

**ENTERPRENEURSHIP
SKILLS
FOR FARMING
COMMUNITIES**

TABLE OF CONTENTS

INTRODUCTION	2
1.0 OUR POVERTY AND HOW CAN WE ESCAPE IT?	4
1.1 Understanding the quality of life we are leading	4
1.2 Goal setting	5
2.0 WHAT IS ENTREPRENEURSHIP?	6
2.1 Who is an entrepreneur?	6
2.2 Some key characteristics of entrepreneurs.....	6
3.0 LOOKING FOR NEW MONEY MAKING OPPORTUNITIES	8
3.1 Money making activities	8
3.2 Factors to consider in selecting a viable money making venture	8
4.0 PLANNING YOUR MONEY MAKING ACTIVITY	10
4.1: Why plan	10
4.2: Planning for profit.....	10
5.0 MANAGING THE BUSINESS	12
5.1 Getting started.....	12
5.2 What is management?	12
5.3 Key records.....	13
5.4 Determining the profit.....	14
6.0 EVALUATING PROGRESS	15
6.1 Evaluating progress.....	15
ANNEX 1: ENTREPRENEURSHIP ASSESSMENT TOOL	17

INTRODUCTION

The organizational assessment of NDAN member organizations and their members' agro-technology practices as well as their food security status revealed a great area of need. For instance, with only 5 in every 10 households being poor means half of the population is at food insecurity risk. Aware that the core activities of these population is subsistence farming based, the study recommended a focus on diversifying food access to relieve reliance on own on-farm production that is facing increasing declining yields.

Enhancing people to engage in income generation IG was therefore seen as inevitable. Through IG, it is believed that they will move into off-farm activities which will yield cash for their food needs as well as other basic needs. However, for this idea to yield the desired result the people require the basic skills with which to engage profitably into the IG arena. Hence, this manual is designed as a facilitation tool for trainers who will undertake such training. It is meant to enable the facilitators take the trainees through a life experience approach by realising that, (i) they are living in poverty; (ii) they can come out of poverty and create wealth for themselves; but (iii) this can only occur if they develop entrepreneurship skills. This is because these people oftentimes engage in both on- and off-farm activities without serious planning and, as a result, they rarely produce enough food or earn adequate money to cater for their household needs.

An input considered key to the success of the beneficiaries in IG is skills in entrepreneurship. These are skills that, when internalized and put to good use, will spark a change in attitude and practice so that they start looking at a broader, diversified means of livelihood that can be met with income derived from farming but also other non-farm activities. Entrepreneurship skills can also enable them take advantage of existing opportunities and innovatively use all the resources at their disposal to generate wealth. In that way they will be in position to provide a more secure livelihood.

Objectives of the training

The list of expectations and fears are then displayed alongside the objectives of the training and similarities and differences discussed and harmonized and fears allayed.

