

West Nile Development Initiative (WENDI)

Transforming Livelihoods

STARTER KIT FOR ECONOMIC SECURITY ENHANCEMENT THROUGH ENTREPRENEURSHIP SKILLS DEVELOPMENT



April 2010



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ECONOMIC SECURITY ENHANCEMENT THROUGH ENTREPRENEURSHIP SKILLS DEVELOPMENT

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1.0 Introduction to the Manual

1.1 *Background to the training*

AFARD and **gorta** are implementing the West Nile Development Initiative (WENDI) programme in West Nile region of Uganda. A review of the pilot programme indicated that: (i) only 6% of the beneficiary households had saved UGX 1 million; (ii) only 45% of the beneficiary households are engaged in non-farm activities; and (iii) 55% of the benefiting households were not utilizing their credit schemes already initiated and running with UGX 506 million loan portfolio. The primary reason the beneficiaries pointed out to the above was that they lack adequate business skills.

Therefore, this manual is designed as a facilitation tool for training members of beneficiary organizations in the basics of running small village level businesses. It is meant to enable the facilitators take the trainees through a life experience approach by realising that they are living in poverty in part because of inadequate money and assets. Yet they can come out of poverty and create wealth for themselves. However, this is only possible if they develop entrepreneurship skills.

The entrepreneurship skills that this manual promotes if well internalized and put to good use, will spark positive changes in attitude and practice so that trainees start looking at a broader and diversified means of livelihoods that can help smoothen their incomes largely derived from farming. Entrepreneurship skills can also enable them take advantage of existing opportunities and innovatively use all the resources at their disposal to generate wealth. Thus, the cornerstone is to ensure that the smallholder farming families diversify their livelihood activities into profitable ventures that they should also manage well. In so doing, they will be able to achieve WENDI economic security goal.

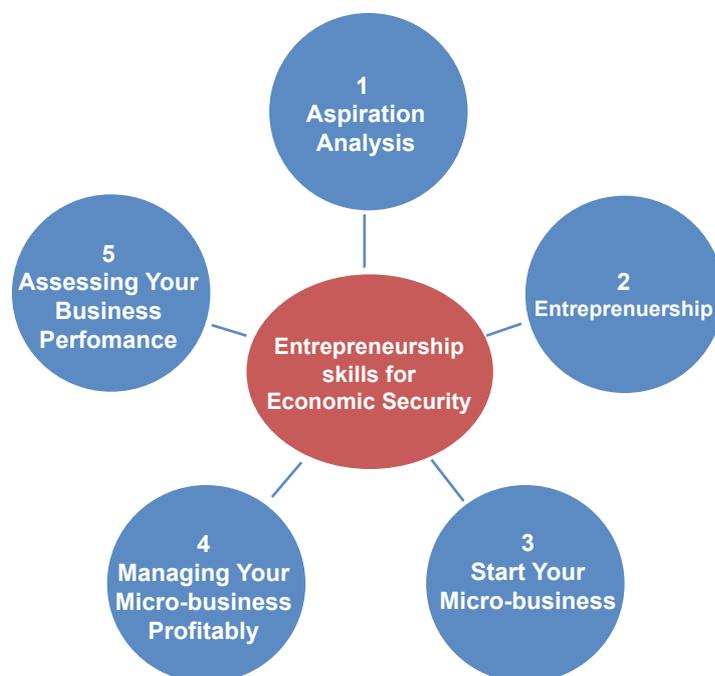
1.2 *The goal and objectives of the training*

This manual is aimed at providing key tips to facilitators involved in entrepreneurship development in rural areas. The key goal and objectives of the training are:

Goal	WENDI Beneficiary Organization members gained economic security through planning, investing, and managing their micro-businesses profitably. To achieve this security, trainees should be able to:	
Day 1	Objective 1:	Understand business as a critical key for unlocking poverty
	Objective 2:	Know the key qualities of a business person
Day 2	Objective 3:	Know how to manage micro-businesses start-up cycle
Day 3	Objective 4:	Know how to manage their businesses profitably
	Objective 5:	Know how to routinely assess their micro-business performance

1.3 Structure of the Manual

The manual is generally composed of six parts as shown below.



1.4 *Users of the manual*

The primary users of this manual are the Field Officers who are expected to train, guide and mentor BO members in their quest for income and asset accumulation.

Leaders of the various groups, especially those dealing with the loan schemes, will also find this manual useful because, unlike Field Officers, they are always with their members who are largely illiterate and may need advice on specific issues handled in the manual.

Finally, other categories of people who do not have the basics of running a business, and are probably afraid to venture into one, will find great encouragement in this manual.

2.0 Introduction to the Training

Session objectives	By the end of this session participants are expected to: <ol style="list-style-type: none">1. Have known the objectives of the training2. Have aligned their own expectations with the objectives of the training
Topics	<ol style="list-style-type: none">1. Self Introduction, expectations and fears2. Objectives of the training
Time	10 minutes
Requirements	Flip charts, manila cards, and markers
Methods	Questions and answers

2.1 *Trainer introduction, expectations and fears*

Procedure:

- Request the Chairperson to officially open the training.
- Welcome participants to the session.
- The trainer should introduce himself/herself.
- Introduce the training briefly (with due attention to WENDI's drive for economic security)
- Put two sheets of flip charts on a wall with one for expectations and the other for fears.
- Ask two participants to volunteer to write on each of the sheets (in green for expectations and red for fears).
- Ask the participants to give only one expectation and fear they had in mind on receiving the training invitation.
- List down on a flip chart all the stated cases.

2.2 *Introduction to the training*

The primary aim of this session is to align participants' wishes to that of the training. To do so, the following are important.

Procedure:

- Write beforehand the training objective(s) on a flip chart.
- Stick the flip chart with the training objective(s) onto the wall.
- Introduce the training objectives by highlighting the key issues to be achieved.
- Point to the expectations raised and tick all that rhyme with the training objectives. For those expectations beyond the training, explain.
- Elaborate on the fears raised in a bold but soft manner. Together develop strategies of how to overcome them.
- Allow questions to be asked and clarify.
- Tape on the wall in a corner both the participants' expectations and fears and the workshop objectives for on-use later as part of the evaluation at the close of the workshop.

2.3 Ground rules and regulations

It is important that the training is done in an orderly manner. This can be achieved by allowing participant set procedures and rules to govern themselves.

- Elect a timekeeper and a welfare officer.
- Set time for breaks.
- Regulate management of phones.
- Participation as a key tool to learning.

2.4 Daily participatory training evaluation

The key aim of training evaluation is to assess to what extent the training objectives were attained and to learn lessons for future improvement.

