PSGP COMMUNITY-BASED MARKET ASSESSMENT & BUSINESS PLANNING

MENTOR GUIDE

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IUCN

AFARD The Quest for A Better Society

BOMA PROJECT

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HOW TO USE THIS GUIDE »

The community-based market assessment guide contains six modules which will be delivered to all PSGP business groups enrolled to a new cohort after business group formation and verification of groups by the monitoring and evaluation team. Each module should last for a maximum of 3 hours, similar to a savings group meeting. The modules are intended to be delivered at the village/manyatta level, with the mentor bringing together between 5 to 7 BGs based on proximity. Sessions will be held twice each week over the course of three weeks, culminating with each group elaborating its business plan.

The overall goal of the training is to guide PSGP participants through a process of exploring the market to identify unique business opportunities, conduct a feasibility study on the selected business and determine whether the business is viable by calculating projected cash flows and profitability. Hopefully by going through a rigorous market assessment and feasibility process, we will see a shift from the traditional businesses to more unique businesses with less competition and higher potential for growth and sustainability or at minimum traditional businesses with unique value propositions.

The mentor is encouraged to review the guide before each session. He or she may adapt the information further based on context; for example, names used in the stories can be adapted to suit geographical locations. Each module starts with an overview of objectives for each session, length and any materials required for the session. The guide also has picture instructions to guide in running each module, specifying how each element should be delivered.

"Adapted with thanks from: UNIFEM. 2013. Doing a Feasibility Study: Training Activities for Starting or Reviewing a Small Business, Ed. Suzanne Kindervatter" with a link to the original (available here https://files.peacecorps.gov/library/SB104.pdf)"

Module 1: Introduction to business and entrepreneurship »

Time: 1 hour

Who is an entrepreneur?

An entrepreneur is an individual who takes the risk to start their own business based on an idea they have while assuming most of the risks and reaping most of the rewards of the business.

Qualities of an entrepreneur

- Opportunity-seeking
- Persevering Taking
- Demanding for efficiency and quality
- Information seeking
- Goal Setting
- Planning
- Networking
- Building self-confidence
- Listening to others
- Demonstrating leadership

What is the difference between a Business person and an Entrepreneur?

Introduce that participant have been selected to participate in PSGP. As part of this they will work to select and start-up a business. The process will be covered in subsequent modules. Let us begin by looking at these two words which we use every other day. A businessperson and an entrepreneur. What is the difference? (Allow for discussion) okay. let us now learn the difference between these two.

A BUSINESS WOMAN	AN ENTREPRENEUR
Is a person who starts a business with the same old idea	Has an exclusive idea to initiate and establish a new venture
A businesswoman is a market player. She wants to just be in the market doing business	A market leader, the owner and the one who implements her own idea which she has converted into a business venture
Focuses on profits	Focus is customers, public and employees
Faces high competition because she follows other people in business	Faces low competition. Being the one who came up with the idea she can tweak it to serve her customers and fight competition
Makes her place in the market. She does this using product which already exists in	Creates a market using her own idea/ new product the market.

Having learnt about this, let us now see by show of hands, what do we want to be through our venture? A business woman or an entrepreneur?

Module 1: Introducing steps for starting a successful business »

Time: 3 hours

Materials: Picture posters 1 to 18

Objectives: By the end of the session, participants will be able to:

- Explain the key steps they will take to identify and validate different business ideas
- Know the importance of market assessment and the basic process to carry it out
- Come up with a plan to visit and observe the market and talk to potential customers.

A. Introductions to one another (30 minutes)

- Welcome everyone to the session. Explain that we will do a small exercise to ensure we know one another.
- Ask each person to find a partner to talk with in the next 5 minutes. They should pick a person they do not know very well. Tell each person to ask her partner:- **What is your name? What would you do if someone gave you 316,300 (ug shs) Ugandan shillings?**
- After 5 minutes, ask the women to sit in a large amuti (group) again. Ask each person to introduce her partner and to tell the amuti (group) about her partner's answers to the question.
- (Set rules and agree on timing for the meeting)

B. Introducing steps for starting a successful business (1 hour)

- Welcome the participants again and introduce that they have been selected to participate in PSGP. As part of this, they will work to select and start-up a business.
- So that we can begin thinking about this process, I am going to tell a story about a woman like you who wanted to have a successful business. Please listen keenly so that we may discuss and learn from the story.

1. This is Rukia Amina. She lives in Limu village near Kululu trading centre, Yumbe and she is one of the women selected to benefit from the PSGP project like you. She has similar desires and similar problems. What do you imagine she's thinking about? (Discussion) One of her big concerns is her children. She would like them to go to Kululu Primary school, but she can't afford the uniforms, books and pens they need. She'd also like them to have better food. Rukia Amina has been thinking about what she can do to solve these problems. She's saved some money.

2. Rukia Amina has 316,300 Ug shs shillings. She wants to use the money to start an activity that can make more money. She remembers that her sister-in- law in another part of the Koboko town makes beaded sandals. She watched her sister- in-law make them, and she's also heard about the business from AFARD promoting trade in the Yumbe district. Rukia says to herself, **"I'm going to make` 10 pairs of the sandals and sell them for 37,900 ug shs each. Then, I'll make 379500 Ug shs!"** Rukia is very excited about her idea.

3. Rukia goes to town and stops at the first store she sees. She buys the supplies she needs, and she's surprised that she must spend her entire 316,300 Ug shs. She doesn't even have money left to take the bus home.

4. But she walks home feeling happy thinking about how successful her sandals business will be. When she gets home, she goes right to work. She's never made beaded sandals before, and she isn't sure of some of the steps. It's a lot of work to make the 10 pairs.

5. **What's happening here?** Why is her husband upset? (Discussion) Yes, making the sandals took so much time that Rukia couldn't watch the children and do work around the house. **What will happen if Rukia's husband isn't happy with her work?** (Discussion) Rukia thinks, **"My husband may be mad now, but he'll be happy when he sees the 12,000, I earn."**

6. Rukia keeps working on the sandals to sell at the market, but she's shocked to find that the beads are not enough, and she cannot complete the final two pairs of sandals. **Why?** (Discussion) Rukia thought she would make 379500 ug shs from the sale of the 10 pairs of sandals (Note: Show actual money or play money here). Now Rukia cannot sell two pieces of sandals; **how much less money can she make?** (Discussion) That's right, 78,000 (2 x 39,000 (Note: Remove this amount from the money.) **So, how much can Rukia still make?** (Discussion) Yes, 303,600. (Note: Show the money that remains). However, Rukia already spent 316,300 ug shs on supplies! Rukia is discouraged, but she's very motivated and knows she made a mistake. She decides to sell the eight pairs and do better next time.