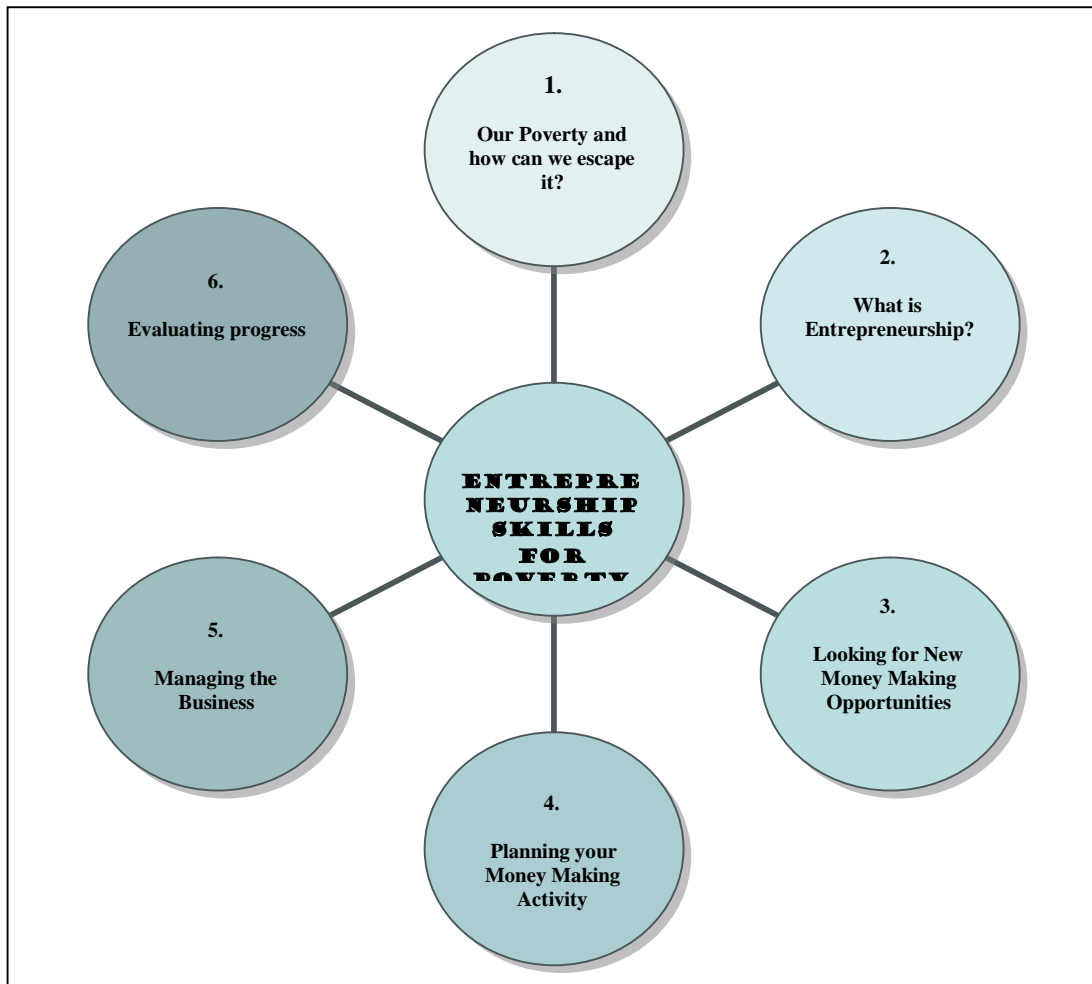
The facilitator stresses that the key objectives of the training are:

1. To promote a change in attitude and practice so that they start looking at farming as a business that can yield both food and money.
2. To give them skills that can also enable them take advantage of existing opportunities and innovatively use all the resources at their disposal to generate wealth.
3. To impart basic skills in enterprise planning and management

Used well, the skills gained have the potential to make them become more productive, earn more income and therefore attain a more secure livelihood. However, the potential will remain "potential" unless they put the skills to use.

Structure of the Manual

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



1.0 OUR POVERTY AND HOW CAN WE ESCAPE IT?

Session objectives	By the end of this session participants can explain who an entrepreneur is and how they too can practice entrepreneurship
Topics	1. Understanding the quality of life we are leading 2. Setting the goal/status we should strive to reach
Time	60 minutes
Requirements	Flip charts and markers

1.1 Understanding the quality of life we are leading

- Ask participants to name the wealthiest and the poorest household in the village.
- How does their wealth (or poverty) manifest itself (indicators)? What do they have, and are they able to do as a result of their wealth? See annex 1 for the grouping of indicators.
- How does the average household compare with other average households in other villages they know?
- What are the possible reasons why the majority are in the status of poverty described above?

Facilitator's note

It will emerge that almost all the indicators will be connected to money. Once there is money every thing falls in place. Money is not wealth itself but a key component of the wealth a household can possess. It is the most convertible, and therefore the most desirable, item the world over.

In the modern world, it is the ability to make money that determines the wealth of the households. 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 hence the increase in your wealth. And a spiral effect is put into motion where by the more money invested, the more money is reaped, etc and you become wealthy. However, those who do the right things to attract money are relatively fewer in any society, that is why the poor always outnumber the rich.

Some of the reasons advanced for the poverty of the people will be related to:

- the people themselves (the way they work, behave, the predominant attitude and culture, dependency ratio, etc);
- the natural environment in which they live (weather,
- social, economic and political factors (fluctuating prices, poor roads, lack of production inputs, neglect by the government, etc)

All these myriad of factors interplay to make people poor. The people may have some degree of control or influence over some of the factors but not all. The critical point to underscore, however, is that even from amongst them, some people are relatively better off. Therefore if under the same conditions, some people are able to perform better than others, then there is all

the reason to believe success is possible for more and preferably all the people. For the time being we are looking at that state where all are enjoying some reasonable degree of success as the goal and clarifying that goal is our next task.