Procedure:

At the end of the training:

- Pick and pin on the wall the flip charts containing training objective(s) and participants' expectations.
- Ask participants to respond to the following questions:
 - a) To what extent were your expectations' met?
 - b) What did you learn from the training?
 - c) To what use will you put the knowledge and skills acquired?
 - d) What setbacks do you envisage will limit the utilization of your acquired knowledge and skills?
 - e) What solutions do you propose to ameliorate such setbacks?
 - f) What went wrong with the training?
 - g) How should it be improved next time?
- Finally, ask a representative to close the training.

Day 1: Session 1

3.0 Aspiration Analysis

Session objectives	By the end of this session participants are able to understand business as a critical key in unlocking poverty
Topics	1. Socio-economic status analysis 2. Motivation building
Time	75 minutes
Requirements	Flip charts, manila cards and markers
Method	Question and answer, brainstorming, story telling

3.1 Socio-economic status analysis

There are many ways of conducting aspiration analysis but we shall stick to **Socio-economic status analysis**. This analysis focuses on grouping participants in two extreme (rich-poor) status so that people acknowledge where they currently belong. It is to elicit commitment towards working hard to achieve the WENDI economic security goal.

Procedure:

Ask participants:

- To name one rich and one poor household in their village.
- To group how many of the members belong to the rich-poor side.
- To describe what the rich and poor households have, and are able to do as a result of their status?
- To compare how the two groups fit within the WENDI model home indicators for economic security.
- To explain the critical ingredient that makes the two groups different.

Facilitator's note

Dichotomy	Rich	Poor
# of people in category		
Assets they have		
Key activities they are engaged in		

While undertaking the above exercise be aware that:

- a) The rich-poor dichotomy is contentious and varies within and among BOs.
- b) Focus your attention to the WENDI model home –economic security - indicators that include: Having: ≥ UGX 1 million; a house with an iron sheet roof; ≥ 3 cows; ≥ 10 goats; ≥ 25 poultry; a motor cycle; a bicycle; a radio; a mobile phone; chairs with cushion; and beds with mattresses.
- c) This exercise aims at exploring (i) aspiration failures; (ii) the role of money in economic security; (iii) activity diversification; (iv) in order to enable the poor category appreciate that they too can become rich.

It is important to point out that:

- a) Most, if not all of the items in the WENDI model home are: (i) produced by someone else and (ii) they must be acquired through money, the medium of exchange.
- b) The key ingredient is money. With adequate money all the assets can be acquired.
- c) Good money is only made by entrepreneurs.

Two stories are important here:

STORY 1:

No security, early death and miserable burial



1

Once upon a time, two people – a rich and poor man - lived in the village of Ndika. The rich man provided adequately for his family. He had many friends and was generous to his relatives and they all held him in high esteem. The poor man on the other hand was unable to fend for his family. He sent most of his children to live with relatives. His wife spent most of her days with her mother, especially when hunger was at its worst.



2

One day, both the poor and the rich man fell sick. As their sicknesses worsened, the rich man was rushed to a private hospital more than 400 Km away because the local hospital could not handle his condition. Highly qualified doctors struggled to save his life. This involved staying for a month in intensive care unit but in the end he came home alive and well.



3

The poor man was taken to the public hospital 10 Km away on a bicycle. He was diagnosed with an acute but treatable disease. Unfortunately the right drug was out of stock so he was asked to buy the drug from the clinic; something he could not afford. Neither did he have anyone who could pay his medical bill. He was transported back home on the same bicycle. A local medicine man claimed he could treat him but he also failed. When he eventually died, few relatives came to mourn him and off he was buried in a way that many people only learnt about his death after many months.



4

To the contrary, when the rich man died from an accident 10 years later, everyone knew about his demise because almost the entire village came to his grand burial. Many cows and goats were slaughtered. A radio announcement was also aired for about 2 days informing relatives, friends, and in-laws. Indeed, many people in the village of Ndika and beyond participated in the burial.

What lessons do we draw from this story?

1. With money, you can live longer and the life will be decent.
2. With money you will be known and befriended by many people.
3. With money you can be served better even beyond your village by non-relatives.
4. With money even when you are dead you will be recognized.

However, what makes the rich richer and the poor poorer?
Narrate the second story before a wrap up.

Procedure:

At this stage, together with the participants:

1. Ask how much money they get from farming in a good season.
2. List what WENDI economic security goal has.
3. Cost how much money achieving the WENDI economic security goal would require.
4. Calculate the variance in what they are able to earn in a season and the overall cost, aware of WENDI exit plan from year 3+
5. Explore how such a huge amount of money can be acquired. Probe whether one activity alone can be enough to raise such an amount.

Money value of economic security goal

Goal	Cash	3 cows	10 goats	25 poultry	Motor cycle	A bicycle	A radio	A mobile phone	1 set of chairs with cushions	7 Beds with 7 mattresses	Total
Cost	1M	1.5M	1M	375,000	2.5M	200,000	85,000	60,000	350,000	1.5M	8,570,000

You will realize that many households will not be able to attain such economic security requirements. This is not because they can not generate such an amount in 3 years. Rather, there are many competing needs – education, health, daily consumptions, etc that drains income from one source.

Thus, WENDI beneficiaries should be able to look beyond farming in order to steady their sources of income. They need to diversify their sources of income if their economic security is to improve. Doing so requires one to become an entrepreneur – a person whose motive is making money.

STORY 2:

Mr. Dali and Tito

Assuming that the pond is your pool of money in the home and the streams feeding the pond are sources of income, what lessons do we draw from this story?

1) Money that comes from one source as is the case with Dali is inadequate and unreliable. It is also greatly affected by changes in the environment.

2) Yet, steady money as is the case with Tito is that which comes from many sources. The more the sources, however meagre, the bigger the value and the more steady the inflow of money is.

Further, show how a single source of income can be a limiting factor in building economic security.



1

Dali and Tito visited Masaka and were impressed with the fish ponds they saw there. On coming home, when they confirmed that “kingo” could supply them with fingerlings, they immediately embarked on digging their own ponds.



2

Tito selected a spot close to where 2 streams met and dug two channels into his pond, one channel from each stream. When water from one stream was adequate, he would block the water from the second pond.



3

Dali dug his pond close to a stream and made a channel for water into the pond and an exit out of the pond.



4

During the dry season, the flow of the streams became so low that Dali’s pond became too shallow for fish to survive.



