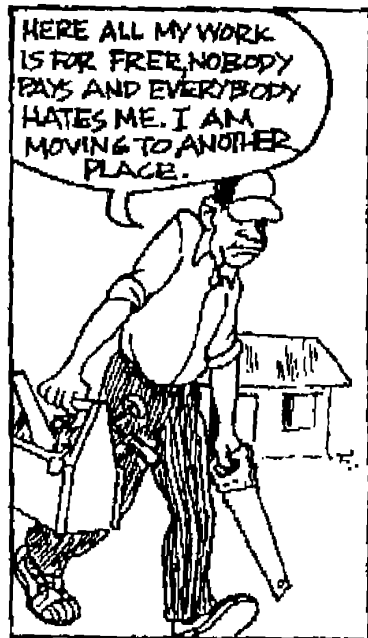
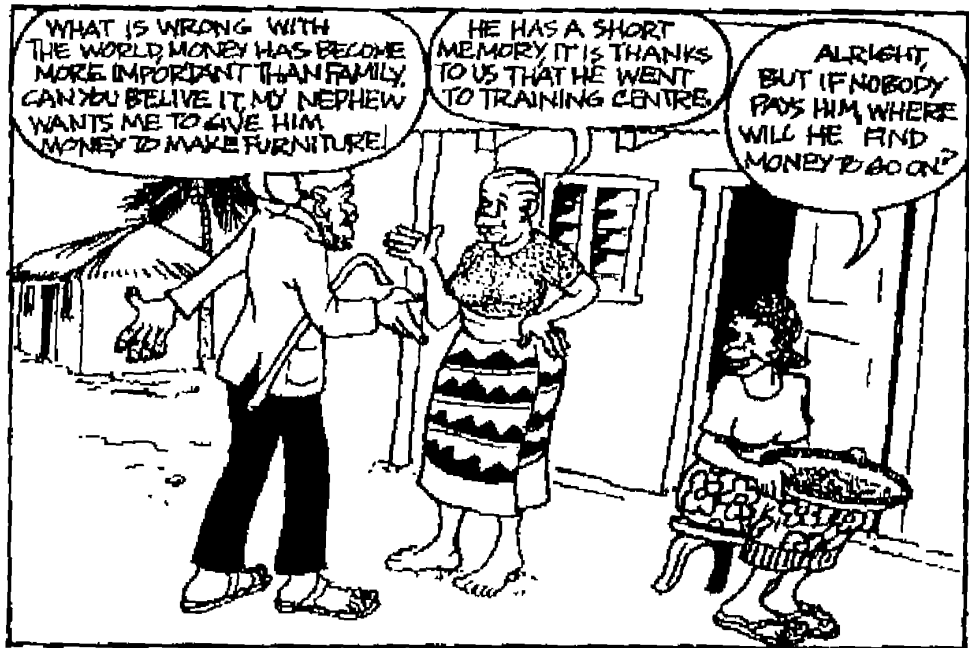
In developing countries in which the extended family is a factor of great importance, a lively discussion concerning the two roles of the entrepreneur generally follows. The question is asked: 'How can we refuse to give credit to relatives who have so often helped us out in the past and may have to do so again in the future?'

Trainer:

Let the participants discuss among themselves for a few minutes, and then drive the point home by displaying the strip cartoon 'It's for free !'. Eight drawings (no. 4a) stages a carpenter who cannot collect what he is owed, particularly by his family. The series of drawings (no. 4b) illustrate a similar situation for food vendors.



Drawing 4a



Drawing 4a (continued)



Drawing 4b

Participants:

When these drawings are displayed there is usually a great deal of excitement and feeling expressed. This is a very severe constraint which every member of the group feels deeply. The family makes sacrifices to bring up the children and in return expects from them the equivalent of social security. As soon as the business starts to make a profit the uncles and cousins gather around and they are generally more rapacious than the tax man! The business rarely survives. Each participant will have an example to describe. The discussion may some time. You must let it go on and encourage it if necessary. This is a fundamental point: there is no point in learning management techniques if other people's ideas on this subject cannot be changed. Eventually the group will ask: *'What can we do? What do you suggest?'*

Trainer:

First, a brief statement designed to bring about a more relaxed mood, along the following lines: *'I do not have any magic remedy. We must think about this together. When an attitude is deeply rooted in a culture, changing it is always a slow process. But, since you are agents of change, why not start immediately? Secondly, the closeness of family or village relationships in Africa has positive elements to it. These elements, and this valuable community sense, must be turned to the advantage of the business. Then, suggest to the group three ways in which they can improve the situation, starting from general principles and moving to specific cases: mass education, forming a company and education of customers.'*

a) Education of relatives and neighbours

It is important to educate relatives and neighbours (all people around your business) in order to develop and improve your business instead of destroying it. Training people to be able to start and manage a business is not enough. The entire environment, all the way down to the village level, must be changed. Why not make a positive use of the strong feeling for the family by presenting the business as a child, a child which is born and grows up, but must be looked after carefully if it is to be able to help feeding the family and the village one day?

Display drawing 5, showing how the child being well taken care of grows up and will in turn take care of her old mother. Then draw a parallel between a child which is well cared for and one day will provide for its aged mother and a business which will one day be a source of wealth for the family and the village if it is not starved to death while still a baby. See what the reactions of the group are. Note their comments and suggestions. Refer to the Kiswahili proverbs 'Take care of it and it will take care of you!' and 'Mr. Present and Mr. Gift are dead and Mr. Free will come tomorrow!'



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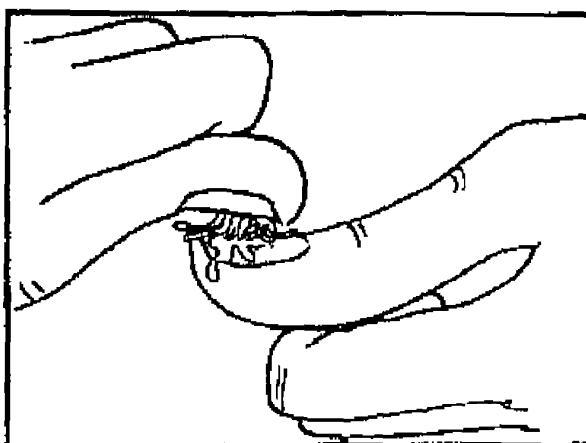
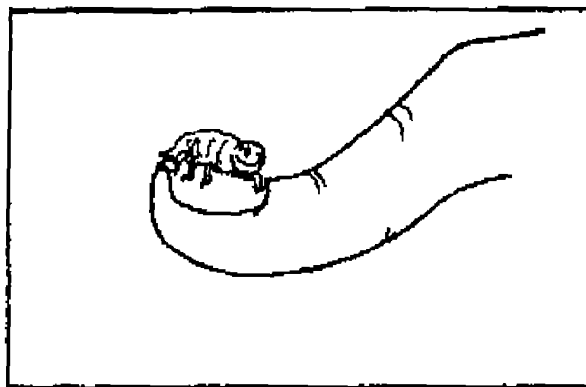
Drawing 5

b) Forming a company, association or group

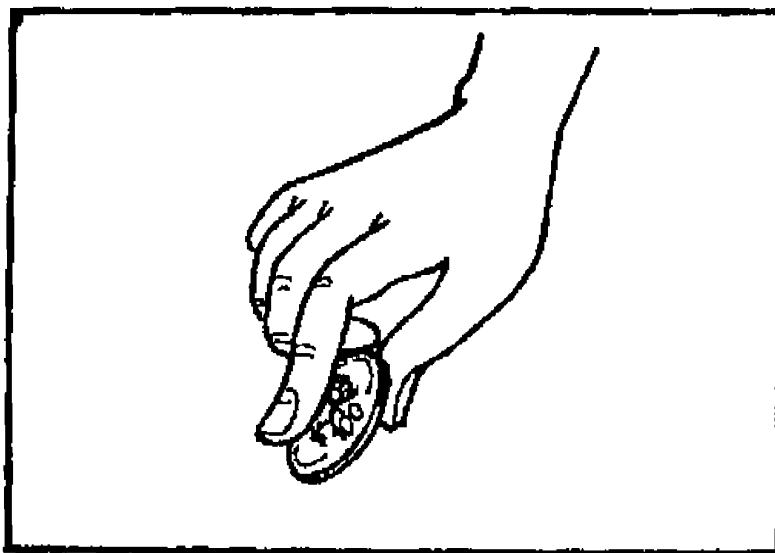
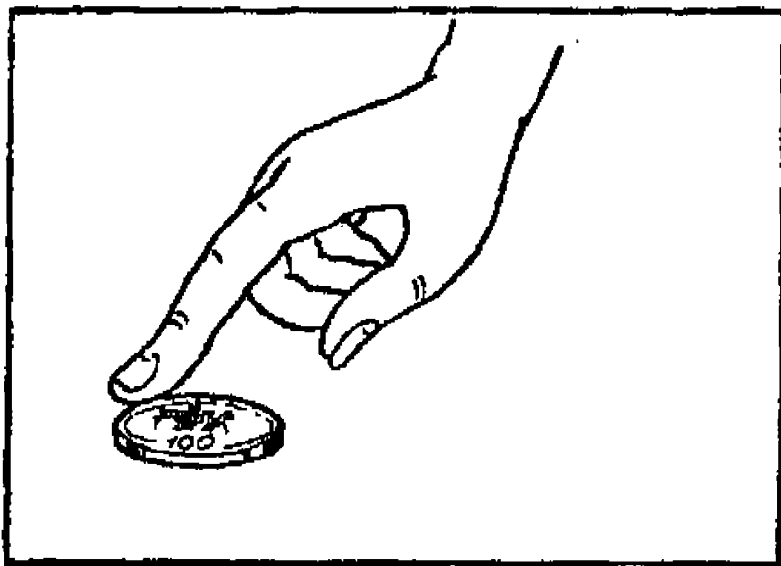
Trainer:

Forming a company, group, cooperative or association offers a protection against the importunities of family and friends and this for two reasons: on the one hand, giving the company a legal form will give you a certain legal protection and will define your rights and obligations with regard to clients, suppliers, creditors and others; on the other hand, forming a cooperative, association, or share holder company will diversify the sources of capital and result in shared responsibilities which in turn render the company less vulnerable.

As an introduction to the idea of forming a company, show drawing 6a, illustrating the Swahili proverb 'You can't kill a lice with one finger' or drawing 6b, illustrating 'One finger alone cannot lift a coin'. It could e.g. be put in parallel with the constitution of cooperatives bringing about shared ideas, responsibilities and costs. Ask the participants about their opinion and experiences.

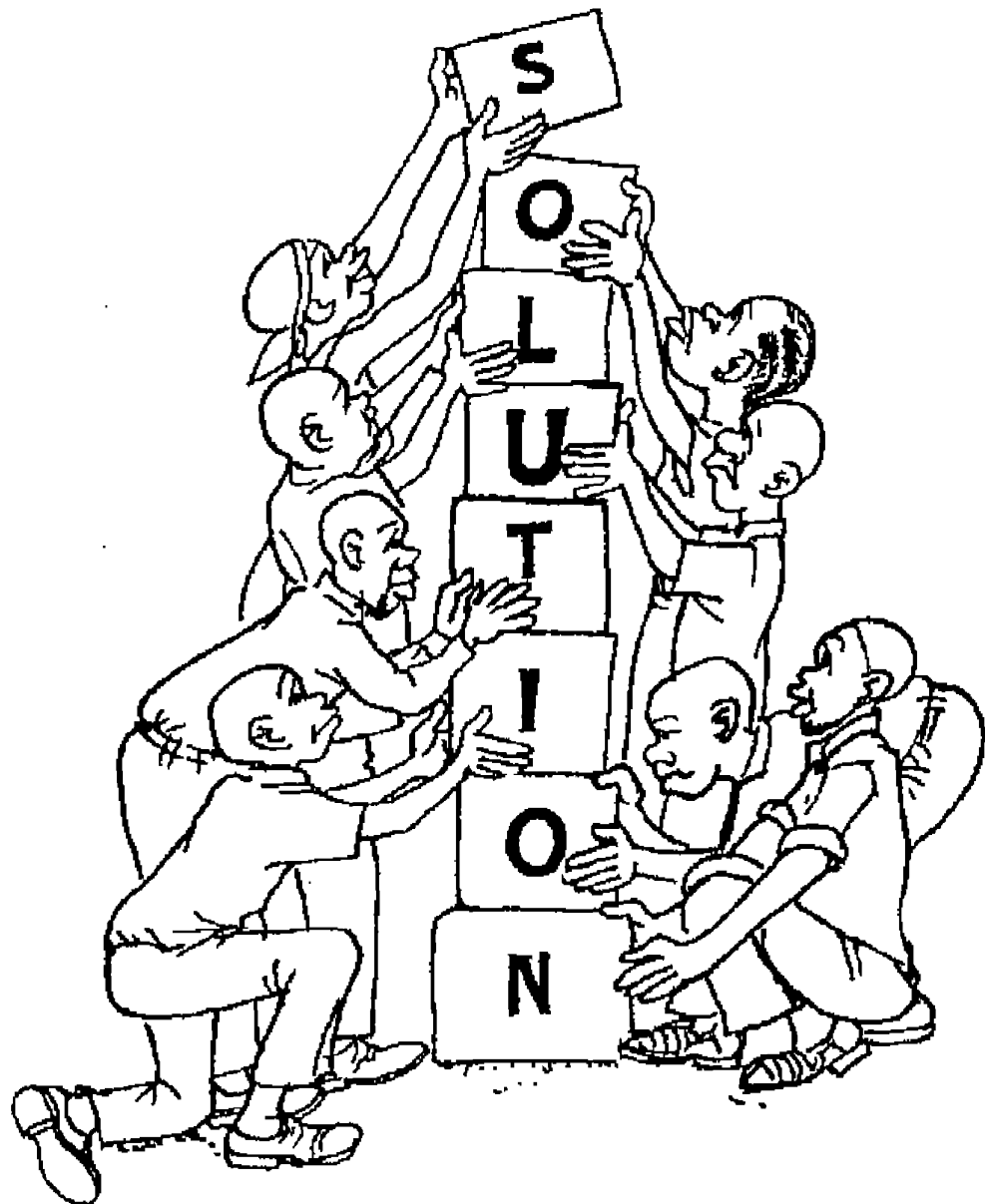


Drawing 6a



Drawing 6b

Introduce the game *'Building a solution'*. Write the letters of the word 'solution' on separate manilla cards. Ask eight participants to take each one card and to arrange themselves to form the word 'solution' (vertically). This exercise will explain that it is important to work together to get a solution of a problem. If one of the letters is missing, there is no solution. Show drawing no 6. Ask participants for their opinion and conclusion. Refer to the Kiswahili saying 'Unity is strength and separation is weakness'.



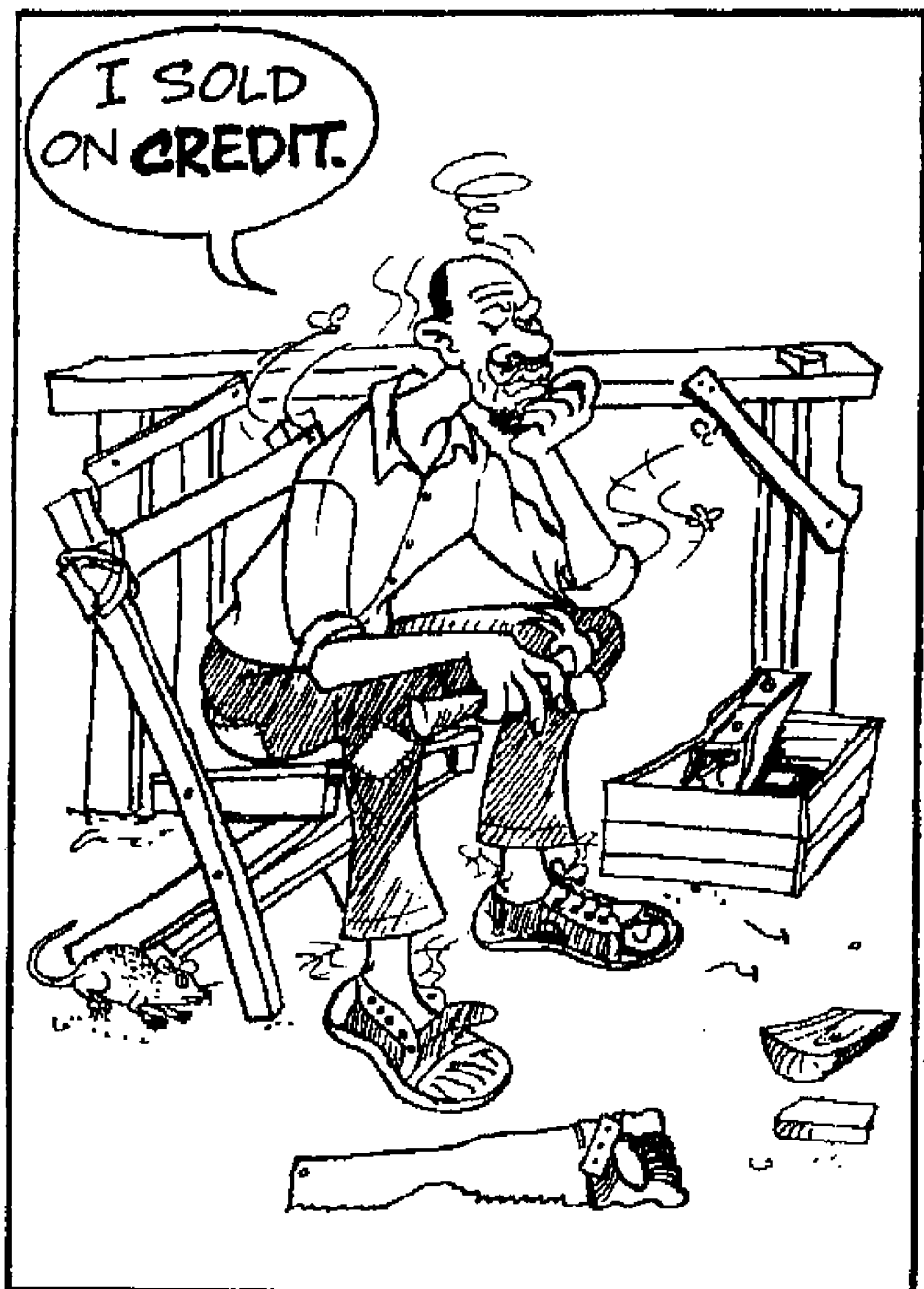
Drawing 7

c) **Educate your customers**

In educating their clients entrepreneurs can use different means, drawings or proverbs, which are used to bring the message to them. For example, refer to the Kiswahili proverb 'I know you but my business doesn't know you'. As an example of education of customers, show participants signs that they can put in their shop to demonstrate that they discourage credit. (Drawing 8 and 9).