1.2 Goal setting

To move forward, someone needs to set a goal. In an attempt to set our goals, let the participants answer the following questions:

1. Are we satisfied to remain in the same status as we are now?
2. If not, what is the modest but challenging goal we are setting for ourselves today.
3. How shall we reach that goal

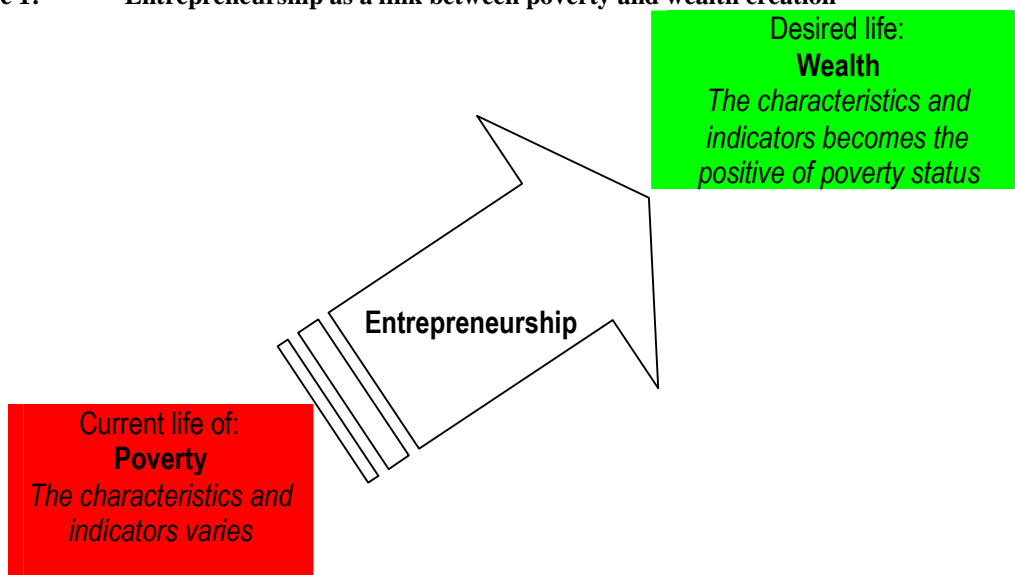
Facilitator's note

Of course not many people would wish to remain in poverty. Setting a challenging but realistic goal may also be relatively simple. It is how to achieve those goals that present the biggest problem. The solution to the how is embedded in what we have already discussed above- production.

You reap what you sow. You plant beans, you reap beans. You plant money, you reap money. The money saved is like seeds you have stored for later planting; it is dormant and does not produce more seeds. Land that is idle, idle human resources, an isolated goat, an idle bicycle, etc, have the same connotation in a sense that they are non-productive. It is not the dormant wealth, but wealth in motion, that produces more wealth. And at the centre of wealth creation, facilitating exchanges is money.

Fortunately making money and creating wealth that translates into a better life is not a miracle but a human endeavor; like God's salvation, it is not exclusive, but open to all those who respect the requirements; neither is it preordained for some people, some age bracket or gender. There are several ways of making money and creating wealth, but the purpose of this training is to introduce you to one of them- entrepreneurship, whose principles, if practiced faithfully can made a difference between your remaining poor or becoming wealthy.

Figure 1: Entrepreneurship as a link between poverty and wealth creation



2.0 WHAT IS ENTREPRENEURSHIP?

Session objectives	By the end of this session participants can explain who an entrepreneur is and how they too can practice entrepreneurship
Topics	1. Who is an entrepreneur 2. What are some key characteristics of entrepreneurs
Time	60 minutes
Requirements	Flip charts and markers

2.1 Who is an entrepreneur?

To stimulate thinking, introduce the following old saying:

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
2. Those who watch things happen
3. Those who wonder what has happened

Can the participants identify such people in their own community, in their midst, even in their own self?

The answer may be that many people are all those at different times. There are times when we expend a lot of energy doing things. There are other times when we are watching and honestly there are times when we are wondering what have happened. When we apply the reasoning to what we do to make money then the simple truth may dawn on us that we are not consistent.

An entrepreneur is someone who is always asking, "why not?" Simply stated, entrepreneurs are people who do not sit down to wait for luck but are always looking for better ways of making money.