7. She gets up early the next morning to go to the market, planning to be home by lunchtime. **What does she see when she gets to the market?** (Discussion) There are many women selling beaded sandals like Rukia 's, for 28,400 ug shs per pair. Since people bargain with the women for the sandals, the actual price is less than 28,400 ug shs each. She won't even make 221,400 ug shs! She had planned to make 303,600 ug shs after she could not complete making the last 2 pairs. Rukia sits down to sell her sandals. **How long do you think she stays at the market?** What happens? (Discussion)

8. Now Rukia is very, very discouraged. She can't understand what she did wrong. She's asking for help: **what should she have done differently?** (Discussion) Note: In the discussion, encourage the amuti (group) to consider these issues:

- Rukia should have found out how to produce good quality sandals, including the right amount of materials. (She could have worked with her sister-in-law; practiced; etc.)
- She didn't realize how much time the sandal production and selling would require.
- Rukia needed to visit the market to find out: the selling price of the sandals; how long it takes to sell; how much the women make in a day, a week, a month; who takes care of things at home when they're at the market; where the women buy supplies; why people buy from one woman and not another, etc.
- Rukia worked on her own, rather than with a amuti (group). (Note: Review the images and ask how working in a amuti (group) might have helped.)

9. Rukia listened to your advice. She wants to try again and has called four friends together. She tells them what happened. One of her friends wants to try making beaded sandals again. But Rukia says that there are too many other women already making the sandals, and for the time and materials required, they do not fetch a good enough price. **"Let's think of something else," she says.** Samira Ali one of the friends, responds: **"My grandmother used to make soap, and I helped her. I know how to make soap. Who needs soap?"** (Discussion:-point out that everyone needs soap; that it can be sold locally; that it is something people use and then buy again.)

10. Here is a cake of manufactured soap that's sold in the store. It is 500 grams and sells for 4,700 Ug shs. The women think they can make and sell good quality soap for a cheaper price.

11. Two of Rukia 's friends go to the market, following your advice. They want to be sure they can make money producing and selling soap. **What do they see? How many women are selling soap? Is there much left?** (Discussion)

12. The women find out that the demand for the soap is great, and that it costs 3,100 ug shs per cake. **What else do you notice about the soap, is it all the same?** (Discussion) There is black soap and white soap. The white soap sells better. This is the kind of soap Samira Ali knows how to make. **What about competition?** The sellers say that they sell so much that there's room for the women to start selling too. **What else do you think the women asked about?** (Discussion-suggest these questions if the amuti (group) does not: **Where do you buy supplies? Do you know of sources for cheap palm oil? How much profit do you make?** etc.)

13. The women decide that they need to be careful about how much money they would spend on soap making and how much they would earn. First, they find out the cost of starting soap production. They will need a large steel tub for boiling-79,800 ug shs; a small bucket for carrying water-53,700 ug shs; and three wooden molds- 47 400 ug shs. The total cost of the equipment is 186,600 Ug shs. (Note: Use real or play money in #12-17.)

14. Now the amuti (group) calculates how much it will cost to produce one batch of soap, or three molds full. They need 2 liters of oil-44,200 ug shs ; 500 grams of lye-6,300 ug shs; and 10 liters of water, which is free. The total cost of supplies is 50,600 ug shs

15. Next the women figure out how much they can earn from each batch of soap. Each mold can make 17 cakes of soap. 17 x 3 molds yields 51 cakes. If a cake is sold at 3,100 Ug shs, total sales will be 161, 300 (51 x 3,100). The women know

they must deduct the cost of the oil and lye for each batch. They subtract 50,600 Ug shs from 161,300 which leaves 110,700 ug shs profit per batch.

16. However, the women remember the cost of equipment, 186,600 ug shs for the tub, pail and molds. How many batches will it take to pay back these costs? (Discussion) The answer is two batches.

17. The women think some more about their production and sales. Let's say they have already made two batches and paid back their initial investment. **How much will they make on 10 batches?** (Discussion) [Answer: Sales income is 1,613, 000 ug shs (161,300 Ug shs per batch x 10). Supplies cost 506,000 Ug shs (50,600 Ug shs per batch x 10). 1,613 000 Ug shs minus 506,000 Ug shs equals 1107,000 Ug shs profit on 10 batches.] Besides profit, **what else do the women need to think about? (Discussion)** (Suggestions: How long it takes to make the soap; how quickly they can earn a profit; whether the demand for soap is constant or varies; etc.)

18. The women think they can make money making soap. But they ask themselves, "Have we taken all the costs involved into account?" Have they? (Discussion) (Suggestions: The amuti (group) needs to think about transportation and their time as well). The women still think the business can be profitable. Now they discuss how they will work: how might they organize themselves? Which tasks would take the most time? how would they take care of their children and responsibilities at home? Will the profit got from my business help me to achieve my goal/vision (refer to goals set in financial literacy training)?

19. The women have now studied the soap making idea. They each have 63,200ug shs to use for starting the business, or a total of 316,300 ug shs. Should they start the soap- making operation? Why or why not? (Discussion: encourage the amuti (group) to consider profit, as well as time, the production process, acquisition of supplies, transportation, etc.)

After the story is over, ask the participants:

- How are these women like us?
- What did we learn about starting a business?

In the story, the women carried out several steps to decide if their business idea would succeed. Together, we will go through this process so that you can choose and plan a business that has a high chance for success. Then we will go over how the business will operate - how we will work together. Next, we will calculate how much it will cost to start and operate the business. Finally, we will estimate how much of our product or service we think we can sell and for how much. With that, we can determine if our business is profitable and viable.

C. Exploring Demand: Preparing to talk to potential customers (1 hour)

Today, we will begin the process of coming up with business ideas that our friends, neighbors and community members will be willing to buy.

- Ask the participants to recall the story.

  "What was the first business idea Rukia had? How did she choose it? What happened to the business?"

- It isn't always good to quickly accept the first idea for a business or even reject it altogether. It is better to consider different options for businesses and then narrow down to one or two business ideas to examine in detail before deciding and settling on specific option. When Rukia changed her business idea, remember she and her friends visited the market to learn more before starting.
- One major thing to consider is what people buy or want to buy. A business cannot succeed if people do not want to buy what we have to sell. One good way to find out what people want to buy is to answer the question, "What problem can I solve for my customers?"

Here are some examples of problems a business might solve:

- Even though there may be several hotels in Yumbe town, people who receive visitors or hold meetings do not have affordable hotels with high standards of cleanliness that offer good food and beverages. Most of the hotels like Escape Village hotel, Skype hotel are either expensive and serving unfamiliar dishes or are affordable but do not offer very hygienic conditions and the food is not fresh.
- Relatives of community members love boiled cow milk, but they often complain that they can never get clean bottles to carry the milk with them to Arua city to share with their friends and neighbours.
- Customers of Binzari -traditional herbal spices want to be able to order these directly from Kei farmers to sell in their shops in Arua City with complete information of the benefits of these spices.

- Kirijo-New mothers have to spend a lot of time and money shopping for newborn baby accessories or must depend on their relatives to bring them from major towns like Koboko.
- Community members in Yoyo training centre commonly use paraffin lamps to light their shops and houses at night, the paraffin produces a lot of smoke and is always bought from Yumbe town petrol stations

In your business amuti (group), take 20 minutes to brainstorm at least three problems that are common in your community that a business may be able to solve. You may think of problems for women, men, boys, and/or girls. You may consider the problems of visitors (if they are many) or residents. You may consider problems that happen every day, every week, or only once per year. As an amuti (group), come up with at least three top problems that may be worth solving with a business. Either write these down, draw a picture, or keep them in your mind.