Drawing 8



Drawing 9

Ask two participants to play the role play of the witness. It is important for the trainer to select really good actors who can relay the message of the role play. Ask participants to react and tell what they have learned from it. Explain that instead of taking a witness if you give a credit you can also write down the date, name and amount, and let the debtor sign, to have a proof of the loan.

ROLE PLAY: THE WITNESS

This sketch introduces the idea of the witness and social pressure in the matter of lending money. Saidi rushes into Hassan's living room:

Saidi: Hassan, my brother, here I am again you must help me, please! My child has been bitten by a rabid dog, and the doctor says he will have to have an injector which will cost 35,000 shillings, otherwise he will die. I beg of you, help me, save my child!

Hassan: Ah! You are really putting me on the spot! I have little money just enough to buy a hand plane for my business. However, I shall let you have the 35,000 to save your child and you will pay me back in ten days time.

Saidi: God bless you, Hassan, my brother, and I, insha-Allah, will bring you back the money within ten days.

A few weeks go by, and then one day on the way to the market:

Hassan: Hey! Saidi! Wait for me!

Saidi: Who? Me?

Hassan: Oh, so that's how it is? And what about our agreement?

Saidi: What agreement are you talking about? Don't waste my time!

Hassan: Why, the 35,000 shillings you borrowed from me?

Saidi: Me? Are you out of your mind?

Hassan: Ah! Is that how you repay me for helping you out?

Saidi: Just a moment, you talk, you saw me at your place one day? Anyway, I don't owe you a thing!

Hassan: You don't owe me ...?

Saidi: Do you have a witness? All right, produce your witness!

Hassan: ? ? ? ? ?

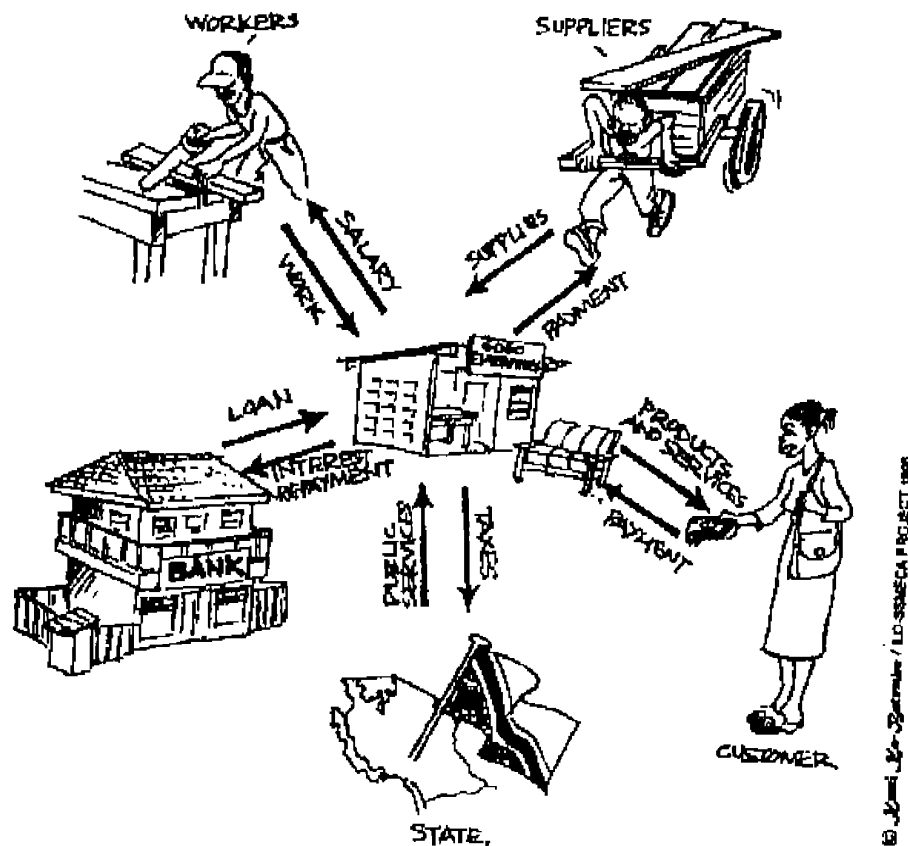
2.3. THE ENTERPRISE AND THE COMMUNITY

Trainer

Enterprises are a source of wealth and development. They are organised working communities producing goods and services needed by the community as a whole. They have a highly important social function. They have numerous and complex links with the outside world. Ask participants what the different who plays a role in the economic chain. Display the drawings of the different economic actors (no 10) on the board, and ask the participants to tell which way the arrows should point and what the arrows symbolise.

The participants often gain an insight into the close links formed within this network of actors (suppliers, customers, employees, Government, banks): if there is one weak link in the chain, one actor who does not pull his weight, then the whole chain suffers. They see more clearly, for example, what role the State plays or can play in the economic scene. They also gain greater confidence (they are not alone, but part of a whole) and even develop a certain pride. They are performing a respectable and useful occupation.

Note: If participants don't have relations with banks, the trainer can refer to saving and credit groups.



Drawing 10

SESSION 3: MARKETING

Objective:

To teach the participants to think market - mindedly and to understand some marketing techniques which will help understanding the words *Market* and *Marketing* and to bring them into practice in their enterprises..

Duration: 4 - 5 hours

Contents:

Marketing is thinking about the way consumer thinks. It is the identification and capture of markets. Marketing begins with the market itself, by a careful quantitative and qualitative analysis of what the market wants and needs. It continues with the creation of an existing one, in line with those wants and needs and bringing that product to the attention of the customer at a particular price, at a particular place, using certain promotional tools.

The following topics will be dealt with:-

- * *Market research.* Entrepreneurs have to begin by studying the market. Because one should avoid market saturation, product/customer mismatching and 'following the crowd attitude'. Instead, the entrepreneur should try to find a 'vacant' gap, a gap with nobody in it! *Market research should done* in the simplest possible way: primarily by observing, looking and listening, but testing a product and observing the competitors businesses.
- * The purpose of all this is to design suitable products and services that must them be *marketed* at a particular place and at a particular price, and brought to the attention of the customers. These are the four P's of *marketing mix*: Product, Price, Place and Promotion.

Method:

The introduction session starts with a small game to introduce participants to key issues in marketing and to help them understand the terms "market" and "marketing". In the second section of the module "Market research", participants are first encouraged to brainstorm and discuss the reasons why there is need to know from their markets. Suggestions for practical, simple methods of market research are made. In the third section of the module, "the marketing-mix", the four elements of the marketing-mix" (product, price, place, promotion) are introduced. Emphasis is part on product diversification, quality improvement, characteristics of a good business, location and display, sales promotion, advertising, public relations and sales techniques. Methods used are brainstorming, group discussion and role plays.

Participants

Ask the participants to give examples of these activities. Conclude by giving the most important points:

- Find out about what your customers need. (It might be necessary to elaborate on needs by giving some examples: When you are hungry, you need food; when it is dark, you need a light; etc.).
- Provide the product / service that your customers need.
- Set the price that customers are willing to pay and that gives you a profit.
- Get the products and services to the customers.
- Attract the customers to buy your product or services.

3.2. MARKET RESEARCH

3.2.1. Why to study the market

a) Demand

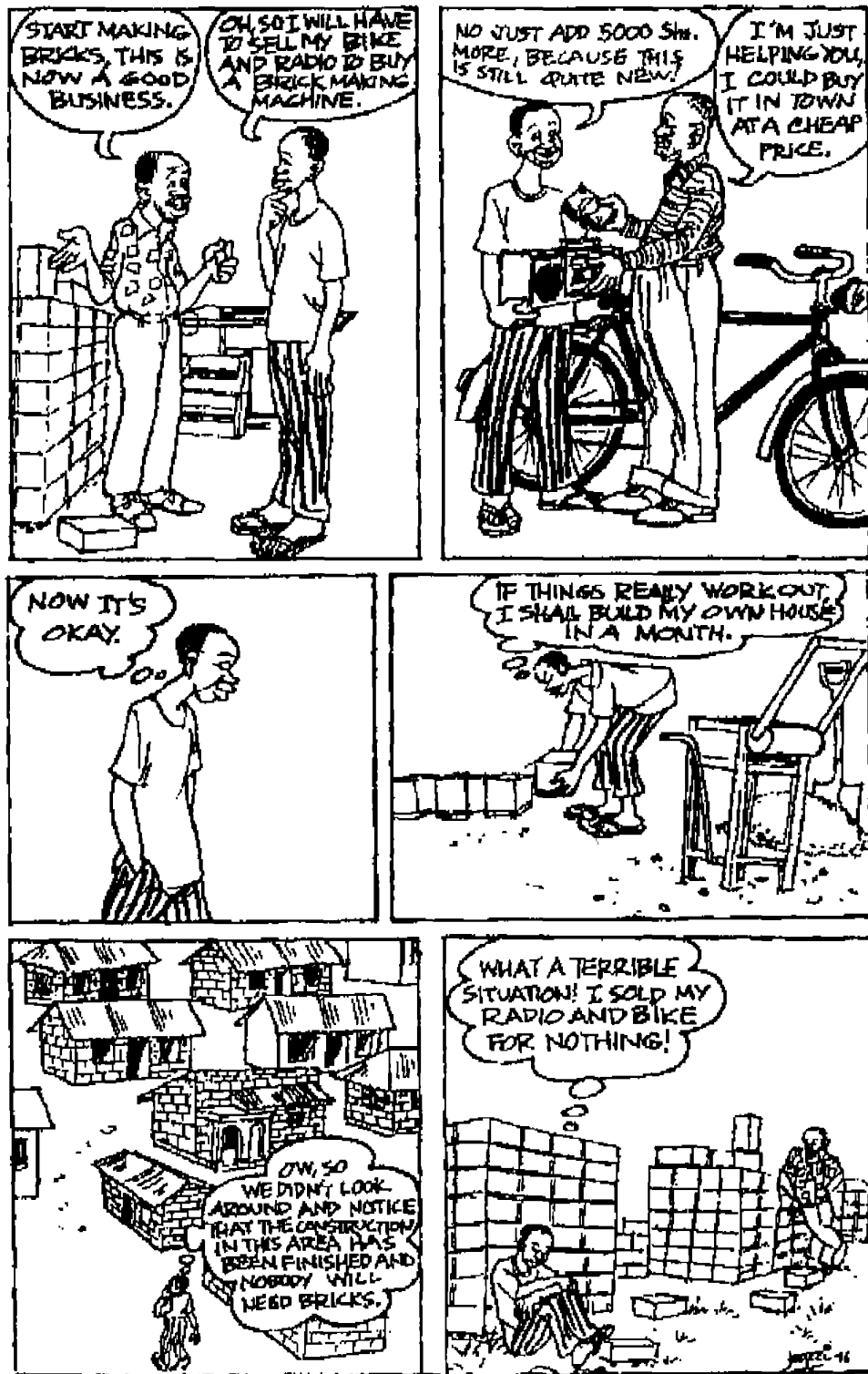
Trainer

Ask the participants to relate the following proverb to their business 'You can lead a horse to the water, but you can not make it drink'. The meaning is that there either is no market, or the market is already *saturated*.

Show participants the comic strip (drawing 11). The text under the drawings will explain the story. These four drawings are a critique of the 'follow the crowd'-attitude. If you start making products without having first studied the market, there is a risk that soon nobody will buy any of your products.

Participants

At this point participants must be given time to describe what they can see. Encourage participant to give other examples of market saturation.

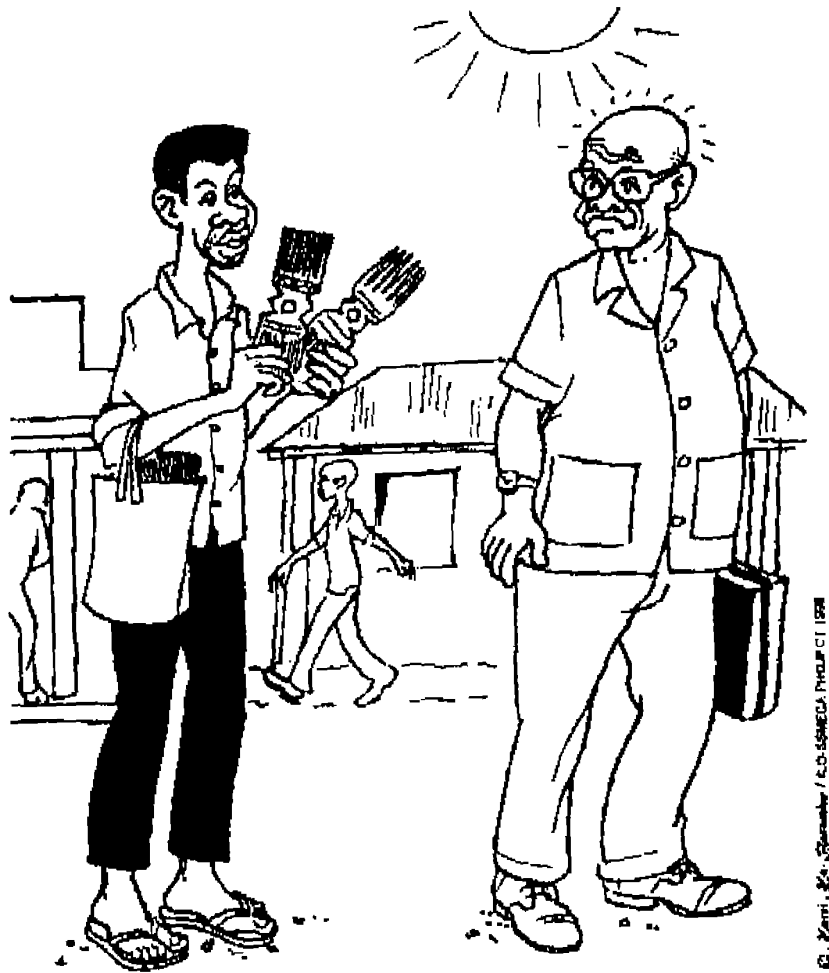


Drawing 11

b) *The right product*

Trainer

Show drawings 12a and 13a to the participants and discuss the contents. You have to try to find the *right product for the market*. Ask for other examples of mismatch. Drawing 12: Do not sell a comb to a bold man. Drawing 13: A business women loaded with luggage may not be interested in a big basket, but maybe in handicrafts?



Drawing 12a



Drawing 12b



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Drawing 13a



Drawing 13b

c) *Follow the crowd attitude*

Trainer

Show participants drawing 14a or 15a. All entrepreneurs are trying to sell the same product. Could any of them offer something different? Let participants make suggestions and show their drawings 14b or 15b. Encourage the participants to find other examples.

These drawings are criticizing the follow the crowd attitude and the herd instinct. People gather together, they stick together, everybody does like somebody else, and everybody feels comfortable and safe. But when one is selling, it's the difference that matters. One must stand out and find something which the customer wants and nobody else is selling. One must find a gap in the market.



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Drawing 14a



Drawing 14b



Drawing 15b

3.2.2. What do you need to know from your market?

Participants

Ask participants for suggestions, and add more, e.g.:

- Who are your customers?
- Where are they?
- What are their needs?
- What do they prefer from your product?
- How often and how many products do they buy?
- When do they buy?
- How much money are they willing to pay for the product?
- How will the product reach the customer?
- Who are your competitors. What is the quality of their products and how are their prices?

Trainer

Finding answers to these questions is called market research.