2.2 Some key characteristics of entrepreneurs

- Always alert to new opportunities- on the lookout for something new, some new ways of making more money.
- Works hard, deploying available resources where they will produce the greatest profits. All the people who have succeeded have done so through hard work expended on the right enterprises. An industrious farmer will reap something even when there is a general crop failure in the area. An industrious pupil will get more marks. For once in your life get prepared to do your very best and succeed. God has never ceased to reward effort.
- Is persistent and does not give up easily. Does not fear failure but sees failure as temporary setbacks that must be overcome. This is where many people get problems. You here them saying, "I have tried all those and here I am, still poor." An entrepreneur however falls only to rise

again, ready to move; stumbles and falls forward. And every effort takes him or her forward. Persist until you finish what you have started to the logical conclusion.

- Takes calculated risks because risks involve possibility of losing money. An opportunity lost is also money lost. The point however is that you must take a risk. The highest risk is gambling, which is not advised for you because there is no calculation involved there and actually exploits inherent human nature- greed and laziness. Human beings often refuse to believe that there is nothing for free.

The lowest risk is, of course, doing what has never failed and everybody is doing it which is also not advisable for you. The reason is that the reward is also small. Big risks go with big profits and also losses. Hence the need to calculate, weigh the pro and cons seriously. The greatest pitfall here is inertia, meaning the failure to act, the fear to take the first step. Even the journey of a thousand km starts with the first step.

- Always strives to do things better all the time because of the following reasons:
 - Competition: What you can do, other people can also do. They will not sit by as you make more and more money. They may even beat you even in what you started yourself. (Let them give local examples)
 - The situation can change such that what used to sell may no longer sell, what used to grow well becomes non productive. People's preferences can change.

Doing things better also means once you have reached a certain level (of productivity and wealth), you aim at the next realistic but challenging goal. By the time you have succeeded halfway, you are way beyond your neighbors.

- Always looks for additional information to enrich his/her own. This information will enable him/her beat competition and changes in trends.
- Above all entrepreneurs abhor poverty and will do anything to avoid being poor. They will perform all the things we have just gone through, and many more, to ensure poverty does not enslave them again.

Therefore if you hate poverty, and hate it so much that you are willing to wage the fight of your life against it, then you qualify to join the club. A fight of your life means a life long commitment to improving on your entrepreneurship skills enumerated above.

Life long commitment also means you will not do things that will jeopardize your long term interest. You will always be honest, dependable, trustworthy. You will also be careful with your expenditures so that you accumulate as much savings as possible. Always remember that money also have their own camaraderie. They want to stay where other monies are, where they are well treated, and thereby they can multiply. They hate you when you spend their relatives on non-money making matters. Those who go away tell their friend and you are well on your way to poverty. Even water does not flow and end up where there is already plenty of water. Remember there are others who are dying for a chance to have the same money you are now mistreating. So be careful how you spend your money from the business you have earmarked to take you out of poverty.

If you feel that you cannot try to learn and practice the majority of the qualities listed above, then entrepreneurship is not for you, don't proceed to the next sections. If you are ready to start today, and now, then take a close look at what AFARD would like you to achieve

3.0 LOOKING FOR NEW MONEY MAKING OPPORTUNITIES

Session objectives	By the end of this session participants can explain what to look for when selecting money making activities
Topics	1. What are money making activities 2. How do you select a viable money making venture
Time	60 minutes
Requirements	Flip charts and markers

3.1 Money making activities

- Ask participants to name specific activities can make money or have the potential to do so.
- Then ask them whether some of them are better than others and why, and whether everybody can engage in those activities.

Facilitator's note

You have resolved, and you want to make money, and enough of it to satisfy your needs and still leave some excess that can continue multiplying so that at any one time you can meet all your needs without any worries. Resolve is one good thing but that resolve should be channeled for productive purposes. Therefore there are activities you engage in that bring money. These are what people term as: money making activities, IGAs, business, enterprises.

Most people delineate this venture from the normal livelihood sustaining activities that you must engage in order for stay alive. Where “home affairs” are mixed with the business, the business normally suffers. But left on its own, the business can grow and reach a stage where it can support the needs of the family without too much strain. It is this distinct money making activity that we would like you to nurture.

3.2 Factors to consider in selecting a viable money making venture

From the discussions above the participants would have mentioned various factors that people exploited in starting or managing their money making activities. However, for starters, the following tips are worth considering. They are useful for those who are starting small.

Tips for success 1: Existing skills

It is easier to build on build on what you are already doing. Therefore farmers expected to start by looking within the farming sector beginning with what they are already doing or have ever done. This is because you already have the knowledge, skills and experience.