Before our next session, talk to three potential customers - these can be neighbors, friends, or even family members - about the problems you are thinking that are worth solving with a business. For each problem, ask them:

- Do you agree that this is a problem?
- If yes, what do you hate most about this problem? What challenges does this problem create for you? (i.e. lost time, expense, effort, unnecessary travel)
- If yes, do you think this is a problem that must be solved, would be nice to solve, or is not necessary to solve?
- How are you solving the problem now? How are others solving the problem now?
- What solutions would you like or prefer that can solve the problem better?

Now, in your amuti (group), take 10 minutes to plan how you will have these discussions before our next meeting. Amuti (group) members should specify who they plan to speak to, where and when.

Once amuti (group)s have discussed their plan, have each amuti (group) take up to 5 minutes to share their action plan of how and when they will discuss problems with potential customers in the community before the next meeting.

D. Exploring demand: Preparing to observe markets (30 minutes)

- Ask the participants to recall the story of Rukia .

  "After Rukia 's first business failed, she decided to work together with friends on a new business. How did the amuti (group) of friends decide on selling soap?"

  Among other things, they visited the market to learn about the soap business before starting.

In addition to talking with potential customers about problems we can solve with a business, we recommend that you visit the market before our next meeting. This can be a nearby trading center, neighboring villages, or a weekly market. You will observe what is happening there and identify any opportunities for business.

You will come to our next meeting with answers to the following questions:

- Which five items/commodities have the most sellers? Which one has the fewest vendors?
- Which sellers get the most customers? What goods or services are they selling?
- What are some of the characteristics or behavior of the sellers or stalls that have many customers? Is it because of the business location? Quality of product? Appearance of the shop? Time of day? Prices? Something else?
- Which sellers have the fewest customers? What goods or services are they selling? What may be leading to them having few customers? Is it due to location? Quality? Appearance of the shop? Time of day? Prices? Something else?
- Which goods/commodities are being brought in from outside the area? Where are they coming from?
- Which items are being taken out of the location to be sold or traded? Where are they going? What locally produced items appear to be in greatest demand outside of Kululu trading centre and why is demand high?
- It can be helpful to visit the lodenga, Lomunga, Yoyo market(s), Yoyo, Gila, Lomunga and lodenga trading centers or villages at different times in the day. For example, certain goods may only sell early in the morning while others in the evening.
- It can also be useful to visit at the end of the day to see who has a lot of stock remaining and who has sold out her stock.
- Judging from what you see, what goods and services are most in demand locally? What are the gaps/possible areas that a new business could fill? Have participants take 10 minutes as the amuti (group) of three to plan how they will carry out the market observation.

  In the discussion, the amuti (group) members should specify where and when they will observe and who will do what. How will they remember what they have seen to report back at the next meeting? (Especially if they do not read and write). Note: Those who do not know how to read and write will give verbal reports on what they have observed and learnt

Have each amuti (group) take 5 minutes to share their plan of how and when they will carry out the market observation

At the start of our next session, you will report back to share what you learned.

Module 2: What product or service will you sell? »

Time: 3 hours

Materials: Flip chart and marker pens

Objectives: By the end of the session, participants will be able to:

- Identify the specific business idea they would like to pursue
- Identify existing skills and strengths amongst the members that could be utilized in the business
- Outline some of the benefits of the business to themselves, family and larger community
- Define the unique value proposition for the business

A. What did you learn in the community? (30 minutes)

Debriefing after the market observation - Guiding questions in groups In business groups, discuss:

- "How did it go? What was it like observing the market and talking to customers?"
- "How did you work together to carry out the market observation and the discussions with customers? Did you have any challenges working together? How did you overcome the challenges?"
- "What problems are most important to your customers?"
- "Of these problems, which do you think would be possible to resolve with a business idea?"
- Did you notice anything new or surprising?"
- "What items and services were most popular in the market? Why?"
- "What made some shops more or less attractive to customers?"

Choosing a business idea is a big decision. In addition to thinking about what people buy or want to buy, and what kinds of problems we want to solve, we will also consider: What we can do, how we want to work, and what benefits we want to gain.

Mentor instructions: For part B. C, D and E, present the main activity in plenary. Then Ask participants to go into their respective business groups and discuss the activity separately. Move from one group to the other and confirm the activity is well understood.

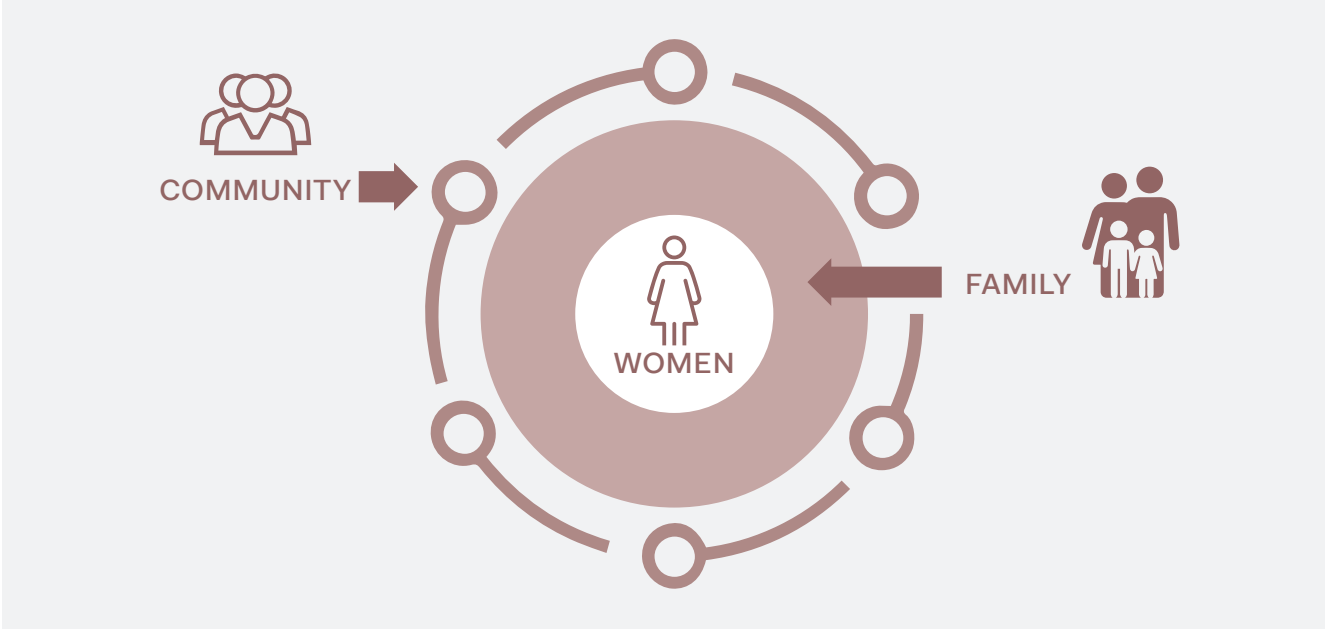
B. What can we do and how do we want to work? (30 minutes)

- Explain that we must also think about the skills we already have or need and the kind of work conditions we want. — In their amuti (group)s, tell the participants to ask each other: "What skills do I have that could be useful in a business?"
- **NOTE:** Encourage them to include things they can do with their hands (such as making beadwork), things that would help the business operate (like counting skills), things they can do with people (such as settle arguments, organize amuti (group)s, and so on).
- After a few minutes, have each amuti (group) report out what skills they have between them. When all have spoken, comment on the diversity of abilities and strengths within the amuti (group). Show appreciation for their abilities.
- Now, tell the amuti (group) you would like them to think about their work conditions. Ask them: "What work schedule would you prefer?" "Would you like to work near your home or away from home?" "How will your children be cared for while you are working?" "What else is important to you about your work?"