3.2.3. How to do market research?

Participants

Ask participants how they normally get this information and discuss the different possibilities:

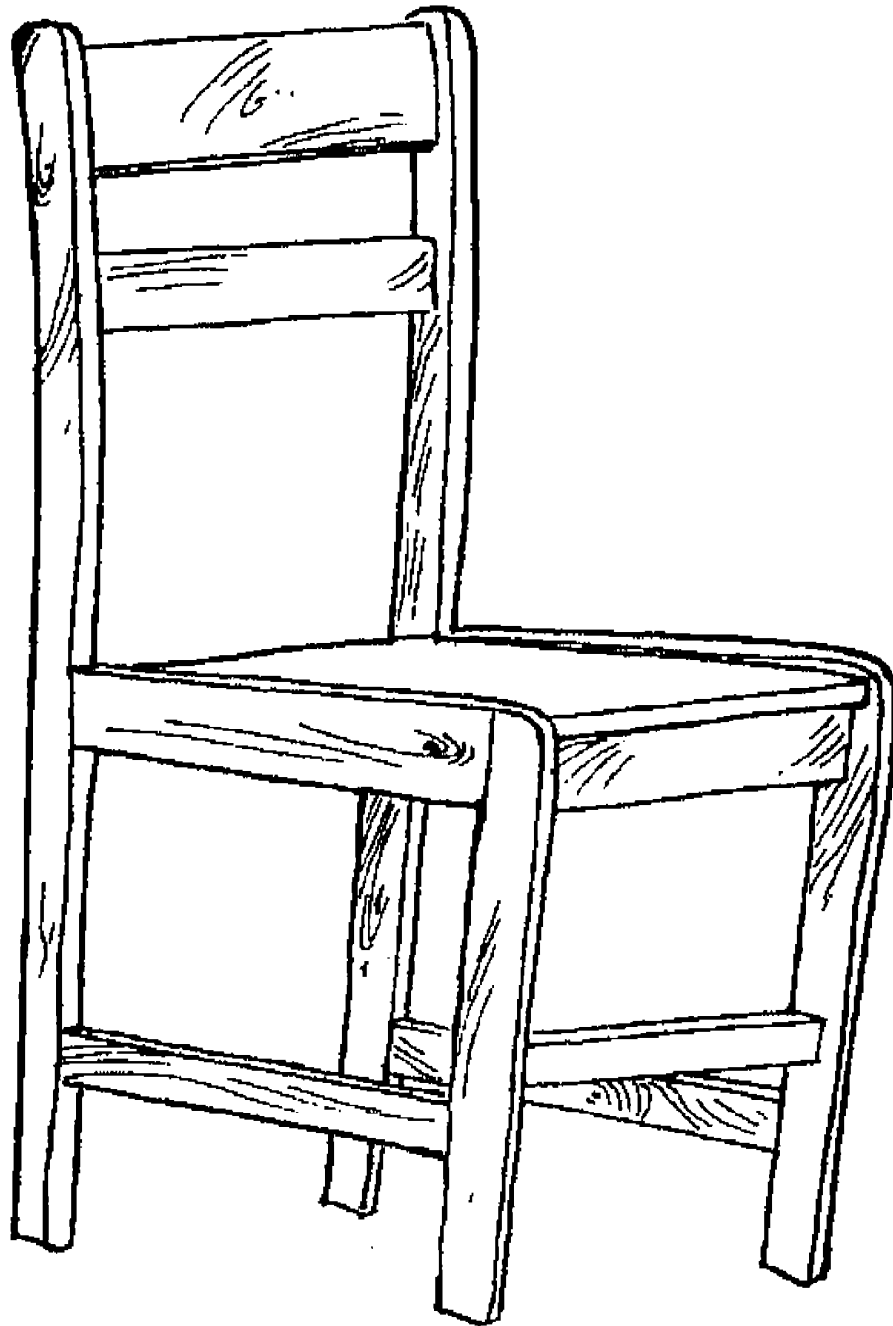
- Through their clients (listen to their comments, observe them and ask them questions).
- By asking questions to different users of your product (What they like and don't like suggestions about improvement).
- Through friends and relatives.
- From books, newspapers and radio.
- By displaying your product in an exhibition or trade fair.
- Observing your competitors' businesses: prices, quality, product range, display, promotion what people say to each other about the goods in your competitor's business, etc.
- Product market test: display a sample of a new product, or go around with a sample and ask for people's opinion.

3.3. THE MARKETING-MIX

Trainer

Show the four posters to the participants and ask them which elements of the marketing-mix they represent, the four P's. Put the posters on the wall of the class room (Drawing 16 to 19).

Product (select drawing according to target group)



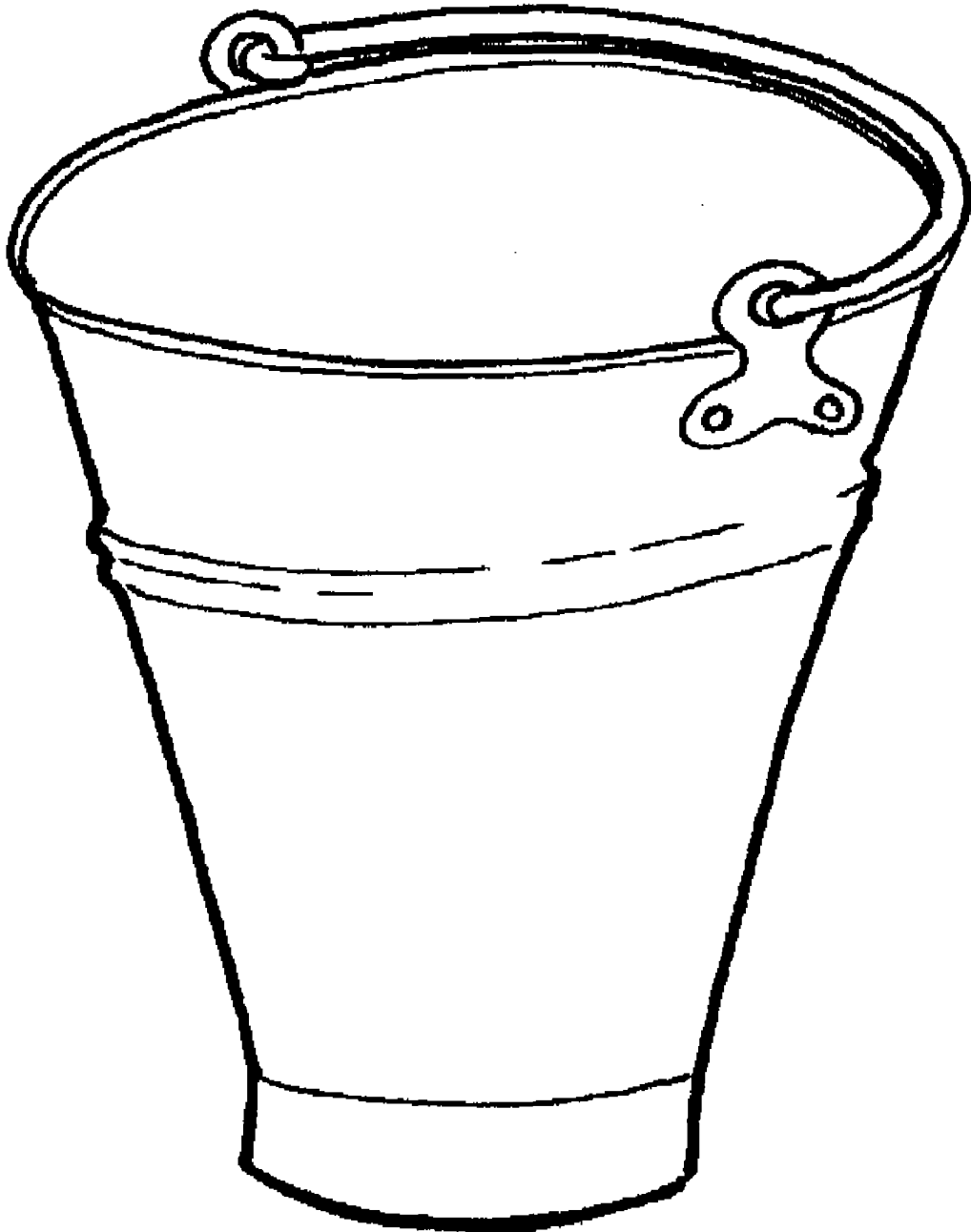
Drawing 16a

Product (select drawing according to target group)



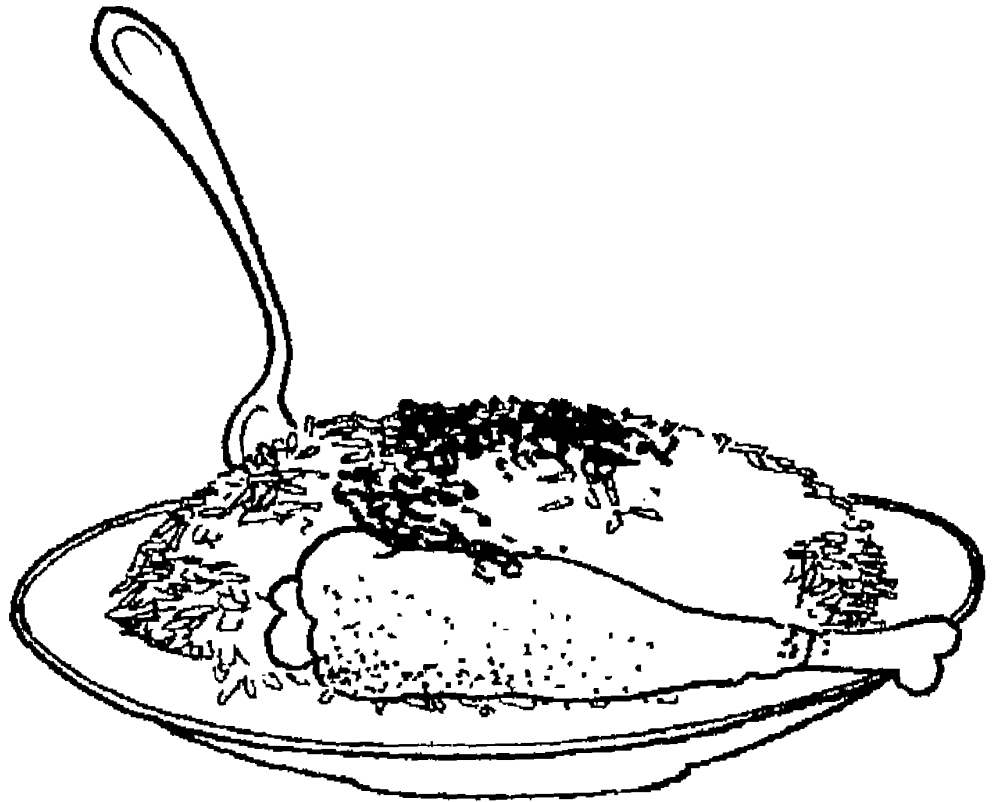
Drawing 16b

Product (select drawing according to target group)



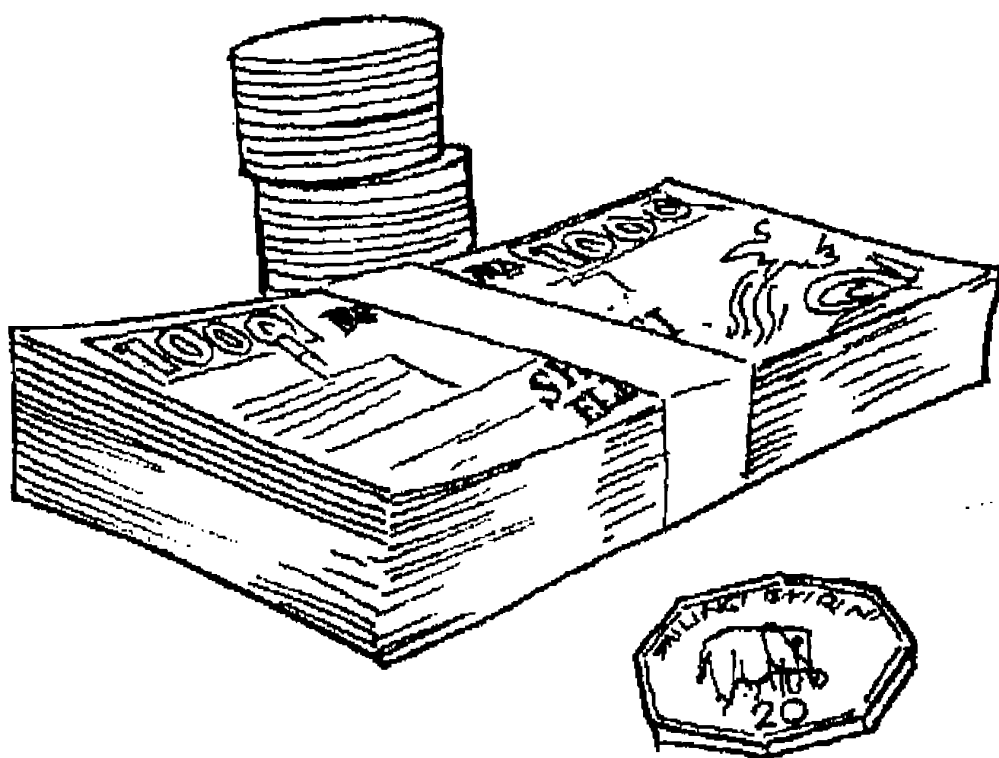
Drawing 16c

Product (select drawing according to target group)



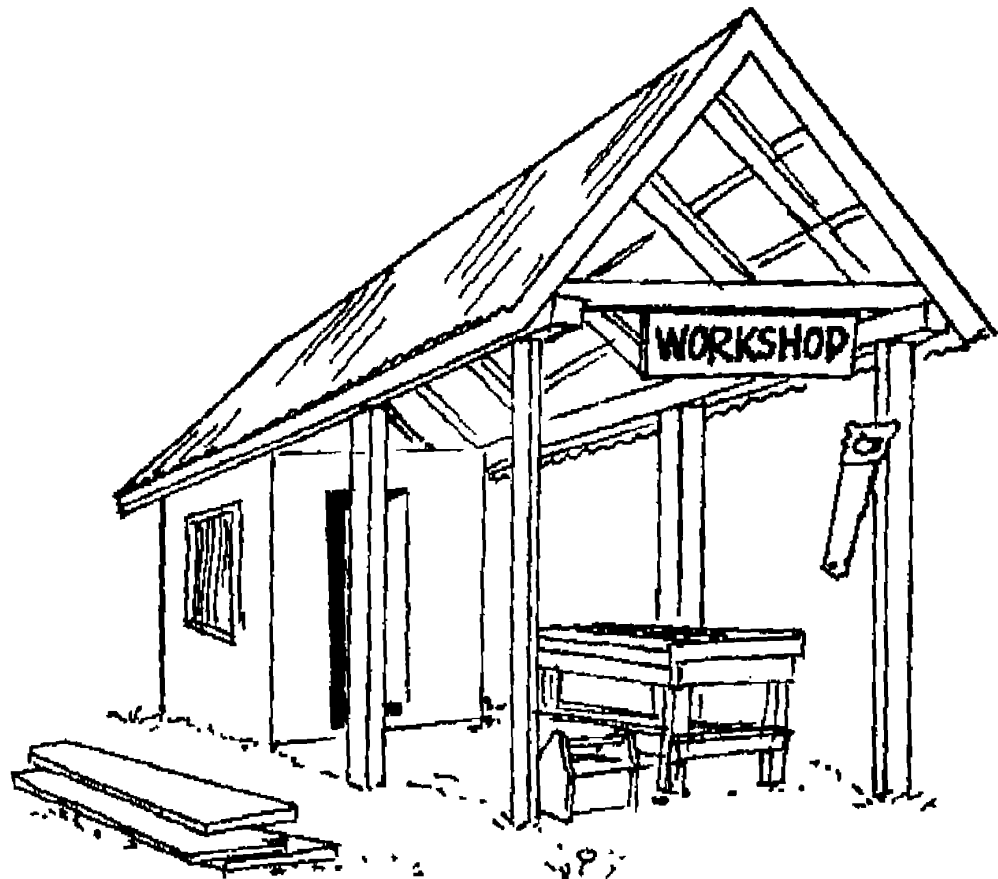
Drawing 16d

Price



Drawing 17

Place



Drawing 18

Promotion



Drawing 19

3.3.1. Product

Trainer and participants

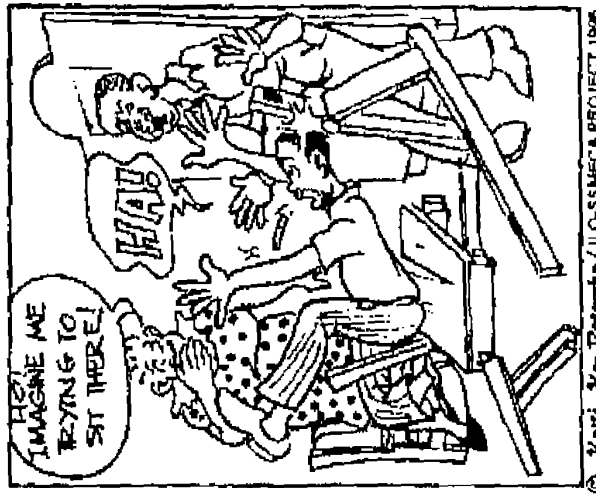
Ask participants to give a definition of a product. *A product is something that you make, sell and use.*

A good product is a product that satisfies the needs in the market. Discuss the characteristics of a *good* product, e.g.:

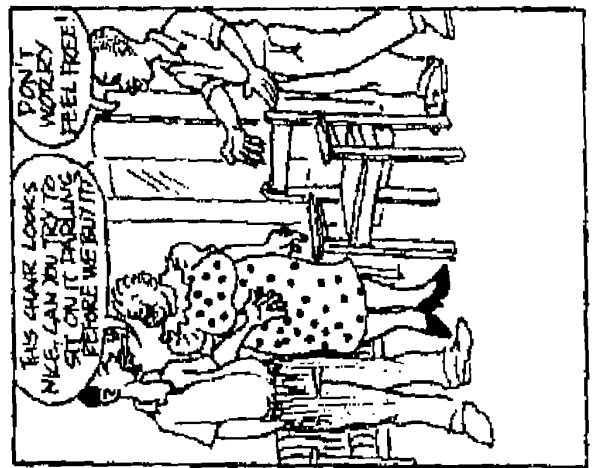
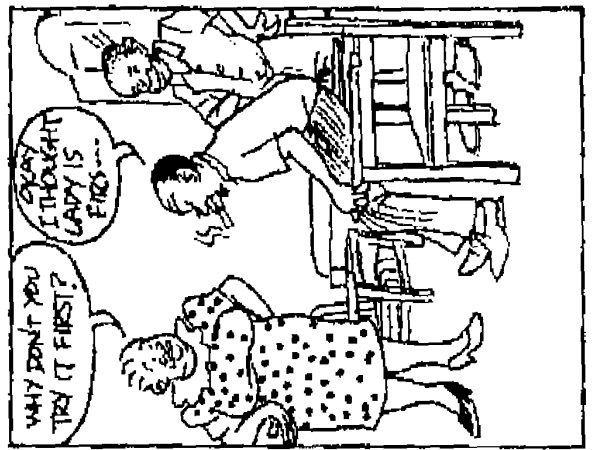
- quality (durable, good material, finely finished). Show drawing 20 to illustrate the importance of good quality.
- attractive (colour, decoration, finishing, cleanliness).
- design (good shaped, relate to utility value, size).
- modern (match with fashion).
- distinguish from competition.