Tips for success 2: Time

Think of time in terms of what you and your family members are already expending on existing activities. After basic life sustaining activities have been catered for, it is always better to employ the family effort in the activities that pays most. There are activities that can be done during different times thus complementing the overall time invested in gainful activities. For instance, many off-farm

activities can complement on-farm activities. Get your family members to share your dreams so that they can help you by giving you time.

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 copy cats 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

Don't jump into the business you have selected. Plan first

4.0 PLANNING YOUR MONEY MAKING ACTIVITY

Session objectives	By the end of this session participants know why planning is important and how to determine the profits of the business
Topics	1. Why plan 2. Planning for profit
Time	60 minutes
Requirements	Flip charts and markers

4.1: Why plan

Participants should not fear planning. A simple plan can be made in the mind and done with in minutes. Or it can take months and volumes of print. But all have one common definition and even the simplest business needs a good plan.

Planning is thinking through, and then working out in detail, what you intend to do in a future period of time and how you expect to get there.

In other words you plan to put a lot of things in, and expect a lot more out later. Without a good plan you either lose money directly, or you miss money that an alternative good plan would have produced. Do you remember what we said in the previous session that water flows to where there is a pool. So think of creating your own pool into which money will come and flood. You also know that there is a lot of money in circulation. You have to plan how to channel some of it into your pool. From experience you know that your pool has to be lower than the point from which you tap the flowing water. Digging the pool anywhere and digging the channel at any angle and depth will not do. That way water will not flow in. The same applies to planning for profit. The plan has to be right.

4.2: Planning for profit

Think about all the items that are needed by the business.

They are mainly in three categories:

Materials: these are the costs we have to make to purchase the materials that are consumed in producing the estimated output volume, e.g. chemicals, seeds, etc. You will also need durable materials, such as buildings, tools, equipment, bicycles, etc.

Labor: this is the costs of hiring external labor force or if family members are doing the tasks, what it would cost if outsiders were hired.

Cost of use of facilities: these are the costs like rent or fees paid to use land or facilities like drying facilities, storage, etc. This includes also any other costs directly related to the use of facilities/equipment, such as energy, water, maintenance, etc.

As stated earlier 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.

Then look at what you can get out of the business

When the produce is sold **Net Cash Income is what remains from the income after deducting all costs and expenses of the enterprise**. This is what the entrepreneur is concerned about since it will show her whether she has cash left for the next production cycle. Thus investing a total of sh 100,000 should bring in sh 100,000 plus the net cash income

Since a plan will not wait till you sell your produce, you have to estimate how much you will produce and at what price you are likely to sell the produce. You will think about the market where you will sell your produce and the more you know about the market the better. It is also good practice to know about other people who sell the same products so that you know how to factor them in your plan

And again since human do not know even what is going to happen the very next day, a plan is therefore an estimate. But there is no alternative for it. A good one will come closer to reality at the end of the day.

5.0 MANAGING THE BUSINESS

Session objectives	By the end of this session participants know how to set up and manage their small businesses
Topics	<ol style="list-style-type: none"> 1. Starting your small business 2. Management best practices 3. Key records 4. Determining the profit
Time	60 minutes
Requirements	Flip charts and markers

5.1 Getting started

You can start a large business with every input the business requires but without proper management your business will collapse, while a small well managed business will grow to overtake the collapsing ones. Unless you have already been engaged in a business before, it always good to start small, small in a sense that you do not put all your eggs in one basket. As you grow to know your business well, time will come when you will be able to put all the eggs in one basket and keep the basket the basket safe. Remember entrepreneurs take calculated risks. We also talked about inertia, i.e., the failure to start to take the first step. Even the first tear is difficult to generate. You may have met several people with very good plan that will never be implemented. Plans not put into action are dreams, and dreams are like wishes. The plans you have made should give you the courage to take the first step. In order to ensure that you do not go astray, the following management practices will help you.

5.2 What is management?

Management is about *controlling the business*. The heart of any business is **records**. Lack of records in a business is like “walking your business in the dark”. Unless you have a thorough insight in your business, you are not really in control and hence can not take initiatives in problem solving.

To be fully in control of your enterprise, you need to be well informed about all aspects of the business. You need to know how inputs are flowing in for the purpose of production, how the market is operating, how to handle personnel and cash. You will know most of the information without writing it down, but depending on the type of enterprise, it may be advisable to keep records for certain, aspects. E.g. what is spent on various items. You need records to keeps tract of the income in particular, which is a sign whether the business is successful or not.