5

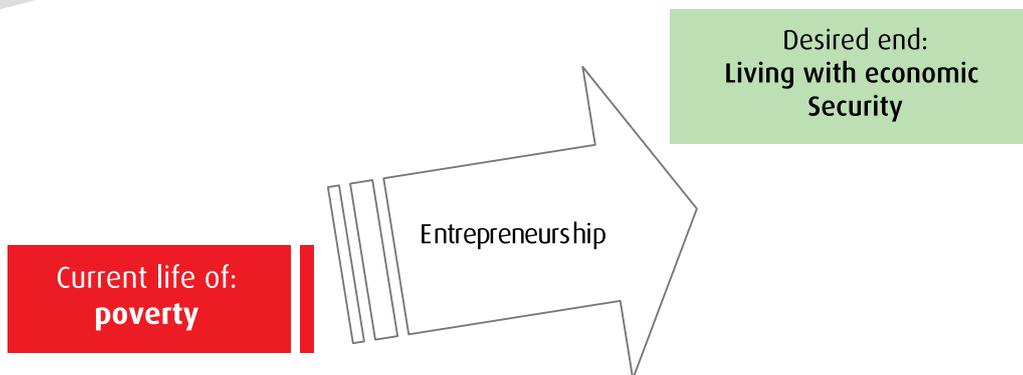
Tito on the other hand opened channels from both streams and his fish were safe.

3.2 Motivation building

That the participants have seen the link between where they are now and where they want to be as best bridged by money, asked the participants to answer the following questions:

1. Are we satisfied to remain in the same status as we are now?
2. How do we make living better – by shifting from the poor to the rich category – in order to fulfil the WENDI goals?

Figure 1: Entrepreneurship as a key for unlocking poverty



Facilitator's note

Of course not many people would wish to remain in poverty and desperation. Fortunately doing business in order to make money and create wealth for a better life is not a miracle but a human endeavour. It is not exclusive, but open to all those who are committed to it. It is also not preordained for some few chosen people.

Making money means doing things that people can, and do, pay money for. Those things can be physical goods or services. The more you successfully produce and sell, the more money you get and the more economic security you get.

That some people already fall in the "rich category" means that it is possible amidst all the constraints people may be facing in their various environments. Thus, regardless of the various ways of making money and creating wealth, our focus in this training is on micro-business management.

4.0 Entrepreneurship

Session objectives	By the end of this session participants are able to know what business is all about and the key qualities of a business person
Topics	<ol style="list-style-type: none"> 1. What entrepreneurship is 2. Types of business 3. Importance of business 4. Why business is feared, succeed, fail 5. Who an entrepreneur is 6. Key characteristics of entrepreneurs
Time	75 minutes
Requirements	Flip charts, manila cards, and markers
Method	Question and answer, personal assessment

4.1 Business explained

Procedure:

Ask participants to:

- 1) Define what a business is
- 2) Describe the various types of business they know (cluster them).
- 3) State the benefits of doing business (cluster the list)
- 4) State, using their personal experiences, why:
 - Many of them have been fearing to initiate a business
 - Many of them have been having failed businesses
 - Only very few of them have been having successful businesses.
- 5) State some myths they know about business in their areas.

Facilitator's Note:

Business definition and explanations

There are two conflicting words that are always confused, namely: entrepreneurship and an entrepreneur. While the former is the act of doing business in order to generate wealth, the latter refers to the owner of the business.

The economic activity of producing or selling of goods or services for profit is called a business. And the person who owns this economic activity is a business person.

Note that the above definition points at profit motivation and ownership. It is not concerned with being an employee. For instance, if I gave you my money to sell Muziri/Mukene in the market and the profit from the sales is mine, you are my employee and I am the business person.

Important to note is that:

1. **Profit (P)** occurs when the incomes (**I**) generated is greater than expenses (**E**) incurred ($P=I>E$)
2. **No profit** occurs when incomes equals expenses ($P\neq I=E$). In this state, the business person is simply busy.
3. **Loss (L)** occurs when income is less than expenses ($L\neq I<E$). When this state persists, it is advisable that you close down the business as soon as possible.

Types of Business

There are many types of business and below a few are mentioned:

- Agribusiness that deals with agricultural related crop and livestock products e.g., marketing of produce, milk, beef, animals, feeds, poultry, eggs, etc.
- Manufacturing business involves changing raw materials into finished products for instance, Tailors who makes shirts from clothes, carpenters who turns timber to furniture, hoteliers and restaurants that cook raw food, cottage makers who weave baskets, blacksmith irons, curve trees, etc.
- Service business that offers intangible products but makes a profit by charging for labour e.g., hair salon, drama, musicians, etc.
- Trading business that buys and sells already made goods e.g., general merchandize retail trade of paraffin, soap, sugar, salt, clinics, etc.

The importance of business

Doing business has gains at three levels as is summarized below:

To the business person	To the community	To the government
<ul style="list-style-type: none"> • Increased income • Better life (assets, services) • Improved social status • Reduction on dependency 	<ul style="list-style-type: none"> • Employment • Easy access to goods and services • Improved local markets • Inspiration to also start a business 	<ul style="list-style-type: none"> • Increased taxes • Economic growth • Limited insecurity

The Ups and Downs of business

Why people don't start businesses ¹	Why businesses succeed ²	Why businesses fail ³
<ul style="list-style-type: none"> • Lack of capital to secure inputs • Lack of skills to plan and manage businesses • Lack of market information • Culture of dependence 	<ul style="list-style-type: none"> • Having the right business attitude (and ideas) • Commitment to do a business • Knowledge of the business • Willingness to start with any small capital and grow • Separating business and home money and expenditures • Ready market • Networking with other traders • Commitment to save every profit made • Limiting credit sales • Business support services • Proper business planning • Having a business person characteristics e.g., being honest and trustworthiness 	<ul style="list-style-type: none"> • Indebtedness (e.g., too much loan or loans with unclear terms of payment) • Poor customer care • Selling on credit • Lack of entrepreneurship characteristics • Credit sales • Theft by employees • Failure to separate business and home money • Premature diversification of business • Inability to withstand competition

¹Kathryn Doehring (2009). Poverty trap: Exploring the livelihoods strategies of Nebbi's poor. MA Thesis. University of Leiden, The Netherlands.

²Marjon Gibcus (2009). It is not Enough, there is no limit for enough: An anthropological study on successful entrepreneurs in Nebbi town, Uganda. MA Thesis. University of Leiden, The Netherlands.

³Kumakech Oluba Charles (2009) The challenges faced in building sustainable entrepreneurship: A case study of the failed entrepreneurs in Pakwach town council. MA Thesis. Uganda Martyrs University, Uganda.