Trainer

If your product does not sell very well you can try to improve or diversify your products, in order to compete and to make a profit. You should always do a market research before you start production. It is good for an entrepreneur to produce a variety of products with different qualities, sizes, material and designs to suit the various needs of customers. Customers then have a choice.



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Drawing 20

3.3.2. Price

The selling price will be discussed in detail in the costing and pricing exercise.

Trainer and participants

The participants should be induced to talk at length on the subject of bargaining, something they probably do a great deal, both when selling and when buying. Bargaining is not a hit-and-miss affair. There is an unwritten rationale to it. The group should try to discover the laws which govern it. In industrialized countries, the selling price is ultimately set somewhere between two extremes: *the cost price*, which corresponds to the total cost and is the lower limit, and *the price of market acceptability*, which is the maximum price that the market will bear. We shall return to the question of cost in the module on costing and pricing. The maximum the market will bear can be ascertained by taking a representative sample of individuals and asking each one 'How much would you be prepared to pay for this product?'. Bargaining is fundamentally no different; the seller is feeling his way between two extremes: selling at a loss and not selling at all because the price is too high.

What about the participants themselves? How do they fix their price and how do they communicate it to their customers?

3.3.3. Place

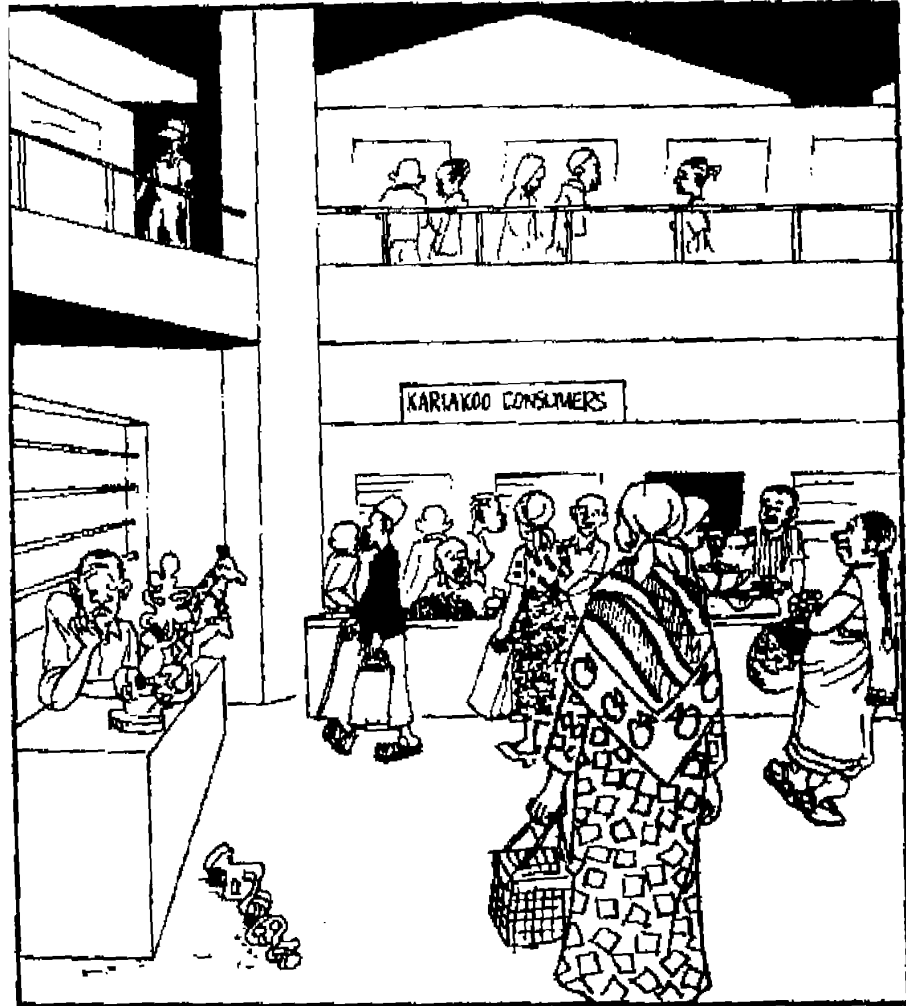
Trainer and participants

At this stage the participants should be encouraged to talk about the different *distribution circuits*: manufacturer to wholesaler, wholesaler to retailer. What are the respective advantages and drawbacks of long circuits and short ones? What are the margins and the repercussions on the prices at which the goods are sold to the consumer? What are the views of consumers (men as well as women) on self-service? What are the participants' own experiences?

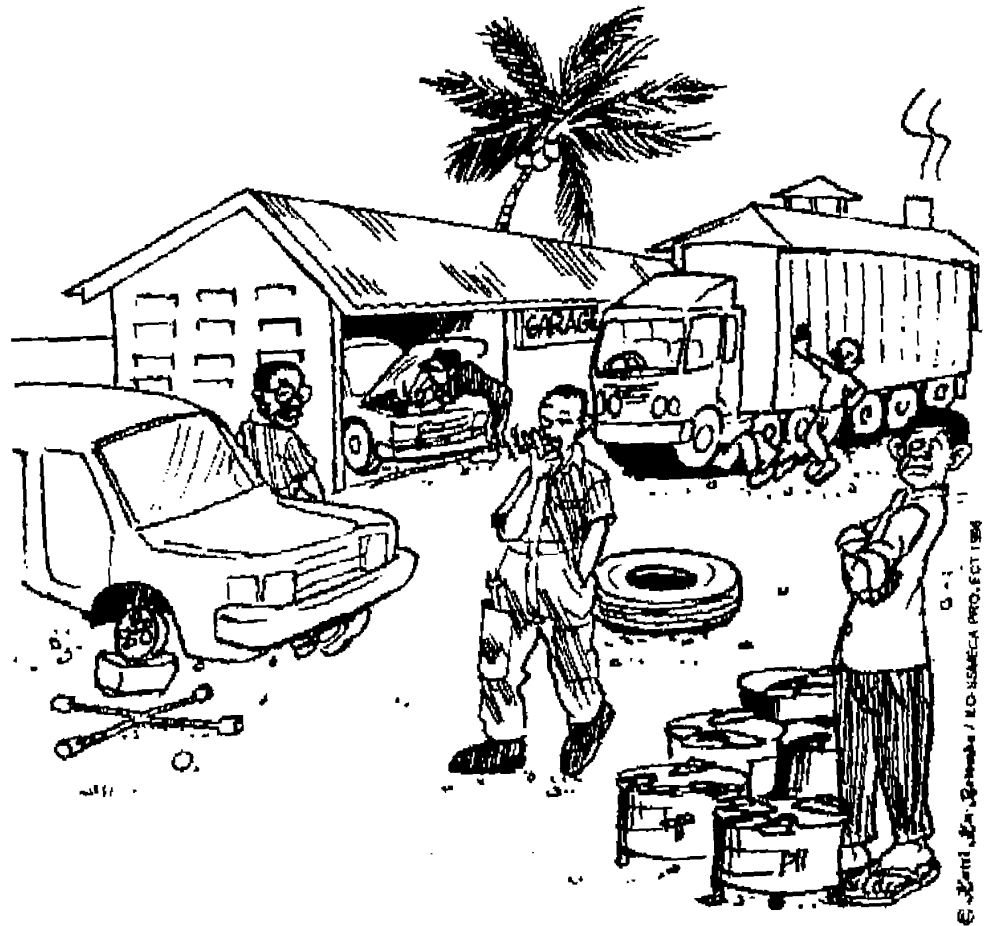
The participants should now give some thought to drawing 21 and 22, which deals with the location of the business. Drawing 21a and 21b: A person selling carvings close to a hotel is doing good business, while a person selling carvings at Kariakoo market, has chosen the wrong location. Drawing 22a and 22b: A person selling a cooking stove in the market where women buy vegetables, rice, etc. is doing good business, while the one who is near a garage, a place frequented mainly by men, has chosen the wrong location.



Drawing 21a



Drawing 21b



Drawing 22b

Then again, make participants explain the reasons behind their own choice of location. Is it appropriate with regard to the customers they want to attract? Are there other factors influencing their choice of location? (We recall here that obtaining a good business site often presents a major difficulty to small enterprises because of their lack of legal status, the costs it represents, the lack of industrial zoning in many cities, etc.).

Let participants discuss characteristics of a good business location:

- easy to be reached by the customer
- security, cleanliness
- parking place
- necessary other services around (public transport, place where you can buy a drink)
- attractive shop with a sign
- well lit
- easily seen
- opening on regular hours

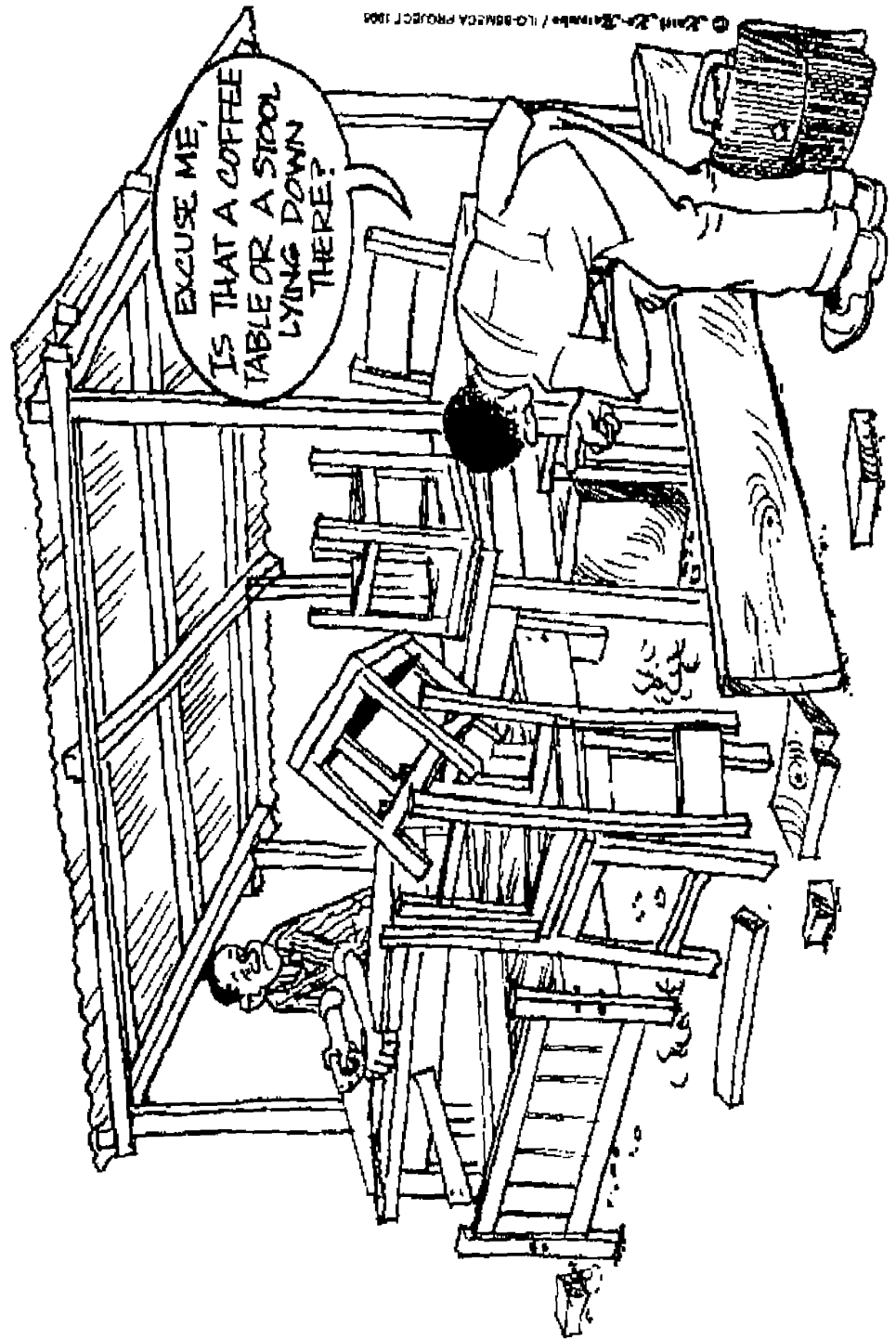
Ask participants to check with their own location and to make suggestions to improve it.

Finally, a good deal of time should be spent discussing the *presentation of goods*. Drawing 23a and 23b are designed to convey a very simple message. However modest your stall is, it should be clean, orderly and attractive. Stay close to it and look as though you want to sell, to serve the customer. A small signboard will complete the general impression of application and professionalism. In this drawing we have a good marketing-mix, all four P's are well represented.

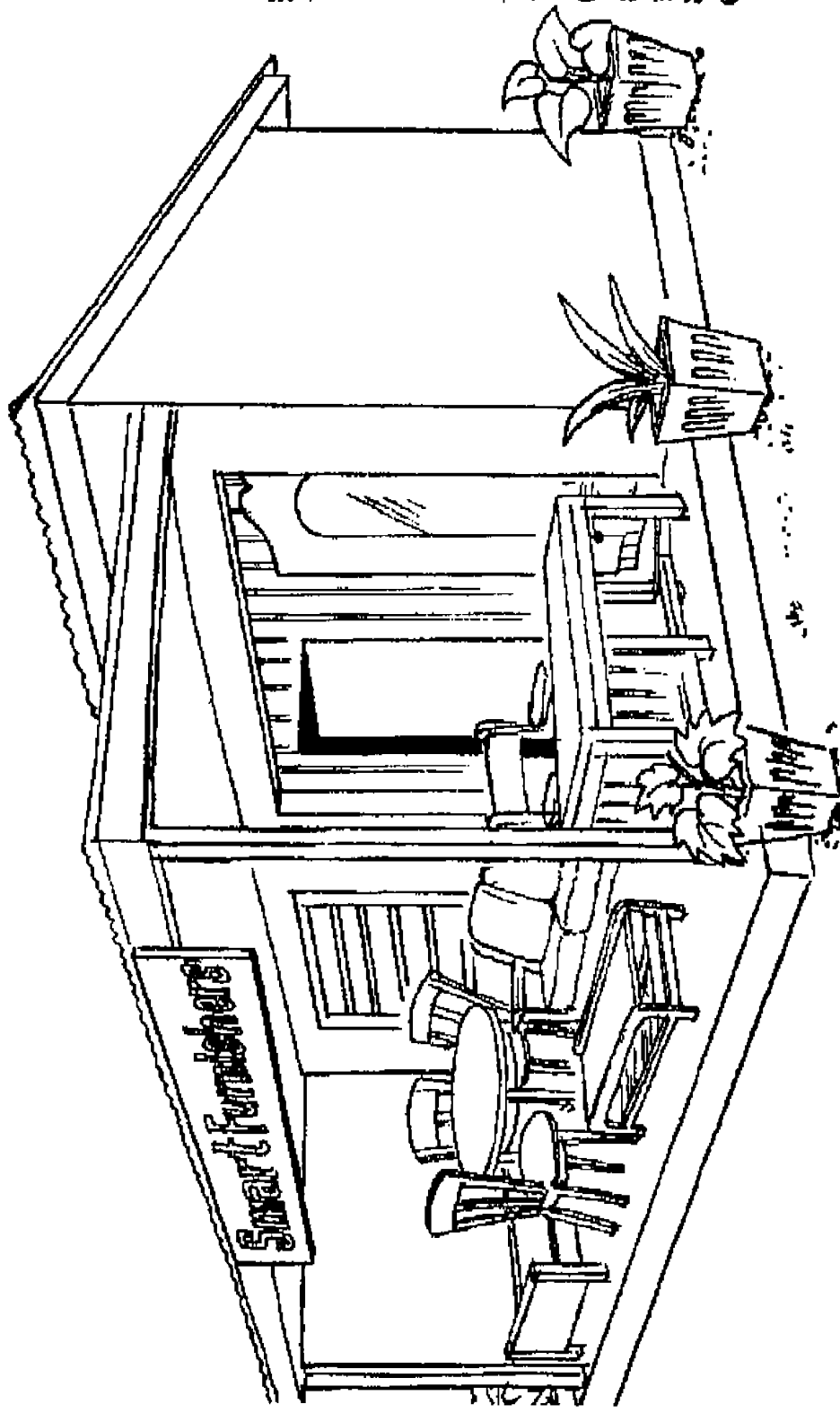
Make the participants discuss the characteristics of good display:

- good lay-out, group products in sets
- in plain view
- attractive (contrasting colours)
- variety of products (put few products, rather than your whole stock)
- enough light
- clean
- use photo's or catalogue.

Show drawing 24a and 24b to compare the presentation of goods.