C. What benefits do we want to gain? (30 minutes)

- Explain that everyone thinks of making money when they think of having a business. This is the most obvious benefit, but there can be other benefits too.
- Draw the diagram below on large paper or using a stick on the ground. Explain that there are some businesses which mainly benefit the individual, some that benefit her family as well, and others that benefit the local community.

Ask participants: **"Besides money, what would you personally like to gain from working in a business?" "What would you like to gain for your family?" "How might your business contribute to your community?"**



(If participants do not suggest them, you may add ideas such as: Increasing pride in ourselves

- Improving our status in the community
- Working with other women
- Learning new skills
- Creating jobs
- Providing locally needed products or services
- Buying supplies from local merchants. Providing basic needs for our families.

At this point, ask each business amuti (group)) to complete this sentence: **"We want a business that...."** (Examples: We want a business that makes more food available in our community; We want a business that only requires a few hours of work a day; We want a business that will give us the most income possible.)

D. What product or service do you want to sell? (30 minutes)

Now as amuti (group), you will decide on the business idea you'd like to implement. First, in your amuti (group), you will mention all the possible businesses you can think of in a brainstorm. Brainstorm means listing ideas very quickly, with no discussion. Try to get as many ideas as possible, even crazy ideas. Do not judge or discuss the ideas until all the ideas are out.

[Give the amuti (group)s 10-15 minutes to brainstorm business ideas.]

Once the ideas seem to all be out, ask the members: "Do you want to add any ideas to the list?" **"Do you feel some ideas are not appropriate? If so, tell your amuti (group) members why."**

Among your top three ideas, discuss the advantages and disadvantages of each. Try to come to a consensus on what business idea you'd like to pursue

E. What will make your business unique? (Value proposition) (30 minutes)

There may be other businesses in the community offering the same or similar products and/or services as your business. Therefore, you need to decide how your business will meet customers' needs or solve their problem in a unique way for a price they are willing to pay. You need to be able to say: Why would someone buy from us instead of from a competitor?

In your business amuti (group), brainstorm ideas of how you will be different from the competition. Remember your target customers - what they like, what they need, and what they have to spend.

If participants do not discuss them, suggest these factors: convenience, quality, personal relationship/trust, price, attractiveness of the product, and good promotion such as free samples or posters around town.

Thank the participants for the day and agree on time and venue for the next meeting.

Module 3: How will your business operate? »

Time: 2 hours

Materials: 7 sets of Picture cards 1.2

Objectives: By the end of the session, participants will be able to:

- Outline rules that will guide operations of the business
- Identify skills and information needed for the selected business idea
- Outline a plan to acquire the skills and information needed to run the business

A. Doing business in an amuti (group) (1 hour)

Tell participants that they will learn about working with an amuti (group).

Ask the participants whether any of them belong to amuti (group). Ask members who belong to amuti (group)s to explain what their amuti (group) is like. Ask them:

- What is the main activity of the amuti (group)?
- How many members do they have? Are they men or women or both?
- Ask them what made them join the amuti (group)?

Summarize by saying that a amuti (group) refers to a collection of individuals who have regular contact and frequent interaction, mutual influence and who work together to achieve a common set of goals. Emphasize the importance of having a goal as a key element of success. A REAP business amuti (group) therefore is a amuti (group) of three people who have selected to run one business together and the main goal is to improve living standards for all three households and reduce poverty.

Ask participants who belong to any existing amuti (group) to share experiences being members of a amuti (group) (encourage sharing of both positive and negative experiences).

Gender tip: Listen for differences between men and women amuti (group)s and how they affect the success of amuti (group)s if any. Emphasize that for the amuti (group) to achieve the goal for each of the households, both genders must work together and share roles effectively.

Read the following story for participants:

Ayikoru business amuti (group) members started a duka business operating from their village. From the start the amuti (group) noticed that the village had several other dukas selling the same commodities as them. They were optimistic about making huge sales and they bought a lot of stock, which they took on credit from the local wholesale shop. Mary the Chairlady felt she was too important to sell at the duka but expected to receive profits and updates on how the business was performing. Rukia, the second member, came to the business occasionally claiming that she had many responsibilities at home. Susan who was timid and shy was left to bear the burden of running the business alone. Community members took advantage of Susan's empathy and constantly took commodities on credit. Susan also did not keep any records of credit given out and the customers refused to repay since she had no proof that they took credit. Soon the business did not even have money to pay the wholesaler. The business also ran out of stock and the other members blamed Susan for the failure of the business.

Ask: What happened in the story? Why did it happen? What could the participants have done differently? (Ensure that it comes out that the lack of rules in how the business is run led to conflicts, and the amuti (group) lacked direction.)

Divide participants into their business amuti (group)s and ask them to discuss what rules should the PSGP business amuti (group)s need to set to run successfully. Ask each amuti (group) to present. Ensure in the discussions the following come out:

- Position and roles (chairperson, treasurer, secretary)
- Rules for giving out credit.
- Time for opening and closing.
- Dividing business activities and tasks among the 3 partners (who sells at the shop, who goes to the market, who makes purchases, record keeping)
- How to share profits and losses.
- Next of kin or replacement if a member leaves the business amuti (group).

Gender Tip: If gender is not mentioned during the discussion, ask participants of mixed amuti (group)s whether men and women should take different roles in the amuti (group) based on gender and why. For example, in a kiosk business, should men also have the role of selling or they will only be involved in going to the market to purchase stock?

Tell participants that they will now set rules for their amuti (group). Ask participants to go into the business amuti (group)s. Explain that rules for amuti (group)s will generally fall into one of the categories in the training aid. To make it simpler give an example of each rule. Give each amuti (group) aid xxxx and ask them to set rules for the business amuti (group) according to each picture.

Training aid 1.1: (image description)

1. Leadership: Woman decently dresses, with a watch on the hand, addressing a amuti (group)
2. Meetings: U shape sitting arrangement and someone in the front talking. Secretary writing notes. One raising hand to contribute to meeting
3. Making a decision: 3 women standing holding hands. 3 people sitting together discussing. Followed by a picture of them standing together holding hands.
4. Giving out credit: cash today (Picture of buying cash) credit tomorrow (picture of buying and no money/writing down as credit)
5. Sharing roles at the business: Picture of someone removing stock from bodaboda, someone arranging on the shelves and another recording stock.
6. Opening hours: store with name (bidii BG) business closed. Women, men, children outside with shopping bags waiting to buy. Time 10.30am
7. Next of kin/replacement: Grandmother coming/bringing a younger girl to join the business. Greeting the other two women in the amuti (group).
8. Sharing income/profits: counting money at the business amuti (group) then each woman being given a share. Women laughing after receiving profit.
9. Sharing losses: boda boda carrying stock with one participant. Breaks down and goods spoilt. Flour spread on the ground. Or tomatoes being transported. Show them spoilt/overripe due to lorry breakdown. Or in the shop with few customers resulting in losses. 9. Gender equality: two women and one man at the shop/business premise.