Myths about business

Ask participants about the myths that exist in their communities about business. List them down and counter them as below:

Myths	Counter view
• Business is just luck.	It is about strategic planning and commitment to hard work
• Big business involves witchcraft	Business needs skills, money, people, and raw materials, but not witchcraft
• You need capital first in order to start a business	You need a plan first in order to start a business
• Debt is bad omen in starting a business	Business capital can come from any source, credit inclusive
• Better businesses are in urban areas	Business markets exists anywhere as long as it is what people want
• Business is not good for women	Anybody can be a business person as long as they honest and trustworthy
• Salaried jobs are better than businesses	A business person is self employed and owns all his/her profit

4.2 *Entrepreneurs explained*

Procedure:

Then proceed further to ask them to:

- 1) Define who a business person is
- 2) What key qualities a business person must possess

Who an entrepreneur is

There are three types of people in the world when you look at them from the perspective of making money:

1. Those who make things happen = Entrepreneurs
2. Those who watch things happen = Consumers
3. Those who wonder what has happened = Dependents

An entrepreneur is, therefore, a strategic and self-motivated person who identifies a business opportunity and then takes a calculated risk to translate it into reality. S/he sees an opportunity, the market it has, the profit margin it can generate, and takes a timely and calculated but bold decision to act.

Qualities of an entrepreneur

To be able to do the above, in a split of time, an entrepreneur should have some qualities. A few are listed below:

- Has self-confidence and good self esteem – does not fear to face reality.
- Is goal driven – Sets achievable goals and strives to achieve them at all costs.
- Is opportunity seeker - on the lookout for something new, some new ways of making more money.
- Has commitment to hard work – does not sit and wait. Works more where profit is greatest.
- Is persistent and persevere without giving up easily. Does not fear failure but sees failure as points of learning lessons.
- Is a risk taker - Takes calculated risks because risks involve possibility of losing money. Yet, an opportunity lost is also money lost.
- Is innovative - Always strives to do things better in order to be market relevant.
- Has hunger for information - Always looks for additional information to enrich his/her own.

- Has money discipline - Saves for lean days instead of rushing to spend every coin that is earned.
- Is honest, dependable, and trustworthy – Never lies for the sake of money.
- Abhors poverty and will do anything to avoid being poor – fears being enslaved by poverty.
- Has good networking skills with other people who can give him/her business.

Sum up by pointing that:

We have seen that money is a critical key to unlocking poverty. Yet, money does not simply come on a clean slate. One must think and work hard in order to earn money. The thoughts and actions, however, must be business-like so that it is beyond subsistence but aims at profit maximization. In the next session (on the next day to be agreed upon), attention will be paid on how to think through a profitable business without the often preferred copycat approach.

End here with day 1 evaluation

Ask participants other than what are detailed under 2.4:

- a) Why are we economically insecure?
- b) Why do we need to engage in business?
- c) What qualities should a business person should have?

5.0 Starting Your Micro-business

Session objectives	By the end of this session participants can state how to manage micro-businesses start-up cycle
Topics	<ol style="list-style-type: none"> 1. Business start-up cycle 2. Identifying business opportunity 3. Planning a micro-business 4. Mobilizing start-up capital 5. Igniting a micro-business
Time	150 minutes
Requirements	Flip charts and markers
Methods	Question and answer, case studies and life stories

Facilitator's Note:

1. Note that this unit will take the entire training day. It is therefore broken down into sections to allow for some breaks.
2. That the aim is to build knowledge and skills, the use of practical case studies from participants is encouraged. In this way, allow individuals to freely share their experiences.

5.1 *The business cycle*

Procedure:

1. Ask a participant with a functional business to volunteer
2. Ask the volunteer to describe how s/he started her/his business. Probe what they did in steps up to the point the business was set running.
3. Take the notes on the flip chart
4. Then wrap up with what you have already prepared before-hand

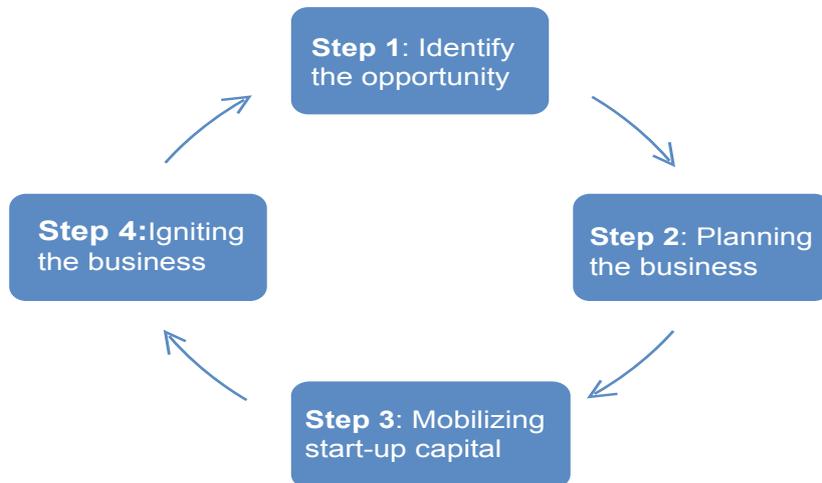
Facilitator's Note

You will see that many people are not keen about how a business is started. All they care about is securing money for the business and operationalizing their business. This is a critical challenge because a business that is not clearly thought through will eventually get into a limbo.

Take the participants through the various steps below. This should be done without pre-empting what will follow in the detailed discussion of every step.

Note that emphasis in the micro-business setting is not placed on business registration. This is because most of the enterprises are informally operated. What the operators always pay for are mostly market dues but not licenses. However, for trainees at the small business state, it would be important to register their businesses with the appropriate government bodies (after determining the status – sole proprietor, partnership, etc).

Figure 2: The business start-up cycle



5.2 Step 1: Identifying business opportunities

Procedure:

Ask a participant with a business to explain how s/he identified her/his current business. Especially probe how s/he zeroed down onto that particular business.

Facilitator's Note:

A business is an economic activity meant to generate profit. This means that the activity should be what can bring profit (i.e., earning over and above the investment). Such an activity is not easily available when not searched carefully. This is why the first step in starting a business is to identify that would-be profitable business.

The process of identifying such a business starts by exploring existing opportunities in your midst that can be transformed into money. This is done by what many technical people call market survey. At this stage of idea exploration of profitable opportunities, you need to talk to as many people as possible not about the idea that you have but what they see in the market. This you can do when you:

- Observe existing products whose supply is low compared to demand
- Identify what other businesses need
- Identify what can be made from locally available resources
- Identify what you can do with your knowledge and skills
- Identify the problems people face and how they can be solved
- Identify what can be made from the by-products of other business.

Key tips in selecting a viable money making venture

For starters, the following tips are worth considering. They are useful for those who are starting small businesses.

Tips for success 1: Existing skills

It is easier to build on what you are already doing. Look at what you are already doing or have ever done. This is because you already have the knowledge, skills and experience.

Tips for success 2: Time

If the business will not be the sole livelihood activity, it is important to look at what time you will have on the side that you can productively use to undertake the business.