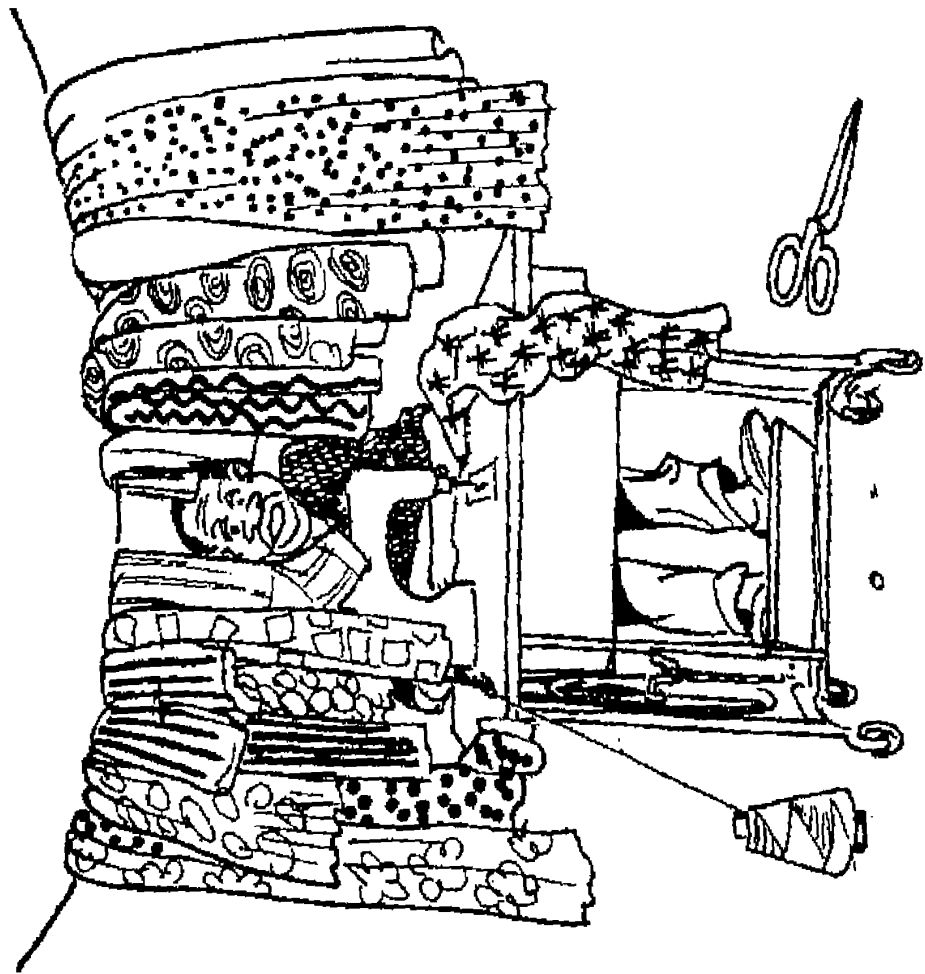


Drawings 2.2a

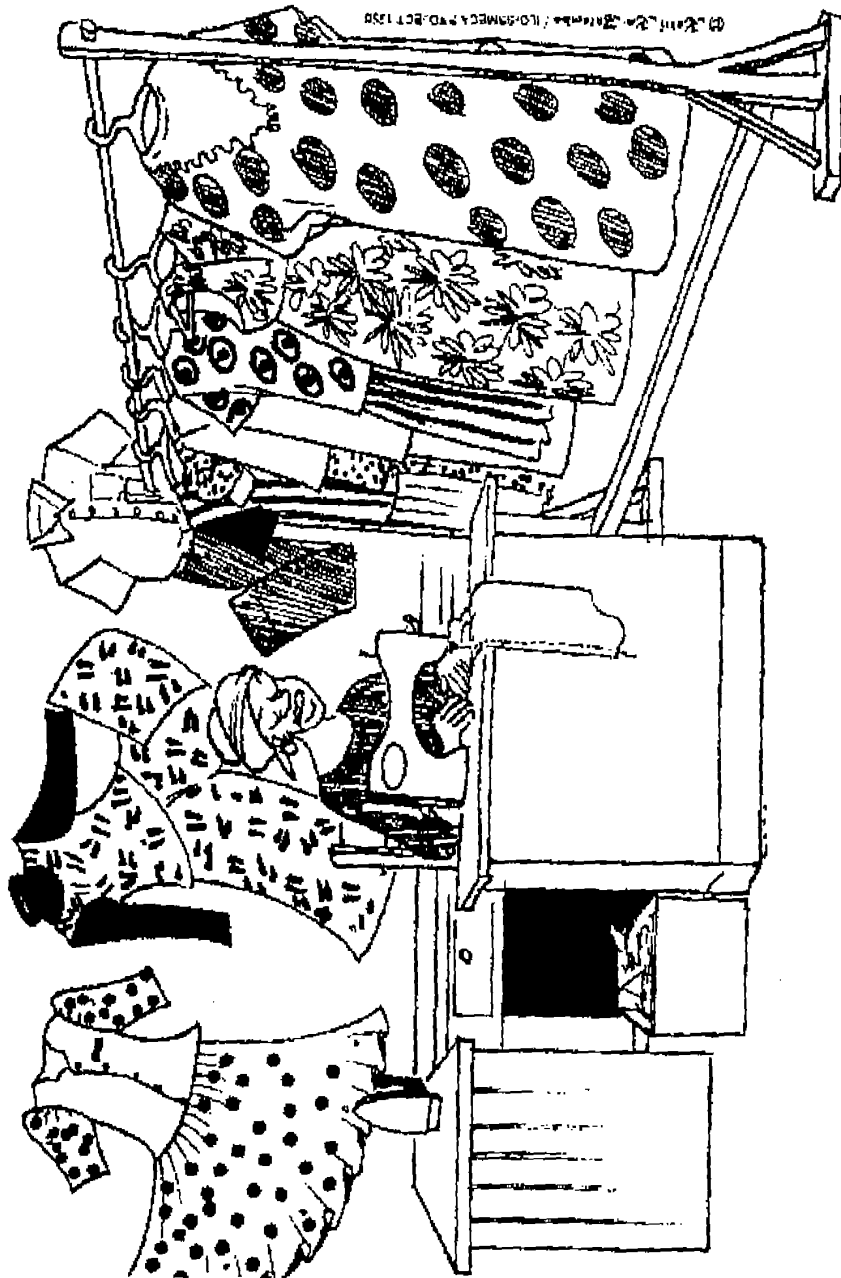


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Drawing 23b



Drawing 2Aa



Drawing 24b

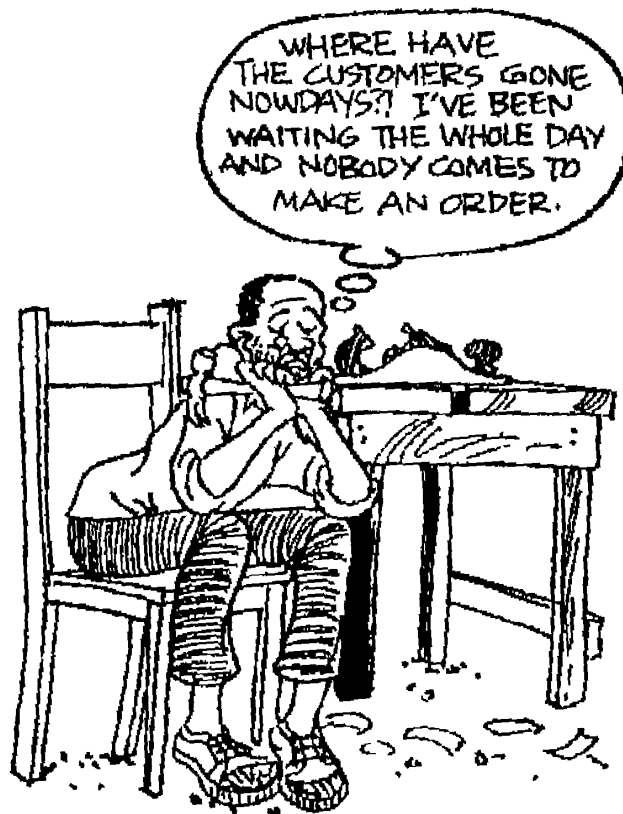
3.3.4. Promotion

Participants

Let participants discuss in small groups what kind they do to attract customers and let them present to the whole group, using the flip-chart.

Trainer

The word 'promotion' covers a number of marketing activities: sales promotion, advertising, public relations and selling methods. These activities help to attract, but first and foremost to satisfy and win the fidelity of the client. One of the important factors of promotion is that you have to have an active attitude, for example go out and look for customers. Show drawing 25a and 25b to participants and let them discuss.



Drawing 25a



Drawing 25b

Sales promotion

- Putting your prices down a little to make them sound lower to the customers, e.g. Sh. 990 instead of Sh. 1,000.
- Special offers for different occasions, e.g. Christmas, Idd, trade fairs. When customers come for one special offer, they often buy other products as well.
- Discount, e.g. when a customer buys a large quantity or pays cash (instead of asking a credit). Before giving a discount the entrepreneur has to know the cost of his product. This will be dealt with in the costing and pricing exercise.
- Display.
- Sell products that go together, e.g. a shoe maker can sell shoes and socks or shoe polish. A carpenter can sell polish with his furniture.
- Give a service with your product, e.g. transportation of furniture to the house of the customer.

Advertising

Advertising is a set of techniques designed to draw the customer's attention to the product. Unlike selling techniques, these techniques are impersonal. They involve the use of different media: the press, radio, television, cinema, posters, business cards and of course word of mouth advertising. Word of mouth means that people tell others what they think about you, your business and what you sell. The word travels from one person to another. Make sure it is a good word so it gives your business a good reputation. Show drawing 26 to illustrate.

Public relations

To build up a reputation, for example by donating products to a primary school, which will build up a reputation for kindness and goodwill which may eventually redound to the benefit of the business.

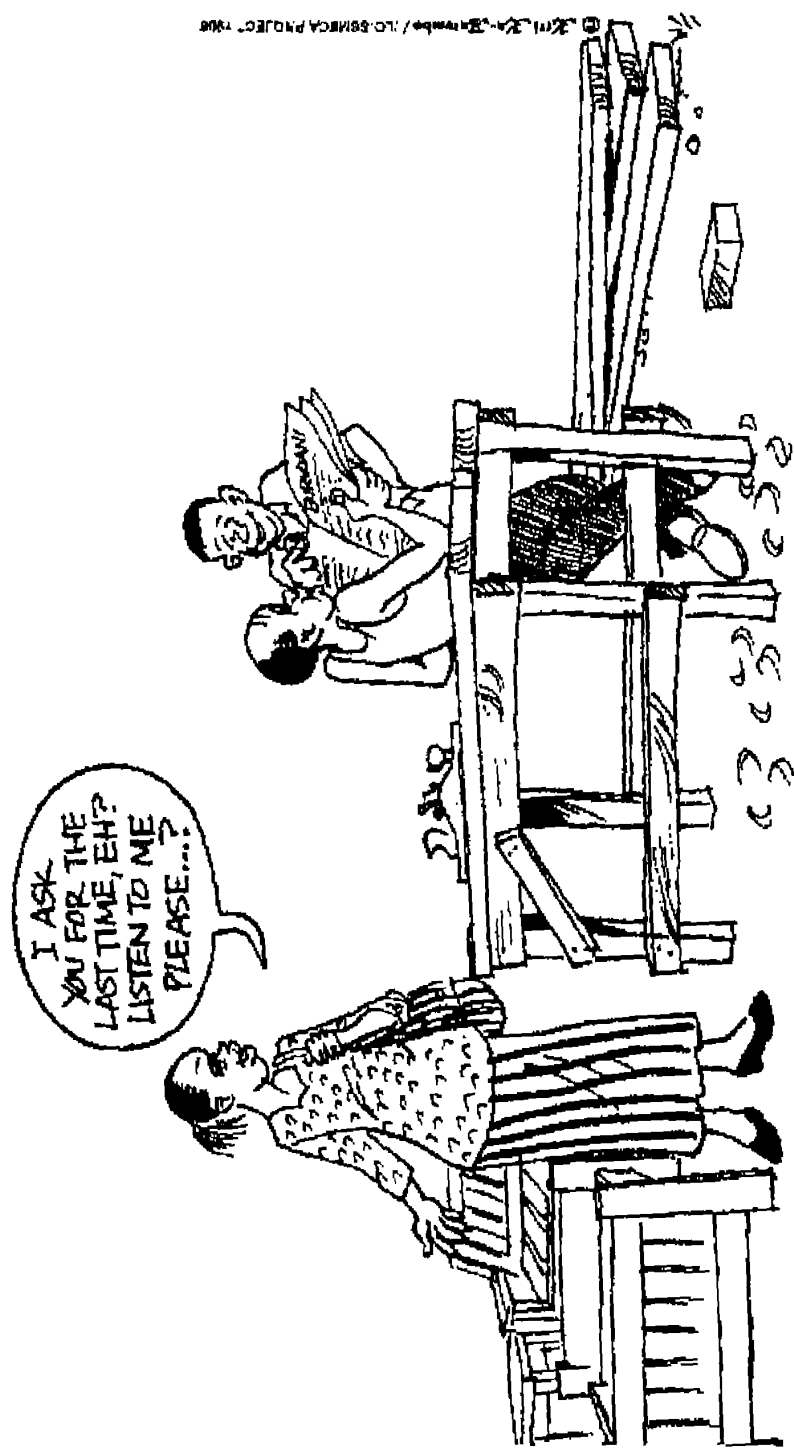
Sales techniques

- Presentation of the product: name advantages of the product, stress quality, design characteristics, other satisfied customers. Ask one of the participants to do this for his own product.
- Customers handling: make customers feel important, don't keep them waiting, be courteous, friendly, helpful and honest. Show drawing 27a and 27b to illustrate this point.
- Mention the advantages of the product before the price.
- Know your products (technical information, how can the product be used).
- Try to inquire about the customer's needs and wants, so you can direct him to the right product.
- When a customer asks for a product that you don't sell, you can advise him an alternative product from you own shop, which satisfies the same needs. If the customer is not interested in the alternative product, you can advise him where he can find the product he is looking for.



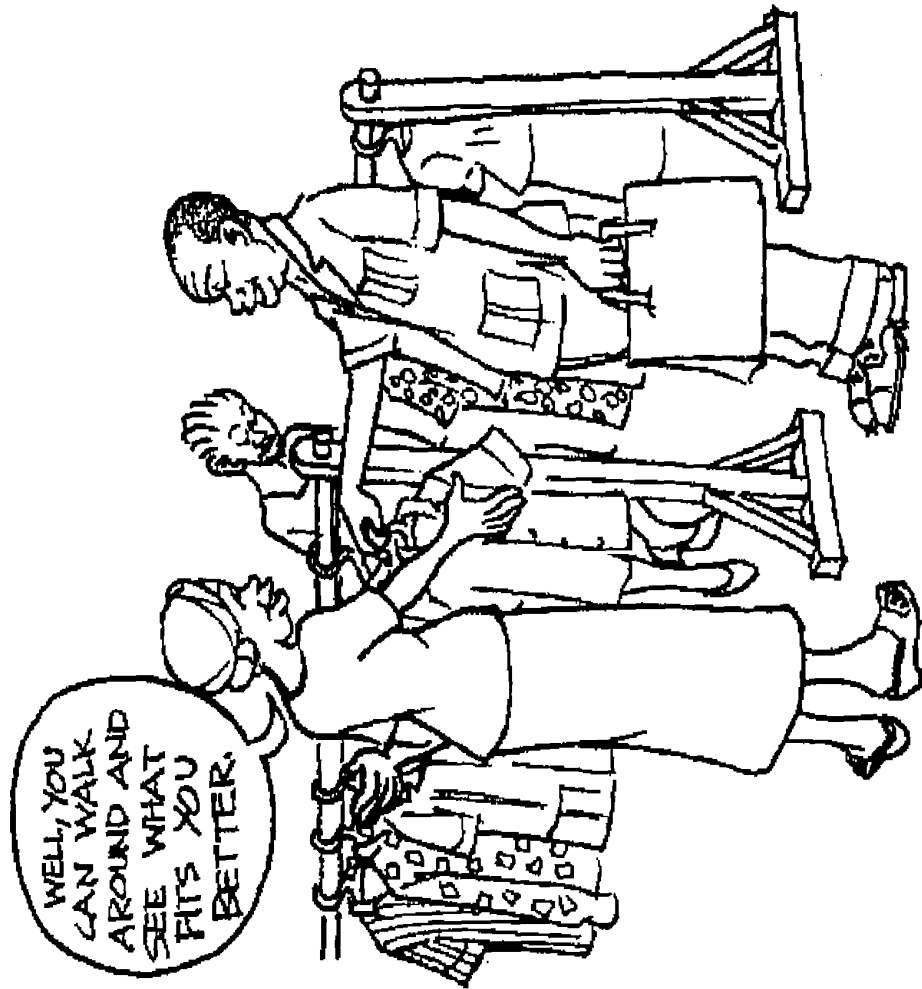
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Drawing 26



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Drawing 27a



Drawing 27b

Participants

Take some of the participants outside the classroom and ask them to prepare two role play

Role play a: The entrepreneur is busy while the customer comes in. The customer asks services, but the entrepreneur doesn't mind. The customer feels angry (thinking "Who wrong with this guy, he is not interested to sell")

or: Entrepreneurs approaching a tourist in an aggressive way to force them to buy their products. The customer feels threatened or annoyed.

Role play b: The participants play how an entrepreneur should react.

SESSION 4: COSTING AND PRICING

Objective:

Participants to be able to understand and calculate the various business costs, (direct costs and indirect costs) and to understand how to price their products.

Duration: 4 - 5 hours

Contents:

With the help of a practical example, direct material cost, direct labour cost and indirect cost are calculated, and aspects to be kept in mind when fixing a price are explained.

Method:

A day before, the trainer should put the trainees in groups according to what they produce. Let them go to their workshops to calculate their real costs and prices of their products.

The next day, participants should present the outcome of their exercise to the group on the flip chart.