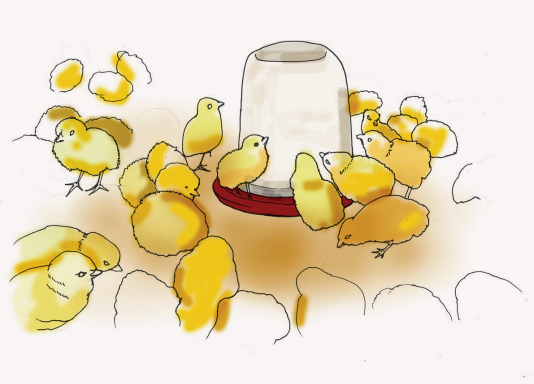
10. Other: Blank

Mentor: observe keenly how the amuti (group)s work together to develop the rules. Note any members dominating conversations and those not participating. Emphasize that success of the business will depend on how actively all members participate in the amuti (group).

B. Learning about the business you want to do (30 minutes)

CASE STORY: AWADIFO BUSINESS AMUTI (GROUP) AND POULTRY BUSINESS:

Awadifo amuti (group) is composed of 15 Women and is located in a growing trading centre where the demand for poultry products like eggs is growing. One day, the Awadifo BG were invited to a business incubation forum organized by the department of Livestock and Fisheries. One of the officers approached Awadifo amuti (group) leaders and advised them about the growing demand of poultry within their area.



After the Women leaders shared the business idea to members, they bought the idea and requested the officer to assist them in completing the grant proposal. Awadifo business amuti (group) were selected and informed to prepare by establishing the poultry house and other requirements for the enterprise. After a month, Awadifo went to the sub-County office to receive 300 improved day-old chicks and were very happy indeed. A week after receiving the chicks, the women realized that 50 of the chicks were dead while others could not feed nor drink but could only lie down helplessly. Some members suggested the use of natural herbs and other 'concoctions' as one of the short-term solutions to prevent subsequent deaths. However, during the third week, another 100 chicks were found dead again. The women called for an emergency amuti (group) meeting to deliberate on the possible cause of the chicks' deaths and how to salvage the remaining 150 chicks. Some members suggested that the deaths might have been caused by a lack of appropriate feed (chick and growers' mash) for feeding the chick. The amuti (group) resolved to use 50,000 shillings from their savings to purchase a different batch of chick and growers mash from the neighboring County. The week after, an additional 100 chicks were dead

and another week later, all the chicks were gone leaving the women very disappointed.

a) In the above story, what really went wrong?
b) What could have been done better by Awadifo Business amuti (group)?

The story continues. Since the amuti (group) had a remaining supply of chick and growers mash in their store, they decided to seek further advice from the livestock officer. He linked them to a local poultry trader nearby who advised them on some basic poultry management and other good practices. With this new knowledge, they decided to use the balance of their savings cash from the box to purchase 100-day old chicks at 100 shillings per chick. The women have high hopes of supplying eggs and chicken to the market. Two months after rearing the second batch of the chicks, an outbreak of Newcastle disease wipes out the entire population of chicken in the community. The amuti (group)'s chickens were not spared. The women were completely devastated and lacked what to do next because they had lost chicks, poultry feeds and the money.

c) From the story of the Awadifo business amuti (group), what information or skills were they missing before they started their business? How could they have avoided these challenges?

C. Think about the business you want to start! (35 minutes)

What do you already know about the business?

What don't we know about the business or what are we unsure about?

Encourage the participants to think of specific questions they need to answer, and where they may get the information to answer each. For example: What skills do we need and how do we learn them?" What resources/supplies do we need and where do we get them? How much does the equipment and supplies cost? How long will it take to make a profit? What problems/challenges might we encounter and how do we avoid them?

With the help of the mentor, identify how and when you may be able to get answers to these questions. Can you organize a visit to another similar business in the area? (preferably someone willing to provide information about the business) Is there a government officer (for example a veterinary agent) who has knowledge on the type of activity you want to do? Where else might you find the information you need? Who will do this, and when will they do so? Do they need to spend money to get the information? For example, will they need to spend on transport to visit a business or resource person in a neighboring area? If so, keep this in mind when budgeting your business expenses.

Assist participants to get the information or recommend business people who can help them to answer the questions they have on the business. Training does not need to be formal or expensive, but participants should have the needed skills to avoid unnecessary risk. Simply spending the time and/or money to ensure they visited a knowledgeable veterinary resource person could have saved a lot of trouble for the Awadifo business amuti (group).

Thank participants for the day and agree on time and venue for the next meeting.

Module 4: How much will it cost to operate the business? (Expenses and income) »

Time: 3 hours

Materials: Picture posters 1.3, expenses, sales charts, giant fake money, or stones for calculating, flip chart and marker pens

Objectives: By the end of the session, participants will be able to:

- Establish costs for starting and operating the business
- Establish pricing for different products and services
- Project income the business will generate from monthly sales

A. Feedback from visiting other similar businesses in the area (30 minutes)

Debriefing after visiting other similar businesses in the area - Guided questions in groups

1. How was it visiting other similar businesses?
2. What did you learn about the source of supplies, challenges faced, information and skills needed to run the business?

B. What do you need to start and run your business? (Business expenses) (1 hour)

Today we are going to identify what is needed to start your business and keep it running. For each requirement, we need to determine how much it will cost.

Start the session with an example:

"If you were starting a new cooking business and people would come to buy your cooked food, what are all the things you would need to spend money on?"

Discuss the question for about 10 minutes. Suggest these things if the participants do not mention them:- Food, cooking pots, fuel to cook food, bowls to eat with. Animals or vehicles to go and buy food. Cooking area, electricity or fuel, perhaps a market stall. Wages for people who help in the cooking. Training for additional helpers to do the cooking. Containers for the food. Posters that advertise the cooking business.

Emphasize: 1) Start-up Items and Start-up cost,

2) Working items and working cost

Start up items	Start up cost	Working items	Working cost
Total		**Total**	

Now, explain that the business costs they have identified can be grouped into eight types. Present and put up the eight posters one by one.

Picture poster 1.3

Materials
- What materials do you need to start a business?
- How would you find this out if you don't know
- Where would you get the materials?

Training
- What skills do you need? How will you learn them, if you don't have them already?

Transportation
- What transportation do you need to get supplies and sell your product?

Packaging
- Does the business require packaging? What kind? Where will the materials come from?

Facilities
- Where will your business be?
- Do you need electricity, water or other resources?

Promotion
- How will you advertise your business?

Workers
- Who will do the work?
- How much is our time worth?
- Do you need to hire other workers?

Money
- Where will you find loans or grants to start and operate your business?
- How much are the interest payments?

In your business amuti (group), you are going to determine the business costs. If you don't have exact figures, you can guess for now and check the details later.