Tips for success 3: Try new things

Look at the problems people are facing, the things they are lacking, etc, and try to provide the answer in terms of goods or service.

Observe what others are doing, they may be doing them well or poorly. But the point is to think of how you can do it better and make more money. This way you will always be ahead of copycats who may not have original ideas of their own but will copy yours to your detriment.

Tip 4: Existing assets

You may have a large piece of land you are not using, a bicycle that is just being borrowed only, etc. These are all starting points for new ideas

Another important thing to put in mind is that while you are exploring ideas/opportunities as are described above, you should be aware that in so doing you are simply looking for the product (goods/services) to offer to the market. You should also move a step forward at the same time to explore “how the market will react to that product” by asking:

- Who are the actual consumers of the product – people, other businesses, organizations?
- How much demand exists in the market for the product?
- Is the market flooded by other producers?

Note: Please, avoid copying someone else’s businesses because you will fail. That person already knows the ups and down of that business and in most cases will outcompete you.

5.3 Step 2: Planning the micro-business

Procedure:

Ask from among the participants who have operational businesses:

- 1) Whether they planned or not for their current businesses
- 2) Why they did and did not plan for the businesses?
- 3) For those without any plan, what they experienced when they started operating their businesses
- 4) For those who planned, let them explain how they planned the businesses.

Facilitator’s Note:

Once the business opportunity is clear, the next step is to plan the business before rushing into sinking your money. For many micro-businesses, planning is not a “pen-and-paper” expertise. In this case, *planning is thinking through, and then working out in detail, what you intend to do in a future period of time in the business and how you expect to get there.* In other words, your planning is about having the right thought and direction for the business. In what follows we will look at why you should and how you can critically plan your business.

Why plan a micro-business

That the need for a good plan cannot be overemphasized, below are reasons why you must plan your business:

- It promotes effective time management in working towards achieving a goal.
- It enables effective monitoring of achievements and remedial actions to roadblocks.
- It helps you in knowing the sources of funding for the business.
- It lays down the marketing strategies which will be used for better sales.

How to plan a micro-business

As noted above, business planning is primarily concerned with setting the right information and targets for the various aspects of the flow chart below.



As is evident above, to have a good plan, it is important that you know:

1. The business location i.e., where your business will be operating – at home, local market, in a town? This is crucial because if you will go to a town, you must be prepared to pay market dues, trading license, and abide by other laws e.g., Food handling laws.
2. Required stock/stocking process i.e., what inputs/materials you will need to produce the goods/services that you will be offering for sale? And where will these various inputs be sourced from? For instance, if you are going to sell fish in the local market, you will need:
 - a. The fish stock to be sold (in a specific quantity) = e.g., 2 boxes of fish from landing site X on River Nile.
 - b. The boxes (containers) in which you will be packing the fish stock = e.g. from home made basket.
 - c. The labour that will be buying the fish from source and selling in your target market = e.g., by self or another family members. This person will also need to be fed and connected by telephone to keep in contact with home people and suppliers
 - d. The means of transport for bringing the fish stock from its production source =e.g., use of own

bicycle or you will need to buy a bicycle if you did not have one before.

- e. The market stall where you will be selling your fish stock = e.g., from home.
 - f. Any taxes and fees that the business requires by law.
3. Financial implications i.e., what costs will be incurred in securing each of the items required for the business to be functional? This costing should be done carefully and with prudence or else you will end up spending wrongly. You will need to cost correctly all the inputs noted in 2 above.
 4. Sources of funds: i.e., where do you get all the money you need, as is budgeted under 3 above, for all the inputs identified and prioritized under 2 above to be procured? This will be dealt with under 5.4 below. But it has to be clear to you the business owner 'where money will come from' in order to avoid the usual statements – I had the plan but not the money.

Another thing that you as a business person should think hard about is that, given that money is hard to get (especially for free), you should be able to decide: (i) on critical inputs you require; (ii) on what you are able to do yourself at the start of the business in order to cut cost; and (iii) on better strategies that can minimize costs.

5. Business employee i.e., who will be involved in the business? Every input that will be secured for the business will finally require a human being to implement. This can be done by you as the business owner or by employing another person to help you. However, should you get someone else be mindful of the trustworthiness of that person as well as the remuneration. This can make the business succeed or fail.
6. Business timing i.e., what activities should be done when? For whatever goods/services you will offer in the market, you should be conscious of time because money has opportunity cost. It is not advisable to keep the business waiting through delayed implementation of planned activities.
7. Profit margins i.e., how much profit will the business earn? You are by now aware that business is about profit, so for this business you should also be able to estimate (given that you would have not yet sold), how much the total income will be after the sales of say 1 big box of sun dried/smoked fish. Doing so will enable you to deduct all the costs identified under 3 above to be sure of the expenditure and income equation that we talked about on day 1 (Profit, No profit, and Loss).

Note: A plan is an estimate of things. It is not the perfect truth. That means you should not be discouraged by the planning perfection. Try as much as possible to have correct information. Second, don't fail to start because *everything* is not in place. Start with what you have, including the little capital you have, and you will discover how easily things begin to flow later. Finally, avoid daring a business that even in your rough estimation shows "loss, loss, loss".

5.4 Step 3: Mobilizing start-up capital

Procedure:

Emphasize that among all that were discussed above, adequate capital for starting the business is very crucial. Thus, ask from among the participants who have operational business:

- 1) Where they secured money for their current businesses from.
- 2) How easy or difficult it was to secure such capital
- 3) What advice they have for other members who are searching for start up capital
- 4) Then wrap up with what the Facilitator's note has.

Facilitator's Note:

Often many people fail to secure start-up capital for their well planned businesses. For the few who have succeeded in sourcing funds, it is a humiliating process. You have to go to the fund source, narrate even your private problems and plans before you are helped. This is not acceptable. WENDI beneficiaries should be able to identify from the range of funding sources that they have, adequate start-up capital. Below is a list of funding sources.

1. Personal saving i.e., the money which you have overtime been able to put aside for future use. You have been involved in crop production and the yields you have been able to sell part of for income.
2. Taking group loan. All beneficiary organizations have loan fund that you can borrow from at a fee (normally the loan interest). When you take a loan, ensure that you repay back in time to ensure that you can get another loan. Never dream of loan rescheduling because the fines so imposed can strain your profit margin.
3. Sales of personal property. Entrepreneurs are risk takers. Where the business opportunity offers better profit margins, one can resort to selling of some personal assets like animals in order to raise capital

to start a business. However, you should be aware that any loss will leave you minus these assets and thus a failure in achieving your aspirations enshrined in WENDI.