You will also manage the public relations of your business well. Big businesses pay large sums of money to build and maintain their images. For starters like you, maintaining a friendly relationship with your suppliers, customers and people who support you, and anticipating and neutralizing or ameliorating the harm that your detractors can cause to you is important. These detractors could be your family friends who discourage your family members from supporting you. They may give all sorts of examples of failed projects of their own and of others. Just pick out what made them fail (free advice) and ensure you do not repeat the same mistakes.

In managing relationships, try as much as possible to associate with people with similar ambitions. You learn more from them than when you associate with people who have given up. They will infect you with their pessimism. Be transparent to your family members and share with them not only the plan, hard work and challenges but also the fruits and future plans. Remember while others will crowd around you because of your success, they will remain with you even in your failure.

5.3 Key records

1. Cash record

Below is a simple format for a petty trader.

Date	Details	Amount		
		In	Out	Balance

The above record works best where the business is run as a different entity, separate from all other household activities.

Where the cash does not flow in frequently, for instance in crop production, the format above can be adapted as below

Date	Details of expenditure	Amount

Date	Details of income	Amount

Some practical problems related to cash records

1. The beginning balance is the cash status at the beginning of the period for which the record will be kept. For a starting enterprise, this is the amount of savings (own capital! that the entrepreneur will invest in the new enterprise). In an on-going enterprise, the beginning balance is the remaining balance at the end of the previous recording period.
2. If the enterprise's account is mixed with other accounts, it is very difficult to compute the enterprise's income. Eg. in a kiosk, the household may use some of the goods. It is important that these goods are treated as goods sold to the household and recorded separately and the total dealt with when calculating the final income. The value of these goods must be treated as income and be added to the net profit. It is advisable that goods borrowed or consumed by household members should be returned or paid for.
3. Illiterates can ask family members to keep the records, but there are also alternatives. One can for instance use different colors or symbols for certain types of income and expenditures. E.g., different colors or symbols for raw materials, fixed assets, labor payments and other expenses.
4. Credit sales that the entrepreneur thinks can be paid by the buyer should be treated as income.
5. Credit sales that cannot be paid should be treated as a loss and be deducted from the net profit.
6. The value of the raw materials should be treated as costs and be deducted from the net profit.

5.4 Determining the profit

If all the expenses are deducted from the income, what remains is the net profit or net loss.

At the end of the day, if the net income is lower than expected

If low, then you start probing the causes why this is so. Look at the expenses then the income side and the problem may be lying there. If goods are not selling fast then look at the prices or the quality, etc

Other Records: Record of creditors, debtors, assets, tools, suppliers, buyers, etc

6.0 EVALUATING PROGRESS

Session objectives	By the end of this session participants know how to evaluate the progress of their business and possible actions to take under particular circumstances
Topics	1. How to evaluate progress 2. Possible decisions to make when faced with certain circumstances
Time	60 minutes
Requirements	Flip charts and markers

6.1 Evaluating progress

As you conclude the training, remember where the sessions started from. Figure 1 in unit 1 provides us with a basis to look back at the role entrepreneurship will play in transforming the lives of people from that of poverty to a wealthy one. That means that, the very indicators outlines as core to the conditions of poverty should be monitored closely by the participants as to whether or not they are changing (increasing, decreasing or stagnant).

Thus, ask the participants once again: 'With the training, can you name some key indicators you would use to trek the progress of your businesses?'

Explain how the monitoring will help them and how they would actually do the monitoring and evaluation. Again, use annex 1 below.

Certainly profit will be one of the indicators of key interest. The trend of sales, purchases, payments will all finally feed into profit. Profits should be reinvested back into the business but some of it should be left "loose" so as to give the business some room for maneuver. If the profit is too small or not there, the following options are possible:

1. To continue the existing enterprise, but improve on the identified weak areas by for instance: expanding production volume, improving production efficiency, improving customer relations, improving quality of product.
2. The entrepreneur must always look for better ways of improving the business to ensure its continued growth.
3. To diversify into other products or new business. This option can be considered when you is satisfied with the current business. If you decides on this option, you should repeat the process of planning.

4. To discontinue or close 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.

Other indicators of growth of business are: increase in assets, good will, workers.

In all cases let participants select those that are important for them and they should be clear as to how they will track and evaluate them. You the trainer and AFARD will follow up on these same indicators including some good practices. In addition our follow up will be proactive, problem solving in essence.

ANNEX 1: ENTREPRENEURSHIP ASSESSMENT TOOL