First, what do you need to start up your business? By starting up, this means having enough inputs (stock or materials) to produce and sell one "production cycle."

For each type of cost, what do you need? How much? Where can you get it? And how much will it cost? Remember, you may have some things to contribute that you don't need to buy.

Participants should count their labor as an expense. For example, if you go to look for livestock to sell in the market, you might spend the whole day at the market and that should be cost based on how much you would pay a casual laborer to do the same work. All costs related to this activity should be shared among the three participants.

SETUP EXPENSES

RESOURCES	WHAT WE NEED	WHERE WE CAN GET IT	HOW MUCH IT WILL COST
Materials	.....	.....	.....
Transportation	.....	.....	.....
Facilities	.....	.....	.....
Workers	.....	.....	.....
Workers Training	.....	.....	.....
Packaging	.....	.....	.....
Promotion	.....	.....	.....
		TOTAL	.....

Once the start-up expenses are complete, do the same with operating expenses.

Tell the participants that besides calculating "start-up" expenses and "operating" expenses, it is a good idea to plan a small reserve fund for repairs, replacements, or unplanned expenses. For example, Awadifo business amuti (group) could have set aside a fund for bringing a veterinary specialist to their site as soon as their chicks began dying to get advice. Discuss how much they think they need as a "reserve" for their business.

NOTE: In business terms, their "reserve" can be considered a "depreciation allowance."

OPERATING EXPENSES

RESOURCES	WHAT WE NEED	WHERE WE CAN GET IT	HOW MUCH IT WILL COST FOR ONE CYCLE	HOW MUCH IT WILL COST FOR ONE YEAR
Materials	.....	.....	.....	.....
Transportation	.....	.....	.....	.....
Facilities	.....	.....	.....	.....
Workers	.....	.....	.....	.....
Workers Training	.....	.....	.....	.....
Packaging	.....	.....	.....	.....
Promotion	.....	.....	.....	.....
Loan Payments	.....	.....	.....	.....
			TOTAL	.....

Now, point to the "Money" poster. Ask the group to think about the money they have for the business: **"What money will you get from PSGP to start the business? Do you have personal savings you would like to contribute?"**

Point to the "materials" poster. Ask participants if they may want to contribute something to the business for example a weighing scale from a previous business, buckets, sufurias or even materials for constructing a business stall.

To end the session, congratulate the amuti (group) on completing this step. This is hard work!

C. How much will you sell? Pricing (30 minutes)

We will begin this session with a story.

One day Rhoda decided to sell vegetables at the market like her other friends. With 400 shillings in savings, she bought a 10 kg bucket of potatoes from a nearby farm for 400 shillings. She decided to sell the potatoes for 50 shillings per Kg. She found an empty space in the local open-air market and placed her potatoes for people to buy. Her friends told her the local government authority, who owned the market, would come to collect the market fees in the afternoon.

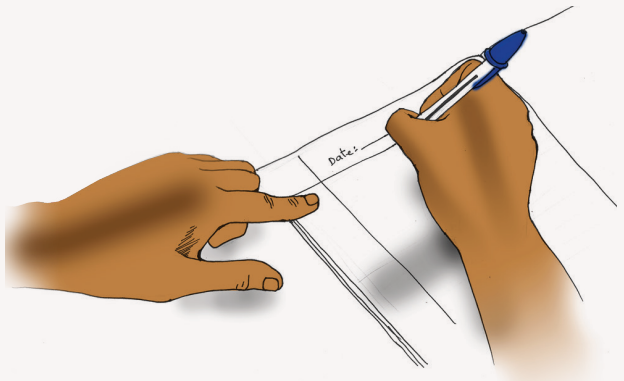
She thought she would sell all her potatoes and pay the local authority from the profit of 100 shillings.

By the afternoon, Rhoda had sold all her potatoes. Her price of 50 shillings was so inexpensive that all the people wanted to buy from her. She had 100 shillings from her sales. Then the government official came to collect fees for renting the space for the day and told her the cost was 100 shillings. "That is all that I earned today!" said Rhoda. She had to give him the 100 shillings and went home without any money. She had lost the money from her savings and the money she had earned

After telling the story, ask the participants: "What was Rhoda's problem?" "What should she have done?" "What would have happened if Rhoda priced her potatoes at 55 shillings per kg?" "What would have happened if the man had asked 150 shillings for the table?" "What things did Rhoda need to think about when she began her business?".

Next, let's hear another story:

Zenab decided she wanted to sell some fruit. She asked herself: What does it cost to get started in a fruit business? She went to the farmer and asked what it would cost to buy 50 pieces of fruit. Then she went to the government official who rents out market space and asked how much it would cost for one day.



Finally, she went to the market and visited other fruit sellers to see what kinds of fruit they had and how much they charged for each piece.

She now had enough information to answer the question: What will my costs be? Now she thought about: What shall I sell the fruit for? How much can I sell in one day? She went back to the market. She stood near the fruit tables and counted the people who passed. Then she counted how many people bought the fruit. She decided that people would buy her fruit if she sold it at the market. She went home and wrote down her costs and possible income. She figured out how many pieces of fruit she would have to sell at what price to make a profit. The next day she bought her fruit and started her business.

Ask the participants to discuss: "What is different about Zenab and Rhoda?" "Is Zenab likely to be more successful than Rhoda? Why, or why not?" "What decisions did Zenab make before selling fruit?" "What did you learn from Rhoda and Zenab that is important to think about for selling your product or service?"

Here is one final story, "The Cloth Seller."

In this drama, a business woman will buy some cloth from a seller and then sell the cloth at her market stall. Two women customers come to buy. The four actors in the drama are: A Cloth Seller, who has two pieces of cloth to sell. She can charge no more than 3 shillings for each piece. A Business Woman, who has 6 shillings. She must buy some cloth and decide how much to charge for each piece when she sells it at her market stall. Two Customers, who have 4 shillings each to buy some cloth. The drama proceeds like this: The Cloth Seller decides how much she will charge for each piece of cloth (no more than 3 shillings each). The Business Woman then goes to the cloth seller to buy the cloth. She can bargain with the cloth seller if that is the custom in your country. The Business Woman then goes to the market stall and tries to sell her pieces of cloth. Two customers come up to examine and buy some of her clothes. When the buying is finished, the drama is ended.

NOTE: At any time, the women watching the drama may give suggestions on pricing.

After the play, ask the amuti (group): "How much did the woman pay for each piece of cloth? How much in total? Did she have any money left?" "How much did she sell the cloth for?" "How much was her profit?"

Next, ask the participants how much the woman really made: "What were her expenses?" (Examples: transportation to buy the cloth, hours of her time to buy and sell, and rent on the market stall.) "How much do these expenses cost?" "Subtract these costs from the sales price of the cloth. Compare this amount to the amount she paid for the cloth." "Did the woman make money or lose money?"

To end, ask the participants: "How could the woman have made a profit (or more of a profit)?" Discuss ways to reduce expenses, or the need to find another business.

C. How much can you sell, and for how much? (sales income 1 hour)

Tell participants that estimating sales is the risky part of a business. It is possible to determine costs fairly exactly. But, the volume of sales will always be an estimate. This activity will help them be realistic about their projected sales. If we overestimate sales, we may choose a business that is not actually profitable.