4. Securing advances from customers. In some cases, some customers 'book' for products by paying in advance. Such funds can be used to start business.
5. Taking loans from friends and banks. Sometimes friends, relatives, and banks can help you with low cost loans. Where it exists, tap into it. However, for such loans you need to understand the true cost as many times hidden costs are not explained.
6. Fund raising. You can also raise funds for your business by seeking financial support from your children, siblings, friends, relatives, and in-laws. In such a case, you need to demonstrate the benefits of the business in enabling you stand on your feet; never to bother them again for help.

Seven rules of borrowing money¹

1. Borrow money only when you can use the funds to make money
2. Ensure the borrowed money is used for the intended purposes
3. Maintain a good working relationship with your lender
4. Ensure timely settlement of your loan obligations
5. Ensure proper management of the business
6. Be honest in your dealings with your lender
7. When borrowing, do not insist so much on the interest rate, but evaluate return on investment

5.5 Step 4: Igniting the business

Procedure:

Ask from among the participants who have operational business:

- 1) What they did last to ensure that their current businesses were operational.
- 2) How easy or difficult it was to start with the first sales.
- 3) What advice they have for other members who are en route to starting their businesses
- 4) Then wrap up with what the Facilitator's note has.

¹Apegu N. Julius (2005) "How to create a sustainable Business"

Facilitator's Note:

Note that this is the last stage of the business cycle. It is concerned with offering the product (goods/ services) for sale in the market. Thus, this step focuses on the “to do” that can enable a business to start selling its products. Because many business people are after sales, they give limited attention to what this process requires. Below are some tips.

1. Before you start with sales:
 - a) Secure the business location.
 - b) Let people know that is where you will operate your business.
 - c) Acquire all the required stock that will constitute your business product in the market.
 - d) Ensure that you have a clear way of managing the business e.g., the books of accounts, the employees.

2. When you are ready with your product:
 - a) Launch your product by letting your potential clients aware that you are now functional. You have what they need and it is not just accessible. It is also of good quality and affordable.

Be aware that it is not easy to start sales. Many people may not know or even trust you. It is therefore your cardinal responsibility to attract your clients by offering regular best products and sales in the market that many people can with time appreciate.

End here with day 2 evaluation

Other than what are listed under 2.4 probe:

- a) What have we learnt today?
- b) What are the 4 critical steps in a business start-up cycle?
- c) What do you do in identifying a business opportunity?
- d) Why must one plan his/her business?
- e) What are the critical steps in business planning?
- f) Where can one secure business capital?

Managing Your Micro-business Profitably

Session objectives	By the end of this session participants know how to manage their businesses profitably
Topics	<ol style="list-style-type: none">1. Management explained2. Book keeping3. Marketing4. Savings management5. Business ethics and customer care
Time	70 minutes
Requirements	Flip charts and markers
Methods	Question and answer, lecturette, case studies

6.1 Management explained

Procedure:

Ask from among the participants who have operational business:

- 1) How do you manage your business on a day-to-day basis?
- 2) What challenges do you face in managing your businesses?
- 3) What have you done to solve those challenges?
- 4) Then wrap up with what the Facilitator's note has.

Facilitator's Note:

For the business that you have started to operate effectively and profitably, it has to be well managed. But what is management? Management is about *controlling the business*. The key heartbeats of any business are:

- (i) Good records management;
- (ii) Effective marketing;
- (iii) Sound savings management; and
- (iv) Prudent business ethics and customer care.

Failure to deal with these issues timely and correctly will result in "walking your business to closure".

6.2 Management Issue 1: Basic book keeping

Many activities take place in a business. Goods are sold, stocks are bought, workers are paid, taxes are paid, money is borrowed, and some products are sold off at a discount or on credit, etc. All these cannot be kept on the entrepreneur's head. There must be a system of recording all these transactions in an orderly way so that they can be used for business decision making. It is for this purpose that proper book-keeping is important for any business.

Book-keeping refers to the art of recording, classifying, summarizing, analyzing and reporting financial information.

Why keep records

Record keeping is important because of the following reasons:

- It provides information about the business status – is it worthwhile and is growing or it is making only losses.
- It helps in analyzing the business transactions (incomes, expenditures, creditors, debtors).
- It helps in day-to-day management decision making for instance how stock should be managed.
- It gives documentary evidence for accountability.
- It reduced mismanagement by business owners or outright theft, fraud and misappropriation of funds by employees. Records helps in tracking business resources - who took what, who received money and how money was spent, etc.
- It is a basis upon which government assesses taxes and levies.
- It is used by banks to assess business worth when you will need a loan.
- It helps in planning for the expansion of the business as sales and profits are critical in determining business growth.
- If you employed someone to run your business, records will help you to measure the performance of manager.

Types of records to Keep

1. Cash records

Some of the critical records that you should keep include daily business transactions. This is kept in a

simple cash (sales) book. Below is the sample of the book. Herein, you should keep records of everyday transaction covering what the business received (income) and what it spent (expenditures). These are written in the in and out column respectively.

Using this record, every month you can tell your income and expenses and compare it with the size of your stock to know what direction your business is taking.¹

Below is a simple format for a petty trader.

Date	Details	Amount		
		In	Out	Balance
2-3-2010	Loan from XX group	1,000,000	-	1,000,000
2-3-2010	Own contribution	500,000		1,500,000
2-3-2010	Purchase of a bicycle	-	200,000	1,300,000
4-3-2010	Purchase of fish	-	1,000,000	300,000
4-3-2010	Payment of rent	-	250,000	50,000
6-3-2010	Sales of fish	350,000	-	400,000
7-3-2010	Sales of fish	500,000	-	900,000

2. Creditor's and Debtor's Records

We have looked above that not all money for a business comes from the owner. Likewise, not all sales are done on cash basis. Thus, in every business there are those whose money the business owe e.g., the group loan fund that is borrowed to start or boost a business. These people/organizations are called "creditors". Meanwhile, those who instead owe money of a business (e.g., those who got the business products [goods/services] on credit) are known as "debtors". Knowing these people is helpful in making effective and timely payments (to creditors) and collection of debts (from debtors). Such a record can be simply kept like below.

Creditors' records

Date	Name of creditor	Amount borrowed	Amount repaid	Balance

Debtors' records

Date	Name of debtor	Amount in debt	Amount repaid	Balance

Some practical problems related to cash records

1. Mixing of business records can cause confusion. Keep business records separate from other records of the household.
2. Use of business products by the owner's household. Please, consider such as sales on credit and enter the name of the household as a debtor. And ensure that such products are paid for.
3. Inability to keep business records due to illiteracy. Please, ask a family member to help keep the records.
4. Carrying bad credit sales for a long time in a business records. Treat such delayed payments as bad debts and write them off.