The trainer explains how to calculate direct and indirect costs. At the end of the topic participants refer to their earlier work and identify the costs that they have not included. In the pricing section of the module, important aspects to consider when fixing a price are discussed.

Trainer and participants

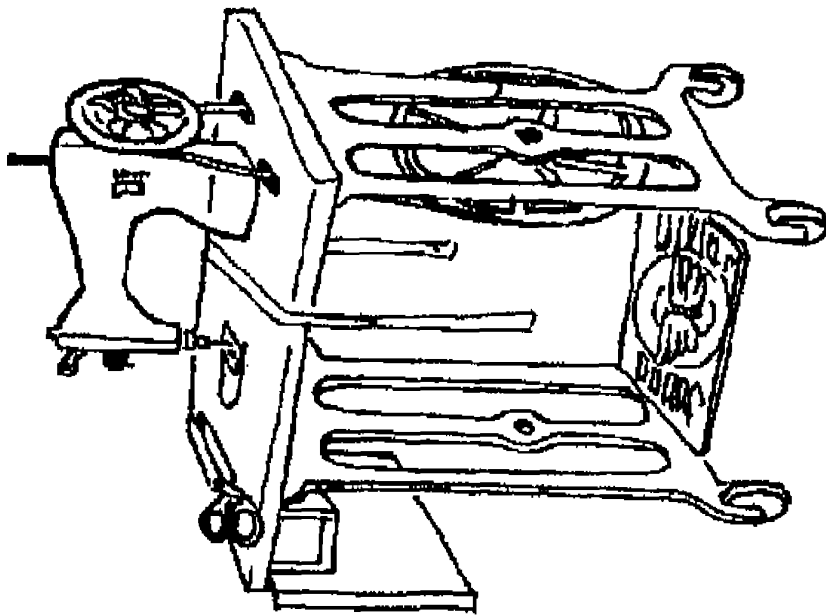
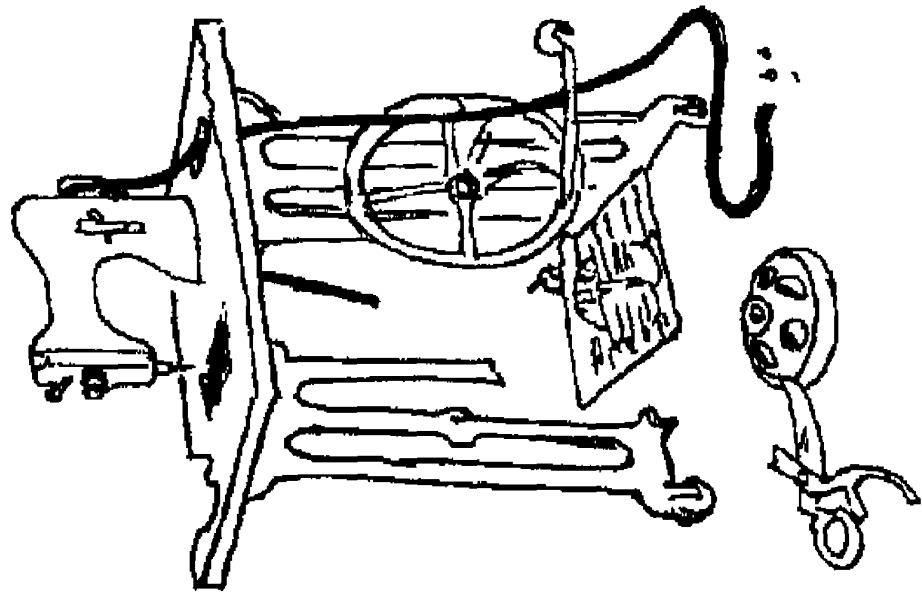
After this explanation, let the group calculate the direct cost for one of the products of the earlier presentation.

4.1.2. Indirect costs

Trainer and participants

Indirect costs are cost for running the business, for example rent, electricity, transport, licence, repairs and maintenance, and depreciation.

For depreciation use drawing 28a and 28b and explain that equipment should be replaced after a certain period of time. Ask participants what equipment they have, how much it costs new and how long it lasts. Give them a very simple exercise in calculating depreciation, for instance a piece of equipment costs Sh. 40,000 and it lasts ten years, then the depreciation is Sh. 4,000 per year.



Drawing 28

Take the business of one of the participants as an example and list all his indirect costs for one month (also calculate depreciation). Ask the entrepreneur how many hours in one month are spent on only production (by all workers). Calculate the indirect cost per production hour by dividing the total indirect cost per month by the total production hours per month.

For example, the indirect costs are:

- rent	Sh. 6,000
- licence (80,000 : 12)	Sh. 6,667
- repairs	Sh. 3,000
- depreciation	Sh. 1,000

Total	Sh. 16,667

Two persons are working in the workplace, average 6 production hours per day, from Monday to Saturday: productive hours per month $2 \times 6 \times 26 = 312$.

Indirect cost per production hour = $\text{Sh. } 16,667 : 312 = \text{Sh. } 54$

Refer to the participants' earlier calculations and the flip charts and analyse with them which costs they have not included.

4.2. PRICING

Trainer

What are important things to consider when fixing a price?

- Total costs.
- Price of competitors.
- Place where you are (what are the customers willing to pay, also depending on their purchasing power).
- Influence of the season (for example high prices of carvings in the tourist season, lower prices of furniture in the rainy season).
- Get a reasonable profit to keep your business healthy

Total sales - *Total costs* = *Profit*

Explain the importance of knowing the *marginal price* of your products. If you sell for this price you will make profit nor loss, but just cover the total cost.

SESSION 5: BUSINESS GAME

Objective:

To see if the participants are able to plan and operate their production activities even if for small products in order for them to realize that this is not an easy task.

The participants will learn that if want to succeed, it is important to have realistic plans and work in a more productive way without wasting resources.

Duration: 1½ - 2 hours

Method:

The trainer should ask the participants to bring money and different nominations. The trainer also divides them in groups of five people each, and explain what material and tools are required for this game. Then the trainer explains step by step how this game is played.

THE ENVELOPE GAME (Source: Getting down to Business, by M. Harper)

5.1. Preparation

Ask participants to bring Sh. 100 in small change each, like Sh. 5, Sh 10, Sh. 20.

For four groups of five participants each you need the following material and facilities:

- one ream of A4 paper
- 20 pens
- 12 pairs of scissors
- 12 glue sticks
- 1 sample envelope
- 7 copy of the Instruction Notes for each group
- 3 copies of the Order Form for each group
- 3 copies of the Finance Sheet for each group
- separate space for each group to allow independent work
- at least one table for each group
- board or flip chart to present the results

5.2. Session guide

1. Tell participants that the objective of this session is to enable them to experience the importance of proper planning, efficient use of resources and high quality standards for the success or failure of the business.
2. Distribute the Instruction Notes, read them aloud and make sure that each participant understands them. Show the sample envelope; ensure that it is of excellent quality.
3. Divide the participants in groups of not more than five. Assign each group a workplace in the training room.
4. Distribute one Order Form and one Finance Sheet to each group.
5. Now ask participants to start the first planning round. Each group should experiment, formulate their plans, and discuss how they best can achieve their goals. They have 30 minutes for planning. At the end of this period each group must have completed its order form and submitted it to the trainer.
6. While the groups are planning their work, prepare a desk for the receipt of order forms and the handing out of materials. Have some 20 sheets of paper (3 for each group) ready for the groups to experiment. Do not distribute them; give them *only to the groups that ask* for paper to experiment. Give them the sample envelope *only if they ask for it*. The paper should be marked in such a way that any envelopes made during this planning can easily be distinguished from envelopes made later.

In the same way, allow each group to use one item of all available materials (i.e. one pair of scissors, one ruler, etc.) during this planning round, but *only if they ask for it*.

7. After the 30 minutes planning period make sure that every group has submitted an Order Form, including the production commitment, and has received the requested material. The order forms stay with the trainer.
8. Now ask the groups to start the first production round. Time this round carefully to last exactly 20 minutes. Participants are not allowed to use their own pencils, rulers and so on.
9. While the groups are producing envelopes, prepare a 'quality check desk', and a sheet of paper for each group indicating:
 - number of envelopes planned
 - number of envelopes delivered
 - number of envelopes accepted
10. After exactly 20 minutes of production time ask the groups to stop working and collect the envelopes produced.
11. While participants take a break, check the quality and quantity of each batch of envelopes and write the figures on the previously prepared forms. Envelopes that do not fulfil the requested standards should definitely be rejected!
12. Reconvene the groups, tell them the results of the quality check and ask them to complete their calculation of profit or loss to the Finance Sheets handed out with the game instructions. Allow 10 minutes for this task.
13. Now start the processing of the game, ask each group to summarize their experiences, discuss questions such as:
 - Did you achieve your goal? What were your difficulties?
 - Did everything go as planned? What went wrong?
 - Did you try to reduce quality standards: with what results?
 - What have you learned that will help you to do better in the second round?

Allow 5 minutes for the presentation and discussion of each group.
14. Now start the second round of planning and production. This round is exactly like the first round. Each group is now given 20 minutes to plan their production, financial forecasts are similarly prepared. The actual production should again be carefully timed for 20 minutes.
15. After the second production round when all calculations of profits or losses have been made and results have been presented and discussed, you can either decide to play another round, or to summarize the experience gained during the game and discuss with the participants whether the objective of this session has been achieved or not.

THE ENVELOPE GAME, INSTRUCTION NOTES

Planning and running a business is not simple, even if you produce a simple product, such as, in this case, envelopes.

If you want to be successful it is very important to plan properly, and to work efficiently with the waste of resources.

The exercise is done in three rounds:

1. Planning: 30 minutes
2. Production: 20 minutes

1. PLANNING

The most important part of the planning is to find out how much you can produce during the 20 minute production round. Based on this, you will know which and how much equipment and material you need.

The market is clear: Your customer is the project.

Since they relies on you, you must give a binding commitment as to how many envelopes you will deliver. The contract conditions are as follows:

- Sh. 8 per accepted envelope
- Sh. 2 per extra envelope (exceeding the agreed number)
- Sh. 2 maximum per envelope which is not according to the agreed quality
- Sh. 2 penalty per envelope that you fail to deliver

Specifications

- size 9,3 x 14,9 cm (+ or - 2 mm)
- tidy and well-glued
- not glued on the inside
- exact cutting
- exact folding
- clean appearance

The project is quality minded and only accepts envelopes fulfilling these specifications.

The equipment and raw materials available, and their prices, are specified on the Order Form.

At the end of the planning period you have to submit your Order Form including your binding commitment.

If you have enough time, use the upper part of the Finance Sheet to calculate whether your production will be profitable.

2. PRODUCTION

For the production of envelopes you have 20 minutes. At the end of the period all envelopes have to be submitted to the **Quality Control Desk**.

The Quality Controller will tell you how many envelopes have been accepted and how many rejected.

Once you have this information, use the lower part of the **Finance Sheet** to calculate your **financial results**.

THE ENVELOPE GAME : ORDER FORM

Item	Maximum quantity available	Quantity ordered	Price per item (in Sh.)	Total costs
Paper	no limit	.....	2	.....
Scissors	3	.....	10	.....
Rulers	3	.....	5	.....
Pens	5	.....	1	.....
Glue	3	.....	5	.....
Table	5	.....	5	.....
Chair	5	.....	5	.....
Labour (per group member; per 20 min.)		.....	10	.....
			TOTAL	.....

We can promise to deliverenvelopes according to specification within 20 minutes.

We agree to pay the penalty as given in the contract.

Signed.....(Representative of Group.....)

THE ENVELOPE GAME : FINANCE SHEET

FORECAST:

Expected sales	Sh.
Less Costs	<u>Sh.</u>
Profit	Sh.

RESULTS:

Sales:

Planned envelopes @ Sh. 8	Sh.
Extra envelopes @ Sh. 2	<u>Sh.</u>
Total sales	Sh.

Costs:

Planned Total Costs	Sh.
Additional Unforeseen costs	
.....	Sh.
.....	Sh.
.....	Sh.
.....	<u>Sh.</u>
Total costs (Planned plus Unforeseen)	Sh.
Sales less Costs = Profit or Loss	Sh.

SESSION 6: BUSINESS PLANNING

Objective:

In this subject, the participants will learn how to do business plan of the enterprise and follow it step by step, so that their business is successful.

Duration: 3 hours

Contents:

Step No. I: Setting objectives: Objectives should be specific, measurable and realistic.

Step No. II: Setting strategies: Explanation of the contents of a financial plan, production plan and a marketing plan with activities which are needed to reach your objectives.

Step No. III: Time table

Step No IV: Monitoring and evaluation.

Method:

During this session participants learn how to make a good plan for the future, and how to follow it, so that their business game which is played before this session, participants have already learned the importance of planning. The steps of planning are discussed, using as a practical example one of the participants dreams about the future of his/her business.

6.1. Business planning: Introduction

During this session the participants will learn how to make a good plan for the future, and then follow it, so that their business will be successful.

Trainer

During the business game participants have learned the importance of planning. The definition of business planning is thinking about the future of your business, deciding what you want to do to improve your business, and determining when and how you are going to do it.

Trainer and participants

Ask participants what is their dream about the future of their business. Select one realistic idea, and use it as an example along the following steps.

6.2. The steps of planning

6.2.1. Step no. 1: Setting objectives: What you want to do.

- Objectives should be *specific*: for example 'I want to make the following new product'.
- Objectives should be *measurable*: for example 'how many products you want to produce'
- Objectives should be *realistic*

Refer to the dream and let participants discuss what are the objectives.

6.2.2. Step no. 2: Making a strategy: How to reach your objective.

○ *Financial plan*

If you want to increase your production and sales, how do you pay for the investments you need? Let participants discuss, e.g. use your savings, get a loan, sell used tools, etc. (credit and savings will be discussed in module 8).

Financial planning should include:

- Where do you get the funds
- How much you need
- If you get a loan, how are you going to repay

Refer to the dream and let participants discuss possibilities.

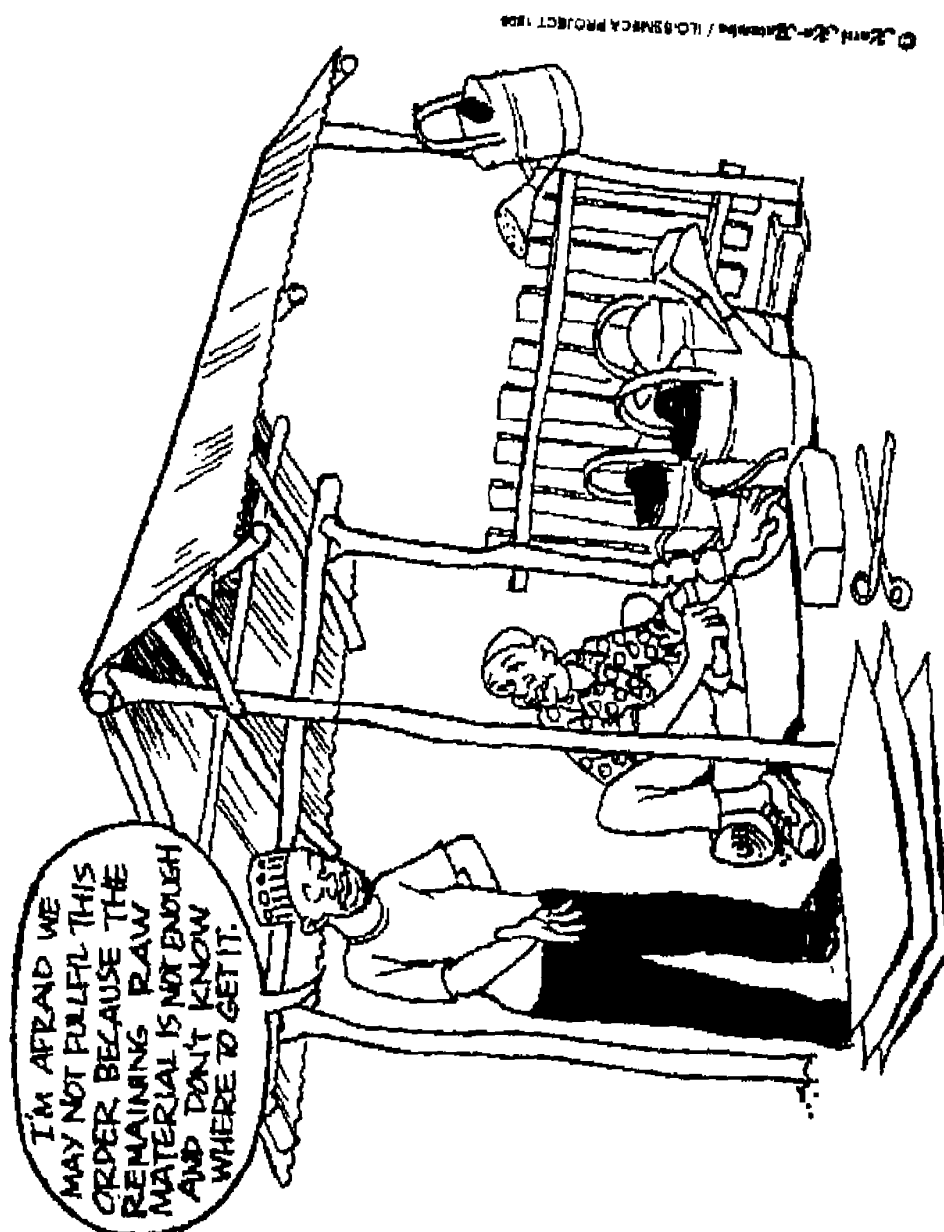
○ *Production plan*

If you want to increase your production and sales, you have to plan the inputs you need, for example:

- Labour: What will be the production time? Do you have enough skilled people?
- Raw materials: Where do you buy it? How much you need? What is the price? Show drawing 29 to illustrate that it is an essential part of the production plan.