Put up the two posters, for "price" and "competition". Remind the women that they used eight posters to estimate their business costs. These two new posters show things we must think about to estimate how much we can sell: price and competition.

Point to the price poster. Explain that setting the price of a product should be a very careful decision. Ask: "How much money will you charge for one of the items you plan to sell?" (For example, how much would one potato cost?) "How did you decide on this price?" "Can customers pay this amount?"

Tell participants that "Cost-Plus-Profit" is a method many businesses use to determine price. Use the chart to help participants set their price:

COST - PLUS - PROFIT = PRICE	
1. List monthly costs:	
Materials	.....
Transportation	.....
Facilities	.....
Labor/Salaries	.....
Packaging	.....
Promotion	.....
Loan Payments/Taxes	.....
Other	.....
Total Costs	.....
2. List the number of items you produce each month	
3. Divide: COSTS (total of #1) / ITEMS(#2) = PER ITEM COST EXAMPLE: Costs: 100 coins per month / 20 items = 5 coins per item	
4. Discuss: How much do i add to each item's cost for my profit? What is a reasonable amount to add as profit? how will i know if this is reasonable? NOTE: Market tests are a good way to find out what customers are willing to pay.	
5. Add the PER ITEM COST and the PROFIT MARGIN for each item and you have your SALES PRICE for each item. EXAMPLE: 5 coins + 1coin = 6 coin per item	

For a business with many commodities like a duka, repeat the calculations for the top five products the business thinks will sell fast.

Next, show the poster on "Competition." Point out that it is essential to know our competition for estimating our sales income.

Discuss: "Who are your competitors?" "What do you know about them?" "How much do they charge for an item?" "Did you consider this price when you set your price?" "If your price is: (1) higher than the competitor: why do you think people will buy from you? (2) lower than the competitor: will you be able to make a profit?"

Ask the participants if they want to change their price. Have them agree on a sales price.

Now, present the "Sales Chart," and work with them to fill in the amounts to determine sales income. For kiosk businesses, ask participants to select the top five commodities they think will sell fast.

SALES CHART			
DAY ONE	Item price x	Number of items Sold = ...	Daily Sales Income .....
WEEKLY	Daily Sales income x	Number of days worked = per week	Weekly Sales Income .....
MONTHLY	Daily Sales income x	Number of days worked = per month	Monthly Sales Income .....
YEARLY	Add Monthly income for 12 months ..... + ...+..... + ...+ ..... +..... + ...+ ..... +..... + ...+ .....+..... = ...		

Thank participants for the day and agree on time and date for the next meeting. Remind participants to carry expense and income calculations done at this meeting during the next meeting on business planning. Encourage the amuti (group)s to discuss the expenses and income further and add anything else they have forgotten.

Module 5: Business Planning »
Time: 2 hours 30 minutes

Materials: Giant fake money, Stone, sticks, match sticks, picture posters, individual business groups calculations on sales income and expenses

Objectives: By the end of the session, participants will be able to:

- Determine if the business idea is viable by calculating profitability
- Define key components of the business plan

A. Is our business idea viable? (1 hour)

Present the original poster story of Rukia again (soap business). Focus on posters #12-16. Discuss. Ask the participants: "What do you think the women in the story should do with their profits? (at the end of 3 months, 6 months, a year?)" NOTE: Talk about the importance of saving for emergency expenses and for reinvestment in the business.

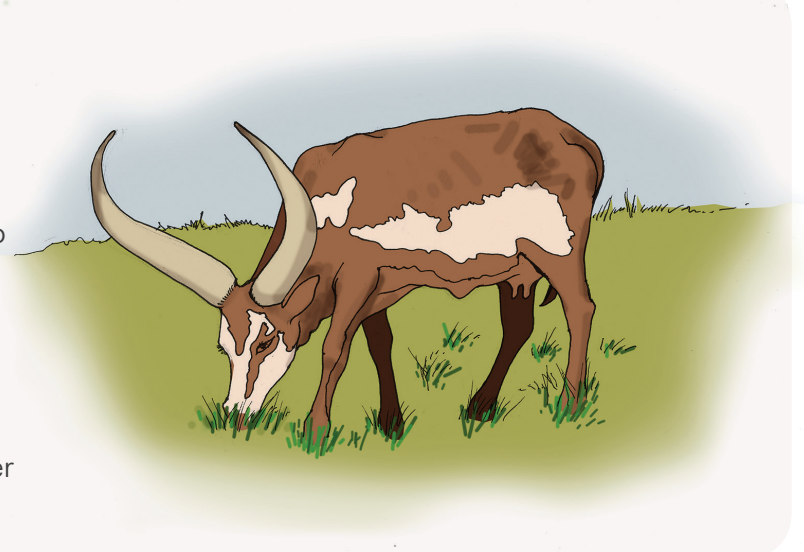
Explain that besides determining if we can make a profit, we need to determine when we will make a profit. We need to know our "cash flow."

Tell the story of the couple who want to buy a Cow. As you tell the story, write their earnings and expenses on the chart for each month.

Tell the story of the couple who want to buy a cow. As you tell the story, write their earnings and expenses on the chart for each month.

Can we buy a cow? Rosa, Candiru and their children live together in a small village. They would like to buy a cow which costs **1,581,600 ug shillings.** They must find out if and when they will have enough money to buy the cow in the coming year.

INCOME: Rosa earns **189,700 ug shillings** by selling milk in January, March, June, August, October, and December. Put **189,700 ug shs** under the months on the chart.



In May and September, Candiru gets paid **9,000** from his herding job. Cows are worth **1,581,600 ug shillings**. Put **284,600ug shs** under May and September.

EXPENSES: Rosa and Candiru estimate that they need **316,300 ug shillings** every month for their expenses. Put these on the chart each month. Now add up the expenses **316,300 ug shillings per month)** for the entire year **3,795,900 ug shillings.** Subtract the expenses **(3,795,900 ug shillings)** from the income **(5, 693,900 ug shillings)**, which will show that they have **1,897,900 ug shillings** profit for the year.

REMEMBER: Sales income minus Business Expenses= PROFIT

CASH FLOW IN UGX

Months	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sales Income	600		600		1500	600		600	1500	600		600	6600
Expenses	300	300	300	300	300	300	300	300	300	300	300	300	3600
Accumulated Profit or Loss	300	0	300	0	1200	1500	1200	1500	2700	3000	2700	3000	20400

Ask:
Can Rosa and Candiru buy the cow? (yes) When? Help the participants calculate how much Rosa and Candiru have left each month. Should they buy the cow in June? August? September? Why or why not? If they buy the cow in June, they will not have enough money for July expenses. If they buy the cow in August, they will use up all their money. Discuss the importance of keeping some money for unplanned expenses or emergencies.

Next, participants will predict whether they can make a profit in their proposed businesses. Put up the previous three charts on expenses and income, and the "Profit Chart."

PROFIT CHART

	YEAR ONE	YEAR TWO	YEAR THREE
Sales Income	.....	.....	.....
Expenses	.....	.....	.....
Profits	.....	.....	.....