6.3 Management Issues 2: Marketing

Procedure:

Ask from among the participants who have operational business:

- 1) How do you ensure effective sales of your products?
- 2) How do you treat your business customers?
- 3) What challenges do you face in marketing your products?
- 4) What have you done to try and solve those challenges?
- 5) Then wrap up with what the Facilitator's note has.

Facilitator's Notes:

The main thrust of business is to sell products (goods and services) to the clients. And the seller and buyer in this market needs to be satisfied with whatever they have on offer. It is for this reason that marketing of your products is vital for the effective running of the business. Should you fail to sell, you will be unable to meet the required business costs (and finally close the business). When you are able to sell well, you will continue operating.

This means that you must continuously provide products that clients need and are convinced that they get value for money when they buy from you. Thus, marketing that is concerned with taking a business product to its clients is a pivotal activity aimed at identifying customers' needs, developing products to meet the customers' needs, informing clients about the product, making the products always (at all times) available in a convenient location, and ensuring that the price is affordable.

As you can see, the “king in marketing chain” is the customer. Your product must be made, packed, priced, distributed and promoted in a way that will make the customer buy it.

Marketing Pillars

In order to have effective transaction between you and the clients, you should ensure the following (often called the 5Ps) are done:

- Find out what product people need (**Products**)
- Provide products which meet peoples' needs (**Position**)
- Ensure the product prices are affordable (**Price**)
- Distribute the products to place where customers can access them (**Place**)
- Make the products known and attractive to customers (**Promotion**)

STORY 3:

Market management by Ms. Nusura Amina



1

Ms. Amina sells beans in the local market. She prefers to buy the beans from farmers' gardens during harvest time when many farmers want quick money. She then stores the beans for more than 3 months in her house. During this time, she spends her time sorting out stones and bad seeds thereby making her beans very clean.

When it is sales time, Amina informs her neighbours of what she has on offer. She also spends time polishing the bean seeds. In the market, she does not hesitate to let any buyer know that she has the best beans. With her good beans, good price, smiles, clean container, and smart dress, many buyers flock to her stall to the amazement of her competitors. Women in the area always opt to buy from Amina first and unless her stock is finished, her competitors find it hard to sell.

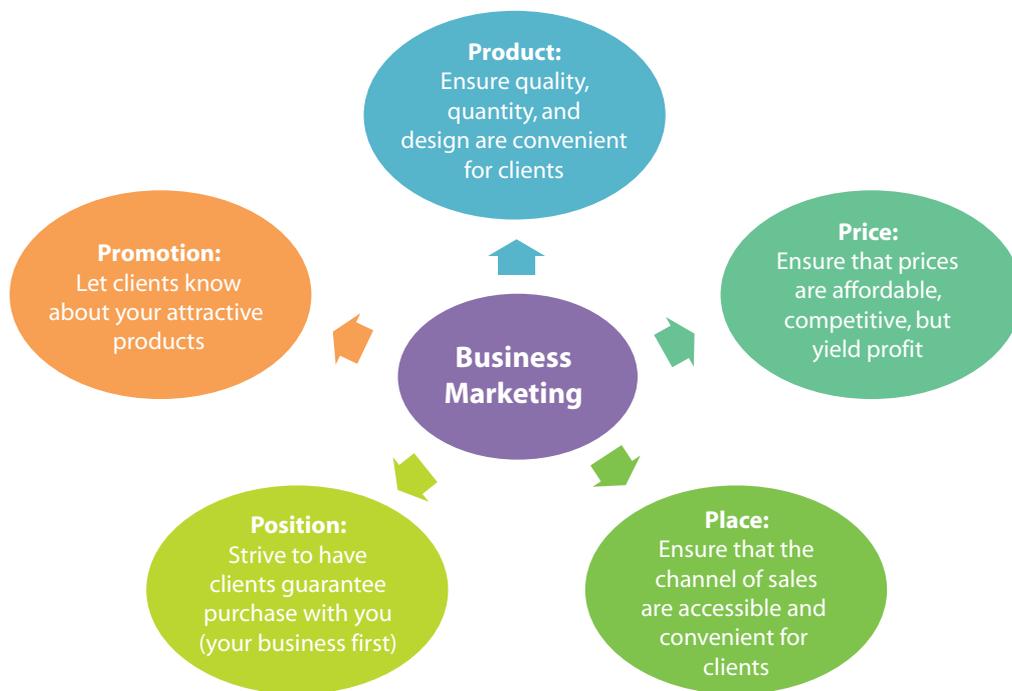
2



What does this story tell us and what lesson can we draw from it?

The story above vividly summarise the critical issues with the 5Ps of marketing (refer to the diagram below).

Figure 4: 5Ps of Marketing



6.4 Management Issues 3: Savings management

Procedure:

Ask from among the participants who have operational business:

- 1) What do you do to ensure that your business continues operating effectively?
- 2) How do you manage to save for bad business seasons?
- 3) Then wrap up with what the Facilitator's note has.

Facilitator's Notes:

It is important to emphasize that, a good business is one that borrows money for its start-up and thereafter, it is able to operate from its own earnings (profit). It should not always be running into debts to make stock available.

However, such business stability is challenging in the face of fluctuating sales. There are seasons when sales are high and low. Such fluctuations mean that there are times when there are high profits from business turnover and times when there is barely any profit.

To normalize such fluctuations there is need for a good culture of savings. This can occur when during peak seasons excess profit that is not reinvested into the business is not used in conspicuous consumptions (sending on unnecessary luxuries). Rather, it should be saved to wait to buffer bad times since. Thus, consider the below story.

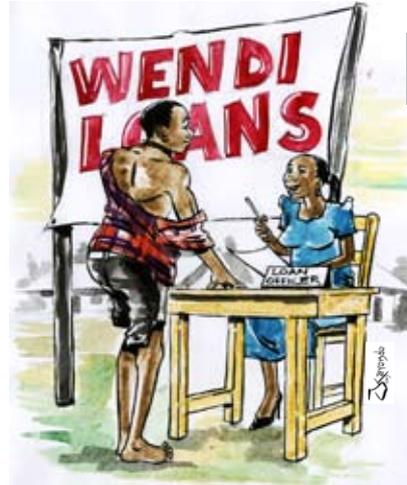
STORY 4:

Poor savings management by Mr. Raphael Ndugu



1

Mr. Raphael is a young, energetic man. Having dropped out of school (in P.4) due to war, his main occupation is subsistence farming. However, his life was not successful since he could not afford the basics of life. He had no mattress, no bed sheets, no pair of shoes and a "Sunday best" cloth. For these reasons, he could not mix freely with other youths in the area. Neither did he have a wife.



2

When WENDI programme came to his village, he quickly grabbed the opportunity and enrolled as a member. When opportunity for taking a loan from his group came, he applied for UGX 50,000.