- Machinery and equipment: Do you need any new investments? What about maintenance?
- Workplace: Is it big enough? Where do you store the products?
- Production process: What are the different steps of the process? Who is doing what and when? When do you do quality control?

Refer to the dream and let participants discuss the possibilities



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Drawing 29

○ *Marketing plan*

What activities are you going to undertake to sell your products? Show drawing 30a and 30b to illustrate the importance of a marketing plan.



Drawing 30a

6.2.3. Step no. 3: Making a time table: When are you going to do what.

For example: I want to start to sell a new shoe design during the Christmas season. You have to make an activity plan for the daily activities that are needed to reach you objective.

6.2.4. Step no. 4: Monitoring and evaluation

○ *Monitoring*

Are you following your strategies according to the time table. If not, analyse the reasons, and if necessary, adjust your plan.

○ *Evaluation*

Have you reached your objectives? It is important to keep records of sales and expenses in order to be able to tell if production, sales and profit have increased, according to your objectives.

SESSION 7: RECORD KEEPING

Objective:

To open up the participants' mind so as to be able to understand the importance of record keeping in their business, as well as the need to know their costs, and revenue so as to be able to calculate their profit/loss in their business.

Duration: 1½-2 hours

Contents:

In order to understand well this topic, you must consider the need to make profit in your business.

- What are records and why should an entrepreneur keep records
- Following are the important business records which are explained:-
 - : capital
 - : sales or income
 - : costs or business expenses
 - : debts - debtors and creditors
 - : orders.

Method:

Participants discuss in groups and present how they normally keep records in their business. Normally, the entrepreneurs confuse terms such as sales, income, profit, price, cost and expenditure, therefore the trainer starts by giving basic definition of these terms. With the help of practical examples, participants are taught how to keep very simple records of income and expenditure, and how to calculate profit.

7.1. Record keeping: Introduction

Trainer

The objective of this session is to make the participants aware of the importance of keeping records of sales and expenditure, to be able to know the profit or loss of their business. Also other records will be discussed.

Trainer and participants

Let participants discuss what record keeping is in general. People keep records of lots of things in the daily life, for example education certificates, photo's. Show drawing no. 31 and let participants discuss what kind of record could this be.

Let the participants discuss in groups how they keep their records in their business, and ask them to present on flip-charts. Normally, the entrepreneurs are confusing different terms as sales, income, profit, price, cost, expenditure.

Trainer

Sales or Income The total amount of money earned from selling products or services.

Cost or Expenditure The money that is leaving your business, to pay for labour, raw material, equipment, rent, electricity, etc.

Profit If your sales are higher than your costs you make a profit.

Loss If your expenditure is higher than your sales you make a loss.

7.2. Income and expenditure

Trainer

There are two different ways of keeping records of income and expenditure

- 1) One book for income and expenditure

date	description	in	out	balance

- 2) Separate pages for income and expenditure

INCOME			
date	description	amount	total

EXPENSES			
date	description	amount	total

INCOME			
date	description	amount	total
1-2	sales 3 stoves @ 3,000	9,000	9,000
2-2	sales 1 stove @ 3,000	3,000	12,000
3-2	sales 3 stoves @ 3,000	9,000	21,000

EXPENSES			
date	description	amount	total
1-2	salary	2,000	2,000
2-2	purchase of raw material	4,000	6,000
2-2	transport of raw material	500	6,500
2-2	salary	2,000	8,500
3-2	pay rent for February	6,000	14,500
3-2	buy hammer	1,500	16,000
3-2	salary	2,000	18,000

Calculation of gross profit

Ask the participants what is the gross profit made in these three days, and explain that normally you have to calculate your profit over a period of one month.

The profit is the balance at the end of the month minus the balance at the beginning of the month:

$$\text{Sh. } 13,000 - \text{Sh. } 10,000 = \text{Sh. } 3,000.$$

or

$$\text{The profit is the income minus the expenditure: Sh. } 21,000 - \text{Sh. } 18,000 = \text{Sh. } 3,000.$$

7.5. Advantages and disadvantages of keeping records

	ADVANTAGES	DISADVANTAGES
Income and expenditure	You know where the money in your business is coming from and how much profit you make.	You don't want others to know how much money you make (e.g. relatives)
Creditors and debtors	You know how much you owe to your suppliers and how much your clients owe you. Show drawing 32 and 33 to illustrate the importance of letting the clients sign if they take a credit.	Solution: you don't have to show your books to people if you don't want to.
Assets	In case of accidents and to be able to calculate the depreciation. It can also be useful if you need a collateral for a credit. Keep receipts and invoices.	
Orders	Avoid misunderstandings with customers about design, dimensions, down payment and price. Let customers sign their order.	



Drawing 33

SESSION 8: SAVINGS AND CREDIT

Objective:

To enable the participants to understand the different schemes of savings and credit and how to use them in their groups. This subject is not touched in depth, as a specific savings and credit training is available.

Duration: 1- 1½ hour

Contents:

The traditional credit and savings associations, known as UPATU are discussed, as well as the possibility for groups to start their own savings and credit scheme with a revolving fund.

Method:

The trainer should explain to the participants real examples of how UPATU or rotating savings and credit schemes operate and help small businesses to grow as well as reducing the problem of financing in small businesses.

8.1. Savings and credit: Introduction

The rotating savings and credit associations are known most in Africa. In Tanzania, they go under the name 'Upatu'. They often play an important role in micro-business financing, as we shall see later on, and they can be used as a starting point for introducing the modern banking system. The discussion should start out from the participants' own experiences: how did they finance their business? The start-up investment? Raw materials? Expansion?, etc.

8.2 Upatu

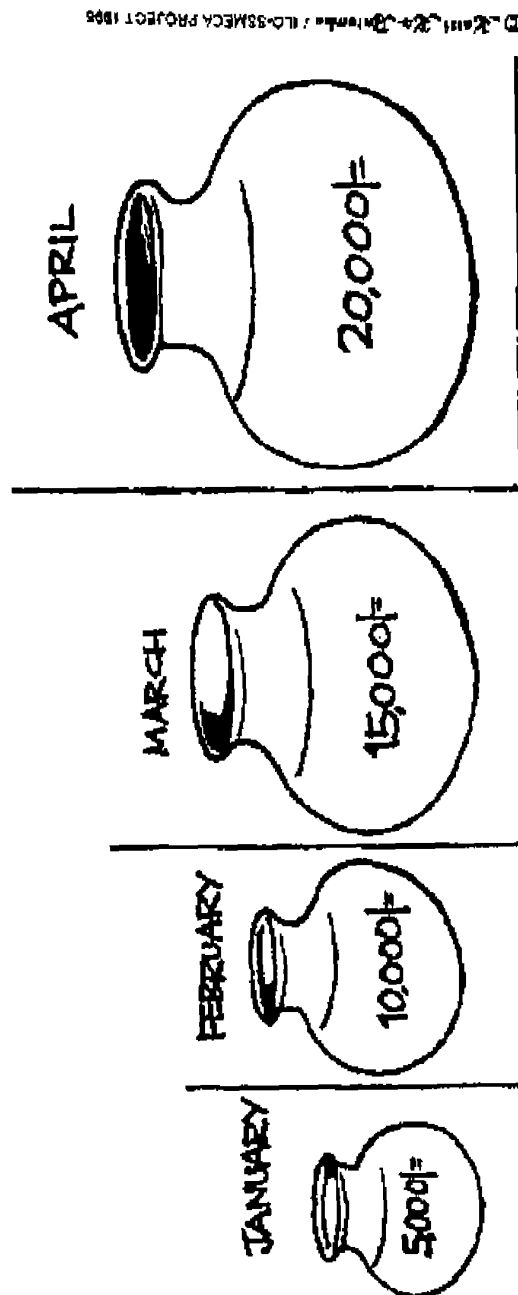
Trainer and participants

An Upatu is a financial association, composed by individuals who know each other fairly well and who have decided to pool their savings and to pay the total pooled to each member in turn. There are two principal types of Upatu, those of a purely social character and those established for the pursuit of financial objectives. This note is primarily concerned with Upatu's of the second type. Ask for the participants' own experiences: do they take part in Upatu's and how do they use the money? For social, personal investments or for business activities? Have Upatu's played a role in their present business? Encourage the discussion.

As a general rule, an Upatu consists of a group of individuals contributing a certain amount of money with a regular interval. For example: 12 persons each contribute Sh. 1,000 per week. Each week, the Upatu pays 12,000 to one of the members, and after 12 weeks each member has had his/her turn. Show drawing 33 and discuss with the participants how do the Upatu's they know function, e.g. with regard to the following factors: the number and (social) origins of the members; the periodicity of payment; the amount contributed; the method used to determine the turns.

8.3. Savings and credit scheme

In this system people save without taking their turn. Show drawing no. 34 to illustrate that the money is accumulating. If the joint fund is big enough, members can borrow from it (take a credit for working capital). They have to pay interest. For this system it is also important that the members of the group trust each other and stick to the principles of the system (pay in time).



Drawing 35

SESSION NO. 9: EVALUATION

Objective:

To see how far the training has met expectations of the participants, also find out how the entrepreneurs experience the course contents and the methodology.

Duration: ½ - 1 hour

Contents:

List of expectations from the participants.

Method:

Group discussions and reference to the participants expectations of the introduction session.

9.1. Characteristics of a good entrepreneur:

Trainer:

Ask participants to brainstorm and make a list. Ask participants to identify their own strengths and weaknesses.

Characteristics of a good entrepreneur:

- Skills (Technical skills, Business management skills, Knowledge of your line of business and of your market).
- Personal characteristics (Seriousness and commitment, Willingness to take calculated risks, Ability to make difficult decisions, etc.).

9.2. Evaluation

Participants

Let the group alone for 10 to 15 minutes to discuss on the training:

- What they liked
- What they didn't like

Let one of the group members present their findings.

Trainer and participants

Refer to the participant's expectations of the introduction session and see if the training has fulfilled their expectations.

Ask each participant to mention one thing he/she is going to change in his/her business after what he/she learned in the training. Note down for the follow-up visit.

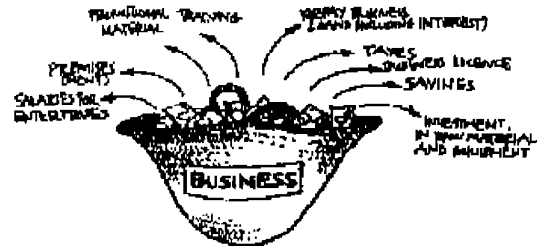
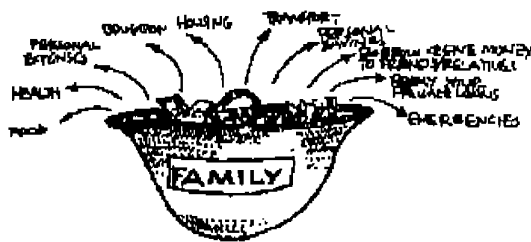
HAND OUTS

HAND-OUT NO 1: BUSINESS AND FAMILY



Don't mix the two baskets, just separate money for business and family.

An entrepreneur should pay him/herself a salary.



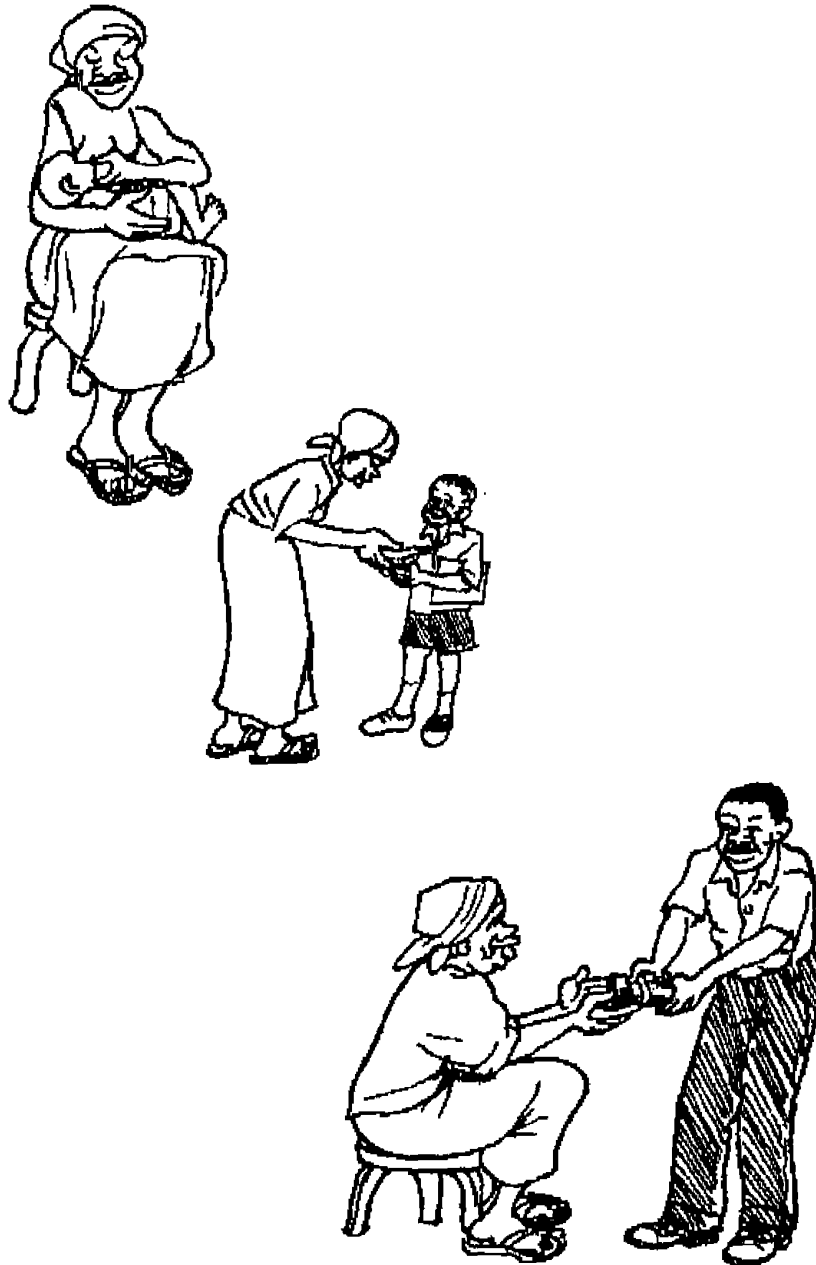
HAND OUT NO. 2 BUSINESS AND FAMILY



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An entrepreneur has a dual personality: He can give his private money to a friend but he can not give away that of the enterprise.

GMT HAND OUT NO 3: BUSINESS AND FAMILY



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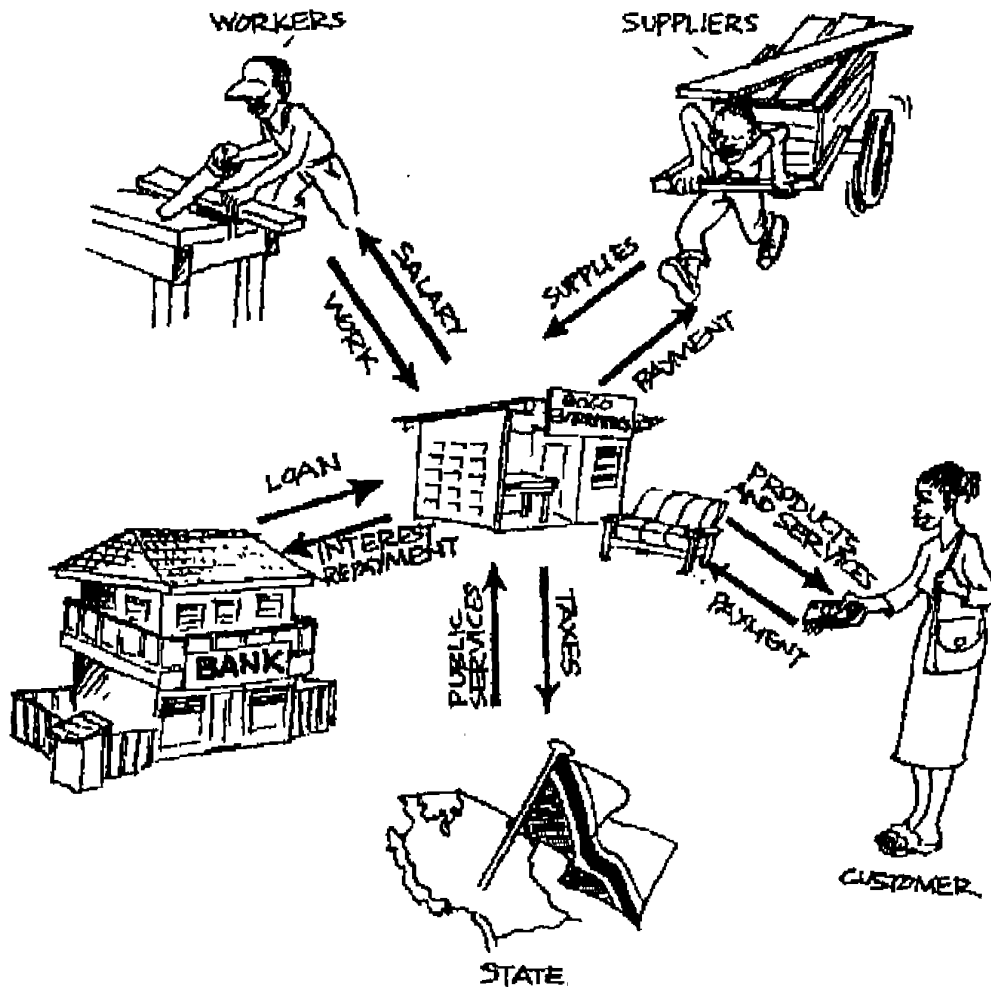
A child that is well taken care of will grow up and one day take care of his old parent, similarly, you should take care of your business so that it takes care of you.