Expenses: The first information to put on the chart is the costs for their business idea. Show them the "start up expenses" and "operating expenses" charts they developed in the last activity in part four on costs. Put this information on the Profit Chart. "Start up expenses" should be included in Year One costs.

Income: Now, present the "Sales Chart" information from module 4.

Put total income amounts on the "Profit" chart for year one.

Profits: Subtract the expenses from the sales income on the chart to find the profits.

Move from one business group to the other and ask the members, "Does the business show a profit? When?" "If there is a loss, is there a way to make the business profitable?"

Here are some ideas to discuss:

- Reduce our expenses for example transport costs
- Sell more products
- Sell each product for a higher price. "Is the business a good idea in terms of the money you can make?"

Finally, business idea on which they have been working throughout the training. Review these benefits with them. Although some of the information has required guessing, they should decide whether or not they think it is a business idea worth pursuing. Discuss until the group reaches consensus on whether or not they are in favor of the business idea. If they decide not to pursue this business idea, they may go through the process with a different idea.

Deliver session A in plenary. Discuss and then release the business groups to discuss and complete the business plan (session B) amongst them. This will avoid some staying idle waiting for the Mentor to finish with others.

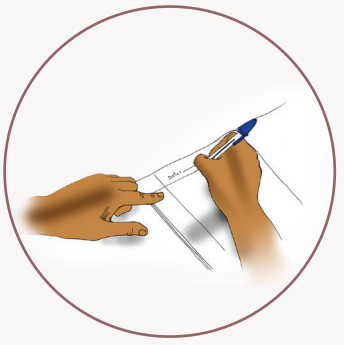
A. Elaborating our business plan (1 hour 30 minutes)

Tell each business group that they will now make their "business plan." A business plan provides for a way to compile all the information each group has compiled from module 1 to 4. This means they will describe their business, including expected costs and sales. Using the business plan form in Appendix A, go through the items one by one. Refer to the completed information forms on expenses, income and cash flow as needed. The group may still have differences of opinion about aspects of the business. Completing the business plan form will help them clarify what they plan to do.

BUSINESS PLAN

Group name and number of member

Our Business

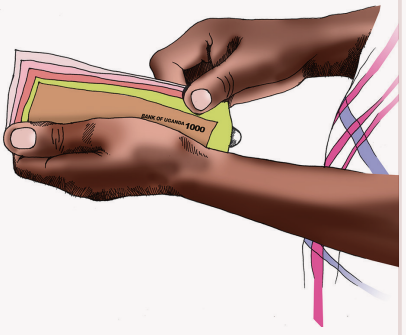


Our proposed business is

We need to learn these skills

Our business location

Our Market



We will sell to (who, where,when)

Our competitors are (who, where, why)

We will publicize our business like this

BUSINESS OPERATIONS

Our proposed business is

Each day _____

Each week _____

Each Month _____

The total amount to be produced in one year

The people who will work are (who, and how many)

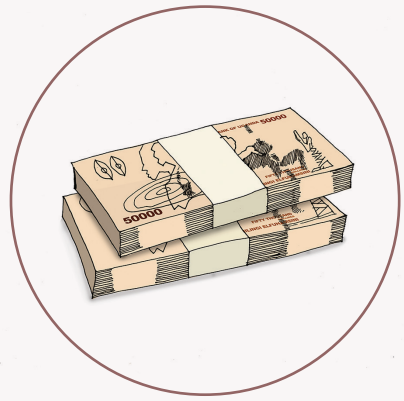
We will divide the work like this

The people responsible for managing our business are (list any pasitions like manager or treasurer and what they do)

BUSINESS EXPENSES

Our start-up expenses will be:

Our operating expenses for one year will be:



We can borrow money from:

Our interest rate will be:

Our monthly payments will be:

and will start in:

TOTAL

TOTAL

SALES INCOME

Our price of our item/service is: _____

We estimate we can sell this quality		Our competitor's price per item/serice is:	
		They Sell	
Each day	_____	Each day	_____
Each week	_____	Each week	_____
Each Month	_____	Each Month	_____

We estimate our sales income for one year to be: _____

BUSINESS BENEFITS

Our Business has these benefits:

_____

_____

_____

_____

_____

Our Business has these risks:

_____

_____

_____

_____

_____

Explain that they will project their monthly income and expenses for a two-year period for the cash flow section. Use the "cash flow chart" and enter the expenses into the Business Plan for each month.

Enter the estimated sales income.

Subtract expenses from income each month to determine each month's profit or loss and available cash. Calculate the accumulated profit from month to month. Calculate the yearly totals for income, expenses, and profit or loss.

YEARLY CASH FLOW CHART

Months	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Totals
Sales Income													
Expenses													
Profit or Loss each month													
Accumulated Profit or Loss													

Ask the participants: **"Is the business profitable?" "Are there some months when you will have a loss?" "How can this be avoided?" (for example, by delaying expenses) "If it cannot be avoided, how will you cover your expenses for that month?**

Ask the group: **''How much cash from the** PSGP **grant will you use to start the business?'' "How much cash will you allocate for operating expenses?" "How much cash, if any, from personal savings will you put in the business?''**

Tell the group that they are now ready to make the decision on whether to go ahead with their business idea or to look for another. This is the moment they have been building up to since the program began!

Present the **"Decision-Making Checklist,"** either orally, on large paper, or having participants **"vote"** by piling small stones. Have them say whether each factor is **"positive" or "negative."** When all the items are completed, ask: **"Are most of our answers in the "positive" or "negative" column?" "Is there any negative factor, such as lack of credit, that makes the business impossible?" "What is our decision about the business: yes or no? Why?**

DECISION - MAKING CHECKLIST

ECONOMIC FACTORS	POSITIVE	NEGATIVE
Will there be a profit ?		
Can we get credit ?		
Is the market steady ?		

SOCIAL FACTORS		
Do we provide a needed product/service ?		
Will this business help our community progress ?		
Will we make our own decisions ?		
Do we have sufficient time to dedicate to the business ?		
Do our families support the idea ?		

INTUITIVE FACTORS

What are the risks ?

What is our feeling about the business ?

If a **"yes"** decision is made: Ask the participants to discuss what they are looking forward to most about starting a business and what they fear the most.

If a **"no"** decision is made: Refer to the earlier activities where the group listed several business possibilities and plan for a time to convene and reexamine other options.

Thank participants for all the effort. Inform them that you have come to the end of the training sessions. Set a time with each business group separately to transfer all the information generated from this training to the Jump grant application job. To conclude, ask: **"You decided what business to pursue. What do you need to do now?"**

Inform participants that they will be informed of the date and venue to receive the initial startup capital from PSGP. In the meantime, advise the group to keep up momentum and start the next phase as soon as possible that they may need to learn more about the business they want to do by visiting similar businesses, identifying suppliers, purchasing equipment, or gathering information on rental of a workplace. They also need to decide who will do what before that meeting.

Congratulate everyone on the hard work and how much has been accomplished.

Sources:

- SRC, BOMA Project Entrepreneurship Mentorship Guide
- UNIFEM. 2013. Doing a Feasibility Study: Training Activities for Starting or Reviewing a Small Business, Ed. Suzanne Kindervatter