3

He used this loan to start selling chicken that he would buy over 20 kms away. Slowly his business grew as he repaid his loans and took bigger loans.



4

However, Mr. Raphael resorted to drinking bell beer with a clique of friends to whom he would retort, "at least for the first time in life let me also taste beer". He also ran too fast to acquire the basics of life that he said had kept him far behind his peers.



5

Unfortunately, four months ago, Mr. Raphael was declared a bad debtor and blocked from taking more loans. At the same time, fire burnt down his cassava garden and business kioks. His business is gone and he has no other sources of income to start with again.

What does Mr. Raphael's story tell us? What lessons do we learn from him?

Please note the following:

- Effective saving requires avoiding reckless consumptions.
- Always save part of your profit earned in cash for on-use in stabilizing stock levels.
- Also secure parts of your profits by saving in assets like livestock, land, etc.
- You can also save in diversifying into other profitable activities.

6.5 Management Issues 4: Business ethics and customer care

Procedure:

Ask from among the participants who have operational business:

- 1) How do you retain your clients?
- 2) What is it that you did that chased your clients away?
- 3) How did you manage to attract some back?
- 4) Then wrap up with what the Facilitator's note has.

Facilitator's Notes:

We have emphasized above the need for having right products and prices. Yet, avoidance of loss is what a business should strive to achieve. Sometimes, in the struggle to fulfil both, many business people resort to unethical strategies. They lose sight of their clients as they struggle for short term profits. This is why many business people are called "greedy and exploitative of their clients". A business person who is looking at the long term growth of his/her business will strive to care for his/her clients through engaging in ethical practices.

Ethical practices refer to morally upright principles that control business behaviour. Business ethics are therefore accepted moral behaviours expected to be exhibited towards all the business parties – owner, clients, suppliers, employees, and government authorities.

The 7 Don't of a business:

1. Don't tell a lie. Sooner or later the affected party will discover the truth and you will lose trustworthiness as well as confidence in your products.
2. Don't cheat during measurements. Clients always compare the different quantities they bought from different places at the same price.
3. Don't cheat by overcharging. Often when we feel our products are in short supply and we are in a

monopoly position, we feel it is time to mint more profit. The next time the same product will be in the market offered by someone else, you will be ignored,

4. Don't sell expired or poor quality products. It will hurt the life of your client. If your product has gone bad, destroy it.
5. Don't be rude to your parties however small, poor, or awkward looking they may be. Remember they are your clients and king.
6. Don't rush to sell when your clients do not fully understand your product. Spend sometime to explain the magic your product can produce when treated in a particular way.
7. Don't hate your competitors. Accept competition for it is the mother of innovations for you.

7.0 Assessing Your Business Performance

Day 3: Session 2

Session objectives	By the end of this session participants know how to routinely assess their micro-business performance
Topics	1. Performance assessment explained 2. Critical performance indicators
Time	30 minutes
Requirements	Flip charts and markers
Methods	Brainstorming, question and answer, case study

7.1 Performance assessment explained

Procedure:

Ask from among the participants who have operational businesses:

- 1) Why did you start your business?
- 2) What do you always do to know that the business is meeting those reasons?
- 3) Then wrap up with what the Facilitator's note has.

Facilitator's Notes:

The essence of this topic is to ensure that participants understand why they engage in a business. It is also to remind them to remain goal-focussed so that the reasons for doing business are met. Should any diversion occur, it should be corrected because such acts can sap the initial energy invested in the business.

Secondly, this exercise should bring back to the frontline the aspirations they had set for themselves in WENDI – cash and asset accumulation.

Finally, it should be emphasized that business performance assessment is done:

1. To account for whether or not the business is growing and is beneficial to the owner, household, community and also government.
2. To learn lessons where things have gone wrong so that timely and adequate corrective measures are taken. For instance, if more sales are on credit which ends up affecting restocking, then it would be prudent to restrict sales on credit.
3. To improve on the way in which the business is being managed.

7.2 Critical performance assessment indicators

Procedure:

Ask from among the participants who have operational businesses:

- 1) Why did you start your business?
- 2) What do you always do to know that the business is meeting those reasons?
- 3) Then wrap up with what the Facilitator's note has.

Facilitator's Note:

Be aware that different people measure success differently. In this regards, add the following issues as critical in assessing their business growth:

Indicator 1: Size of daily sales

Indicator 2: Size of business stock

Indicator 3: Amount of debt the business owe other parties

Indicator 4: Amount of money saved to date (and compare with UGX 1 million)

Indicator 5: Number of assets procured (see WENDI economic security asset list)

Indicator 6: Ability to meet basic needs (food, clothing, medical and education fees)

Remedial Actions

Monitoring of the above growth indicators besides others that the participants could have highlighted and emphasized is meant to make prudent business decisions. Important herein is that business produce profits that should in turn make living better.

Should a business show no growth indicators (for most of 1-6 above), remedial actions should be taken immediately. If the profit is too small or not there, the following options are possible:

- a) If the profit margin is too small, continue with the existing enterprise but with improvements on the identified weak areas by for instance: expanding production volume, improving production efficiency, improving customer relations, improving quality of product.

- b) If there is no profit margin for reasons that are irredeemable, discontinue the business. This option may be considered if continuing the business would mean greater losses for the entrepreneur, particularly when weaknesses cannot be turned into strengths and/or when there are un-manageable constraints.

End here with the entire training evaluation

– see overleaf

8.0 Overall Training Evaluation

After 3 days of spaced and non-residential training, especially of many people, it is important to take a snapshot of the entire training. The facilitator should explore a number of issues from the participants. Below are some of the issues that are vital for effective training follow-up.

1. Organization of the training:

Ask participants to state:

(a) What they liked most about the training

(b) What they disliked most about the training

(c) What they would like to be done differently in the next training

2. Relevance of the training:

Ask participants to state at least 6 values (new things) the training added to their knowledge and skills.

(a) -----

(a) -----

(b) -----

(b) -----

(c) -----

(c) -----

(d) -----

(d) -----

(e) -----

(e) -----

(f) -----

(f) -----

3. Use of the training:

Ask participants to state at least 6 things that they intend to do after the training?

(a) -----

(a) -----

(b) -----

(b) -----

- (c) -----
- (d) -----
- (e) -----
- (f) -----

- (c) -----
- (d) -----
- (e) -----
- (f) -----

4. Further support:

Ask participants to state what more support they need from WENDI programme with regards to business development.

- (a) -----
- (b) -----
- (c) -----
- (d) -----
- (e) -----
- (f) -----

- (a) -----
- (b) -----
- (c) -----
- (d) -----
- (e) -----
- (f) -----

1. Follow-up:

Ask participants to state what they would like AFARD to individually follow-up with them.





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