HAND OUT NO. 4: BUSINESS AND FAMILY



Advise your customers whether you sell on credit. If you decide to give a credit, you should keep records of it.

HAND OUT NO. 5: BUSINESS AND FAMILY



An enterprise has many relations with its environment, it is a source of wealth for the entire community.

HAND-OUT NO. 6: MARKET RESEARCH

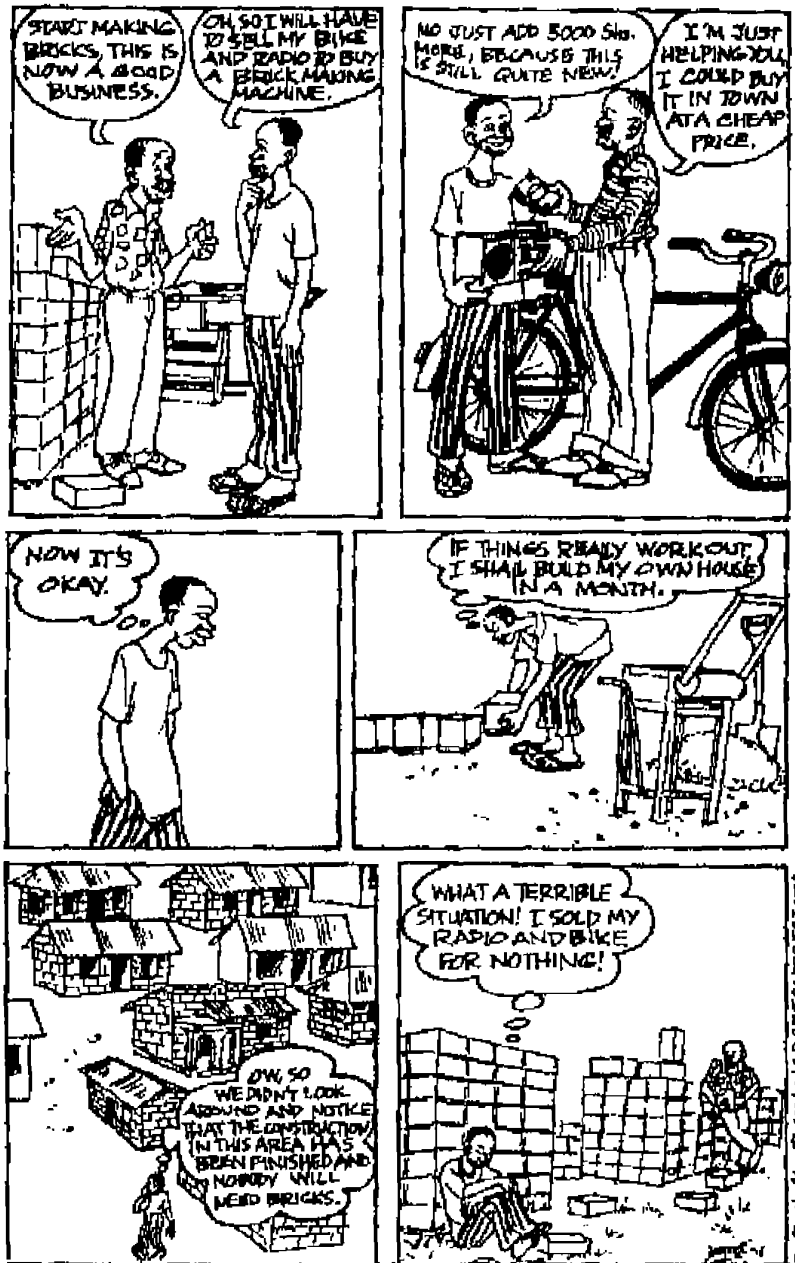
What do you need to know from your market?

- Who are your customers?
- Where are they?
- What are their needs?
- What do they prefer from your product?
- How often and how many products do they buy?
- When do they buy?
- How much money are they willing to pay for the product?
- Who are your competitors? What is the quality of their products and how are their prices?

How can you get this information?

- Through clients
 - listen to their comments
 - observe them
 - ask them questions
- Visit users of your product and ask questions: what do they like, what don't they like, suggestions about improvement, what price are they willing to pay, etc.
- Through friends and relatives: where do they normally buy these kind of products.
- From books, newspapers, radio.
- By displaying your products in a trade fair or exhibition.
- By observing your competitor's business (prices, quality, product range, display, promotion, what people say to each other about goods in your competitor's business).
- By doing a product market test: display a sample of a new product in your shop, or go around with it and ask for people's opinion.

HAND OUT NO.7: MARKETING



It is important to do a market research to make sure that your market is not saturated

HAND-OUT NO. 8: MARKETING-MIX

PRODUCT

A product is something that you make, sell and use.

Drawing

A good product satisfies your customer's needs, keeping in mind:

- Quality
- Attractive
- Design
- Distinguish from competition
- Diversify
- Improve

PRICE

Setting your price to make a profit, keeping in mind:

Drawing

- Cost of your product
- What are customers prepared to pay?
- What are your competitor's prices?

PLACE

A good business location is easily accessible for your customers, safe, clean, attractive, opening on regular hours.

Drawing

- A good presentation of goods (display)
- Finding the best way to distribute your product

PROMOTION

Promotion is all activities to attract customers to buy your product, for example:

Drawing

- Visit potential clients
- Sales promotion
- Advertising
- Public relations
- Selling techniques
- Sign post
- Trade fair participation

HAND OUT NO. 9: MARKETING

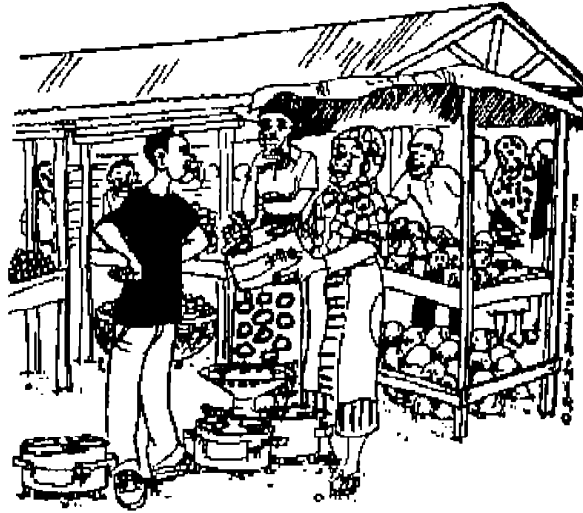


All entrepreneurs in the same area are making the same product; competition is high. It is important to differentiate your products so that you can get more market and deal with the strong competition in your line of business.

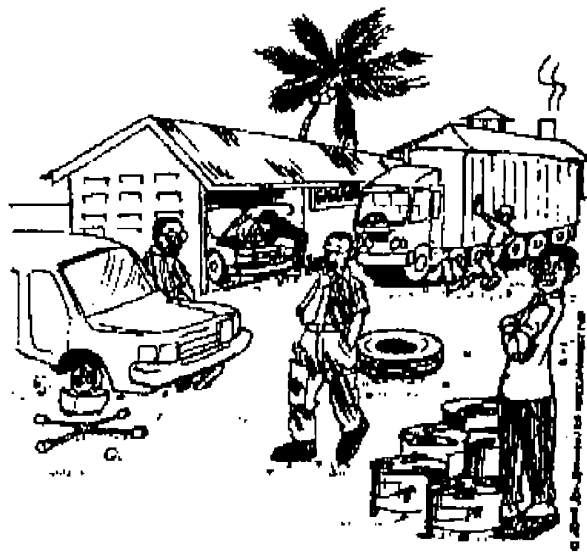


Some examples of other products that the entrepreneur could offer.

HAND OUT NO 10: MARKETING

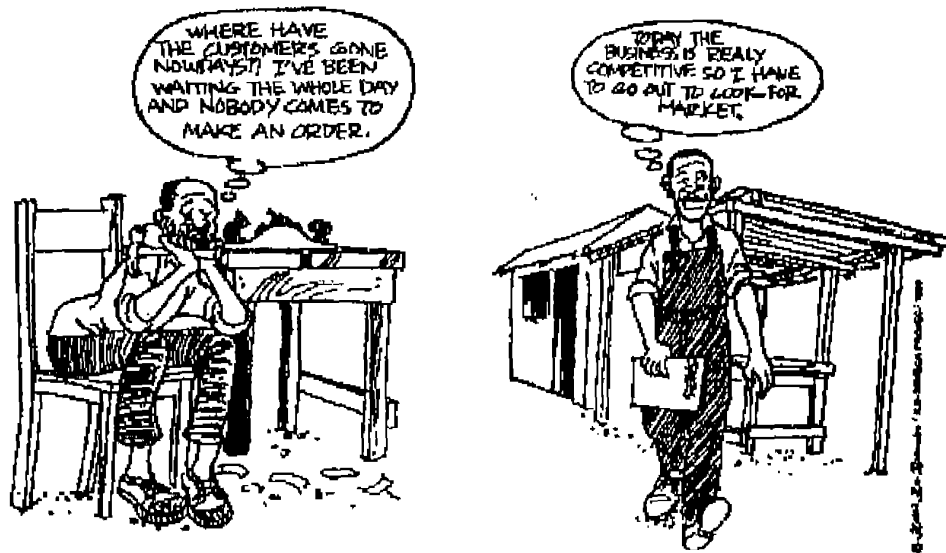


A businessman who has set up his business of charcoal stoves at a location where many women frequent, is doing a good business



While the one who is near the garage, a place frequented by men mainly, has chosen the wrong location

HAND OUT NO. 11: MARKETING



Sitting around and wait for customers cannot guarantee you a business. Instead go out and look for customers.

HAND-OUT NO. 12: COSTING AND PRICING

COSTING

Costs: All the money you use to make and sell your products. Each business has direct and indirect costs.

Direct costs: Relate directly to the production or sale of one specific product

- Direct material cost (calculate this for all materials you use in one product)

formula: material x quantity x price

- Direct labour cost

formula: $\frac{\text{normal wage per day}}{\text{number of working hours per day}} \times \text{working hours for one product}$

Indirect costs: Cost for running the business, for example rent, electricity, transport, licence, repairs and maintenance and depreciation.

- Indirect cost per working hour in your business

formula: $\frac{\text{total indirect costs per month}}{\text{total hours in production per month (by all workers)}}$

- Indirect cost per product

formula: working hours needed for one product x indirect cost per working hour

Total costs of a product = total direct costs + total indirect costs

HAND OUT NO. 13: PRICING

PRICING Keep in mind:

- Total costs
- Price of competitors
- Place (purchase power of your customers)
- Season
- Profit

HAND-OUT NO 14: BUSINESS PLANNING

What is business planning?

Business planning is thinking about the future of your business, deciding what you want to do improve your business, and determining when and how you are going to do it.

STEPS OF PLANNING

Step 1: What you want to do? : Setting objectives

Objectives should be specific
 measurable
 realistic

e.g. I want to sell ten pairs of a new shoe design during the Christmas season

Step 2: How you are going to reach your objectives? : Making a strategy

- A) **Financial plan**, keeping in mind:
- How much money you need
 - Where to get the funds
 - If you get a loan, how are you going to repay
- B) **Production plan**, keeping in mind:
- labour
 - raw materials
 - machinery and equipment
 - workplace
 - production process
- C) **Marketing plan**, keeping in mind
- product
 - price
 - promotion
 - place

Step 3: When am I going to do what? : Making a time table

Step 4: Am I reaching my objectives? : Monitoring and evaluation

- Monitoring: Are you following strategies according to the time table? If not, analyse reasons and if necessary, adjust your plans.
- Evaluation: Have you reached your objectives? Refer to your sales and production records.

HAND-OUT NO. 15: RECORD KEEPING

Records of income and expenditure

You have to keep these records to know where the money in your business is coming from and going to and how much profit you make. There are two ways to keep records of income and expenditure:

- 1) Income and expenditure in one book: The profit is the balance at the end of the month minus the balance at the beginning of the month: Tshs. 13,000 - Tshs. 10,000 = Tshs. 3,000.

INCOME AND EXPENSES				
date	description	in	out	balance
1-2	c/f			10,000
1-2	sales 3 stoves @ 3,000	9,000		19,000
1-2	salary		2,000	17,000
2-2	purchase raw material		4,000	13,000
2-2	sale of 1 stove @ 3,000	3,000		16,000
2-2	transport of raw material		500	15,500
2-2	salary		2,000	13,500
3-2	pay rent of February		6,000	7,500
3-2	buy hammer		1,500	6,000
3-2	sales 3 stoves @ 3,000	9,000		15,000
3-2	salary		2,000	13,000

or

- 2) Separate books for income and expenditure: The profit is the income minus the expenditure: Tshs. 21,000 - Tshs. 18,000 = Tshs. 3,000.

INCOME			
date	description	amount	total
1-2	sales 3 stoves @ 3,000	9,000	9,000
2-2	sales 1 stove @ 3,000	3,000	12,000
3-2	sales 3 stoves @ 3,000	9,000	21,000

EXPENSES			
date	description	amount	total
1-2	salary	2,000	2,000
2-2	purchase of raw material	4,000	6,000
2-2	transport of raw material	500	6,500
2-2	salary	2,000	8,500
3-2	pay rent for February	6,000	14,500
3-2	buy hammer	1,500	16,000
3-2	salary	2,000	18,000

Records of debtors (customers that bought on credit)

You have to keep these records to know how much you owe your suppliers and how much your clients owe you. The customer has to sign for the credit he takes. The entrepreneur signs for the repayment. The best way is to give the customer a receipt at each payment. Example of record of debtor:

<p>Name: <i>Madege</i> Address: <i>Box 333</i> <i>DSM</i> Credit limit: <i>75,000</i></p>					
date	details	credit amount	amount paid	balance	signature
1-4	sofa set	60,000		60,000	
15-4	repayment		10,000	50,000	
30-4	repayment		10,000	40,000	

Order book

You keep an order book to avoid misunderstandings with customers about design, dimensions, down-payment and price. Let the customers sign their orders. Example:

ORDER
Name: <i>Amerta Tarimo</i> Address: <i>Box 567 DSM</i>
Date: <i>18 April 1996</i>
Type of product: <i>Grilled door with protection for lock.</i> Measurements: <i>Width 1 m, height 2 m</i> Design:
 <i>Colour: yellow</i>
Delivery date: <i>25 April 1996</i>
Price: <i>Tshs. 45,000</i>
Down payment: <i>Tshs. 10,000</i>
Signature

HAND OUT NO. 16: RECORD KEEPING



Keeping records of your business will help you to know your debtors and creditors in your business. It also helps you to understand the costs of your business, the volume of your sales and how much profit you are making.

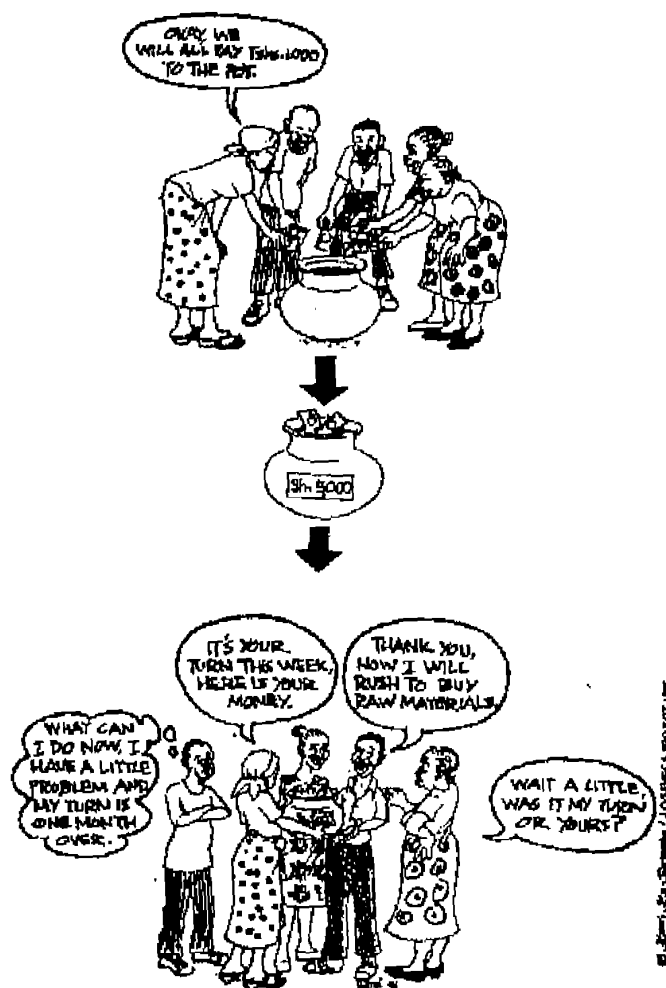


HAND-OUT NO. 17: SAVINGS AND CREDIT

A good example of savings and credit schemes is the Upatu system in Tanzania.

Upatu, how it works:

A group of individuals contribute a certain amount for a certain period of time (one day, one week or one month). Each member by turn receives the whole sum. For example, 12 persons each contribute Tshs. 1,000 per week. Each week the Upatu pays Tshs. 12,000 to one of the members, and after 12 weeks each member has had his/her turn.



Savings and credit schemes:

A group can also decide to save regularly together, without taking turns. When their joint fund big enough, members can borrow from it (take a credit) for working capital. They have to pay interest to the group account.

For both systems it is important that the members of the group trust each other and stick to the principles of the system (pay in time).

